Mahindra
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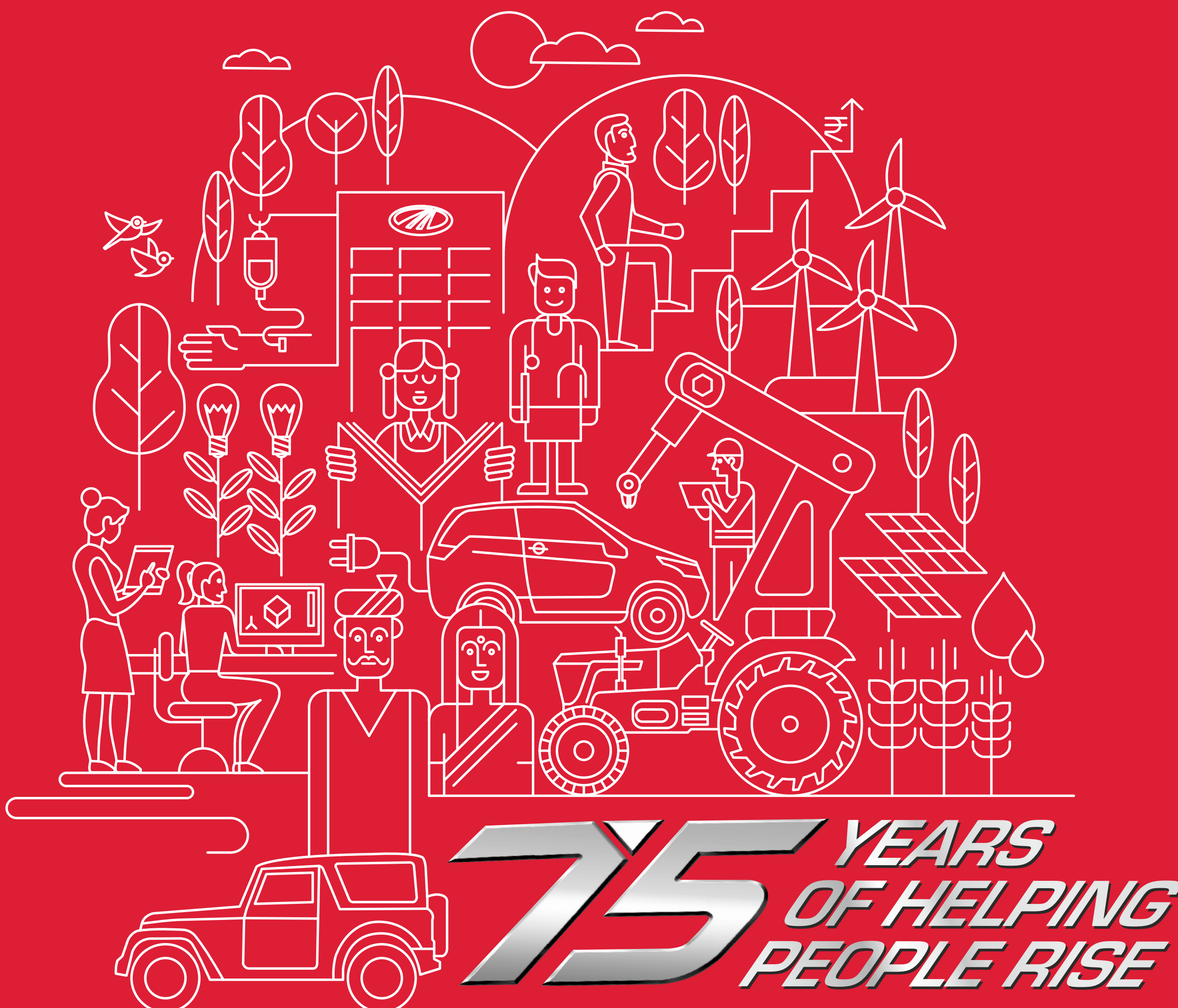

MAHINDRA & MAHINDRA LTD.

SUBSIDIARY FINANCIAL STATEMENTS 2020-21

Subsidiary Companies

Part 01

Subsidiary Companies

Part 01

Subsidiary Companies

Part 02

Subsidiary Companies

Part 02

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MAHINDRA VEHICLE MANUFACTURERS LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **Mahindra Vehicle Manufacturers Limited** ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information in which are included the Returns for the nine months period ended 31 December 2020 audited by the branch auditor of the Company's branch at Michigan, United States of America (USA).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

Other Information

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

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

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

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

Other Matter

We did not audit the financial information of a branch included in the standalone financial statements of the Company whose standalone financial information reflects total assets of Rs. Nil as at 31 March 2021 and the total revenue of Rs. 26,245 lakhs for the nine months period ended 31 December 2020, as considered in the standalone financial statements. The branch has been audited by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branch, is based solely on the report of such branch auditor (Also refer note 40 to the accompanying financial statements).

The financial information of the branch as referred above have been prepared in accordance with accounting principles generally accepted in their country and which have been audited by other auditors under generally accepted auditing standards applicable in their country. The Company's Management has converted the financial information of the branch located outside India from accounting principles generally accepted in their country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's Management. Our opinion in so far as it relates to the balances and affairs of the branch located outside India is based on the reports of other auditors and the conversion adjustments prepared by the Management of the Company and audited by us.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b) In our opinion, proper books of account as required by law have been kept by the Company

so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branch not visited by us.

c) The report for the nine months period ended 31 December 2020 on the accounts of the branch office of the Company audited under Section 143(8) of the Act by the branch auditor has been sent to us and has been properly dealt with by us in preparing this report.

d) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account and with the returns received from the branch not visited by us.

e) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

f) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

(B) With respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements - Refer Note 45 to the standalone financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

(C) With respect to the matter to be included in the Auditors’ Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/W-100022

Abhishek
Partner
Membership No.: 062343
UDIN: 21062343AAAABI1483

Place: Pune
Date: 11th May 2021

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENT – 31ST MARCH, 2021

With reference to the Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the Standalone financial statements for the year ended 31 March 2021, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of physical verification of its fixed assets by which all its fixed assets are verified once in every three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. Pursuant to the program, physical verification was conducted in the financial year 2018-19. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The title deeds of the immovable properties are held in the name of the Company.

(ii) The inventory, except goods in transit, has been physically verified by the management during the year in accordance with the programme of physical verification. The discrepancies noticed on verification between the physical stock and the book records were not material and have been properly dealt with in the books of account. In our opinion, the frequency of such verification is reasonable and adequate in relation to the size of the Company and the nature of its business. In respect of significant stocks lying with third parties at the year end, written confirmation from major parties have been obtained.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 with respect to investments made during the year. According to information and explanations provided to us and on the basis of our examination of records of the Company, the Company has neither granted any loan, nor issued any guarantee or provided any security under section 186 and to any party covered under the provision of section 185.

(v) The Company has not accepted any deposits from the public in terms of directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act and the rules made there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section 148(1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employee's State Insurance, Income Tax, Duty of Customs, Goods and Service Tax and any other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities except delays in payment of Income Tax on dividend of preferential share amounting to INR 292 lakhs and amount in connection with certain employee related dues as more fully described in note 29 to the financial statements and as explained to us, the Company do not have dues on account of Sales Tax, Service Tax, Value Added Tax and Duty of Excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employee's State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Goods and Service Tax and any other statutory dues were in arrears as at 31 March 2021, for a period of more than six months from the date they became payable except amount in connection with certain employee related dues as more fully described in note 29 to the financial statements.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Goods and Service Tax and Value Added Tax which have not been deposited with the appropriate authorities by the Company on account of disputes other than those stated in Appendix 1 to this Report.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to bank and debenture holders. The Company did not have any dues from financial institution or government during the year.

(ix) According to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanation given to us, the managerial remuneration is paid or provided in accordance with the requisite approvals mandate by the provision of section 197 read with schedule V of the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company as per the Act. Accordingly, the reporting under paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanation given to us, all transactions with related parties are in compliance with section 177 and 188 of the Act, where applicable, and the details, as required by the applicable accounting standard have been disclosed in the Standalone financial statements.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly, the reporting under paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to register under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under paragraph 3(xvi) of the Order is not applicable.

For B S R & Co. LLP

Chartered Accountants

Firm Registration No: 101248W/W-100022

Abhishek

Partner

Membership No.: 062343

UDIN: 21062343AAAABI1483

Place: Pune

Date: 11th May 2021

APPENDIX -1

Details of amount unpaid on account of disputes:

Name of Statue	Nature of the dues	Period to which the amount relates	Amount Demanded (Rs. In lakhs)	Amount paid under protest (Rs. In lakhs)	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	2010 to 2014	1,231	29	The company has filed an appeal with Customs, excise and Service tax Appellate Tribunal (CESTAT)

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF MAHINDRA VEHICLE MANUFACTURERS LIMITED FOR THE YEAR ENDED 31ST MARCH, 2021.

Report on the internal financial controls with reference to the aforesaid Standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 'g' under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Vehicle Manufacturers Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

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

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/W-100022

Abhishek
Partner
Membership No.: 062343
UDIN : 21062343AAAABI1483

Place: Pune
Date: 11th May 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

Rs. in Lakhs

Particulars	Note No.	**As at 31st March, 2021**	As at 31st March, 2020
A ASSETS			
Non-current assets			
(a) Property, plant and equipment	4 & 4A	**181,474**	164,326
(b) Capital work-in-progress		**118,236**	76,704
(c) Other intangible assets	5	**1,773**	2,408
(d) Intangible assets under development		**19,521**	15,370
(e) Financial assets			
(i) Investments	6	**297,586**	225,951
(ii) Other financial assets	7	**52,962**	28,779
(f) Income tax assets (net)		**16,859**	21,616
(g) Other non-current assets	8	**6,809**	15,512
Total non-current assets		**695,220**	550,666
Current assets			
(a) Inventories	9	**82,980**	65,486
(b) Financial assets			
(i) Trade receivables	10	**61,107**	41,906
(ii) Cash and cash equivalents	11	**14**	1
(iii) Loans	12	**21**	25
(iv) Other financial assets	13	**23,921**	17,866
(c) Other current assets	14	**2,156**	7,235
Total current assets		**170,199**	132,519
Total assets		**865,419**	683,185
B EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	**415,472**	406,472
(b) Other equity	16	**87,056**	21,193
Total equity		**502,528**	427,665
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	**60,000**	60,759
(ii) Other financial liabilities	18	**44,580**	16,445
(b) Provisions	19	**6,000**	5,431
(c) Deferred tax liabilities (net)	20 A	**12,436**	11,624
Total non-current liabilities		**123,016**	94,259
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	22 A	**58,951**	21,338
(ii) Trade payables			
– Total outstanding dues of micro and small enterprises	21	**1,445**	1,459
– Total outstanding dues of creditors other than micro and small enterprises (including acceptances)	21	**139,501**	92,061
(iii) Other financial liabilities	22	**34,428**	43,838
(b) Provisions	23	**576**	528
(c) Current tax liabilities (net)		**811**	811
(d) Other current liabilities	24	**4,163**	1,226
Total current liabilities		**239,875**	161,261
Total equity and liabilities		**865,419**	683,185

The accompanying notes 1 to 47 are an integral part of the Financial Statements

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022
UDIN: 21062343AAAABI1483

Abhishek
Partner
Membership Number: 062343

Place: Pune
Date: 11th May, 2021

Dattatraya Nikam
Chief Financial Officer

Parag Shah
Director
DIN : 00374944

S. Durgashankar
Director
DIN : 00044713

Jignesh Parekh
Company Secretary

Place: Mumbai
Date: 11th May, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Rs. in Lakhs

Particulars	Note No.	**For the year ended 31st March, 2021**	For the year ended 31st March, 2020
INCOME			
Revenue from operations	25, 25A & 25B	**573,900**	759,819
Other Income	26	**2,047**	6,097
Total Income		**575,947**	765,916
EXPENSES			
(a) Cost of materials consumed	27	**464,091**	575,108
(b) Changes in stock of finished goods and work-in-progress	28	**(11,331)**	28,052
(c) Employee benefits expense	29	**43,383**	49,034
(d) Finance costs	30	**6,901**	5,029
(e) Depreciation and amortisation expense	31	**13,547**	14,940
(f) Other expenses	32	**30,058**	49,146
Total Expenses		**546,649**	721,309
Profit/(loss) before exceptional item & tax		**29,298**	44,607
Exceptional Item	40	**(48,878)**	79,717
Profit/(loss) before tax		**78,176**	(35,110)
Tax expense			
(1) Current tax		**11,987**	12,046
(2) Deferred tax		**705**	(5,327)
Total tax expense		**12,692**	6,719
Profit/(loss) for the year		**65,484**	(41,829)
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
– Remeasurements of the defined benefit liabilities / (asset)		**426**	(880)
(ii) Income tax relating to items that will not be reclassified to P&L		**(107)**	222
Total comprehensive income for the period		**65,803**	(42,487)
Earnings per equity share (face value Rs. 10 each):	42		
(1) Basic		**1.59**	(1.03)
(2) Diluted		**1.59**	(1.03)

The accompanying notes 1 to 47 are an integral part of the Financial Statements

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022
UDIN: 21062343AAAABI1483

Abhishek
Partner
Membership Number: 062343

Place: Pune
Date: 11th May, 2021

Dattatraya Nikam
Chief Financial Officer

Parag Shah
Director
DIN : 00374944

S. Durgashankar
Director
DIN : 00044713

Jignesh Parekh
Company Secretary

Place: Mumbai
Date: 11th May, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

		Rs. in Lakhs
	For the year ended 31st March, 2021	For the year ended 31st March, 2020
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before exceptional item and tax:	**29,298**	44,607
Adjustment for:		
Depreciation and amortisation	**13,547**	14,940
Finance costs recognised in profit or loss	**6,901**	5,029
(Profit)/Loss on sale of fixed assets	**28**	(21)
Investment income recognised in profit or loss	**(1,504)**	(5,417)
	18,972	14,531
Operating profit before Working Capital changes	**48,270**	59,138
Movements in working capital:		
(Increase)/decrease trade and other receivables	**(60,644)**	54,341
(Increase)/decrease in inventories	**(17,494)**	29,514
(Increase)/decrease in other assets	**4,266**	(3,049)
Increase/(decrease) in trade and other payables	**48,509**	(89,535)
Increase/(decrease) in provisions	**1,043**	705
Increase/(decrease) in other liabilities	**31,514**	(8,351)
	7,194	(16,375)
Cash generated from operations	**55,464**	42,763
Income taxes (paid)/refund received (net)	**(7,304)**	(11,632)
Net Cash from/(used in) Operating activities	**48,160**	31,131
B CASH FLOW FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	**(55,913)**	(63,320)
Proceeds from disposal of property, plant and equipment	**17**	55
Payments to purchase investments	**(26,000)**	(471,800)
Proceeds on sale of investments	**26,009**	498,229
Payments to acquire long term investments	**(8,997)**	(4,043)
Fixed Deposit (placed)/redeemed	**–**	19,568
Dividend received	**1,428**	4,421
Interest received	**67**	–
Net Cash from/(used) in investing activities	**(63,389)**	(16,890)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021 (CONTD).

			Rs. in Lakhs
		For the year ended 31st March, 2021	For the year ended 31st March, 2020
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issue of equity instruments of the Company	**9,000**	–
	Repayment of Long term borrowings	**(19,997)**	(14,993)
	Proceeds from Short term borrowings	**180,836**	18,489
	Repayment of Short term borrowings	**(141,135)**	–
	Payment of lease liability	**(396)**	(360)
	Dividends paid to owners of the Company (including dividend distribution tax)	**–**	(17,619)
	Interest paid	**(8,262)**	(8,077)
	Net Cash from/(used) in financing activities	**20,046**	(22,560)
D	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**	**4,817**	(8,319)
	Cash and cash equivalents at the beginning of the year	**(2,848)**	5,471
	Cash on branch transfer	**(2,716)**	–
	Cash and cash equivalents at the end of the year	**(747)**	(2,848)

Notes to the Cash Flow Statement for the year ended 31st March, 2021.

The above Cash Flow Statement has been prepared under the ‘indirect method’ as set out in Ind AS 7 - Statement of Cash Flow.

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022
UDIN: 21062343AAAABI1483

Abhishek
Partner
Membership Number: 062343

Place: Pune
Date: 11th May, 2021

Dattatraya Nikam
Chief Financial Officer

Parag Shah
Director
DIN : 00374944

S. Durgashankar
Director
DIN : 00044713

Jignesh Parekh
Company Secretary

Place: Mumbai
Date: 11th May, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

Rs. in Lakhs

A. Equity Share Capital	As at 31st March, 2021	As at 31st March, 2020
Issued and Subscribed:		
Balance as at the beginning of the year	**406,472**	406,472
Add : Shares issued	**9,000**	–
Balance as at the end of the year	**415,472**	406,472

B. Other Equity

Rs. in Lakhs

	Reserves and Surplus			
	Debenture Redemption Reserve (DRR)	**Capital Reserve**	**Retained earnings**	**Total**
Balance as at April 1, 2020	**2,000**	**(60)**	**19,253**	**21,193**
Profit for the year	**–**	**–**	**65,484**	**65,484**
Other comprehensive income for the year, net of income tax	**–**	**–**	**319**	**319**
Amount transferred from DRR	**(2,000)**	**–**	**2,000**	**–**
Business transfer of US branch	**–**	**60**	**–**	**60**
Balance as at 31st March 2021	**–**	**–**	**87,056**	**87,056**

Remeasurement Gain/(loss) on defined benefit plans, net of deferred tax, aggregating to Rs. 319 lakhs (31st March 2020 - Rs. (658) lakhs) has been recognised during the year as part of retained earnings.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021 (CONTD).

Rs. in Lakhs

	Reserves and Surplus			
	Debenture Redemption Reserve	Capital Reserve	Retained earnings	Total
Balance as at April 1, 2019	7,624	(60)	73,735	81,299
Profit for the year	–	–	(41,829)	(41,829)
Other comprehensive income for the year, net of income tax	–	–	(658)	(658)
Payment of dividend (Rs.0.23 per share)	–	–	(15,039)	(15,039)
Tax on dividend	–	–	(2,580)	(2,580)
Amount transferred from DRR	(6,750)	–	6,750	–
Transfers from retained earnings	1,126	–	(1,126)	–
Balance as at 31st March 2020	2,000	(60)	19,253	21,193

Remeasurement Gain/(loss) on defined benefit plans, net of deferred tax, aggregating to Rs. (658) lakhs (31st March 2019 - Rs. 92 lakhs) has been recognised during the year as part of retained earnings.

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022
UDIN: 21062343AAAABI1483

Abhishek
Partner
Membership Number: 062343

Place: Pune
Date: 11th May, 2021

Dattatraya Nikam
Chief Financial Officer

Parag Shah
Director
DIN : 00374944

S. Durgashankar
Director
DIN : 00044713

Jignesh Parekh
Company Secretary

Place: Mumbai
Date: 11th May, 2021

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

1 Company Overview

Mahindra Vehicle Manufacturers Limited is a Company incorporated and domiciled in India having its registered office in Mumbai (CIN : U34100MH2007PLC171151). The Company is in the business of manufacture of passenger cars, medium and heavy commercial vehicles and construction equipments.

The immediate parent Company is Mahindra & Mahindra Limited, a company incorporated in India.These financial statements correspond to the stand alone financial statements of the Company.

The Company has elected not to prepare consolidated financial statements in accordance with Ind AS 110 and Companies (Accounts) Rules 2014, as amended. The parent Company is Mahindra & Mahindra Limited, a company incorporated in Mumbai, India which is the parent of the smallest and largest group to consolidate these financial statements. Copies of the annual report of the Mahindra & Mahindra Limited can be obtained from the Company Secretary, Mahindra & Mahindra Limited, Mahindra Towers, Dr. G. M. Bhosale Marg, Worli, Mumbai, 400 018, India. List of significant investments in subsidiaries, joint ventures and associates is provided in note no. 33

2 Significant Accounting Policies:

(A) Statement of Compliance:

These financial statements have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The financial statements are approved by the Board of Directors and authorised for issue on 11th May, 2021.

(B) Functional and presentation currency

The financial statements are presented in Indian Rupees (INR or 'Rs.') which is also the Company's functional currency. All values are rounded to the nearest lakhs, unless otherwise stated.

(C) Basis of preparation

These financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

(D) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values. In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The Chief Financial Officer and persons entrusted have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values and assessments that these valuations meet the requirements of Ind AS. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(E) Use of estimations & judgements:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in:

Property, Plant and Equipment - Note 2 (F)

Obligations relating to employee defined benefits - Note 36

Impairment of Investment - The Company reviews its carrying value of Investments carried at Cost annually

Leases -

Ind AS 116 requires lessees to determine the lease term as the non cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by lease basis and there by assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

(F) Property plant & equipment:

(a) Property plant & equipments are carried at cost of acquisition or construction less depreciation. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the Statement of Profit and Loss.

(b) Depreciation on assets is calculated on straight line method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013, except in respect of the following categories of assets, in whose case the life of the assets has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

(1) Certain items of plant and equipment - over their useful lives (2 years, 3 years, 5 years, 8 Years, 10 years, 20 years or 25 years as the case may be) as determined by the Company.

(2) Roads - over their useful life (15 years) as determined by the Company.

(3) Cars and Vehicles - over their useful life (5 years) as determined by the Company.

(G) Intangible Assets:

Intangible assets are initially recognised at cost.

Subsequent to initial recognition, intangible assets with indefinite useful lives are carried at cost less accumulated impairment, if any. Intangible assets with definite useful lives are amortised on a straight line basis so as to reflect the pattern in which the asset's economic benefits are consumed.

Intangible assets under development

The Company expenses cost incurred during research phase to profit or loss in the year in which they are incurred. Development phase expenses are initially recognised as intangible assets under development until the development phase is complete, upon which the amount is capitalised as intangible asset. The company has tested for impairment of intangible under development annually.

Other Intangible Assets

(a) License Fee:

The expenditure incurred is amortised over the estimated period of benefit, not exceeding five years commencing with the year of purchase of License.

(b) Technical Know-how fees:

The expenditure incurred on technical services and other project/ product related expenses are amortised over the estimated period of benefit, not exceeding five years.

(c) Software Expenditure:

The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

(H) Investments in subsidiaries, associates and joint ventures:

The Company accounts for its investments in subsidiaries, associates and joint venture at cost.

(I) Financial Instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets: All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of Financial Assets:

On initial recognition, a financial assets is classified as - measured at:

- Amortised Cost; or
- Fair Value Through Other Comprehensive Income (FVTOCI)
- Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gains and loss on derecognition is recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets.

Derecognition of financial assets: The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

Financial liabilities and equity instruments: Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments: An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of direct issue costs.

Financial Liabilities: All financial liabilities are measured at amortised cost using the effective interest method or at FVTPL.

Offsetting: Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

(J) Inventories:

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and bought out components are valued at the lower of cost or net realisable value. Cost is determined on the basis of the weighted average method.

Finished goods produced, manufactured components and work-in-progress are carried at cost or net realisable value whichever is lower.

Stores, spares and tools other than obsolete and slow moving items are carried at cost. Obsolete and slow moving items are valued at cost or estimated net realisable value, whichever is lower.

(K) Foreign Exchange Transactions:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense, as the case may be. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(L) Revenue Recognition:

Ind AS 115 specifies a uniform, five-step model for revenue recognition, which is generally to be applied to all contracts with customers. Amounts disclosed as revenue net of customer returns, trade allowance, rebates, value added and other indirect taxes and amount collected on behalf of third parties.

Sale of Goods:

The Company recognizes revenue from sale of goods measured at the fair value of the consideration received or receivable, upon satisfaction of performance obligation which is at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Depending on the terms of the contract, which differs from contract to contract, the goods are sold on a reasonable credit term. As per the terms of the contract, consideration that is variable, according to Ind AS 115, is estimated at contract inception and updated thereafter at each reporting date or until crystallisation of the amount.

Sale of Services:

Sale of services are recognised on satisfaction of performance obligation towards rendering of such services.

Interest Income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable and dividend income from investments in shares is recognised when the owner's right to receive the payment is established.

(M) Government Grants:

The Company, directly or indirectly through a consortium of Mahindra Group Companies, is entitled to various incentives from government authorities in respect of manufacturing unit located in developing region. The Company accounts for its entitlement as income on an accrual basis.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

(N) Employee Benefits:

Defined Contribution Plan/Defined Benefit Plan/Long term Compensated Absences:

Company's contributions paid/payable during the year to Provident fund, Superannuation Fund, ESIC and Labour Welfare Fund are recognised in the Statement of Profit and Loss as and when the employee renders service.

Company's liability towards gratuity, long term compensated absences are determined by independent actuaries, using the projected unit credit method. Past services are recognised on a straight line basis over the average period until the benefits become vested. Actuarial gains and losses of gratuity liability are recognised immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(O) Borrowing Costs:

Borrowing costs directly attributable to the acquisition or construction of assets that necessarily take a substantial period of time to get ready for their intended use, are capitalised as part of the cost of such assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(P) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

(Q) Leases:

Transition:

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The Company has adopted modified retrospective approach where lease liability measured at present value of remaining lease payment discounted at the incremental borrowing rate at the date of initial application and right to use asset is equal to lease liability adjusted by the amount of any prepaid or accrued lease payments. The Company has adopted Ind AS 116 with effect from initially applying this standard from 1 April 2019.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the lessor has a substantive substitution right, then the asset is not identified
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company as a lessee has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
- the Company as a lessee has the right to operate the asset; or
- the Company as a lessee designed the asset in a way that predetermines how and for what purpose it will be used.
- This policy is applied to contracts entered into, or modified, on or after 1 April, 2019.

The Company as lessee:

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at amortised cost at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the incremental borrowing rate.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets:

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term

The Company as lessor:

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term as part of 'other income'.

The Company as lessee :

Operating Leases :

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. Single discount rate to a portfolio of leases with similar characteristics.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

Finance Leases:

The Company has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17.

The Company as lessor:

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor, except for a sub-lease. The Company accounted for its leases in accordance with Ind AS 116 from the date of initial application. The Company does not have any significant impact on account of sub-lease on the application of this standard.

(R) Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of these cash flows (when the effect of the time value of money is material).

3 Recent accounting pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013 revising Division I, II and III of Schedule III and are applicable from April 1, 2021. The amendments primarily relate to :

a) Change in existing presentation requirements for certain items in Balance sheet, for e.g. lease liabilities, security deposits, current maturities of long term borrowings, effect of prior period errors on Equity Share capital.

b) Additional disclosure requirements in specified formats, for eg. ageing of trade receivables, trade payables, capital work in progress, intangible assets, shareholding of promoters, etc.

c) Disclosure if funds have been used other than for the specific purpose for which it was borrowed from banks and financial institutions.

d) Additional Regulatory Information, for eg.,compliance with layers of companies, title deeds of immovable properties, financial ratios, loans and advances to key managerial personnel, etc.

e) Disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency.

The amendments are extensive and the Company is evaluating the same.

NOTE 4 – PROPERTY, PLANT & EQUIPMENT

Rs. in Lakhs

Description of assets	Freehold land	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
(I) Cost							
Balance as at 1st April 2020	**151**	**108,550**	**128,898**	**5,916**	**3,943**	**1,667**	**249,125**
Additions	**–**	**25,087**	**5,682**	**332**	**190**	**98**	**31,389**
Disposals/Transfers [Refer note 40 (c)]	**94**	**374**	**1,336**	**716**	**675**	**309**	**3,504**
Balance as at 31st March 2021	**57**	**133,263**	**133,244**	**5,532**	**3,458**	**1,456**	**277,010**
(II) Accumulated depreciation							
Balance as at 1st April 2020	**–**	**31,003**	**75,126**	**5,102**	**2,733**	**1,055**	**115,019**
Depreciation for the year	**–**	**3,937**	**7,345**	**225**	**287**	**190**	**11,984**
Disposals/Transfers [Refer note 40 (c)]	**–**	**72**	**971**	**572**	**523**	**229**	**2,367**
Balance as at 31st March 2021	**–**	**34,868**	**81,500**	**4,755**	**2,497**	**1,016**	**124,636**
Carrying amount(I-II)							
Balance as at 31st March 2021	**57**	**98,395**	**51,744**	**777**	**961**	**440**	**152,374**
Balance as at 31st March 2020	151	77,547	53,772	814	1,210	612	134,106

Rs. in Lakhs

Description of Assets	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Vehicles	Total
(I) Cost									
Balance as at 1st April 2019	151	31,953	107,467	127,495	5,663	3,875	1,433	1,734	279,771
Additions	–	–	1,083	1,403	253	68	–	259	3,066
Disposals	–	–	–	–	–	–	–	326	326
Reclassified on account of adoption of IND AS 116		31,953	–	–	–	–	1,433	–	33,386
Balance as at 31st March 2020	151	–	108,550	128,898	5,916	3,943	–	1,667	249,125
(II) Accumulated depreciation									
Balance as at 1st April 2019	–	3,374	27,219	66,726	4,813	2,300	391	1,137	105,960
Depreciation for the year	–	–	3,784	8,400	289	433	–	210	13,116
Reclassified on account of adoption of IND AS 116	–	3,374	–	–	–	–	391	–	3,765
Disposals	–	–	–	–	–	–	–	292	292
Balance as at 31st March 2020	–	–	31,003	75,126	5,102	2,733	–	1,055	115,019
Carrying amount(I-II)									
Balance as at 31st March 2020	151	–	77,547	53,772	814	1,210	–	612	134,106
Balance as at 31st March 2019	151	28,579	80,248	60,769	850	1,575	1,042	597	173,811

Note:

(i) Plant & Equipment with carrying amount of Rs. Nil lakhs (31st March 2020 - Rs. 53,772 lakhs) have been pledged to secure borrowings of the Company (See Note 17). The plant & equipment have been pledged as security for bank loans under a mortgage. The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

(ii) Additions in Plant and Equipment during the year includes borrowing costs capitalised during the year Rs. 1,975 Lakhs (31st March 2020 : Nil Lakhs).

NOTE 4A - RIGHT OF USE ASSETS (PROPERTY, PLANT & EQUIPMENT)

Rs. in Lakhs

Description of Assets	**Leasehold Land**	**Leasehold Improvements**	**Buildings**	**Plant and Equipment**	**Office Equipment**	**Vehicles**	**Total**
(I) Cost							
Balance as at 1st April 2020	28,579	1,042	718	179	526	38	31,082
Additions	1,167	–	–	–	444	–	1,611
Disposals/Transfers [Refer note 40 (c)]	–	1,042	718	179	970	38	2,947
Balance as at 31st March 2021	**29,746**	–	–	–	–	–	**29,746**
(II) Accumulated depreciation							
Balance as at 1st April 2020	322	131	143	42	208	16	862
Amortisation expense for the year	324	98	117	36	170	13	758
Eliminated on disposal/Transfer of assets [Refer note 40 (c)]	–	229	260	78	378	29	974
Balance as at 31st March 2021	646	–	–	–	–	–	646
Carrying amount(I-II)							
Balance as at 31st March 2021	29,100	–	–	–	–	–	29,100
Balance as at 31st March 2020	28,257	911	575	137	318	22	30,220

Rs. in Lakhs

Description of Assets	Land - Leasehold	Leasehold Improvements	Buildings	Plant and Equipment	Office Equipment	Vehicles	Total
(I) Cost							
Balance as at 1st April 2019	–	–	–	–	–	–	–
Additions	–	–	–	–	–	–	–
Reclassified on account of adoption of IND AS 116	28,579	1,042	718	179	526	38	31,082
Balance as at 31st March 2020	28,579	1,042	718	179	526	38	31,082
(II) Accumulated depreciation							
Balance as at 1st April 2019	–	–	–	–	–	–	–
Amortisation expense for the year	322	131	143	42	208	16	862
Balance as at 31st March 2020	322	131	143	42	208	16	862
Carrying amount(I-II)							
Balance as at 31st March 2020	28,257	911	575	137	318	22	30,220
Balance as at 31st March 2019	–	–	–	–	–	–	–

NOTE 5 – INTANGIBLE ASSETS

Rs. in Lakhs

Description of Assets	**Computer Software**	**License**	**Technical know how**	**Total**
(I) Cost				
Balance as at 1st April 2020	**3,171**	**2,520**	**1,391**	**7,082**
Additions during the year	**50**	–	**126**	**176**
Disposals/Transfers [Refer note 40 (c)]	**1,301**	–	–	**1,301**
Balance as at 31st March 2021	**1,920**	**2,520**	**1,517**	**5,957**
(II) Accumulated amortisation				
Balance as at 1st April, 2020	**2,994**	**1,064**	**616**	**4,674**
Amortisation for the year	**157**	**406**	**242**	**805**
Disposals/Transfers [Refer note 40 (c)]	**1,295**	–	–	**1,295**
Balance as at 31st March, 2021	**1,856**	**1,470**	**858**	**4,184**
Carrying amount(I-II)				
Balance as at 31st March, 2021	**64**	**1,050**	**659**	**1,773**
Balance as at 31st March, 2020	177	1,456	775	2,408

Rs. in Lakhs

Description of Assets	Computer Software	License	Technical know how	Total
(I) Cost				
Balance as at 1st April 2019	3,135	2,520	1,391	7,046
Additions during the year	36	–	–	36
Disposals	–	–	–	–
Balance as at 31st March 2020	3,171	2,520	1,391	7,082
(II) Accumulated amortisation				
Balance as at 1st April, 2019	2,654	658	400	3,712
Amortisation for the year	340	406	216	962
Disposals	–	–	–	–
Balance as at 31st March, 2020	2,994	1,064	616	4,674
Carrying amount(I–II)				
Balance as at 31st March, 2020	177	1,456	775	2,408
Balance as at 31st March, 2019	481	1,862	991	3,334

NOTE 6 - NON-CURRENT INVESTMENTS

	Face Value Per Unit	As at 31st March, 2021		As at 31st March, 2020	
	Rs.	Units	Rs. in Lakhs	Units	Rs. in Lakhs
NON-CURRENT INVESTMENTS					
Investment in equity instruments: At cost (Trade and fully paid up unless otherwise specified) :					
(Unquoted)					
(i) In subsidiary companies					
– Mahindra Electric Mobility Limited	10	**356,082,447**	**90,535**	321,357,564	81,538
– Mahindra Intertrade Limited [including 1,50,00,000 shares partly paid-up Rs.3 per share]	10	**27,100,007**	**70,021**	27,100,007	70,021
– Mahindra Heavy Engines Limited	10	**634,400,000**	**41,504**	634,400,000	41,504
– Mahindra Integrated Business Solutions Private Limited	10	**8,279,511**	**17,884**	–	–
– Mahindra Two Wheelers Limited ^	10	–	–	2,998,389,216	3,089
			219,944		196,152
(ii) In other companies					
– Sai Wardha Power Generation Limited: Class 'A' Equity Shares	10	**1,238,279**	*	1,238,279	*
			*		*
(iii) In Associate Companies					
(Quoted)					
– Mahindra CIE Automotive Limited	10	**43,344,512**	**109,516**	43,344,512	109,516
(Unquoted)					
– Mahindra Two Wheelers Limited ^	10	**2,998,389,216**	**3,089**		–
			112,605		109,516
Sub total A			**332,549**		305,668
Investments in preference shares (trade and fully paid-up unless otherwise specified):					
Unquoted					
(i) In other companies					
– Sai Wardha Power Generation Limited: 0.01% Class 'A' Redeemable Preference Shares	10	**1,561,721**	*	1,561,721	*
Sub total B			–		–
Total non current investment - Gross			**332,549**		305,668
Less: Aggregate amount of impairment in value of investments			**34,963**		79,717
Total non current investment - Net			**297,586**		225,951
Other disclosures					
(i) Aggregate amount of quoted Investments (Gross)			**109,516**		109,516
– Market value of quoted investments			**69,893**		29,799
(ii) Aggregate amount of unquoted investments (Gross)			**223,033**		196,152

* amount less than Rs. 50,000

Notes :

^ During the year, under the Scheme of Merger, Mahindra Trucks and Buses Limited ('MTBL') and Mahindra Automobile Distributor Private Limited ('MADPL') merged with Mahindra Two Wheelers Limited ('MTWL'). As per the Scheme, MTWL has issued the equity share capital to the owners of MTBL and MADPL as purchase consideration. Accordingly, the Company has disclosed the holding in equity shares of MTWL as 'investment in Associate Companies' due to the change in holding percentage on account of Scheme of Merger.

NOTE 7 - NON-CURRENT FINANCIAL ASSETS – OTHERS

Rs. in Lakhs

	As at 31st March, 2021	As at 31st March, 2020
Security deposits	**34**	123
Margin money with bank	**1**	1
Government grant receivable	**52,927**	28,655
Total	**52,962**	28,779

NOTE 8 – OTHER NON-CURRENT ASSETS

Rs. in Lakhs

	As at 31st March, 2021	As at 31st March, 2020
Capital Advance	**397**	9,159
VAT Refund	**4,898**	4,898
Others	**1,514**	1,455
Total	**6,809**	15,512

Others includes balances with Government authorities, amount paid under protest etc.

NOTE 9 – INVENTORIES

Rs. in Lakhs

	As at 31st March, 2021	As at 31st March, 2020
Raw materials [(Including goods in transit Rs.1,860 Lakhs) (31st March, 2020 - Rs. 1,571 Lakhs)]	**49,644**	43,717
Work-in-progress	**8,340**	7,761
Finished goods	**19,946**	9,194
Stores and spares	**3,670**	3,595
Loose tools	**1,380**	1,219
Total	**82,980**	65,486

Notes:

(i) The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 452,760 Lakhs (31st March 2020 - Rs. 603,160 Lakhs).

(ii) The cost of inventories recognised as an expense include Rs. 2,803 Lakhs (31st March 2020 - Rs. 2,906 lakhs) in respect of write-down of inventory and has been reduced by Rs. 468 Lakhs (31st March 2020 - Rs.319 Lakhs) in respect of the reversal of such write downs.

(iii) The Company has availed working capital facilities and other non-fund based facilities viz. bank guarantees and letters of credit, which are secured by hypothecation of inventories.

(iv) Mode of valuation of inventories is stated in Note 2 (J).

NOTE 10 – TRADE RECEIVABLES

Rs. in Lakhs

	As at 31st March, 2021	As at 31st March, 2020
(Unsecured, considered good)		
Trade receivables	**61,107**	41,906
Total	**61,107**	41,906

NOTE 11 – CASH AND CASH EQUIVALENTS

Rs. in Lakhs

	As at 31st March, 2021	As at 31st March, 2020
A. Cash & cash equivalents		
(i) Cash on hand	**1**	1
(ii) Balances with banks		
– In current accounts	**13**	–
Total	**14**	1

NOTE 12 – CURRENT FINANCIAL ASSETS – LOANS

Rs. in Lakhs

	As at 31st March, 2021	As at 31st March, 2020
(Unsecured, considered good)		
Loans to employees	**21**	25
Total	**21**	25

Loans given to employees as per the Company's policy are not considered for the purposes of disclosure under Section 186(4) of the Companies Act, 2013

NOTE 13 – CURRENT FINANCIAL ASSETS – OTHERS

Rs. in Lakhs

	As at 31st March, 2021	As at 31st March, 2020
Interest on income tax refund receivable	**1,426**	1,426
Security deposit	**25**	25
Government grant receivable	**22,430**	12,713
Others	**40**	3,702
Total	**23,921**	17,866

Other includes insurance claim receivable as at 31st March 2020.

NOTE 14 – OTHER CURRENT ASSETS

Rs. in Lakhs

	As at 31st March, 2021	As at 31st March, 2020
Advance to suppliers	**1,351**	2,104
Others	**805**	5,131
Total	**2,156**	7,235

Others for year ended 31 March 2021 includes prepaid expenses etc. and for year ended 31 March 2020 includes prepaid expenses, GST receivables etc.

NOTE 15 – SHARE CAPITAL

Rs. in Lakhs

	As at 31st March, 2021	As at 31st March, 2020
Authorised:		
5,00,00,00,000 (31st March, 2020 : 5,00,00,00,000) equity shares of Rs. 10 each.	**500,000**	500,000
Issued, subscribed and paid up:		
4,15,47,23,484 (31st March, 2020 : 4,06,47,23,484) equity shares of Rs. 10 each fully paid up.	**415,472**	406,472
Total	**415,472**	406,472

Reconciliation of the no. of shares outstanding at the beginning and at the end of the year:

	As at 31st March, 2021 No of shares	As at 31st March, 2021 Amount Rs. in Lakhs	As at 31st March, 2020 No of shares	As at 31st March, 2020 Amount Rs. in Lakhs
No. of equity shares outstanding at the beginning of the year	**4,064,723,484**	**406,472**	4,064,723,484	406,472
Add: Additional equity shares issued during the year	**90,000,000**	**9,000**	–	–
No. of equity shares outstanding at the end of the year	**4,154,723,484**	**415,472**	4,064,723,484	406,472

Notes:

i) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	2021 Number of shares	2021 % shareholding	2020 Number of shares	2020 % shareholding
Equity Shares:				
Mahindra & Mahindra Ltd. (holding company) and its nominees	**4,154,723,484**	**100**	4,064,723,484	100

ii) Rights, preferences, restrictions of equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share.

NOTE 16 – OTHER EQUITY

Rs. in Lakhs

	As at 31st March, 2021	As at 31st March, 2020
Debenture Redemption Reserve:		
Balance as at the beginning of the year	**2,000**	7,624
Add: Transferred from Retained Earnings	**–**	1,126
Less: Transferred to Retained Earnings	**(2,000)**	(6,750)
Balance as at the end of the year	**–**	2,000
Capital Reserve		
Balance as at the beginning and end of the year	**–**	(60)

Rs. in Lakhs

	As at 31st March, 2021	As at 31st March, 2020
Retained Earnings		
Balance as at the beginning of the year	**19,253**	73,735
Add: Profit/(Loss) for the year	**65,484**	(41,829)
Add: Amounts transferred from Debenture Redemption Reserve	**2,000**	6,750
Less: Transfer to Debenture Redemption Reserve	**–**	(1,126)
Add: Other Comprehensive income/(expense) for the year (net)	**319**	(658)
Less: Dividend	**–**	(15,039)
Less: Tax on Dividend	**–**	(2,580)
Balance as at the end of the year	**87,056**	19,253
Total	**87,056**	21,193

Description of the nature and purpose of Other Equity

Debenture redemption reserve:

Debenture redemption reserve has been created as applicable under the Companies Act, 2013.

Capital reserve:

Capital reserve represents reserve created on acquisition of entire business of Mahindra North America Technical Centre, Inc. (MNATC).

NOTE 17 - NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

Rs. in Lakhs

	As at 31st March, 2021	As at 31st March, 2020
Loans and advances from other than related parties :		
Debentures (Secured)		
8.19% Non Convertible Debentures (Series C) [Refer note 22 -Current Maturities of long term debt]	**–**	–
Unsecured loans from related parties (carried at amortised cost) :		
6.5% Cumulative, Redeemable, Non- Convertible Preference Shares	**60,000**	60,000
Lease liabilities	–	759
Total	**60,000**	60,759

Rs. in Lakhs

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cash flows	Coupon Rate	Repayment Bullet (or) Installment	Date of Redemption	Narrative remarks	Amortised cost as at 31st March, 2021	Amortised cost as at 31st March, 2020
Unsecured								
- Preference Shares	Rs.	7.82%	6.50%	Bullet	26th March 2027	Unsecured	**60,000**	60,000
Secured								
- Debentures - Series C	Rs.	8.22%	8.19%	Bullet	23rd Feb 2021	Debentures are to be secured by First *Pari Passu* charge on Plant and Equipment of the Company	–	#

Amount shown in Current maturities of Long-term debt in Note 22

NOTE 18 – OTHER NON CURRENT FINANCIAL LIABILITIES

Rs. in Lakhs

	As at 31st March, 2021	As at 31st March, 2020
Government grants payable to group companies	**35,547**	13,883
Government Incentives	**9,033**	2,562
Total	**44,580**	16,445

Others includes obligation under Export Promotion Capital Goods (EPCG) scheme [refer Note no. 44(b)].

NOTE 19 – NON-CURRENT LIABILITIES - PROVISIONS

Rs. in Lakhs

	As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits	**6,000**	5,431
Total	**6,000**	5,431

NOTE 20 A – DEFERRED TAX LIABILITIES (NET)

(i) Break up of deferred tax liabilities as at year end:

Rs. in Lakhs

Nature of timing difference	As at 31st March, 2021	As at 31st March, 2020
On property, plant and equipment	**14,229**	13,397
Total	**14,229**	13,397

(ii) Break up of deferred tax assets as at year end:

Rs. in Lakhs

Nature of timing difference	As at 31st March, 2021	As at 31st March, 2020
Unclaimed amount under section 43B of Income Tax Act 1961	**1,665**	1,773
Others	**128**	–
Total	**1,793**	1,773
(iii) Deferred tax assets/(liabilities) net:	**(12,436)**	(11,624)

(a) Income Tax recognised in profit or loss

Rs. in Lakhs

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Current Tax:		
In respect of current year	**11,987**	12,046
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**705**	(5,327)
Total income tax expense	**12,692**	6,719

(b) Income tax recognised in other Comprehensive income

Rs. in Lakhs

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	**107**	(222)
Total	**107**	(222)

(c) The reconciliation of estimated income tax expense at tax rate to income tax expense reported in profit or loss is as follows:

Rs. in Lakhs

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Profit/(Loss) before tax	**78,176**	(35,110)
Income tax expense calculated at 25.168% (2020: 25.168%)	**19,675**	(8,836)
Tax on Exceptional Items	**(12,302)**	20,063
Tax on US Branch Sale - LTCG	**1,148**	–
Rate Change - Opening Impact Deferred Tax	**–**	(4,802)
Tax Provision Reversed of earlier years	**–**	(1,765)
Change is deferred tax on account of transfer of net asset of US branch [Refer note 40 (c)]	**873**	–
Dis-allowance of borrowing cost under ICDS	**472**	–
Dividend Income	**(359)**	(627)
Disallowances includes 14A, DDT & CSR Expenses	**1,273**	2,065
US branch profit tax paid on account of transfer of US branch [Refer note 40 (c)]	**2,140**	–
Others	**(228)**	621
Total Income Tax Expenses	**12,692**	6,719

The Company has elected to exercise the option with regards to the tax rate mentioned under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the tax rate 25.168% (31st March 2020 - 25.168%) used for the 31st March, 2021 to reconcile the corporate tax payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(i) Movement in deferred tax liabilities (net)

Rs. in Lakhs

Particulars	For the Year ended 31st March, 2021			
	Opening Balance	Recognised in profit and Loss ^	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Allowances on Property, Plant and Equipment and Intangible Assets	13,398	831	–	14,229
	13,398	831	–	14,229
Tax effect of items constituting deferred tax assets				
Provision for employee benefits	1,774	(2)	(107)	1,665
Others	–	128	–	128
	1,774	126	(107)	1,793
Net deferred tax asset (liabilities)	11,624	705	107	12,436

^ It includes reversal of deferred tax assets / liabilities on account of trasnfer of US Branch.

Rs. in Lakhs

Particulars	For the Year ended 31st March, 2020 Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Allowances on Property, Plant and Equipment and Intangible Assets	19,072	(5,674)	–	13,398
	19,072	(5,674)	–	13,398
Tax effect of items constituting deferred tax assets				
Provision for employee benefits	1,898	(346)	222	1,774
	1,898	(346)	222	1,774
Net deferred tax asset (liabilities)	17,174	(5,328)	(222)	11,624

NOTE 21 – TRADE PAYABLES

Rs. in Lakhs

	As at 31st March, 2021	As at 31st March, 2020
Total outstanding dues of micro and small enterprises	**1,445**	1,459
Total outstanding dues other than micro and small enterprises		
– Acceptances	–	89
– Other than Acceptances	**139,504**	91,972
Total	**140,949**	93,520

Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below :

Rs. in Lakhs

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(i) Principal amount payable to MSME	**1,445**	1,459
(ii) Dues remaining unpaid as at 31st March		
Principal	**21**	439
Interest on the above	*	1
(iii) Interest paid in terms of Section 16 of the Act, along with the amount of payment made to the supplier beyond the appointed day during the year		
Principal paid beyond the appointed date	**724**	7,692
Interest paid in terms of Section 16 of the Act	**45**	14
(iv) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**3**	44
(v) Amount of interest accrued and remaining unpaid as at 31st March	**4**	45

* amount less than Rs. 50,000

NOTE 22 – OTHER FINANCIAL LIABILITIES

Rs. in Lakhs

	As at 31st March, 2021	As at 31st March, 2020
Current maturities of long-term debt ^	**–**	19,997
Current maturities of lease liabilities	–	389
Interest accrued but not due on borrowings	**4,132**	4,256
Government grants payable to group companies	**14,377**	5,894
Other payables	**15,919**	13,302
Total	**34,428**	43,838

Other payables includes capital creditors, accrued employee liability, retention money etc.

^ 8.19% Non convertible debentures (Series C) are secured by First Pari Passu charge on plant and equipment of the Company.

NOTE 22 A – SHORT TERM BORROWINGS

Rs. in Lakhs

	As at 31st March, 2021	As at 31st March, 2020
Loans and advances from other than related parties:		
Loans repayable on demand		
– Bank overdraft (secured)	**761**	2,849
Commercial papers	**–**	14,489
Loan from Bank (secured)	**6,190**	–
Loans and advances from related parties:		
Inter Corporate Loan (unsecured)	**52,000**	4,000
Total	**58,951**	21,338

(i) Inter Corporate Loan, Commercial papers & Bank overdraft are on fixed interest ranging from 5.50% to 8.00%

(ii) Intercorporate loan taken from Mahindra Heavy Engines Limited - Rs. 5,000 Lakhs and Mahindra and Mahindra Limited - Rs. 47,000 Lakhs (31st March 2020 - Rs. 4,000 from Mahindra Heavy Engines Limited)

(iii) The Company has availed working capital facilities and other non-fund based facilities viz. bank guarantees and letters of credit, which are secured by hypothecation of inventories.

NOTE 23 – CURRENT PROVISIONS

Rs. in Lakhs

	As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits (Refer note 36)	**576**	528
Total	**576**	528

NOTE 24 – OTHER CURRENT LIABILITIES

Rs. in Lakhs

	As at 31st March, 2021	As at 31st March, 2020
Statutory dues (including GST, Provident fund, TDS etc.)	**4,135**	1,044
Other payables	**28**	182
Total	**4,163**	1,226

NOTE 25 – REVENUE FROM OPERATIONS

Rs. in Lakhs

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Revenue from contracts with customers:		
– Sale of products	**535,980**	702,878
– Sale of services	**26,267**	48,600
Other operating revenues		
– Government grants	**10,095**	5,752
– Others	**1,558**	2,589
Total	**573,900**	759,819

Refer note no. 46 – Segment Reporting for disclosure of revenue from external customers.

NOTE 25A - COUNTRY-WISE BREAK UP OF REVENUE

For the year ended 31st March, 2021 **Rs. in Lakhs**

Country	**Revenue from contracts with customers (IndAS 115)**	**Revenue from operations from other than customers**	**Total Revenue from Operations**	**Other Revenue**	**Total Revenue**
India	**562,289**	**10,095**	**572,384**	**2,047**	**574,431**
United States	**1,516**	**–**	**1,516**	**–**	**1,516**
Total	**563,805**	**10,095**	**573,900**	**2,047**	**575,947**

For the year ended 31st March, 2020 Rs. in Lakhs

Country	Revenue from contracts with customers (IndAS 115)	Revenue from operations from other than customers	Total Revenue from Operations	Other Revenue	Total Revenue
India	745,805	5,752	751,557	6,097	757,654
United States	8,262	–	8,262	–	8,262
Total	754,067	5,752	759,819	6,097	765,916

NOTE 25B – BREAKUP OF REVENUE INTO CONTRACTS ENTERED IN PREVIOUS YEAR AND IN CURRENT YEAR

Rs. in Lakhs

Particulars	**For the year ended 31st March, 2021**	For the year ended 31st March, 2020
Revenue from PO/contract/ agreement entered into previous year	**–**	–
Revenue from New PO/contract/ agreement entered into current year	**563,805**	754,067
Total Revenue recognised during the period	**563,805**	754,067

There is no reconciliation between contract Revenue and Revenue recognised in statement of profit and loss account. Further, there is no reconciliation for previous year balance sheet that has been presented and hence information with regards to the same has not been separately presented.

NOTE 26 – OTHER INCOME

Rs. in Lakhs

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Interest Income on financial assets carried at amortised cost	**67**	932
Interest Income - Others	**–**	1,429
Net gain arising on investment carried Fair Value Through Profit or Loss	**9**	566
Dividend on Investment in subsidiaries	**1,428**	2,490
Operating lease income	**536**	594
Other non-operating income	**7**	86
Total	**2,047**	6,097

NOTE 27 – COST OF MATERIAL CONSUMED

Rs. in Lakhs

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Raw material consumed	**464,091**	575,108
Total	**464,091**	575,108

NOTE 28 – CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Rs. in Lakhs

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Opening stock		
Work-in-progress	**7,761**	8,466
Finished goods	**9,194**	36,541
Total - (A)	**16,955**	45,007
Closing stock		
Work-in-progress	**8,340**	7,761
Finished goods	**19,946**	9,194
Total - (B)	**28,286**	16,955
Total (A-B)	**(11,331)**	28,052

NOTE 29 – EMPLOYEE BENEFITS EXPENSE

Rs. in Lakhs

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Salaries and wages	**38,821**	43,998
Contribution to provident and other funds ^	**1,050**	1,084
Share based payment *	**241**	368
Staff welfare expenses	**3,271**	3,584
Total	**43,383**	49,034

* represents reimbursement of cost to holding company, towards ESOP's granted by the Holding Company to the employees of the Company

^ In February 2019, Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company has made a provision for provident fund contribution from the date of Supreme Court order.

NOTE 30 – FINANCE COSTS

Rs. in Lakhs

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Interest expense (On financial liability measured at amortised cost)	**4,271**	3,463
Less: Amounts included in the cost of qualifying assets	**1,270**	2,334
Net Interest expense (a)	**3,001**	1,129
Dividend on redeemable preference shares (b)	**3,900**	3,900
Total (a + b)	**6,901**	5,029

The weighted average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 8.19% p.a. (31st March 2020 : 8.19% p.a)

NOTE 31 – DEPRECIATION & AMORTISATION EXPENSE

Rs. in Lakhs

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Depreciation on Property, Plant & Equipment	**11,982**	13,116
Amortization on other Intangible Assets	806	962
Amortization on right of use assets	759	862
Total	**13,547**	14,940

NOTE 32 – OTHER EXPENSES

Rs. in Lakhs

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Consumption of stores and tools	**2,523**	3,862
Power and fuel	**3,329**	4,244
Rent including lease rental	**369**	511
Repairs and maintenance		
– Buildings	**219**	206
– Machinery	**3,720**	5,455
– Others	**596**	1,502
	4,535	7,163
Insurance	**2,257**	2,941
Rates & taxes	**655**	667
Hire & service charges	**9,084**	15,625
Payment to Statutory Auditors		
– Audit Fees	**26**	26
– Limited review fees	**12**	12
– Other services	**4**	4
– Reimbursement of expenses	*****	*
	42	42
Loss on sale of fixed asset	**28**	–
Expenditure on corporate social responsibility	**1,156**	1,276
Research & development expenditure	**357**	1,838
Miscellaneous expenses	**5,723**	10,977
Total	**30,058**	49,146

* amount less than Rs. 50,000

NOTE 33 – SIGNIFICANT SUBSIDIARIES, ASSOCIATES & JOINT VENTURES

Details of Significant Subsidiaries, Associates & Joint Ventures:

Name of Investee	**Place of incorporation and principal place of business**	**Proportion of ownership interest/ voting**	
		31st March, 2021	31st March, 2020
Subsidiaries:			
Mahindra Intertrade Limited	India	**100.00%**	100.00%
Mahindra Steel Service Centre Limited ^	India	**61.00%**	61.00%
Mahindra MiddleEast Electrical Steel Service Centre FZC ^	U.A.E.	**90.00%**	90.00%
Mahindra Electrical Steel Private Limited ^	India	**100.00%**	100.00%
Mahindra Auto Steel Private Limited ^	India	**51.00%**	51.00%
Mahindra MSTC Recycling Private Limited ^	India	**50.00%**	50.00%
Mahindra Two wheelers Limited (up to 31st July, 2020)	India	**–**	100.00%
Mahindra Electric Mobility Limited	India	**99.35%**	99.43%
Mahindra Heavy Engines Limited	India	**100.00%**	100.00%
PT Mahindra Accelo Steel Indonesia ^	Indonesia	**99.98%**	99.96%
Mahindra Integrated Business Solutions Private Limited	India	**84.66%**	0.00%
Associates:			
Mahindra CIE Automotive Limited	India	**11.44%**	11.44%
Mahindra Two wheelers Limited (w.e.f. 1st August, 2020)	India	**7.24%**	–

^ Subsidiary of Mahindra Intertrade Limited

NOTE 34 – FINANCIAL INSTRUMENTS

CAPITAL MANAGEMENT

The Company's capital management objective is to maximise shareholder value, safeguard business continuity and support the growth of the Company by maintaining sound and optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio on a monthly basis. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company monitors the total capital as comprising of debt and equity. Debt includes all short term and long term debts. Equity comprises of total shareholders' equity as reported in the financial statements.

The Company is not subject to externally enforced capital regulation.

Total Capital of the Company is as follows:

Rs. in Lakhs

	31st March, 2021	31st March, 2020
Equity	**415,472**	406,472
Debt		
Short tem debt	**58,951**	21,338
Long term debt (including current maturities of long term debt)	**60,000**	80,756
Sub total	**118,951**	102,094
Total Capital	**534,423**	508,566

Categories of financial assets and financial liabilities

As at 31st March, 2021 — **Rs. in Lakhs**

	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current assets				
Other Financial Assets				
– Non Derivative Financial Assets	**52,962**	**–**	**–**	**52,962**
Current Assets				
Trade Receivables	**61,107**	**–**	**–**	**61,107**
Cash & Bank Balances	**14**	**–**	**–**	**14**
Loans	**21**	**–**	**–**	**21**
Other Financial Assets				
– Non Derivative Financial Assets	**23,921**	**–**	**–**	**23,921**
Non-Current Liabilities				
Borrowings	**60,000**	**–**	**–**	**60,000**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**44,580**	**–**	**–**	**44,580**
Current Liabilities				
Borrowings	**58,951**	**–**	**–**	**58,951**
Trade Payables	**140,946**	**–**	**–**	**140,946**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**34,428**	**–**	**–**	**34,428**

As at 31st March, 2020 — Rs. in Lakhs

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial Assets				
– Non Derivative Financial Assets	28,779	–	–	28,779
Current Assets				
Investments	–	–	–	–
Trade Receivables	41,906	–	–	41,906
Cash & Bank Balances	1	–	–	1
Loans	25	–	–	25
Other Financial Assets				
– Non Derivative Financial Assets	17,866	–	–	17,866
Non-current Liabilities				
Borrowings	60,759	–	–	60,759
Other Financial Liabilities				
– Non Derivative Financial Liabilities	16,445	–	–	16,445
Current liabilities				
Trade Payables	93,520	–	–	93,520
Other Financial Liabilities				
– Non Derivative Financial Liabilities	43,838	–	–	43,838

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(I) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. Financial instruments that are subject to credit risk, principally consist of trade receivables, investment in mutual funds and fixed deposits etc.

None of the financial instruments of the Company result in material concentrations of credit risks except trade receivables which mainly consists of receivable from Holding Company. There were no indications as at 31st March 2021 and 31st March 2020, that defaults in payment obligations will occur.

As the trade receivables are mainly from its holding Company, the Company does not expect any credit loss.

LIQUIDITY RISK

(I) Liquidity risk management

The Company has established an appropriate liquidity risk management framework for the management of short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows.

(II) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay the liabilities. The table include both interest and principal cash flows.

Rs. in Lakhs

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
Non-derivative financial liabilities				
31st March, 2021				
Fixed interest rate instruments	**63,083**	**7,800**	**7,800**	**67,800**
Non-interest bearing	**171,245**	**44,580**	**–**	**–**
Total	**234,328**	**52,380**	**7,800**	**67,800**
31st March, 2020				
Fixed interest rate instruments	47,464	8,559	7,800	71,700
Non-interest bearing	112,716	16,445	–	–
Total	160,180	25,004	7,800	71,700

MARKET RISK:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Future specific market movements cannot be normally predicted with reasonable accuracy.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's / Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise:

Particulars	Currency	Amount in foreign currency (in lakhs)		Equivalent amount (Rs. in lakhs)	
		31st March, 2021	31st March, 2020	**31st March, 2021**	31st March, 2020
Payables	USD	**63**	8	**4,641**	573
	KRW	**5,334**	7,653	**347**	473
	EURO	**35**	10	**3,024**	847
	GBP	*	*	*	*
	JPY	**3,974**	2,865	**2,638**	1,995
	CHF	*	*	*	*
	CNY	**2**	–	**22**	–
Receivables	USD	**8**	238	**552**	17,563

* amount less than 50,000

Foreign Currency Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

Rs. in Lakhs

Particulars	Currency	Change in rate	Effect on profit before tax
31st March, 2021	**USD**	**+5%**	**(204)**
	USD	**-5%**	**204**
	KRW	**+5%**	**(17)**
	KRW	**-5%**	**17**
	EURO	**+5%**	**(151)**
	EURO	**-5%**	**151**
	GBP	**+5%**	*****
	GBP	**-5%**	*****
	JPY	**+5%**	**(132)**
	JPY	**-5%**	**132**
	CHF	**+5%**	*****
	CHF	**-5%**	*****
	CNY	**+5%**	**(1)**
	CNY	**-5%**	**1**

Rs. in Lakhs

Particulars	Currency	Change in rate	Effect on profit before tax
31st March, 2020	USD	+5%	850
	USD	-5%	(850)
	KRW	+5%	(24)
	KRW	-5%	24
	EURO	+5%	(42)
	EURO	-5%	42
	GBP	+5%	*
	GBP	-5%	*
	JPY	+5%	(100)
	JPY	-5%	100
	CHF	+5%	*
	CHF	-5%	*

* amount less than Rs. 50,000

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to the risk of changes in market interest rates as the Company does not have any long-term debt obligations with floating interest rates.

Other price risk

The Company is not exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

NOTE NO. 35 – FAIR VALUE MEASUREMENT

FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE

Rs. in Lakhs

Particulars	**31st March, 2021**		31st March, 2020	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables ^	**138,004**	**138,004**	88,552	88,552
– Loans ^	**21**	**21**	25	25
Financial liabilities				
Financial liabilities held at amortised cost				
– loans from related parties	**60,000**	**60,151**	60,000	57,706
– lease Liabilities	**–**	**–**	1,148	1,148
– Short Term Loan from Related Parties ^	**52,000**	**52,000**	4,000	4,000
– Short Term Loan ^	**6,951**	**6,951**	17,338	17,338
– Current Maturities of Long term loans ^	**–**	**–**	19,997	19,997
– trade and other payables ^	**219,960**	**219,960**	133,417	133,417

^ For short term financial assets and liabilities, the carrying amount is reasonably approximation of fair value.

Rs. in Lakhs

	Fair value hierarchy as at 31st March, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– Loans	–	21	–	21
Total	–	21	–	21
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Loans from related parties	–	60,151	–	60,151
Total	–	60,151	–	60,151

Rs. in Lakhs

	Fair value hierarchy as at 31st March, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Loans	–	25	–	–
Total	–	25	–	–
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Loans from related parties	–	57,706	–	57,706
– Short Term Loan	–	1,148	–	1,148
– Current Maturities of Long term loans	–	19,997	–	19,997
Total	–	78,851	–	78,851

NOTE 36 – EMPLOYEE BENEFITS

(A) Defined contribution plan

Amount recognised as an expense in the Statement of Profit and Loss is Rs. 1,050 Lakhs (31st March, 2020 - Rs.1084 Lakhs)

(B) Defined benefit plan

The defined benefit plans comprise of Gratuity.

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest Risk:

A decrease in government bond yields will increase plan liabilities.

Longevity Risk:

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk:

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

Rs. in Lakhs

	Particulars	**Gratuity (Unfunded)**	
(C)	**Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows:**	**For the year ended 31st March, 2021**	For the year ended 31st March, 2020
	1 Present Value of Defined Benefit Obligation as on 1st April	**4,101**	2,771
	2 Current Service cost	**467**	349
	3 Past Service cost	**–**	–
	4 Interest Cost	**274**	212
	5 Remeasurements (gains)/ losses [Actuarial (gains)/losses]		
	(i) Actuarial (gains)/ losses arising from changes in demographic assumption	**12**	(78)
	(ii) Actuarial (gains)/ losses arising from changes in financial assumption	**(97)**	43
	(iii) Actuarial (gains)/ losses arising from changes in experience adjustment	**(415)**	915
	6 Benefits paid	**(149)**	(111)
	7 Present value of Defined Benefit Obligation as on Balance Sheet date	**4,193**	4,101

Rs. in Lakhs

		As at 31st March, 2021	As at 31st March, 2020
(D)	**Analysis of defined benefit obligation:**		
	1 Defined Benefit Obligation	**4,193**	4,101
	2 Fair Value of Plan assets at the end of the year	**–**	–
	3 Net (Asset)/Liability recognised in the Balance Sheet	**4,193**	4,101

Rs. in Lakhs

		As at 31st March, 2021	As at 31st March, 2020
(E)	**Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognised in the Balance Sheet:**		
	1 Present value of Defined Benefit Obligation	**4,193**	4,101
	2 Fair value of plan assets	**–**	–
	3 Funded status [Surplus/(Deficit)]	**(4,193)**	(4,101)
	4 **Net asset/(Liability) recognized in Balance Sheet**	**(4,193)**	(4,101)
	5 Current portion of the above	**(250)**	(312)
	6 Non-Current portion of the above	**(3,943)**	(3,789)

Rs. in Lakhs

		For the year ended 31st March, 2021	For the year ended 31st March, 2020
(F)	**Components of employer expenses recognised in the statement of profit and loss for the year ended**		
	1 Current Service cost	**467**	349
	2 Past Service cost	**–**	–
	3 Interest cost	**274**	212
	4 Total expense recognised in the Statement of Profit & Loss	**741**	561

Rs. in Lakhs

(G)	Components of employer expenses recognised in the statement of Comprehensive Income for the year ended	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	1 Actuarial Losses/(Gains)		
	(i) arising from changes in demographic assumption	**12**	(78)
	(ii) arising from changes in financial assumption	**(97)**	43
	(iii) arising from changes in experience adjustment	**(415)**	915
	2 Components of defined benefit costs recognised in other Comprehensive Income	**(500)**	880

(H)	Principal Actuarial Assumptions:	As at 31st March, 2021	As at 31st March, 2020
	1 Discount Rate (%)	**7.20%**	6.80%
	2 Expected Return on plan assets (%)	**NA**	NA
	3 Salary Escalation (%)	**7%/9%**	7%/9%
	4 Withdrawal Rate (%) (Others)	**1%/10%**	2%/10%

a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.

b) Salary Escalation Rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Rs. in Lakhs

(I)	Experience Adjustments	For the year ended on 31st March, 2021	For the year ended on 31st March, 2020	For the year ended on 31st March, 2019	For the year ended on 31st March, 2018	For the year ended on 31st March, 2017
	1 Defined Benefit Obligation at the end of the year	**4,193**	4,101	2,771	2,514	2,293
	2 Plan Assets at the end of the year	–	–	–	–	–
	3 Surplus/(Deficit)	**(4,193)**	(4,101)	(2,771)	(2,514)	(2,293)
	4 Experience adjustments on plan liabilities (gains)/losses	**(415)**	915	(176)	(125)	(99)
	5 Experience adjustments on plan assets	–	–	–	–	–

Rs. in Lakhs

(J)	Sensitivity of the defined benefit obligation to changes:		Change in assumption	Impact on defined benefit obligation increase/(decrease) Increase in assumption	Decrease in assumption
	1 Discount Rate	**2021**	**1%**	**(555)**	**692**
		2020	1%	(517)	644
	2 Salary Escalation (%)	**2021**	**1%**	**636**	**(524)**
		2020	1%	587	(484)
	3 Withdrawal Rate (%) (Others)	**2021**	**1%**	**(3)**	**1**
		2020	1%	(31)	36

Note:

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous period.

(K) Maturity profile of defined benefit obligation:

Rs. in Lakhs

	2021	2020
Within 1 year	**250**	312
1 - 2 year	**199**	208
2 - 3 year	**247**	226
3 - 4 year	**238**	277
4 - 5 year	**288**	282
5 year & Above	**1,604**	1,798

(L) The weighted average duration of the defined benefit obligation as at 31st March, 2021 is 20.95 years (31st March, 2020 - 20.91 years)

NOTE 37 –

The net difference in foreign exchange loss debited to the Statement of Profit and Loss is Rs. 169 Lakhs (31st March, 2020 - Loss of Rs. 703 Lakhs)

NOTE 38 –

Expenditure incurred on Corporate Social Responsibility (CSR) under Section 135 of the Companies Act, 2013 Rs. 1,156 lakhs (31st March 2020 : Rs. 1,276 lakhs).

NOTE 39 A –

The Company has elected to exercise the option with regards to the tax rate mentioned under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognized Provision for Income Tax for the year ended 31 March 2020 and re-measured its Deferred Tax Liabilities basis the rate prescribed in the said section. The impact of this change amounting to Rs. 4,802 Lakhs has been recognized in the statement of Profit & Loss for the year ended 31 March 2020.

NOTE 39 B –

COVID-19, a new strain of Coronavirus, has spread globally, including India. The event significantly affects the economic activity worldwide. The impact of the COVID-19 on the Company's business will depend on future developments that cannot be reliably predicted, including actions to contain or treat the disease and mitigate its impact on the economy of the country, among others. The Company will closely monitor any material changes to future economic conditions due to this pandemic.

NOTE 39 C –

The Board of Directors of the Company at its meeting held on 29th May 2019, have approved the merger of the Company, with Mahindra & Mahindra Limited. The Appointed Date of the Scheme mentioned in the Scheme is 1st April 2019. The Hon'ble National Company Law Tribunal, Mumbai Bench ('NCLT'), basis its hearing held on 7th April,2021 and Pronouncement of Order on 26th April, 2021, has approved the Scheme of Merger. As per approval, the Scheme will be made effective upon last of the dates on which the conditions mentioned in Clause 20 (a) of the Scheme are satisfied. As conditions mentioned in the Scheme are not yet met, accordingly the Company has not given any impact of the transaction in the financial statements for the year ended 31 March 2021.

NOTE 40 – EXCEPTIONAL ITEM

(a) Exceptional items include income of Rs. 44,753 lakhs (31st March, 2020 : loss of Rs. 79,717 lakhs) towards the provision for impairment of investment in associate company measured as per the principles of Indian Accounting Standards.

(b) Exceptional items include Rs. 553 lakhs towards impairment in relation to certain capital work-in-progress which is damaged in transit net off insurance claim received.

(c) The Board of Directors of the Company vide its meeting held on 30th June 2020, had resolved to transfer the US Branch business of the Company to Mahindra Integrated Business Solutions Private Limited ('MIBS').

As mutually agreed between the Company and MIBS, the transaction has been effected on 01 January 2021 and consequently a gain of INR 4,678 lakhs on transfer of US branch has been recorded as Exceptional Item by the Company. As the overall US branch operations are not material for the Company, the same has not been disclosed as discontinued operations in the financial statements for the year ended 31 March 2021.

NOTE 41 – LEASES

Reconciliation of operating lease commitments as at March 31, 2019 with the lease liabilities recognized in the Balance Sheet as at April 1, 2019:

Particulars	Rs. in Lakhs
Operating lease commitment at March 31, 2019	1,840
Discounted using the incremental borrowing rate at April 1, 2019	1,210
Recognition exemption for:	
Short term leases, Leases of low value assets and Extension and termination options reasonably certain to be exercised	192
Lease liabilities recognised at April 1, 2019	1,017
Impact of adoption of Ind AS 116 on retained earnings:	–
Reversal of deferred rent liability as at March 31, 2019	–
Less: Reclassification of operating lease under Ind AS 17 'Leases' to right-of-use assets	–
Impact on retained earnings as at April 1, 2019	–

Rs. in Lakhs

Impact of adoption of Ind AS 116 on the statement of profit and loss	For the year ended on 31st March, 2021	For the year ended on 31st March, 2020
Interest on lease liabilities	**33**	47
Amortization on right of use assets	**758**	862
Deferred tax (credit)/Debit	**(18)**	(57)
Impact on the statement of profit and loss for the period	**773**	852

The Company has sublet few of the leased premises. Lease rental income under such non-cancellable operating lease during the year ended March 31, 2021 amounted to Rs. 536 lakhs (March 31, 2020 - Rs. 594 lakhs).

Particulars	As at 31st March, 2021	As at 31st March, 2020
Receivable – Not later than one year	**161**	166
Receivable – Later than one year and not later than five years	**18**	–

NOTE 42 – EARNING PER SHARE

Particulars	For the year ended on 31st March, 2021	For the year ended on 31st March, 2020
Profit for the year for Basic and Diluted EPS (Rs. in Lakhs)	**65,484**	(41,829)
Weighted Average Number of Equity Shares for Basic EPS	**4,119,463,210**	4,064,723,484
Weighted Average Number of Equity Shares for Diluted EPS	**4,119,463,210**	4,064,723,484
Basic EPS (Face value of Rs.10 per share)	**1.59**	(1.03)
Diluted EPS (Face value of Rs.10 per share)	**1.59**	(1.03)

NOTE 43 – RELATED PARTY DISCLOSURES:

A) Name of the related party and nature of relationship where control exists:

Name of Related Party	Nature of Relationship
Mahindra & Mahindra Limited	Holding Company
Mahindra Two Wheelers Limited (up to 31st July 2020)	Subsidiary
Mahindra Intertrade Limited	Subsidiary
Mahindra Steel Service Centre Limited *	Subsidiary
Mahindra MiddleEast Electrical Steel Service Centre FZC *	Subsidiary
Mahindra Electrical Steel Private Limited *	Subsidiary
Mahindra Auto Steel Private Limited *	Subsidiary
PT Mahindra Accelo Steel Indonesia *	Subsidiary
Mahindra Electric Mobility Limited	Subsidiary
Mahindra Integrated Business Solutions Private Limited	Subsidiary
Mahindra Heavy Engines Limited	Subsidiary
Mahindra MSTC Recycling Private Limited *	Subsidiary

B) Other parties with whom transactions have taken place during the year:

Name of Related Party	Nature of Relationship
Mahindra Logistics Limited	Fellow Subsidiary
Ssangyong Motor Company, Korea (up to 24th Dec 2020)	Fellow Subsidiary
Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary
Mahindra First Choice Services Limited (up to 25th Feb 2021)	Fellow Subsidiary
Mahindra Defence Systems Limited	Fellow Subsidiary
Lords Freight India Private Limited	Fellow Subsidiary
Mahindra North America Technical Centre, Inc.	Fellow Subsidiary
Mahindra Tractor Assembly Inc.	Fellow Subsidiary
Tech Mahindra Limited	Associate of Holding Company
Mahindra Automotive North America Inc.	Fellow Subsidiary
Mahindra Retail Limited	Fellow Subsidiary
Mahindra Vehicle Sales and Service Inc.	Fellow Subsidiary
Peugeot Motocycles S.A.S.	Fellow Subsidiary
Mahindra Rural Housing Finance Limited	Fellow Subsidiary
Mahindra Engineering & Chemical Products Limited	Fellow Subsidiary
Mahindra Racing UK Limited	Fellow Subsidiary
Mahindra USA, Inc.	Fellow Subsidiary
Mahindra CIE Automotive Limited	Associate
Mahindra Two Wheelers Limited (w.e.f. 1st Aug 2020)	Associate

C) Key managerial personnel:

Name of key managerial personnel

Mr. Vijay Kalra (up to 31st March, 2020)

Mr. Nachiket Kodkani (up to 31st March, 2020)

Mr. Nasir Deshmukh

Mr. Dattatraya Nikam

Mr. Jignesh Parekh (from 23rd March 2021)

Mr. Rajesh Arora (up to 22nd March 2021)

Ms. Smita Mankad

Mr. Rahul Asthana

* Step down subsidiary

D) Related Party Transactions:

Name of Related Party	Nature of Transactions	Amount of Transactions (Rs. in Lakhs)	Amount Outstanding at the end of year Credit (Rs. in Lakhs)	Debit (Rs. in Lakhs)
Mahindra & Mahindra Limited	Purchase of Assets	**56**		
		(168)		
	Purchase of Material	**78,567**		
		(100,858)		
	Reimbursements made	**13,680**	**148,994**	
		(17,746)	*(96,931)*	
	Dividend paid	**–**		
		(15,039)		
	Interest Expenses	**4,418**		
		(3,900)		
	Sale of goods	**704,828**		
		(931,344)		
	Sale of Services	**24,502**		**59,565**
		(41,862)		*(38,384)*
	Reimbursements received	**1,139**		
		(1,384)		
	Other Income	**33**		
		(33)		
	Issue of Equity Shares	**9,000**		
		(–)		
	ICD Received	**47,000**		
		(–)		

Name of Related Party	Nature of Transactions	Amount of Transactions (Rs. in Lakhs)	Amount Outstanding at the end of year Credit (Rs. in Lakhs)	Debit (Rs. in Lakhs)
Mahindra Electric Mobility Limited	Purchase of Material	196	71	
		(835)	*(77)*	
	Sale of goods	*		
		(24)		
	Investment in Equity - Purchases/ Conversion	**8,997**		
		(4,000)		
	Deputation of Personal	**79**		8
		(71)		*(21)*
	Deposit Given (ICD)	**–**		
		(1,500)		
	Deposit Received Refunded (ICD)	**–**		
		(1,500)		
	Interest Income on ICD	**–**		–
		(10)		–
Mahindra Two Wheelers Limited	Investment in Equity share capital	–		
		(43)		
	Purchase of Material	**44**	**12**	
		(84)	*(5)*	
	Sale of goods	**1,024**		**42**
		(1,050)		*(75)*
Mahindra Engineering & Chemical Products Limited	Purchase of Material	**151**	*	
		(13)	*(13)*	
Mahindra Intertrade Limited	Purchase of Material	**7,504**	**86**	
		(14,755)	*(78)*	
	Sale of goods	**–**		**24**
		(32)		*(24)*
	Dividend received	**1,428**		
		(2,490)		
Mahindra Auto Steel Private Limited	Purchase of Material	**1,040**	*	
		(1,416)	*(15)*	
Mahindra CIE Automotive Limited	Purchase of Material	**8,790**	**2,824**	
		(11,830)	*(1,659)*	
Mahindra Logistics Limited	Purchase of Services	**9,477**	**1,203**	
		(10,368)	*(753)*	

Name of Related Party	Nature of Transactions	Amount of Transactions (Rs. in Lakhs)	Amount Outstanding at the end of year Credit (Rs. in Lakhs)	Amount Outstanding at the end of year Debit (Rs. in Lakhs)
Mahindra Heavy Engines Limited	Purchase of Material	**15,537**	**30,617**	
		(28,041)	*(1,777)*	
	Reimbursements received	**332**		
		(482)		
	Sale of goods	**14**		**6**
		(22)		*(–)*
	Interest Expense on ICD	**211**		
		(–)		
	ICD Received	**17,900**	**5,000**	
		(4,000)	*(4,000)*	
	ICD Repaid	**16,900**		
		(–)		
Mahindra Integrated Business Solutions Limited	Purchase of Services	**1,912**	**2,440**	
		(204)	*(18)*	
	Investment in Equity shares	**17,884**		
		(–)		
	Sale of assets (Net of liabilities)	**13,187**		**552**
		(–)		*(–)*
Ssangyong Motor Company, Korea	Purchase of Material	**577**		
		(8,970)		
	Purchase of Services	**25**	**–**	
		(100)	*(114)*	
	Royalty Paid	**48**		
		(515)		
Mahindra Retail Limited	Purchase of Material	**–**	**–**	
		(39)	*(16)*	
Mahindra & Mahindra Financial Services Limited	Other Income	**61**		**8**
		(70)		*(2)*
	Inter Corporate Deposits refunded	**–**		
		(10,000)		
	Interest Income on ICD	**–**		
		(119)		

Name of Related Party	Nature of Transactions	Amount of Transactions (Rs. in Lakhs)	Amount Outstanding at the end of year Credit (Rs. in Lakhs)	Debit (Rs. in Lakhs)
Mahindra Rural Housing Finance Limited	Inter Corporate Deposits given	**–**		
		(–)		
	Inter Corporate Deposits refunded	**–**		**–**
		(5,000)		*(–)*
	Interest Income on ICD	**–**		
		(385)		
Mahindra First Choice Services Limited	Purchase of Service	**–**	**–**	
		(22)	*(–)*	
Mahindra Defence Systems Limited	Purchase of Services	**2**	**2**	
		(2)	*(1)*	
Lords Freight India Private Limited	Purchase of Services	**512**	**26**	
		(253)	*(11)*	
Tech Mahindra Limited	Purchase of Services	**10**	**16**	
		(543)	*(32)*	
Mahindra Automotive North America Inc.	Purchase of Services	**3,293**	**–**	
		(5,884)	*(836)*	
Mahindra Vehicle Sales and Service Inc.	Sale of Services	**736**		**–**
		(2,382)		*(772)*
Mahindra North America Technical Centre, Inc.	Sale of Services	**717**		**–**
		(4,390)		*(2,455)*
Peugeot Motocycles S.A.S.	Purchase of Goods	**–**	**–**	
		(2)	*(2)*	
Mahindra Racing UK Limited	Purchase of Services	**–**	**–**	
		(49)	–	
Mahindra USA, Inc.	Reimbursements made	**–**		**–**
		(232)		*(232)*
Mahindra Tractor Assembly Inc.	Purchase of Services	**–**	**–**	
		(1,020)	–	
	Sale of Services	**62**		**–**
		(1,491)		*(1,346)*
Mr. Vijay Kalra	Remuneration ^	**–**		
		(64)		
Mr. Nachiket Kodkani	Remuneration ^	**–**		
		(120)		

Name of Related Party	Nature of Transactions	Amount of Transactions (Rs. in Lakhs)	Amount Outstanding at the end of year Credit (Rs. in Lakhs)	Debit (Rs. in Lakhs)
Mr. Nasir Deshmukh	Remuneration ^	**93**		
		(–)		
Mr. Dattaraya Nikam	Remuneration ^	**77**		
		(68)		
Mr. Jignesh Parekh (from 23rd Mar, 2021)	Remuneration ^	**1**		
		(–)		
Mr. Rajesh Arora (Up to 22nd Mar, 2021)	Remuneration ^	**8**		
		(10)		
Ms. Smita Mankad	Remuneration	**11**		
		(9)		
Mr. Rahul Asthana	Remuneration	**12**		
		(9)		

Figure in bracket and italics are of previous year

* Amount less than Rs. 50,000

^ Remuneration does not include post retirement benefits

NOTE 44 – COMMITMENTS:

(a) Uncalled liability on equity shares partly paid Rs. 1,050 Lakhs (31st March, 2020 - Rs. 1,050 Lakhs)

(b) Company availed benefit under EPCG scheme worth Rs 6,471 lakhs during the financial year ended on 31st March 2021 (31st March 2020 - Rs. 2,562 Lakhs). The unfilled export obligation as at 31 March 2021 under the scheme is Rs. 54,198 lakhs (31st March 2020 - Rs. 15,372). The company expects to fulfill the export obligation within prescribed time limit as it is obliged under the scheme.

(c) Estimated amount of contracts remaining to be executed on capital account for tangible assets and not provided for Rs. 24,271 Lakhs (31st March, 2020 - Rs. 80,681 Lakhs) and intangible assets Rs. Nil (31st March 2020 - Rs. Nil)

NOTE 45 – CONTINGENT LIABILITY:

(a) Claims against the Company not acknowledged as debts - Excise duty & MSEDCL related : Rs. 4,127 lakhs (31st March 2020 - Rs. 1,836 lakhs).

NOTE 46 – SEGMENT REPORTING:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Senior Management to make decisions about resources to be allocated to the segments and assess their performance.

The principle business of the Company is manufacture of passenger cars, medium and heavy commercial vehicles and construction equipment. Senior management of the Company monitors the operating results of the Company's business as a single segment. Accordingly in context of Ind AS 108 "Operating Segments", the principle business of the Company constitutes a single reportable segment and the major revenue is generated from manufacture of passenger cars, medium and heavy commercial vehicles and construction equipment. As per Management's perspective, the risk and returns from its sales do not materially vary geographically. Accordingly there are no other business / geographical segments to be reported under Ind AS 108.

Revenue of the Company is mainly sale of products to its holding company.

NOTE 47 –

Previous year figures have been regrouped/recasted wherever necessary to correspond with the current years classifications/disclosures.

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022
UDIN: 21062343AAAABI1483

Abhishek
Partner
Membership Number: 062343

Place: Pune
Date: 11th May, 2021

Dattatraya Nikam
Chief Financial Officer

Parag Shah
Director
DIN : 00374944

S. Durgashankar
Director
DIN : 00044713

Jignesh Parekh
Company Secretary

Place: Mumbai
Date: 11th May, 2021

Form AOC-1

(Pursuant to first proviso to Sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rule, 2014)

Statement containing salient features of the financial statements of subsidiaries/associate company/joint ventures

Part "A": Subsidiaries

(In Rs lakhs)

S. No	Name of the Subsidiary	The date since when subsidiary was acquired	Reporting Currency	Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investment (excluding investment in subsidiaries)	Gross Turnover	Profit/ (Loss) before Tax	Provision for Tax	Profit/ (Loss) after Tax	Proposed Dividend and Tax thereon	Proportion of ownership interest
1	Mahindra Intertrade Limited	30th Dec 2015	INR	1.00	1,660	62,474	97,450	33,316	20,222	106,676	8,054	2,065	5,989	3,320	100.00%
2	Mahindra Steel Service Centre Limited	30th Dec 2015	INR	1.00	1,654	7,992	24,388	14,742	–	17,174	(985)	(324)	(661)	–	61.00%
3	Mahindra MSTC Recycling Private Limited	16th Dec 2016	INR	1.00	4,520	(1,651)	3,472	603	–	988	(166)	6	(172)	–	50.00%
4	Mahindra MiddleEast Electrical Steel Service Centre FZC	30th Dec 2015	AED	20.05	405	1,804	5,035	2,827	–	5,591	(348)	–	(348)	–	90.00%
5	Mahindra Electrical Steel Private Limited	30th Dec 2015	INR	1.00	50	(770)	709	1,428	–	–	(253)	–	(253)	–	100.00%
6	Mahindra Auto Steel Private Limited	30th Dec 2015	INR	1.00	6,850	2,817	14,955	5,288	–	6,861	186	67	119	20	51.00%
7	PT Mahindra Accelo Steel Indonesia	18th Dec 2018	IDR	0.01	2,425	(97)	3,606	1,278	–	2	3	–	3	–	99.98%
8	Mahindra Electric Mobility Limited	30th Dec 2015	INR	1.00	35,842	(10,334)	77,571	52,063	–	21,269	(10,713)	–	(10,713)	–	99.35%
9	Mahindra Heavy Engines Limited	9th Feb 2016	INR	1.00	63,440	5,816	92,238	22,982	1,553	106,096	27,515	1,783	25,732	–	100.00%
10	Mahindra Integrated Business Solutions Private Limited	1st January 2021	INR	1.00	978	13,584	21,033	6,471	–	19,676	516	171	345	–	84.66%

Part B: Associates/Joint Ventures

	Name of the associate/joint venture	Latest audited Balance Sheet Date	Date on which the Associate or Joint Venture was associated or acquired	No. of Equity Shares Held	% of Holding	Cost of Investments (Equity Shares) [Net of impairment]	Net worth Attributable to Shareholding as per latest audited Balance Sheet	Profit /(Loss) for the year	
								Considered in Consolidation	Not Considered in Consolidation
1	Mahindra Two Wheelers Ltd	31st March 2021	1st Aug 2020	2998389216	7.24%	3089	1064	180	2290
1	Mahindra CIE Automotive Limited	31st Dec 2020	30th Dec 2015	43344512	11.44%	74553	56148	1217	9423

Parag Shah
Director
DIN : 00374944

Dattatraya Nikam
Chief Financial Officer

Jignesh Parekh
Company Secretary

S. Durgashankar
Director
DIN : 00044713

Place: Mumbai
Date: 11th May 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF,
MAHINDRA HEAVY ENGINES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Mahindra Heavy Engines Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss, (statement of changes in equity) and Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "Financial Statements").

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

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (the "ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Information other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report and the related annexures, but does not include the Financial Statements and our Auditors' Report thereon.

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial Statements, including the disclosures, and whether the financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial Statements.
   (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act. Also refer paragraph (xi) of Annexure B to the Independent Auditors' Report.
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 29 to the Financial Statements;
      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B.K. Khare & Co.**
Chartered Accountants
Firm's Registration Number: 105102W

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 21111212AAAAPI2111

Mumbai, 21st April, 2021

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

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

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

We have audited the internal financial controls with reference to financial statements of **Mahindra Heavy Engines Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

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

For **B.K. Khare & Co.**
Chartered Accountants
Firm's Registration Number: 105102W

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 21111212AAAAPI2111
Mumbai, 21st April, 2021

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. **In respect of its Fixed Assets**

a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

b) The Company has a regular programme for physical verification of its property, plant and equipment by which the property, plant and equipment are verified by the management according to a phased programme designed to cover all the items over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment and investment properties. In accordance with the programme, the Company has physically verified certain property, plant and equipment and investment properties during the year and no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.

ii. According to the information and explanations given to us, the inventory comprising of raw materials, work-in-progress, finished goods, stores and spares has been physically verified at reasonable intervals by the management during the year. In our opinion, coverage and procedure of such verification is appropriate and no material discrepancies for each class of inventory were noticed on such verification between the physical inventory and the book records. We have relied on confirmations and representations from third parties in case of inventory lying in their locations, wherever applicable.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting under Clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act with respect of unsecured loans granted by the Company. The Company has neither provided any guarantee and security nor made any investment during the year to the parties covered under Section 186 of the Act. The Company has not granted any loans to directors and hence compliance of provisions of section 185 is not applicable.

v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

vi. The maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act for the products of the Company. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Act and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services tax, Income Tax, Provident Fund, Employees' State Insurance, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed statutory dues payable in respect of Sales tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax.

According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no arrears of undisputed statutory dues in respect of Goods and Services tax, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues as on the last day of the year for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no statutory dues in respect of Goods and Services Tax Service tax, Duty of Customs, Duty of Excise and Value Added Tax as at March 31, 2021, which have not been deposited with the appropriate authorities on account of any dispute. The statutory dues in respect of Income-tax, Service Tax and Sales Tax as at March 31, 2021, which have not been deposited with the appropriate authorities on account of a dispute, are as under:

Name of the statute	Nature of the dues	Amount (Rs in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act,1961	Income Tax (Including Interest)	11.14	Assessment Year 2010-11	Assessing Officer
Finance Act, 1994	Service Tax	21.74	Financial year 2012-13 to 2016-17	Commissioner of Customs and Central Excise (Appeals)-Pune

Name of the statute	Nature of the dues	Amount (Rs in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Central sales tax	426.91	Financial Year 2015-16	Deputy commissioner of state tax
Central Sales Tax Act, 1956	Central sales tax	400.17	Financial Year 2016-17	Deputy commissioner of state tax

viii. According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not taken any loans or borrowings from banks, debenture holders, financial institutions and Government. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

ix. According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the reporting under Clause 3(ix) of the Order is not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

xi. In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act. Also refer paragraph 2(h) of Independent Auditors' Report.

xii. According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures or Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act.

xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting under Clause 3(xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them during the year and hence the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi) of the Order is not applicable to the Company.

For **B.K. Khare & Co.**
Chartered Accountants
Firm Registration Number: 105102W

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 21111212AAAAPI2111
Mumbai, 21st April, 2021

Balance Sheet as at March 31, 2021

Rs. In Lakhs

	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
A	**ASSETS**			
	1 Non-current assets			
	(a) Property, Plant and Equipment	2	**29,341.63**	30,917.68
	(b) Capital work-in-progress		**625.48**	1,098.95
	(c) Other Intangible assets	3	**2,778.98**	3,726.25
	(d) Intangible assets under development		**307.11**	1,969.11
	(e) Financial Assets			
	(i) Loans	4	**5.25**	5.25
	(ii) Other financial assets	5	**21,886.32**	1,120.96
	(f) Deferred tax assets (net)	6	**–**	–
	(g) Other non-current assets	7	**953.01**	1,000.11
	Total Non - Current Assets (1)		**55,897.78**	39,838.31
	2 Current assets			
	(a) Inventories	8	**5,130.53**	4,644.24
	(b) Financial Assets			
	(i) Investments	9	**1,552.59**	–
	(ii) Trade receivables	10	**14,172.47**	9,619.50
	(iii) Cash and cash equivalents	11	**2,693.95**	420.23
	(iv) Bank balances other than (iii) above	11	**203.47**	98.46
	(v) Loans	4	**5,017.49**	4,005.14
	(vi) Other financial assets	5	**7,166.98**	276.70
	(c) Other current assets	7	**402.66**	470.38
	Total Current Assets (2)		**36,340.14**	19,534.65
	Total Assets (1+2)		**92,237.92**	59,372.96
B	**EQUITY AND LIABILITIES**			
	1 Equity			
	(a) Equity Share capital	12	**63,440.00**	63,440.00
	(b) Other Equity	13	**5,815.65**	(19,979.84)
	Total Equity (1)		**69,255.65**	43,460.16
	2 Non-current liabilities			
	(a) Other non-current liabilities	17	**220.10**	220.10
	(b) Provisions	14	**486.64**	577.00
	(c) Deferred tax Liabilities (net)	6	**1,702.80**	–
	Total Non - Current Liabilities (2)		**2,409.54**	797.10
3	**Current liabilities**			
	(a) Financial Liabilities			
	(i) Trade payables	15		
	- Total outstanding dues of Micro and Small Enterprises	15	**113.73**	46.28
	- Total outstanding dues of creditors other than Micro & Small Enterprises	15	**17,284.56**	12,134.76
	(ii) Other financial liabilities	16	**2,220.01**	2,315.20
	(b) Other current liabilities	17	**830.02**	466.43
	(c) Provisions	14	**124.41**	153.03
	Total Current Liabilities (3)		**20,572.73**	15,115.70
	Total Equity and Liabilities (1+2+3)		**92,237.92**	59,372.96

The accompanying notes form an integral part of the financial statements

As per report of even date
For B.K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar

Partner
Membership No.: 111212

Dattatraya Nikam
Chief Financial Officer

Kiran Bade
Company Secretary
Membership No.: A3911

Place : Mumbai
Date : 21st April 2021

For and on behalf of Board of Directors

Director: **Pankaj Sonalkar**
DIN: 02685465

Director: **Nikhil Madgavkar**
DIN: 05163088

Place : Mumbai
Date : 21st April 2021

Statement of Profit and Loss for the year ended March 31, 2021

Rs. In Lakhs

	Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
I	Revenue from operations	18	**105,700.64**	100,150.58
II	Other Income	19	**395.25**	608.55
III	**Total Income (I + II)**		**106,095.89**	100,759.13
IV	**Expenses**			
	(a) Cost of materials consumed		**66,473.59**	85,244.10
	(b) Changes in inventories of finished goods and work-in-progress	20	**(44.91)**	(464.69)
	(c) Employee benefit expense	21	**3,381.73**	3,762.84
	(d) Finance costs	22	**1.54**	250.91
	(e) Depreciation and amortisation expense	2 & 3	**5,964.18**	4,155.23
	(f) Other expenses	23	**2,804.48**	3,898.20
	Total Expenses		**78,580.61**	96,846.59
V	**Profit/(loss) before tax (III - IV)**		**27,515.28**	3,912.54
VI	**Tax Expense**			
	(a) Current tax		**101.75**	–
	(b) Deferred tax	6	**1,681.47**	–
VII	**Profit/(loss) after tax from continuing operations (V - VI)**		**25,732.06**	3,912.54
VIII	**Profit/(loss) for the period**		**25,732.06**	3,912.54
IX	**Other comprehensive income**			
	(a) Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans	27	**84.78**	(32.57)
	(b) Income tax relating to items that will not be reclassified to profit or loss		**21.34**	–
	Total other comprehensive income		**63.44**	(32.57)
X	**Total comprehensive income for the period (VIII + IX)**		**25,795.50**	3,879.97
XI	**Earnings per equity share (for continuing operation)**	24		
	(a) Basic (in Rs.)		**4.06**	0.62
	(b) Diluted (in Rs.)		**4.06**	0.62

The accompanying notes form an integral part of the financial statements

As per report of even date
For B.K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar

Partner
Membership No.: 111212

Place : Mumbai
Date : 21st April 2021

Dattatraya Nikam
Chief Financial Officer

Kiran Bade
Company Secretary
Membership No.: A3911

For and on behalf of Board of Directors

Director: **Pankaj Sonalkar**
DIN: 02685465

Director: **Nikhil Madgavkar**
DIN: 05163088

Place : Mumbai
Date : 21st April 2021

Statement of Cash Flows for the year ended March 31, 2021

Rs. In Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cash Flows from operating activities		
Profit/(Loss) for the year	**27,515.28**	3,912.54
Adjustments for		
Finance costs on borrowings	**–**	249.74
(Profit)/Loss on disposal of property, plant and equipment	**0.64**	0.52
Interest income	**(227.08)**	(20.45)
Net gain on sale of investments	**(15.57)**	(274.27)
Net gain arising on financial assets designated as at FVTPL	**(2.66)**	–
Liabilities no longer required written back	**(1.01)**	(122.52)
Depreciation and amortisation	**5,964.18**	4,155.23
Unwinding of discounts on provisions	**0.28**	1.02
Net foreign exchange (gain)/loss	**7.64**	16.08
	33,241.70	7,917.89
Movement in working capital		
(Increase)/decrease in Inventories	**(486.30)**	2,008.70
(Increase)/decrease in Trade Receivables	**(4,552.98)**	9,925.78
(Increase)/decrease in Loans	**(1,012.35)**	(4,004.23)
(Increase)/decrease in Other Financial Assets	**(27,638.43)**	208.63
(Increase)/decrease in Other Assets	**72.19**	(204.99)
Increase/(decrease) in Trade Payables	**5,210.61**	(7,265.64)
Increase/(decrease) in Other Financial Liabilities	**183.56**	(896.93)
Increase/(decrease) in Provisions	**(34.47)**	36.03
Increase/(decrease) in Other Liabilities	**363.58**	(1,263.41)
Cash generated from Operations	**5,347.10**	6,461.85
Income tax refund received/(paid) (net)	**(251.52)**	(441.69)
(A) Net cash generated from by operating activities	**5,095.58**	6,020.15
Cash flows from investing activities		
Fixed deposits placed	**(1,992.01)**	(5,108.96)
Fixed deposits matured	**1,875.00**	5,100.00
Payments to acquire current investments	**(10,249.49)**	(25,300.00)
Proceeds on sale of current investments	**8,715.13**	27,787.78
Interest received	**221.86**	8.14
Payments for property, plant and equipment	**(1,400.73)**	(2,930.26)
Proceeds from disposal of property, plant and equipment	**8.38**	0.05
(B) Net cash used in investing activities	**(2,821.86)**	(443.24)
Cash flows from financing activities		
Proceeds from Long Term borrowings	**–**	–
Repayment of Long Term borrowings	**–**	(5,670.50)

Statement of Cash Flows for the year ended March 31, 2021

Rs. In Lakhs

Particulars	**Year ended March 31, 2021**	Year ended March 31, 2020
Interest paid	–	(299.09)
Other borrowing cost	–	(1.31)
(C) Net cash generated from financing activities	–	(5,970.90)
Net increase in cash and cash equivalents (A+B+C)	**2,273.72**	(394.00)
Cash and cash equivalents at the beginning of the year	**420.23**	814.23
Cash and cash equivalents at the end of the year	**2,693.95**	420.23
Reconciliation of Cash & Cash eqivalents as per the cash flow statement		
Cash and cash equivalents as per above comprise of the following		
Cash and cash equivalents (Refer Note No. 11)	**2,693.95**	420.23
Balance as per statement of cash flows	**2,693.95**	420.23

The accompanying notes form an integral part of the financial statements

As per report of even date
For B.K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No.: 111212

Place : Mumbai
Date : 21st April 2021

Dattatraya Nikam
Chief Financial Officer

Kiran Bade
Company Secretary
Membership No.: A3911

For and on behalf of Board of Directors

Director: **Pankaj Sonalkar**
DIN: 02685465

Director: **Nikhil Madgavkar**
DIN: 05163088

Place : Mumbai
Date : 21st April 2021

Statement of Changes In Equity for the year ended March 31, 2021

a) Equity share capital

Particulars	No. of Shares	Amount (Rs. In Lakhs)
Balance as at March 31, 2019	634,400,000	63,440.00
Changes in equity share capital during the year		
Issue of equity shares during the year	–	–
Balance as at March 31, 2020	634,400,000	63,440.00
Changes in equity share capital during the year		
Issue of equity shares during the year	–	–
Balance as at March 31, 2021	**634,400,000**	**63,440.00**

b) Other Equity

Rs. In Lakhs

Particulars	Retained earnings	Other comprehensive income (Remeasurements of the defined benefit plans)	Total
Balance as at April 1, 2019	(23,952.97)	93.16	(23,859.81)
Profit for the year	3,912.54	–	3,912.54
Total Comprehensive Income for the year, net of Income Tax	–	(32.57)	(32.57)
Balance as at April 1, 2020	(20,040.43)	60.59	(19,979.84)
Profit for the year	25,732.06	–	25,732.06
Total Comprehensive Income for the year, net of Income Tax	–	63.44	63.44
Balance as at March 31, 2021	**5,691.62**	**124.03**	**5,815.67**

The accompanying notes form an integral part of the financial statements

As per report of even date

For B.K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar

Partner
Membership No.: 111212

Place : Mumbai
Date : 21st April 2021

Dattatraya Nikam
Chief Financial Officer

Kiran Bade
Company Secretary
Membership No.: A3911

For and on behalf of Board of Directors

Director: **Pankaj Sonalkar**
DIN: 02685465

Director: **Nikhil Madgavkar**
DIN: 05163088

Place : Mumbai
Date : 21st April 2021

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

Mahindra Heavy Engines Limited is subsidiary of Mahindra Vehicle Manufacturers Limited having Corporate Identity Number U35914MH2007PLC169753, having it's registered office at Mahindra Towers, Dr. G.M. Bhosale Marg, P.K. Kurne Road, Worli, Mumbai 400 018. The Company is in manufacturing and sales of Engines and other auto components for vehicles and Genset applications.

NOTE 1. - Significant Accounting Policies:

1.1 Statement of compliance:

The financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act").

1.2 Basis of preparation and presentation:

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for the financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

1.3. Property, Plant & Equipment:

Property, Plant & Equipment are carried at cost less depreciation. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition and financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit or loss.

Depreciation is provided on straight-line basis for property, plant and equipment so as to expense the depreciable amount, i.e. the cost less estimated residual value, over its estimated useful lives. The estimated useful lives and residual values are reviewed annually and the effect of any changes in estimate is accounted for on a prospective basis.

The management's estimate of useful lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset classes, based on the Company's expected usage pattern supported by technical assessment:, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. :

Plant and Machinery	2 years, 5 years, 7 years, 8 years and 10 years
Vehicles	5 years
Roads	15 years
Assets below Rs. 5,000/-	1 year

1.4. Intangible Assets

Intangible assets acquired separately:

Intangible assets are initially recognised at cost.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets under development

The Company expenses costs incurred during research phase to profit or loss in the year in which they are incurred. Eligible development phase expenses are initially recognised as intangible assets under development until the development phase is complete. Once the development phase is complete, the eligible development phase expenses are capitalised as intangible asset.

Technical Know-how fees:

The expenditure incurred on technical services and other project/product related expenses are amortised over the estimated period of benefit, not exceeding six years.

Software Expenditure:

The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

Internally-generated intangible assets - Research and Development expenditure:

Expenditure on research activities are recognised as an expense in the period in which they are incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Product Development Expenditure:

The expenditure incurred on product development expenditure expenses are amortised over the estimated period of benefit, not exceeding five years.

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

Derecognition of intangible assets:

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

1.5. Impairment:

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment based on internal / external factors. Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

1.6. Inventories:

Inventories are stated at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. In determining the cost of purchased materials moving average method is used. Cost of manufactured finished goods and work-in-progress are valued on absorption costing basis and includes appropriate proportion of overheads and, where applicable, excise duty. Stores, spares and tools are carried at cost or estimated net realisable value, whichever is lower.

1.7. Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition).

1.8. Investments:

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as non-current investments.

1.9. Financial Instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets at Fair value through profit or loss are measured at fair value at the end of each reporting period, with any gains or losses arising on re measurement recognised in profit or loss, The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in 'Other income'.

Financial liabilities and equity instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

1.10. Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

Ind AS 115- Revenue from Contracts with Customers

Company adopted IND AS 115 - Revenue from contracts with customers w.e.f. 1st April 2018. In view of that, Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognize revenues, Company apply the following five step approach:

(1) identify the contract with a customer

(2) identify the performance obligations in the contract

(3) determine the transaction price

(4) allocate the transaction price to the performance obligations in the contract

(5) recognize revenues when a performance obligation is satisfied.

The Company applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligation based on their selling price.

Interest income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

1.11. Goods and Services Tax :

GST duty payable on finished goods is accounted for upon transfer of goods to the customers.

1.12. Custom Duty:

Custom duty payable on imported goods is accounted for when the goods enter the Indian shores.

1.13. Government Grants and Other Incentives:

The Company, directly or indirectly through a consortium of Mahindra Group Companies, is entitled to various incentives from Government Authorities in respect of manufacturing unit located in developing region. The company accounts for it's entitlement on an accrual basis.

Government grants related to acquisition of depreciable assets are recognised as deferred revenue in the financial statements and are transferred to statement of Profit and Loss on a systematic and rational basis over the useful lives of the related assets.

1.14. Export Benefits:

Export benefits under various schemes of Government of India are accounted on accrual basis except when there is an uncertainty in respect of the entitlement.

1.15. Foreign exchange transactions:

Transactions in foreign currencies (Other than company's functional currency) are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of Monetary items at the end of the year, is recognised as income or expense, as the case may be.

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

1.16. Employee Benefits:

(i) Defined Contribution Plan

The Company's contributions paid/payable during the year to Provident Fund and Superannuation Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees.

(ii) Defined Benefit Plan / Leave encashment:

The Company's liability towards gratuity and leave encashment is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognised on straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of other comprehensive income as income or expense. Obligation is measured at the present value of estimated future cash flow using discounted rate i.e. determined by reference to the market yield at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(iii) Other Benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

1.17. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of a qualifying asset are capitalised as part of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.18. Taxes on Income:

Current tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Financial statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax for the year:

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.19. Warranty:

Provision for warranty represents present value of management's best estimate of the future outflow of economic benefits that will be required in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. Management estimates the related provision for future warranty claims based on historical warranty claim information and is adjusted regularly to reflect new information.

1.20. Segment Reporting:

The Company's business activity falls within a primary business segment namely manufacturing of Engines and other auto components and there is no reportable geographical segment.

1.21. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

1.22. Critical accounting judgements and key sources of estimation uncertainty :

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of useful lives of property, plant and equipment, obligations relating to employee defined benefits etc. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

1.23. Ind AS 116 Leases :

Ind AS 116 is replaced the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, onbalance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees.

Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The amendment is effective for annual periods beginning on or after 01st April 19.

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

Note No. 2 - Property, Plant and Equipment

Rs. In Lakhs

Description of Assets	ROU Asset	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Block							
Balance as at March 31, 2019	693.91	9,196.23	33,312.45	1,428.46	880.70	163.32	**45,675.07**
Additions	–	86.36	2,423.62	92.90	12.76	39.08	**2,654.72**
Disposals	–	–	–	–	–	(11.50)	**(11.50)**
Balance as at March 31, 2020	**693.91**	**9,282.59**	**35,736.07**	**1,521.36**	**893.46**	**190.90**	**48,318.29**
Additions	–	1.65	1,321.96	105.42	6.11	39.24	**1,474.38**
Disposals	–	–	–	(0.50)	–	(9.80)	**(10.30)**
Balance as at March 31, 2021	**693.91**	**9,284.24**	**37,058.03**	**1,626.28**	**899.57**	**220.34**	**49,782.37**
II. Accumulated depreciation							
Balance as at March 31, 2019	74.68	1,903.64	10,686.99	1,135.30	396.31	98.73	**14,295.65**
Depreciation expense for the year	7.30	301.51	2,526.11	170.97	80.82	29.17	**3,115.88**
Eliminated on disposal of assets	–	–	–	–	–	(10.92)	(10.92)
Balance as at March 31, 2020	**81.99**	**2,205.15**	**13,213.10**	**1,306.27**	**477.13**	**116.98**	**17,400.61**
Depreciation expense for the year	7.30	302.12	2,485.77	144.49	71.98	29.76	3,041.41
Eliminated on disposal of assets	–	–	–	(0.09)	–	(1.19)	(1.28)
Balance as at March 31, 2021	**89.29**	**2,507.27**	**15,698.87**	**1,450.67**	**549.11**	**145.55**	**20,440.74**
III. Net block (I-II)							
Balance as at March 31, 2020	611.92	7,077.45	22,522.97	215.10	416.33	73.92	30,917.68
Balance as at March 31, 2021	**604.62**	**6,776.98**	**21,359.16**	**175.62**	**350.46**	**74.79**	**29,341.63**

Note No. 3 - Other Intangible Assets

Rs. In Lakhs

Description of Assets	Technical Knowhow	Development Expenditure	Computer Software	Total
I. Gross Block				
Balance as at March 31, 2019	10,259.81	2,227.71	361.29	**12,848.81**
Additions	–	–	28.74	**28.74**
Disposals	–	–	–	**–**
Balance as at March 31, 2020	**10,259.81**	**2,227.71**	**390.03**	**12,877.55**
Additions	1,032.28	843.14	100.08	**1,975.50**
Disposals	–	–	–	–
Balance as at March 31, 2021	**11,292.09**	**3,070.85**	**490.11**	**14,853.05**
II. Accumulated amortisation				
Balance as at March 31, 2019	6,423.55	1,345.36	343.03	**8,111.94**
Amortisation expense for the year	793.79	230.18	15.39	**1,039.36**
Eliminated on disposal of assets	–	–	–	**–**
Balance as at March 31, 2020	**7,217.34**	**1,575.54**	**358.42**	**9,151.30**
Amortisation expense for the year	793.79	230.17	23.38	**1,047.34**
Impairment of assets*	1,032.28	843.15	–	**1,875.43**
Eliminated on disposal of assets	–	–	–	–
Balance as at March 31, 2021	**9,043.41**	**2,648.86**	**381.80**	**12,074.07**
III. Net block (I-II)				
Balance as at March 31, 2020	3,042.47	652.17	31.60	3,726.25
Balance as at March 31, 2021	**2,248.68**	**421.99**	**108.30**	**2,778.98**

* Note : The IPR (Intellectual Property Rights) is purchased from Navistar Luxembourg Intellectual Property Company, Luxembourg and expected start of production is Q-3 of F-21 related to On-Highway applications for Mahindra Truck and Buses Division. Based on internal sources of information and considering uncertainty of economic performance of an asset, IPR related to 4 Cylinder Engine is impaired during the year which has resulted into an additional charge of Rs. 1875.43 Lakhs.

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

Note No. 4 - Loans

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Non-Current:		
a) Security Deposits		
– Unsecured, considered good	**5.25**	5.25
	5.25	5.25
Current:		
a) Other Loans		
– Unsecured, considered good	**17.49**	5.14
b) Intercompany Deposits to Group Companies*	**5,000.00**	4,000.00
	5,017.49	4,005.14

* Note : The Company has given intercorporate deposit to Mahindra Vehicle Manufacturers Limited for the purpose of working capital.

Note No. 5 - Other financial assets

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Financial assets at amortised cost		
Non-Current:		
a) Bank Deposit with more than 12 months maturity (under Bank's lien)	**71.05**	59.05
b) Accrued Interest	**40.99**	39.75
c) Government Grants and other incentives receivables	**21,774.28**	**1,022.16**
	21,886.32	1,120.96

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Current:		
a) Government Grants and other incentives receivables	**7,141.98**	255.67
b) Accrued Interest	**25.00**	21.03
	7,166.98	276.70

Note No. 6 - Deferred tax assets/Liabilities (net)

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
a) Deferred tax assets		
Provision for compensated absences	**49.70**	77.38
Provision for gratuity	**104.09**	102.00
Provision for doubtful debts/Advances	**–**	5.28
Carried forward tax losses*	**–**	1,293.26
Others	**116.68**	0.27
	270.47	1,478.20
b) Deferred tax liabilities		
Depreciation and amortisation	**1,951.93**	1,478.20
Provision for employee benefits	**21.34**	–
	1,973.27	1,478.20
c) Net Deferred tax assets/(Liabilities)	**(1,702.80)**	–

Movement in Deferred tax assets/(liabilities) for the year ended March 31, 2021:

Rs. In Lakhs

Particulars	Opening Balance as at April 1, 2020	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Closing Balance as at March 31, 2021
Deferred tax assets/(liabilities) in relation to:				
Provision for compensated absences	77.38	(27.68)	–	**49.70**
Provision for gratuity	102.00	2.09	(21.34)	**82.75**
Provision for doubtful debts	5.29	(5.29)		**–**
Carried forward tax losses	1,293.26	(1,293.26)	–	**–**
Others	0.27	116.41		**116.68**
Depreciation and amortisation	(1,478.20)	(473.73)		**(1,951.93)**
	(0.00)	(1,681.46)	(21.34)	**(1,702.80)**

Movement in Deferred tax assets/(liabilities) for the year ended March 31, 2020:

Rs. In Lakhs

Particulars	Opening Balance as at April 1, 2019	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Closing Balance as at March 31, 2020
Deferred tax assets/(liabilities) in relation to:				
Provision for compensated absences	82.06	(4.68)	–	77.38
Provision for gratuity	105.98	(12.18)	8.20	102.00
Provision for doubtful debts	7.34	(2.05)	–	5.29
Carried forward tax losses *	1,730.72	(429.26)	(8.20)	1,293.26
Others	36.97	(36.70)	–	0.27
Depreciation and amortisation	(1,963.07)	484.87	–	(1,478.20)
	–	–	–	–

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

Note No. 7 - Other assets

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Non-Current:		
a) Capital Advances		
Unsecured Considered good	**139.15**	331.57
Unsecured Considered doubtful	**–**	21.00
Less: Provision for Doubtful Capital Advances	**–**	(21.00)
	139.15	331.57
b) Advances other than capital advances		
i) Advance Income Tax [net of provisions Rs. 101.75 Lakhs (As at March 31, 2020 Rs. 10.00 Lakhs)]	**723.12**	573.34
c) Others		
i) Balances with government authorities (other than income taxes)		
1) VAT credit receivable	**10.58**	3.00
2) Custom deposit Receivable	**50.97**	50.97
3) Others	**11.81**	16.50
ii) Other advances		
Other Prepayments	**17.38**	24.73
	953.01	1,000.11
Current:		
a) Advances other than capital advances		
i) Advance to suppliers	**227.13**	188.79
b) Others		
i) Balances with government authorities (other than income taxes)		
1) VAT credit receivable	**–**	17.81
2) Excise duty/Customs/GST rebate receivable	**30.50**	52.98
ii) Other advances		
1) Other Prepayments	**61.09**	53.46
2) Others	**83.94**	157.34
	402.66	470.38

Note No. 8 - Inventories

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials	**3,991.76**	3,538.32
Work-in-progress	**446.92**	446.02
Finished goods	**420.35**	376.34
Stores and spares	**271.50**	283.56
Total Inventories at the lower of cost and net realisable value	**5,130.53**	4,644.25
Included above, raw material-in-transit:	**188.94**	478.59
Total goods-in-transit	**188.94**	478.59

Notes:

(i) The cost of inventories recognised as an expense during the year was Rs. 66,866.03 Lakhs (for the year ended March 31, 2020 Rs. 85,438.16 Lakhs)

(ii) The amount of Obsolete provision during the year FY 2020-21 with respect to Inventory is Rs. 399.70 Lakhs (As on March 31, 2020 Rs. 230.06 Lakhs)

Note No. 9 - Investments

Rs. In Lakhs

Particular	As at March 31, 2021		As at March 31, 2020	
	Quantity	**Amount**	Quantity	Amount
Current:				
Quoted Investments (all fully paid)				
Designated as Fair Value Through Profit and Loss				
Investments in Mutual Funds				
UTI Money Market Fund	**26,890.788**	**751.25**	–	–
Aditya Birla Sun Life Mutual Fund	**72,219.316**	**801.34**	–	–
	99,110.10	**1,552.59**	–	–

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

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Aggregate book value of quoted investments	**1,552.59**	–
Aggregate market value of quoted investments	**1,552.59**	–
Aggregate amount of impairment in value of investments	**–**	–

Note No. 10 - Trade receivables

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Trade Receivables		
(a) Unsecured, considered good	**14,172.47**	9,619.50
	14,172.47	9,619.50

Note:
The normal credit period on sale of goods is 30 days. No interest is charged on trade receivables.

Note No. 11 - Cash and Bank Balances

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents		
(a) Balances with banks	**2,643.95**	420.23
(b) In Fixed Deposits - original maturity less than 3 months	**50.00**	–
Total Cash and cash equivalent	**2,693.95**	420.23
Other Bank Balances		
(a) Balances with Banks:		
On Margin Accounts (under Bank's lien)	**128.47**	13.46
In Fixed Deposits	**75.00**	85.00
Total Other Bank balances	**203.47**	98.46

Note No. 12 - Equity Share Capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount (Rs. In Lakhs)	No. of shares	Amount (Rs. In Lakhs)
Authorised:				
Equity shares of Rs 10 each with voting rights	**800,000,000**	**80,000.00**	800,000,000	80,000.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs 10 each with voting rights	**634,400,000**	**63,440.00**	634,400,000	63,440.00
Total	**634,400,000**	**63,440.00**	634,400,000	63,440.00

(i) Terms/Rights attached to equity shares:

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend, if any, proposed by the board of directors is subject to approval of the shareholders in the ensuing annual general meeting (AGM), except in the case of interim dividend which is ratified by the shareholders at the AGM.

The Equity Shares of the Company rank pari-passu in all respects including voting rights and entitlement to dividend.

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the period:

Particulars	No. of Shares	Amount (Rs. In Lakhs)
Balance as at 31 March, 2020	634,400,000	63,440.00
Fresh Issue during the year	–	–
Balance as at 31 March, 2021	**634,400,000**	**63,440.00**

(iii) Details of shares held by the holding company

Particulars	No. of Shares	Amount (Rs. In Lakhs)
As at March 31, 2020		
Mahindra Vehicle Manufacturers Limited, the holding company	634,400,000	63,440.00
As at March 31, 2021		
Mahindra Vehicle Manufacturers Limited, the holding company	**634,400,000**	**63,440.00**

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

Particulars	No. of Shares	Percentage of holding
As at March 31, 2020		
Mahindra Vehicle Manufacturers Limited and its nominees	634,400,000	100%
As at March 31, 2021		
Mahindra Vehicle Manufacturers Limited and its nominees	**634,400,000**	**100%**

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

Note No. 13 - Other Equity

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Retained Earnings	**5,691.62**	(20,040.43)
Remeasurements of the defined benefit plans	**124.03**	60.59
Balance at the end of the year	**5,815.65**	(19,979.84)

a) Retained earning

Rs. In Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	**(20,040.43)**	(23,952.97)
Profit/(Loss) for the year	**25,732.06**	3,912.54
Balance at the end of the year	**5,691.63**	(20,040.43)

b) Remeasurements of the defined benefit plans

Rs. In Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	**60.59**	93.16
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	**63.44**	(32.57)
Balance at the end of the year	**124.04**	60.59

Note No. 14 - Provisions

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Non-Current:		
a) Provision for employee benefits		
i) Gratuity	**383.59**	391.78
ii) Leave Encashment	**103.05**	185.22
	486.64	577.00
Current:		
a) Provision for employee benefits		
i) Gratuity	**30.00**	30.00
ii) Leave Encashment	**94.41**	122.25
b) Other Provisions (Refer note below)		
i) Warranty	**–**	0.78
	124.41	153.03

Movement in other provisions

Rs. In Lakhs

Particulars	Warranty	
	As at March 31, 2021	As at March 31, 2020
Carrying Amount at the beginning of the year	**0.78**	122.28
Additional Provision made during the year (net of reversal)	**(1.06)**	(122.52)
Amounts used during the year	**–**	–
Unwinding of discount and effect of changes in the discount rate	**0.28**	1.02
	0.00	0.78

Note No. 15 - Trade Payables

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Current:		
Total outstanding dues of micro enterprises and small enterprises (Refer Note below)	**113.73**	46.28
Total outstanding dues of creditors other than micro enterprises and small enterprises	**17,284.56**	12,134.76
	17,398.29	12,181.04

Note:

The normal credit period on purchases of goods from supplier ranges from 0 to 64 days. No interest is charged on outstanding balance.

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal	**113.73**	46.28
Interest	**–**	–
(ii) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	**0.82**	3.06
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	**0.48**	0.82

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

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year	**0.48**	0.82
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**–**	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note No. 16 - Other Financial Liabilities

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Other Financial Liabilities Measured at Amortised Cost		
a) Short term Deposits	**27.69**	37.82
b) Other liabilities		
i) Creditors for capital supplies	**720.70**	999.45
ii) Others	**1,471.62**	1,277.93
	2,220.01	2,315.20

Note No. 17 - Other Liabilities

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Non-Current		
a) Deferred Government Grants - Export Promotion Capital Goods	**220.10**	220.10
	220.10	220.10
Current		
a) Advances received from customers	**2.13**	13.53
b) Statutory dues payables		
- Statutory dues (Contributions to PF and other funds, Withholding Taxes and GST)	**827.89**	452.90
	830.02	466.43

Note No. 18 - Revenue from Operations

Rs. In Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Revenue from sale of products	**76,805.64**	99,596.14
b) Other operating revenue		
(i) Sale of Scrap	**125.73**	276.00
(ii) Government Grants and other incentives *	**28,768.27**	272.63
(iii) Duty Drawback	**1.00**	5.81
	105,700.64	100,150.58

* Note :

During the year, Company has recognized the IPS (Industrial Promotion Subsidy) income of Rs. 28,768.27 Lakhs for the period July 2017 to March 2021 (Post GST period) based on sanction received from the Department of Industries, Government of Maharashtra for the IPS claim pertaining to FY 18 to FY 20. The sanction for three years establishes reasonable assurance about receipt of said IPS income.

Note No. 19 - Other Income

Rs. In Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest Income on Bank deposits and Others (at amortised cost)	**227.08**	20.45
Net Gain on sale of investments	**15.57**	274.27
Net gain arising on financial assets designated as at FVTPL	**2.66**	–
Insurance claims received	**3.10**	–
Liabilities no longer required written back	**1.01**	122.52
Miscellaneous Income (includes business support services)	**145.83**	191.31
	395.25	608.55

Note No. 20 - Changes in inventories of finished goods and work-in-progress

Rs. In Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the beginning of the year:		
a) Finished goods	**376.34**	169.74
b) Work-in-progress	**446.02**	187.93
	822.36	357.67
Inventories at the end of the year:		
a) Finished goods	**420.35**	376.34
b) Work-in-progress	**446.92**	446.02
	867.27	822.36
	(44.91)	(464.69)

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

Note No. 21 - Employee Benefits Expenses

Rs. In Lakhs

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
a)	Salaries and wages	**2,799.12**	3,080.74
b)	Contribution to provident and other funds	**233.84**	210.59
c)	Share based payment transactions expenses - Equity-settled share-based payments *	**44.23**	70.06
d)	Staff welfare expenses	**304.54**	401.45
		3,381.73	3,762.84

*** Note:**

Represents cost reimbursed by the company towards ESOP's granted by the ultimate holding company, Mahindra & Mahindra Limited;

Certain employees of the Company are covered by Employee Stock Option Scheme (ESOP scheme) offered by Ultimate Holding Company, Mahindra & Mahindra Limited. Under the scheme, eligible employees are granted an option to purchase shares of Mahindra & Mahindra Limited, in accordance with the terms and conditions of the scheme.

The Company recognises this scheme as an equity settled share based payments arrangement in accordance with IND AS 102 - Share Based Payment. Options granted under Parent's ESOP scheme vests in

i) 5 equal instalments on the expiry of 12 Months, 24 Months, 36 Months, 48 Months and 60 Months from the date of grant.

OR

ii) 4 instalments bifurcated as 20% on the expiry of 18 months, 20% on the expiry of 30 months, 30% on the expiry of 42 months and

30% on the expiry of 54 months.

OR

iii) 3 instalments bifurcated as 33.33% on the expiry of 12 months, 33.33% on the expiry of 24 months and 33.34% on the expiry of 36 months.

The options may be exercised on any day over a period of 5 years from the date of vesting. Number of vested options exercisable is subject to a minimum of 50 or number of options vested whichever is lower.

Such ESOP expense in respect of employees of the Company is charged by the Ultimate Holding Company over the vesting period. The charge is based on fair value of options calculated using Black and Scholes Option Pricing Model. The fair value charge is recognized as share based payment expenses under Employee Benefit Expenses.

Note No. 22 - Finance Cost

Rs. In Lakhs

Particulars			For the year ended March 31, 2021	For the year ended March 31, 2020
a)	Interest			
	i)	Borrowings	**–**	248.43
	ii)	Trade Payables - Micro Enterprises and Small Enterprises (Refer Note No. 15)	**0.48**	0.15
b)	Other borrowing cost		**0.78**	1.31
c)	Unwinding of discounts on provisions		**0.28**	1.02
			1.54	250.91

Analysis of Interest Expenses by category

Rs. In Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest Expenses		
On financial liability at amortised cost	**0.48**	248.58
	0.48	248.58

Note No. 23 - Other Expenses

Rs. In Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Stores consumed	**445.43**	658.75
Power & Fuel	**296.66**	428.72
Rates and taxes	**65.94**	40.86
Insurance	**69.83**	78.95
Repairs and maintenance - Buildings	**10.95**	16.89
Repairs and maintenance - Machinery	**80.13**	121.57
Repairs and maintenance - Others	**24.48**	57.43
Travelling and Conveyance Expenses	**14.97**	110.73
Auditors remuneration and out-of-pocket expenses		
i) As Auditors	**17.00**	17.00
ii) For Taxation matters	**13.50**	11.50
iii) For Other services	**2.95**	2.60
iv) For reimbursement of expenses	**0.08**	0.71
Legal and other professional costs	**521.78**	668.99
Packing material consumed	**103.11**	108.37
Engineering & Testing expenses	**135.60**	217.02
Royalty	**292.30**	457.61
CSR Activities *	**67.31**	60.86
Director's Commission	**–**	10.00
Net foreign exchange losses	**37.41**	39.67
Net Loss on disposal of property, plant and equipment (net)	**0.64**	0.52
Bank charges	**4.25**	4.67
Housekeeping and security expenses	**66.93**	87.15
Labour Contract Charges	**421.34**	553.78
Miscellaneous expenses	**111.89**	143.85
	2,804.48	3,898.20

* Note : Gross amount required to be spent by the Company as per section 135 of Companies Act 2013 on CSR Activities of Rs. 67.31 Lakhs (Previous Year - 60.86 Lakhs).

Note No. 24 - Earnings per Share

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit / (loss) for the year attributable to equity share holders of the Company	**25,732.06**	3,912.54
Weighted average number of equity shares	**634,400,000**	634,400,000
Basic and Diluted Earnings per share (Face value of Rs. 10 per share)	**4.06**	0.62

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

Note No. 25 - Financial Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Equity	**69,255.65**	43,460.16
Less: Cash and cash equivalents	**2,693.95**	420.23
	66,561.70	43,039.93

Categories of financial assets and financial liabilities

Rs. In Lakhs

Particulars	As at March 31, 2021			
	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Loans	**5.25**	–	–	**5.25**
Other Financial Assets				
- Non Derivative Financial Assets	**21,886.32**	–	–	**21,886.32**
Current Assets				
Investments	–	**1,552.59**	–	**1,552.59**
Trade Receivables	**14,172.47**	–	–	**14,172.47**
Cash and cash equivalents	**2,693.95**	–	–	**2,693.95**
Bank balances	**203.47**			**203.47**
Loans	**5,017.49**	–	–	**5,017.49**
Other Financial Assets				
- Non Derivative Financial Assets	**7,166.98**	–	–	**7,166.98**
Non-current Liabilities				
Borrowings	–			–
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	**17,398.29**	–	–	**17,398.29**
Other Financial Liabilities				
- Non Derivative Financial Liabilities	**2,220.01**	–	–	**2,220.01**

Rs. In Lakhs

Particulars	As at March 31, 2020			
	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Loans	5.25	–	–	5.25
Other Financial Assets				
- Non Derivative Financial Assets	1,120.96	–	–	1,120.96
Current Assets				
Investments	–	–	–	–
Trade Receivables	9,619.50	–	–	9,619.50
Cash and cash equivalents	420.23	–	–	420.23
Bank balances	98.46			98.46
Loans	4,005.14	–	–	4,005.14
Other Financial Assets				
- Non Derivative Financial Assets	276.70	–	–	276.70
Non-current Liabilities				
Borrowings	–			–
Current Liabilities				
Trade Payables	12,181.04	–	–	12,181.04
Other Financial Liabilities				
- Non Derivative Financial Liabilities	2,315.20	–	–	2,315.20

CREDIT RISK

(i) Credit risk management

Rs. In Lakhs

Particulars	As at March 31, 2021			
	Not due	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Expected loss rate	**0%**	**0%**	**0%**	
Gross carrying amount	**10,015.25**	**4,140.99**	**16.23**	**14,172.47**
Loss allowance provision	–	–	–	–

Rs. In Lakhs

Particulars	As at March 31, 2020			
	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0%	0%	0%	
Gross carrying amount	6,038.74	3,406.05	168.34	9,619.50
Loss allowance provision	–	–	–	–

Reconciliation of loss allowance provision for Trade Receivables

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Balance as at beginning of the year	**–**	–
Impairment losses recognised in the year based on lifetime expected credit losses		
- On receivables originated in the year	**–**	–
- Other receivables	**–**	–
Impairment losses reversed/written back	**–**	–
Balance at end of the year	**–**	–

The Concentration of credit risk is limited due to the fact that the customer base comprises largely of Mahindra group entities.

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

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the table have been drawn up based on the non-discounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs. In Lakhs

Particulars	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above
Non-derivative financial liabilities				
As at March 31, 2021				
Non-interest bearing	**19,618.30**	–	–	–
Variable interest rate instruments	–	–	–	–
Fixed interest rate instruments	–	–	–	–
	19,618.30	–	–	–
As at March 31, 2020				
Non-interest bearing	14,497.06	–	–	–
Variable interest rate instruments	–	–	–	–
Fixed interest rate instruments	–	–	–	–
	14,497.06	–	–	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. In Lakhs

Particulars	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above
Non-derivative financial assets				
As at March 31, 2021				
Non-interest bearing	**29,025.89**	21,774.28	–	5.25
Variable interest rate instruments	**1,552.59**	–	–	–
Fixed interest rate instruments	**244.17**	**79.95**	**33.49**	**10.52**
Total	**30,822.65**	**21,854.23**	**33.49**	**15.77**

Rs. In Lakhs

Particulars	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above
As at March 31, 2020				
Non-interest bearing	14,300.54	1,022.16	–	5.25
Variable interest rate instruments	–	–	–	–
Fixed interest rate instruments	128.24	83.10	15.69	–
	14,428.78	1,105.26	15.69	5.25

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Rs. In Lakhs

Particulars	Currency	As at March 31, 2021	As at March 31, 2020
Trade Receivables	USD	**0.01**	0.57
	INR	**0.46**	43.16
Trade Payables	USD	**3.33**	2.99
	INR	**245.31**	225.64
	EUR	**0.25**	0.45
	INR	**21.17**	37.41
	KRW	**–**	299.12
	INR	**–**	18.49

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Rs. In Lakhs

Particulars	Currency	As at March 31, 2021	As at March 31, 2020
Trade Receivables	USD	**0.01**	0.57
	INR	**0.46**	43.16
Trade Payables	USD	**3.33**	2.99
	INR	**245.31**	225.64
	EUR	**0.25**	0.45
	INR	**21.17**	37.41
	KRW	**–**	299.12
	INR	**–**	18.49

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR, and KWR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives.

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

Rs. In Lakhs

Particulars	Currency	Change in rate	Effect on profit/(loss) before tax
As at March 31, 2021	**USD**	**10%**	**(24.48)**
		(10%)	**24.48**
	EUR	**10%**	**(2.12)**
		(10%)	**2.12**
	KWR	**10%**	**–**
		(10%)	**–**
As at March 31, 2020	USD	10%	(18.25)
		(10%)	18.25
	EUR	10%	(3.74)
		(10%)	3.74
	KRW	10%	(1.85)
		(10%)	1.85

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest rate risk

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

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

Rs. In Lakhs

Particulars	Currency	Increase/ (decrease) in basis points	Effect on profit/(loss) before tax
31-Mar-21	**INR**	**100**	**–**
	INR	**(100)**	**–**
31-Mar-20	INR	100	–
	INR	(100)	–

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note No. 26 - Fair Value Measurement

a) Fair Valuation Techniques and Inputs used - recurring items

Financial assets measured at Fair Value:

Rs. In Lakhs

Particulars	Fair Value As at March 31, 2021	As at April 1, 2020	Fair Value hierarchy	Valuation technique(s) and key input(s)
Financial assets				
a) Investments				
i) Mutual Fund investments	**1,552.59**	–	Level-1	Net Asset value published by – UTI Overnight Fund – Aditya Birla Sun Life Overnight Fund
	1,552.59	–		

b) Fair value of financial assets and financial liabilities that are not measured at fair value

Rs. In Lakhs

Particulars	Level	As at March 31, 2021 Carrying amount	As at March 31, 2021 Fair value	As at April 1, 2020 Carrying amount	As at April 1, 2020 Fair value
a) Financial assets					
Financial assets carried at Amortised Cost					
Loans	**Level-3**	**5,022.74**	**5,022.74**	4,010.39	4,010.39
Trade Receivables	**Level-3**	**14,172.47**	**14,172.47**	9,619.50	9,619.50
Cash and cash equivalents	**Level-1**	**2,693.95**	**2,693.95**	420.23	420.23
Bank balances	**Level-1**	**203.47**	**203.47**	98.46	98.46
Other Financial Assets					
- Non Derivative Financial Assets	**Level-3**	**29,053.30**	**29,053.30**	1,397.66	1,397.66
b) Financial liabilities					
Financial liabilities held at amortised cost					
Borrowings	**Level-3**	**–**	**–**	–	–
Trade Payables	**Level-3**	**17,398.29**	**17,398.29**	12,181.04	12,181.04
Other Financial Liabilities					
- Non Derivative Financial Liabilities	**Level-3**	**2,220.01**	**2,220.01**	2,315.20	2,315.20

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

Note No. 27 - Employee benefits

(a) Defined Contribution Plan

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. Amount recognised as an expense in the Statement of Profit and Loss is Rs. 133.21 Lakhs. (Previous year Rs. 134.33 Lakhs).

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

1) Liability Risks

a. Asset-Liability Mismatch Risk:

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuations wings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b. Discount Rate Risk:

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c. Future Salary Escalation and Inflation Risk:

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset Risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India.LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund where in all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claims settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	**As per March 31, 2021**	As per March 31, 2020
Discount rate	**6.90%**	6.85%
Expected rate of salary increase		
Officers	**9.00%**	9.00%
Associates	**7.00%**	7.00%

Defined benefit plans as per actuarial valuation on 31st March, 2021

Rs. In Lakhs

Particulars	**Funded Plan - Gratuity For the year ended March 31, 2021**	Funded Plan - Gratuity For the year ended March 31, 2020
I(a). Expense recognised in the Statement of Profit and Loss for the year		
1) Current service cost	**63.87**	52.10
2) Past Service Credit	**–**	–
3) Interest cost	**27.42**	23.42
	91.29	75.52
I(b). Included in other Comprehensive Income		
1) Return on plan assets	**(0.05)**	0.06
2) Actuarial (Gain)/Loss on account of:		
- Demographic Assumptions	**3.68**	16.94
- Financial Assumptions	**(2.60)**	(58.61)
- Experience Adjustments	**(85.80)**	74.18
	(84.72)	32.51
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:	**(84.77)**	32.57

Rs. In Lakhs

Particulars	**Funded Plan - Gratuity For the year ended March 31, 2021**	Funded Plan - Gratuity For the year ended March 31, 2020
Service Cost		
Current Service Cost	**63.87**	52.10
Past service cost and (gains)/losses from settlements	**–**	–
Net interest expense	**27.42**	23.42
Components of defined benefit costs recognised in statement of Profit and Loss	**91.29**	75.52
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**(0.05)**	0.06
Actuarial gains and loss arising from changes in financial assumptions	**(2.60)**	(58.61)
Actuarial gains and loss arising from experience adjustments	**(85.80)**	74.18
Actuarial gains and loss arising from Demographic adjustments	**3.68**	16.94
Components of defined benefit costs recognised in other comprehensive income	**(84.77)**	32.57
Total	**6.52**	108.09
I. Net Asset/(Liability) recognised in the Balance Sheet as at year end		
1. Present value of defined benefit obligation as at year end	**413.60**	421.78
2. Fair value of plan assets as at year end	**11.81**	16.50
3. Surplus/(Deficit)	**(401.79)**	(405.28)
4. Current portion of the above	**(30.00)**	(30.00)
5. Non current portion of the above	**(371.79)**	(375.28)
II. Change in the obligation during the year		
1. Present value of defined benefit obligation at the beginning of the year	**421.78**	325.01
2. Expenses Recognised in Statement of Profit and Loss		

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

Rs. In Lakhs

Particulars	Funded Plan - Gratuity For the year ended March 31, 2021	For the year ended March 31, 2020
- Current Service Cost	**63.87**	52.10
- Past Service Cost	**–**	–
- Interest Expense/(Income)	**28.35**	24.86
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**3.68**	16.94
ii. Financial Assumptions	**(2.60)**	(58.61)
iii. Experience Adjustments	**(85.80)**	74.18
4. Benefit payments	**(15.68)**	(12.70)
5. Present value of defined benefit obligation at the end of the year	**413.60**	421.78
III. Change in fair value of assets during the year		
1. Fair value of plan assets at the beginning of the year	**16.49**	21.72
2. Expenses Recognised in Statement of Profit and Loss		
- Expected return on plan assets	**0.94**	1.44
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
- Actual Return on plan assets in excess of the expected return	**0.05**	(0.06)
5. Contributions by employer (including benefit payments recoverable)	**10.00**	–
6. Benefit payments	**(15.68)**	(6.61)
7. Fair value of plan assets at the end of the year	**11.80**	16.49
IV. The Major categories of plan assets		
Fund managed by insurer	**100%**	100%
V. Actuarial assumptions		
1. Discount rate	**6.90%**	6.85%
2. Expected rate of return on plan assets	**6.85%**	7.80%
3. Attrition rate		
Officers	**10.00%**	11.00%
Associates	**0.00%**	0.00%
4. Medical premium inflation	**NA**	NA

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs. In Lakhs

Principal assumption	Year ended	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	As at March 31, 2021	1%/-1%	(366.61)	470.76
	As at March 31, 2020	1%/-1%	(376.47)	476.87
Salary growth rate	As at March 31, 2021	1%/-1%	465.33	(370.04)
	As at March 31, 2020	1%/-1%	471.38	(380.03)

Rs. In Lakhs

Principal assumption	Year ended	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Withdrawal rate	As at March 31, 2021	1%/-1%	(409.70)	417.58
	As at March 31, 2020	1%/-1%	(417.81)	425.69

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

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs. 30 Lakhs to the gratuity trusts during the next financial year ending March 31, 2022.

Mortality : It is assumed that the active members of the scheme will experience in-service mortality in accordance with the Indian Assured Lives Mortality (2012-14) ultimate (IALM ult). A sample pick from this table is given below:

Age	Mortality rate
21	0.093%
22	0.094%
23	0.094%
24	0.093%
25	0.093%

Age of the members at the valuation date is taken as their nearest age at that date.

Maturity profile of defined benefit obligation:

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Within 1 year	**25.04**	27.24
1 - 2 year	**26.75**	30.68
2 - 3 year	**30.93**	35.19
3 - 4 year	**35.66**	39.65
4 - 5 year	**39.70**	44.74
5 - 10 years	**268.63**	287.00

Plan Assets

The fair value of Company's pension plan asset as of March 31, 2021 is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Asset category:		
Cash and cash equivalents	**0%**	0%
Debt instruments (quoted)	**0%**	0%
Debt instruments (unquoted)	**0%**	0%
Equity instruments (quoted)	**0%**	0%
Deposits with Insurance companies	**100%**	100%
Total	**100%**	100%

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

VIII. Experience Adjustments :

Rs. In Lakhs

Particulars	Gratuity as at **As at March 31, 2021**	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
1. Defined Benefit Obligation	**413.60**	421.78	325.01	278.59	251.09
2. Fair value of plan assets	**11.80**	16.49	21.72	18.15	40.83
3. Surplus/(Deficit)	**(401.80)**	(405.29)	(303.29)	(260.44)	(210.26)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**(85.80)**	74.18	(12.26)	7.40	(22.61)
5. Experience adjustment on plan assets [Gain/(Loss)]	**(0.05)**	0.06	(1.99)	0.54	(0.51)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

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

Note No. 28 - Related Party Disclosures:

A) Name of the related party and nature of relationship where control exists:

Name of Related Party	Nature of Relationship
Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Vehicle Manufacturers Limited	Holding Company

B) Related parties with whom transactions have taken place during the year:

Name of Related Party	Nature of Relationship
1) Mahindra Logistics Limited	Fellow subsidiary
2) Mahindra Two Wheelers Limited	Fellow subsidiary
3) Mahindra Integrated Business Solutions Private Limited	Fellow subsidiary
4) LORDS Freight (India) Private Limited	Fellow subsidiary
5) Mahindra Retail Private Limited	Fellow subsidiary
6) Mahindra Engineering & Chemical Products Limited	Fellow subsidiary
7) Sampo-Rosenlew – Oy	Fellow subsidiary

C) Related parties with whom transactions have taken place during the year:

Name of Related Party	Nature of Relationship
1) Mahindra CIE Automotive Limited	Associate of Holding Company
2) Swaraj Engines Limited	Associate of Ultimate Holding Company

D) Key Managerial Personnel :

Name of Related Party
1) Mr. Ashutosh Tripathi (Appointed w.e.f. 1st April 2020 and left the organisation w.e.f. 14th January 2021)
2) Mr. Nasir Deshmukh (Left the organisation w.e.f. 31st March 2020)
3) Mr. Kiran Bade, Company Secretary
4) Mr. Saiganesh Iyer, Chief Financial Officer (upto 31st January 2020)
5) Mr. Dattatraya Nikam, Chief Financial Officer (w.e.f. 1st February 2020)
6) Mr. Shrikant Marathe, Independent Director
7) Ms. Neera Saagi, Independent Director (Resigned w.e.f. 30th March 2020)
8) Ms. Smita Mankad, Independent Director (Appointed w.e.f. 20th April 2020)

E) Related Party Transactions:

Rs. In Lakhs

Name of Related Party	Nature of Transactions	**For the year ended March 31, 2021**	For the year ended March 31, 2020
Mahindra & Mahindra Limited	Sale of goods	**81,995.53**	98,689.86
	Training and Seminar Expenses	–	0.12
	Staff welfare expenses paid	–	9.07
	Rework Income of Engines	–	76.52
	Reimbursement of ESOP cost (Refer Note 3 below)	**44.23**	66.97
	Reimbursement of expenses received from Party	**670.54**	1,340.95
	Reimbursement of expenses paid	**669.68**	679.30
	Sale of Asset		–
	Cenvat on capital goods paid	–	46.67
	GST on capital goods paid	**580.97**	453.33
	Purchase of Raw Material	**92.13**	182.71
Mahindra Logistics Limited	Services received	**1,406.48**	1,275.62
	Reimbursement of expense paid	**17.44**	9.25
Mahindra Vehicle Manufacturers Limited	Sale of Goods	**15,537.45**	28,040.75
	Inter Company Deposit (ICD)	**21,900.00**	4,000.00
	Interest on ICD	**211.48**	0.86
	Purchase of Raw Material	**13.73**	21.60
	Sale of Asset	–	–
	Reimbursement of expense received	**3.30**	–
	Reimbursement of expense paid	**344.60**	486.02

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

Rs. In Lakhs

Name of Related Party	Nature of Transactions	For the year ended March 31, 2021	For the year ended March 31, 2020
Mahindra Two Wheelers Limited	Sales of Goods	**955.41**	600.73
	Purchase of Raw Material	**30.32**	4.74
	Reimbursement of expenses paid	–	–
Mahindra Integrated Business Solutions Private Limited	Manpower cost paid	**52.41**	45.26
LORDS Freight (India) Private Limited	Services received	**0.92**	17.33
Mahindra Retail Private Limited	Staff welfare expenses paid	**2.44**	7.58
Swaraj Engines Limited	Staff welfare expenses paid	–	–
Mahindra CIE Automotive Limited	Purchase of Raw Material	**2,433.95**	2,200.16
Mahindra Engineering & Chemical Products Limited	Purchase of Consumables & Stores	**7.41**	–
Sampo-Rosenlew – Oy	Services rendered	**14.28**	–
Mr. Nasir Deshmukh	Remuneration Paid	–	98.05
Mr. Ashutosh Tripathi	Remuneration Paid	**45.75**	–
Mr. Saiganesh Iyer	Remuneration Paid	–	48.47
Mr. Dattatrya Nikam	Remuneration Paid	**23.60**	3.89
Mr. Kiran Bade	Remuneration Paid	**3.00**	2.00
Mr. Shrikant Marathe	Director's sitting fees	**2.30**	4.70
	Director's commission paid	–	5.00
Ms. Smita Mankad	Director's sitting fees	**2.30**	–
Ms. Neera Saggi	Director's sitting fees	–	4.30
	Director's commission paid	–	5.00

F) Related Party Balances:

Rs. In Lakhs

Name of Related Party	Nature of Balances	As at March 31, 2021	As at March 31, 2020
Mahindra & Mahindra Ltd.	Receivables	**12,473.59**	8,762.86
	Payables	**300.13**	146.97
Mahindra Logistics Ltd.	Receivables		–
	Payables	**153.82**	168.76
Mahindra Vehicle Manufacturers Ltd.	Receivables	**30,536.06**	2,107.50
	Payables	**5.60**	1.04
	ICD Receivable	**5,080.65**	4,000.77
Mahindra Two Wheelers Limited	Receivables	**78.60**	21.36
	Payables	**4.57**	–
Mahindra Integrated Business Solutions Private Limited	Receivables	–	–
	Payables	**3.63**	5.12
LORDS Freight (India) Private Limited	Receivables	–	–
	Payables	**0.24**	1.61
Mahindra CIE Automotive Limited	Receivables	–	–
	Payables	**518.61**	392.37

Notes:

1 Related Party Transactions for the period are at arm's length and in ordinary course of business.

2 The amount outstanding is unsecured and will be settled in cash. No guarantee has been given or received. No expense has been recognised in current or prior years for bad and doubtful debts in respect of the amounts owed by the related party.

3 Represents costs reimbursed by the Company towards ESOP's granted by the ultimate holding Company, Mahindra & Mahindra Limited.

4 The transactions reported above are inclusive of applicable Taxes.

Note No. 29 : Contingent liabilities and commitments:

1) Contingent Liabilities

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Claims against the company not acknowledged as debt:		
(i) Income Tax claims disputed by the company relating to disallowance of depreciation and amortisation on Technical Know-how.	**11.14**	11.14
(ii) Service Tax disputed by the company relating to the activity of arranging canteen facility is a taxable service under the statutory provisions of the Finance Act,1994	**21.74**	21.74

It is not practicable for the company to estimate the closure of the above issues and the consequential timing of cash flows, if any.

2) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided:

(i) Tangible:

Rs. In Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided	**836.37**	1,554.82
Advance paid	**139.15**	350.11
Estimated amount of contracts remaining to be executed on capital account and not provided (Net)	**697.22**	1,204.72

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

(ii) Intangible:

Rs. In Lakhs

Particulars	**As at March 31, 2021**	As at March 31, 2020
The Company has obligation on account of Technical Know-how fees as below		
(i) 4 Cylinder Engine	**–**	725.34
	–	725.34

Note No. 30 - Segment Reporting

The Company's business activity falls within a single business segment viz. manufacturing of engines and other auto components. All other activities of the Company revolve around its main business. Hence there are no separate reportable primary segments.

Rs. In Lakhs

Particulars	**For the year ended March 31, 2021**	For the year ended March 31, 2020
Revenue from operations		
Revenue from Operations	**105,700.63**	100,150.58
	105,700.63	100,150.58
Revenue from external customers		
India	**105,634.05**	99,828.97
Outside India	**66.58**	321.61
	105,700.63	100,150.58

Rs. In Lakhs

Particulars	**For the year ended March 31, 2021**	For the year ended March 31, 2020
All non-current assets of the Company are located in India		
Revenue from major customers		
Mahindra group entities	**105,457.73**	99,547.16
Others *	**242.90**	603.42
	105,700.63	100,150.58

* No other single customer contributed 10% or more to the Company's revenue for both financial year 2020-21 and 2019-20.

Note No. 31 - Commission to Independent Directors :

Other Expenses includes Rs. Nil Lakhs (March 31, 2020: Rs. 10.00 Lakhs) payable as Commission to Independent Directors subject to the approval of shareholders at the Annual General Meeting.

Note No. 32 -

No material events have occurred after the balance sheet date and up to the approval of the financial statements.

Note No. 33 -

The Company, based on internal & external sources of information including market research, economic forecast and other information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2021 as at the date of approval of these financial statements.

Note No. 34 -

The financial statements were approved for issue by the Board of Directors on April 21, 2021.

Note No. 35 -

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

As per report of even date

For B.K. Khare & Co.
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar

Partner
Membership No.: 111212

Place : Mumbai
Date : 21st April 2021

Dattatraya Nikam
Chief Financial Officer

Kiran Bade
Company Secretary
Membership No.: A3911

For and on behalf of Board of Directors

Director: **Pankaj Sonalkar**
DIN: 02685465

Director: **Nikhil Madgavkar**
DIN: 05163088

Place : Mumbai
Date : 21st April 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Electric Mobility Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mahindra Electric Mobility Limited** ("the Company"), which comprises the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit / loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements - Refer Note 17 and 35 to the financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

   (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155
ICAI UDIN: 21065155AAAACK1306

Place: Bengaluru

Date: 10 May 2021

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA ELECTRIC MOBILITY COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2021

With respect to the Annexure A referred to in paragraph 1 under Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the IND AS financial statements for the year ended 31 March 2021, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year. No material discrepancies were noticed on such verification. For fixed assets lying with third parties at the year end, the Company has obtained confirmations on a sample basis and no material discrepancies were observed between the confirmations and the books of accounts.

(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us, there are no loans, investments, guarantees and security given in respect of which provisions of section 185 and 186 of the Act are applicable. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the products manufactured/services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, goods and services tax, cess and any other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee state insurance, income-tax, duty of customs, goods and services tax, cess and any other material statutory dues were in arrears, as at 31 March 2021, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of duty of customs or duty of excise which have not been deposited by the Company on account of disputes, except as mentioned in the below table. As explained to us, there were no dues of income tax or goods and service tax which have not been deposited by the Company on account of disputes.

Name of statue	Nature of dues	Amount (INR)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Duty of Excise	5,142,000	AY 2009 -2011	High Court of Karnataka
Central Excise Act, 1944	Duty of Customs	9,600,000	AY 2016-2017	CESTAT

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks and Government. The Company did not have dues to financial institutions and debenture holders during the year.

(ix) According to the information and explanations given to us and based on examination of the records of the Company, the term loans were applied for the purpose for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) According to the information and explanations given to us, no material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, clause 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155
ICAI UDIN:21065155AAAACK1306

Place: Bengaluru
Date: 10 May 2021

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA ELECTRIC MOBILITY COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2021

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Electric Mobility Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

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

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155
ICAI UDIN: 21065155AAAACK1306

Place: Bengaluru
Date: 10 May 2021

BALANCE SHEET AS AT 31 MARCH 2021

(₹ in lakhs)

	Notes	**As at 31 March 2021**	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	**15,989**	14,228
Capital work-in-progress	4	**13,214**	5,212
Right of Use Assets	5	**3,609**	3,646
Other intangible assets	6	**4,932**	4,662
Intangible assets under development	7	**17,378**	11,436
Financial assets			
Loans	8	**206**	310
Non-current tax assets	9	**135**	1,145
Other non-current assets	10(a)	**1,525**	1,218
		56,988	41,857
Current assets			
Inventories	11	**5,049**	3,369
Financial assets			
Trade receivables	12	**1,488**	4,497
Cash and cash equivalents	13	**247**	62
Other current assets	10(b)	**13,723**	7,072
		20,507	15,000
Assets held for sale	14	**76**	147
		20,583	15,147
TOTAL ASSETS		**77,571**	57,004
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	**35,842**	32,319
Other equity		**(10,334)**	(5,497)
Total equity		**25,508**	26,822
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	16(a)	**27,534**	10,701
Provisions	17(a)	**849**	1,004
		28,383	11,705
Current liabilities			
Financial liabilities			
Borrowings	16(b)	**8,170**	3,500
Trade payables	18		
Total outstanding dues of micro and small enterprises		**181**	188
Total outstanding dues of creditors other than micro and small enterprises		**6,348**	6,119
Other financial liabilities	19	**4,612**	5,853
Provisions	17(b)	**2,419**	550
Other current liabilities	20	**1,950**	2,267
		23,680	18,477
		52,063	30,182
TOTAL EQUITY AND LIABILITIES		**77,571**	57,004
Summary of significant accounting policies	2.3		

The accompanying notes form an integral part of the IND AS financial statements.

As per our report of even date attached:

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership Number: 065155

Place: Bengaluru
Date: 10 May 2021

For and on behalf of the Board of Directors of:

Mahindra Electric Mobility Limited

Rajesh Jejurikar Chairman DIN: 00046823
Mahesh Babu MD and Chief Executive Officer DIN: 08736697
Ashish Lath Chief Financial Officer
Jignesh Parikh Company Secretary

Date: 10 May 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

(₹ in lakhs except per share data)

	Notes	**For the year ended 31 March 2021**	For the year ended 31 March 2020
Income			
Revenue from operations	21	**20,441**	27,261
Other income	22	**828**	629
Total Income		**21,269**	27,890
Expenses			
Cost of materials consumed	23	**9,467**	13,576
Changes in inventories of finished goods	24	**87**	248
Employee benefits expense	25	**6,220**	6,263
Finance cost	26	**563**	433
Depreciation and amortisation expense	27	**5,662**	5,062
Other expenses	28	**9,983**	7,831
Total Expenses		**31,982**	33,413
Loss before tax		**(10,713)**	(5,523)
Tax expense			
Current tax		**–**	–
Deferred tax	36	**–**	–
Loss for the year		**(10,713)**	(5,523)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plan, net of tax	32	**57**	22
		57	22
Total comprehensive loss for the year attributable to the owners of the Company		**(10,656)**	(5,501)
Earnings per equity share of face value Rs. 10 each			
Basic and Diluted Earnings per equity share	31	**(3.12)**	(1.72)
Summary of significant accounting policies	2.3		

The accompanying notes form an integral part of the IND AS financial statements.

As per our report of even date attached:

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership Number: 065155

Place: Bengaluru
Date: 10 May 2021

For and on behalf of the Board of Directors of:

Mahindra Electric Mobility Limited

Rajesh Jejurikar	Chairman	DIN: 00046823
Mahesh Babu	MD and Chief Executive Officer	DIN: 08736697
Ashish Lath	Chief Financial Officer	
Jignesh Parikh	Company Secretary	

Date: 10 May 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	(₹ in lakhs)
Equity share capital*	
As at 1 April 2019	30,735
Issued during the year	1,584
Balance as at 31 March 2020	32,319
As at 1 April 2020	32,319
Issued during the year	3,523
Balance as at 31 March 2021	**35,842**

* Refer Note 15

Other Equity

(₹ in lakhs)

Particulars	Reserves and surplus			Items of Other Comprehensive Income	
	Securities premium	Share options outstanding account #	Retained earnings	Remeasurement of defined benefit liability, net of tax	Total
Balance as at 1 April 2019	70,797	527	(74,017)	–	(2,693)
Total comprehensive income for the year					
Loss for the year	–	–	(5,523)	–	(5,523)
Other Comprehensive Income	–	–	–	22	22
Total Comprehensive Income	–	–	(5,523)	22	(5,501)
Transferred to retained earnings	–	–	22	(22)	–
Contributions by and distributions to owners					
Issue of equity shares under ESOP	15	(10)	–	–	5
Issue of equity shares (Right Issues)	2,432	–	–	–	2,432
Share based payments #	–	260	–	–	260
Total contributions by and distributions to owners	2,447	250	22	(22)	2,697
Balance as at 31 March 2020	**73,244**	**777**	**(79,518)**	–	**(5,497)**
Total comprehensive income for the year					
Loss for the year	**–**	**–**	**(10,713)**	**–**	**(10,713)**
Other comprehensive income	**–**	**–**	**–**	**57**	**57**
Total comprehensive income	**–**	**–**	**(10,713)**	**57**	**(10,656)**
Transferred to retained earnings	**–**	**–**	**57**	**(57)**	**–**
Contributions by and distributions to owners					
Share Application Money Received	**–**	**–**	**–**	**–**	**–**
Issue of equity shares under ESOP	**60**	**(4)**	**–**	**–**	**56**
Issue of equity shares (Right Issues)	**5,545**	**–**	**–**	**–**	**5,545**
Share based payments #	**–**	**218**	**–**	**–**	**218**
Total contributions by and distributions to owners	**5,605**	**214**	**57**	**(57)**	**5,819**
Balance as at 31 March 2021	**78,849**	**991**	**(90,174)**	**–**	**(10,334)**

 # Refer Note 33

Nature and purpose of Reserves

(a) Securities Premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

(b) Share options outstanding Account

The share options outstanding account is used to recognise the grant date fair value of options during the vesting period issued under Mahindra Electric Mobility Limited ESOP Scheme ('MEML ESOP - 2017').

As per our report of even date attached:

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership Number: 065155

Place: Bengaluru
Date: 10 May 2021

For and on behalf of the Board of Directors of:

Mahindra Electric Mobility Limited

Rajesh Jejurikar	Chairman	DIN: 00046823
Mahesh Babu	MD and Chief Executive Officer	DIN: 08736697
Ashish Lath	Chief Financial Officer	
Jignesh Parikh	Company Secretary	

Date: 10 May 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

(₹ in lakhs)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Cash flows from Operating Activities			
Loss before tax for the year		**(10,713)**	(5,523)
Adjustments for:			
Provisions no longer required written back		**(546)**	(581)
Allowances for expected credit losses on Financial Assets		**1,035**	56
Finance costs		**563**	433
Interest Income		**–**	(18)
Share-based payment expense		**218**	250
Loss on disposal of Property, Plant and Equipment		**300**	12
Marked to market loss on forward contract		**101**	–
Depreciation and Amortisation Expense		**5,662**	5,062
Provision for asset held for sale		**56**	–
Asset held for sale written off		**15**	–
Provision for disputes and contingencies		**1,796**	–
Advances written off		**–**	5
Net foreign exchange (gain)/ loss		**(20)**	76
Operating Cash Flows before Working Capital changes		**(1,533)**	(228)
Changes in :			
Trade Receivables, other current and non-current assets		**(4,517)**	(2,029)
Inventories		**(1,680)**	1,147
Trade and Other Payables and Provisions		**569**	1,288
Cash (used) in / generated from operations		**(7,161)**	178
Income taxes refund received / (paid)		**1,010**	(408)
Net cash flows used in operating activities		**(6,151)**	(230)
Cash flows from Investing Activities			
Acquisition of Property, Plant and Equipment and Intangible Assets		**(22,913)**	(15,107)
Proceeds from disposal of Property, Plant and Equipment		**65**	88
Net cash flows used in investing activities		**(22,848)**	(15,019)
Cash flows from financing activities			
Proceeds from issue of equity share capital (including securities premium)		**9,123**	4,031
Proceeds from non-current borrowings	16.02	**17,000**	10,000
(Repayment) / proceeds of working capital loan	16.02	**(2,330)**	1,930
Proceeds from Inter Corporate Deposit	16.02	**10,000**	4,500
Repayment of non-current borrowings	16.02	**(175)**	(175)
Repayment of Inter Corporate Deposit	16.02	**(3,000)**	(4,500)
Interest paid		**(1,402)**	(510)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

(₹ in lakhs)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Net cash flows from financing activities		**29,216**	15,276
Net increase in cash and cash equivalents		**217**	27
Cash and cash equivalents at the beginning of the year		**30**	3
Cash and cash equivalents at the end of the year		**247**	30
Components of cash and cash equivalents	13		
Cash and cash equivalents		**247**	62
Less: Book Overdraft		**–**	(32)
		247	30
Summary of significant accounting policies	2.3		

Note :

i) The above Statement of Cash Flows has been prepared under the “indirect method” as set out in ‘Indian Accounting Standard (Ind AS) 7 – Statement of Cash Flows’.

ii) The accompanying notes are an integral part of the IND AS financial statements.

iii) Figures in brackets indicate Outflows.

As per our report of even date attached:

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership Number: 065155

Place: Bengaluru
Date: 10 May 2021

For and on behalf of the Board of Directors of:

Mahindra Electric Mobility Limited

Rajesh Jejurikar	Chairman	DIN: 00046823
Mahesh Babu	MD and Chief Executive Officer	DIN: 08736697
Ashish Lath	Chief Financial Officer	
Jignesh Parikh	Company Secretary	

Date: 10 May 2021

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. Reporting Entity

Mahindra Electric Mobility Limited ('the Company') is engaged in design and manufacture of electrically powered vehicles and design and development of related technology for end use vehicles. The marketing of the vehicles is done through a network of dealers in India and abroad.

The Company is an unlisted public limited company domiciled in India and is incorporated under the provisions of the Indian Companies Act. The registered office of the Company is located at Mahindra Tower, Dr. G.M. Bhosale Marg, P.K. Kurne Chowk, Worli, Mumbai – 400018, Maharashtra.

The Company's Holding Company is Mahindra Vehicle Manufacturers Limited ("the Holding Company) and the Ultimate Holding Company is Mahindra & Mahindra Limited ("the Ultimate Holding Company").

2.1. Statement of compliance

These IND AS financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013 ('the Act') and other relevant provisions of the Act.

In the Board of Directors meeting held on 10 May 2021, the Board has approved to issue these IND AS financial statements to shareholders of the Company.

2.2. Basis of preparation

a) Basis of measurement

The IND AS financial statements have been prepared on the historical cost convention and on an accrual basis except for the following items:

Items	Measurement basis
Certain financial assets	Fair value / Amortized cost
Liabilities for equity-settled share-based payments	Fair value
Net defined benefit liability	Present value of defined benefit obligations

b) Functional and presentation currency

These IND AS financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

c) Going concern

The Company has incurred a loss after tax of Rs. 10,713 Lakhs during the current year, incurred losses during the previous years and has resultant accumulated losses of Rs. 90,174 Lakhs as at 31 March 2021. The Company's current liabilities have exceeded its current assets by INR 3,097 Lakhs as at 31 March 2021. On 26 March 2021, the Company's Ultimate Holding Company has passed a resolution according its in-principle approval for consolidation of the Company with its Ultimate Holding Company either by way of a scheme of merger or demerger or by other appropriate means. The Company's management after considering the above indicators, has carried out an assessment of its going concern status and based on the below mentioned considerations, believe that the going concern assumption is appropriate:

i) the Company has received continued support for the past several years from the Holding Company, Mahindra Vehicle Manufacturers Limited ("MVML"), through equity infusion. The Holding Company and the Ultimate Holding Company are committed to provide continuing financial support to the Company including meeting of its debt obligation, should the need arise for a period of at least 1 year from the Balance Sheet date i.e. 31st March, 2021; and

ii) the Company or as a consolidated Division of the Ultimate Holding Company, is likely to scale up its operations in the 3-wheeler and 4-wheeler segments thereby generating additional cash flows to partially fund its requirements.

Also refer note 41.

d) Use of estimates and judgements

In preparing these IND AS financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about assumptions, estimation uncertainties and judgements that have a significant risk of resulting in a material adjustment in the year ended 31 March 2021 are included in the following notes:

Particular	Assumptions, estimation uncertainties and judgements
Note 2.3 (c)	- Intangible assets: whether the Company recognises the expenditure incurred on technology development as an intangible asset or as an operating expense.
Note 2.3 (b) and (c)	- Useful lives of Property, plant and equipment and intangible assets.
Note 2.3 (d)	- Impairment of financial assets and non-financial assets: key assumptions over expected credit losses associated with its assets carried at amortised cost. Assumption on discount rate.
Note 2.3 (d)	- Impairment of non-financial assets: key assumptions underlying recoverable value.
Note 2.3 (e)	- Measurement of transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. Determining whether the performance obligation is satisfied at a point in time or over a period of time. Judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.
Note 2.3 (g)	- Measurement of defined benefit obligations: key actuarial assumptions.
Note 2.3 (h)	- Assessment of lease term and the applicable discount rate.
Note 2.3 (i)	- Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used.
Note 2.3 (k)	- recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

e) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. Significant valuation issues, if any, are reported to the Company's Management.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 2.3 (g) - Share-based payment transactions.
- Note 2.3 (p) - Financial instruments.

2.3 Significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

b) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement, if the recognition criteria, are satisfied.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Borrowing costs directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent, these relate to the period till such assets are ready to be put to use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date are classified as capital advances under other non-current assets. Costs of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the Property, plant and equipment is de-recognized.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated range of useful lives of the assets as follows:

Class of assets	Management estimate of useful life in years	Useful life as per Schedule II
Factory Buildings	30	30
Plant & Machinery*	5 to 15	10 to 15
Tools & Fixtures*	8	NA
Office equipment*	3 to 5	5
Computer equipment	3 to 6	3 to 6
Furniture & Fixtures	10	10
Vehicles*	5	8
Batteries*	3 to 5	NA

Leasehold improvements are amortized over the lease term or useful lives of assets, whichever is lower.

* The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and machinery, tools and fixtures, office equipment, vehicles and batteries over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost and carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

During the period of development, the asset is tested for impairment annually.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

The Management estimates the useful lives for its intangible assets as follows:

Class of assets	Useful life estimated (in years)
Product development	5
Computer software	4

Derecognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

d) Impairment

i. Impairment of financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off.

ii. Impairment of non-financial assets

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

e) Revenue recognition

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A 5-step approach is used to recognise revenue as below:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligation in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Sale of goods

Revenue from the sale of goods is recognised upon transfer of control of promised goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The Company provides normal warranty provisions

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

for general repairs on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold.

Rendering of services

Arrangements with customers for development of technology and engineering services are on a fixed-price and fixed-time frame basis. Revenue from these contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Revenue in excess of invoicing are classified as contract assets (referred as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (referred as deferred revenues).

Deferred contract costs are incremental costs of obtaining a contract which are recognized as assets and amortized over the term of the contract.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

f) Foreign currency transactions

Transactions in foreign currency are translated to the functional currency at the exchange rates at the dates of the transaction or an average rate, if the average rate approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using exchange rate prevalent at the each Balance Sheet date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in to the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in statement of profit and loss of the period in which the transaction is settled.

g) Employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset.

The Company operates a defined benefit gratuity plan which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined on the basis of on actuarial valuation at the year end, using the projected unit credit method.

Long-term compensated absences are provided for based on the actuarial valuation carried out at year-end using the projected unit credit method.

Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income and are not reclassified to profit or loss in a subsequent period. Further, as required under Ind AS compliant Schedule III, the Company transfers those amounts recognised in other comprehensive income to retained earnings.

Share based payment transactions

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee benefit expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

h) Leases

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payment of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases, where the Company is a lessor, is recognised as income on a straight-line basis over the lease term.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of use assets and lease liabilities for leases of low value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

i) Income taxes

Income tax comprises current and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

j) Earnings/ (loss) per share

The basic earnings / (loss) per share ('EPS') is computed by dividing the net profit / (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. In computing dilutive earning per share, only potential equity shares that are dilutive i.e. which reduces earnings per share or increases loss per share are included.

k) Provisions and contingent liabilities

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provision

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer.

Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Contingent liabilities

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

l) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises purchase price, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, weighted average cost is used. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to sell. The comparison of cost and net realizable value is made on an item-by-item basis.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Inventories are stated net of write down or allowances on account of obsolescence, damage or slow moving items.

The method of determination of cost is as follows:

- Raw materials and components – on a weighted average basis
- Stores and spares – on a weighted average basis
- Work-in-progress – raw material costs and costs of conversion
- Finished goods – raw material costs and costs of conversion
- Goods in transit – at purchase cost

The provision for inventory obsolescence is assessed periodically and is provided as considered necessary.

m) Statement of cash flows

Cash flows are reported using the indirect method, whereby net profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

n) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

o) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

p) Financial instruments

a. Non-derivative Financial Instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at either at amortised cost, FVTPL or fair value in other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at investment level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for each of such investments and the operation of those policies in practice;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit and loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in the statement of profit and loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to the statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

b. Derivative financial instruments:

The Company enters into derivative financial instruments, primarily foreign exchange forward contracts to manage its borrowing exposure to foreign exchange. The counterparty for these contracts is generally a bank.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are initially recognized at fair value at the date, the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain/ loss is recognized in the Statement of profit and loss. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

2.4 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

4. Property, plant and equipment

(Rs. in lakhs)

Particulars	Freehold Land	Factory Buildings	Leasehold Improvements	Plant & Machinery	Tools & Fixtures	Office Equipment	Computer Equipment	Furniture and Fixtures	Vehicles	Batteries	Total
At Cost (Gross Carrying Amount)											
As at 01 April 2019	836	3,879	12	5,187	8,838	211	780	144	245	1,741	21,873
Additions during the year	–	131	–	2,121	–	15	103	23	119	–	2,512
Disposals during the year	–	–	–	(30)	(12)	–	–	–	(28)	(300)	(370)
As at 31 March 2020	**836**	**4,010**	**12**	**7,278**	**8,826**	**226**	**883**	**167**	**336**	**1,441**	**24,015**
As at 01 April 2020	**836**	**4,010**	**12**	**7,278**	**8,826**	**226**	**883**	**167**	**336**	**1,441**	**24,015**
Additions during the year	–	**49**	–	**3,475**	**1,396**	**49**	**56**	**43**	**73**	–	**5,141**
Disposals during the year	–	–	–	**(497)**	**(716)**	–	–	–	**(8)**	**(312)**	**(1,533)**
As at 31 March 2021	**836**	**4,059**	**12**	**10,256**	**9,506**	**275**	**939**	**210**	**401**	**1,129**	**27,623**
Accumulated Depreciation											
As at 01 April 2019	–	461	7	1,133	4,070	106	485	89	134	844	7,329
Depreciation expense for the year	–	138	1	513	1,625	29	142	10	74	196	2,728
On disposals	–	–	–	(18)	(5)	–	–	–	(25)	(222)	(270)
At 31 March 2020	–	**599**	**8**	**1,628**	**5,690**	**135**	**627**	**99**	**183**	**818**	**9,787**
As at 01 April 2020	–	**599**	**8**	**1,628**	**5,690**	**135**	**627**	**99**	**183**	**818**	**9,787**
Additions during the year		**153**	**1**	**647**	**1,579**	**37**	**121**	**13**	**91**	**379**	**3,021**
Disposals during the year	–	–	–	**(319)**	**(604)**	–	–	–	**(7)**	**(244)**	**(1,174)**
As at 31 March 2021	–	**752**	**9**	**1,956**	**6,665**	**172**	**748**	**112**	**267**	**953**	**11,634**
Net Carrying Amount											
As at 31 March 2020	**836**	**3,411**	**4**	**5,650**	**3,136**	**91**	**256**	**68**	**153**	**623**	**14,228**
As at 31 March 2021	**836**	**3,307**	**3**	**8,300**	**2,841**	**103**	**191**	**98**	**134**	**176**	**15,989**

Capital work-in-progress as on 31 March 2020	5,212
Capital work-in-progress as on 31 March 2021	**13,214**

Notes:

a. Vehicles as on 31 March 2021 includes self generated assets at cost aggregating to Rs. 319 lakhs (31 March 2020 - Rs. 264 lakhs).

b. Gross carrying amount of tools and fixtures as on 31 March 2021 includes tools aggregating to Rs. 8,953 lakhs (31 March 2020 - Rs. 8,165 lakhs) lying with third party vendors.

c. Batteries are given to customers on Operating Lease Arrangement.

d. Refer note 16.01 for details of assets placed as security against borrowings.

e. Refer note 40 for Management's assessment of impairment on Property, plant and equipment.

f. The capital work in progress mainly represents cost incurred on the Company's Chakan plant amounting to Rs. 8,823 lakhs which is expected to be fully capitalised in a phased manner by March 2023.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

5. Right of Use Assets

(Rs. in lakhs)

Particulars	Leasehold Land
Gross carrying value as at 01 April 2019	–
Reclassified on account of adoption of Ind AS 116	3,684
Addition	–
Disposals during the year	–
As at 31 March 2020	**3,684**
As at 01 April 2020	3,684
Addition	–
Disposals during the year	–
As at 31 March 2021	**3,684**
Accumulated depreciation	
As at 01 April 2019	**–**
Depreciation for the year	38
On disposals	–
As at 31 March 2020	**38**
As at 01 April 2020	38
Reclassified on account of adoption of Ind AS 116	–
Depreciation for the year	37
On disposals	–
As at 31 March 2021	**75**
Net Carrying amount	
As at 31 March 2020	**3,646**
As at 31 March 2021	**3,609**

6. Other Intangible Assets

(Rs. in lakhs)

Particulars	Product Development	Computer Software	Total
Cost (Gross carrying amount)			
As at 01 April 2019	21,619	1,593	23,212
Additions during the year	–	622	622
As at 31 March 2020	**21,619**	**2,215**	**23,834**
As at 01 April 2020	**21,619**	**2,215**	**23,834**
Additions during the year	2,520	361	2,881
Written off during the year	(10)	–	(10)
At 31 March 2021	**24,129**	**2,576**	**26,705**
Accumulated amortisation			
As at 01 April 2019	**16,183**	**693**	**16,876**
Amortisation for the year	1,949	347	2,296
As at 31 March 2020	**18,132**	**1,040**	**19,172**
As at 01 April 2020	**18,132**	**1,040**	**19,172**
Amortisation for the year	2,170	434	2,604
Written off during the year	(3)	–	(3)
As at 31 March 2021	**20,299**	**1,474**	**21,773**
Net Carrying amount			
As at 31 March 2020	3,487	1,175	4,662
As at 31 March 2021	**3,830**	**1,102**	**4,932**

6.01 Refer note 40 for Management's assessment of impairment on Intangible assets.

7. Intangible Assets under Development

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Opening balance	**11,436**	2,384
Development cost incurred during the year	**8,920**	9,675
Less: Capitalised / reclassified during the year	**(2,978)**	(622)
Closing balance	**17,378**	11,436

8. Loans

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Non-current		
Security Deposits		
Unsecured, considered good	**206**	310
Unsecured, considered doubtful	**8**	8
	214	318
Less: Allowance for expected credit losses	**(8)**	(8)
Total	**206**	310

9. Non-current tax assets

(₹ in lakhs)

Particulars	31 March 2021	31 March 2020
Tax deducted at source	**135**	1,145
Total	**135**	1,145

10. Other Assets

(Rs. in lakhs)

(a) Non-current		31 March 2021	31 March 2020
Capital advances	**(A)**	**1,525**	1,218
Advances other than capital advances			
Unsecured, considered doubtful			
– Advances recoverable in cash or kind		**27**	182
– Balances with government authorities		**230**	30
	(B)	**257**	212
Less: Allowance for expected credit losses	**(C)**	**(257)**	(212)
Total	**(A) + (B) - (C)**	**1,525**	1,218

(b) Current

(Rs. in lakhs)

	31 March 2021	31 March 2020
Unsecured, considered good		
Balances with government authorities (Refer note 10.01)	**9,914**	6,070
Unbilled revenue	**3,185**	512
Advances recoverable in cash or kind	**575**	435
Prepaid expenses	**49**	55
Total	**13,723**	7,072

10.01 Includes Rs. 165 lakhs (31 March 2020: Rs. 165 lakhs) paid under protest against disputed demands pertaining to Income Tax.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

11. Inventories

(at lower of cost and net realisable value)

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Raw materials (includes raw materials in transit Rs. 132 lakhs (31 March 2020: Rs. 523 lakhs) - net of provision of Rs. 89 lakhs (31 March 2020: Rs. 398 lakhs)	**4,306**	2,565
Finished goods -net of provision of Rs. Nil (31 March 2020: Rs. 3 lakhs)	**255**	342
Stores and Spares - net of provision of Rs. 253 lakhs (31 March 2020: Rs. 58 lakhs)	**488**	462
	5,049	3,369

11.01 Out of the above, inventories lying with third parties as at 31 March 2021 is Rs. 85 lakhs (31 March 2020: Rs. 94 lakhs).

11.02 The Company has availed working capital facilities and other non-fund based facilities viz. letters of credit, which are secured by hypothecation of inventories. Refer note 16.01.

11.03 Mode of valuation of inventories is stated in Note 2.3(l).

12. Trade Receivables

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Unsecured, considered good	**1,488**	4,497
Unsecured, considered doubtful	**1,129**	332
	2,617	4,829
Less: Allowance for Expected Credit Losses	**(1,129)**	(332)
Total	**1,488**	4,497
Of the above, trade receivables from:		
– Related parties (Refer Note 37)	**787**	3,975
– Others	**1,830**	854
Total	**2,617**	4,829

12.01 No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

12.02 The Company has availed working capital facilities and other non-fund based facilities viz. letters of credit, which are secured by hypothecation of Trade receivables. Refer to note 16.01.

13. Cash and Cash Equivalents

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Cash on hand	–	–
Balances with banks:		
Current accounts	**247**	62
Total	**247**	62

For the purpose of the Statement of Cash Flows, Cash and Cash Equivalents comprise the following :

(Rs. in lakhs)

	31 March 2021	31 March 2020
Cash and Cash Equivalents	**247**	62
Book Overdraft	–	(32)
Total	**247**	30

14. Assets Held for Sale

(Rs. in lakhs)

	31 March 2021	31 March 2020
Assets held for sale	**198**	213
Less: Provision against Assets held for Sale	**(122)**	(66)
Total	**76**	147

15. Equity Share Capital

(Rs. in lakhs except per share data)

Particulars	31 March 2021	31 March 2020
Authorised		
1,00,00,00,000 (31 March 2020 : 40,00,00,000) equity shares of Rs. 10 each	**100,000**	40,000
Issued, subscribed and fully paid-up		
35,84,16,345 (31 March 2020 : 32,31,90,310) equity shares of Rs. 10 each	**35,842**	32,319

a. Reconciliation of shares outstanding at the beginning and at the end of reporting year

(Rs. in lakhs except per share data)

	31 March 2021		31 March 2020	
Particulars	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	323,190,310	32,319	307,351,775	30,735
Issued during the year *#	35,226,035	3,523	15,838,535	1,584
At the end of the year	**358,416,345**	**35,842**	**323,190,310**	**32,319**

**** Rights Issue***

During the year, the Company allotted 3,48,51,014 (31 March 2020: 1,57,40,445) fully paid equity shares of face value of Rs.10 each for cash at a price of Rs. 25.91 (31 March 2020: Rs. 25.48) per fully paid equity share including a premium of Rs. 15.91 (31 March 2020: Rs. 15.48) per fully paid equity share aggregating to Rs. 9,030 lakhs (31 March 2020: Rs. 4,011 lakhs) pursuant to rights issue. Equity shares were issued persuant to the rights issue approved by the Board of Directors at their meetings on 28 July 2020 and 28 October 2020 (31 March 2020: 24 July 2019 and 21 October 2019).

During the year, the Company has allotted 3,75,021 (31 March 2020 : 98,090) shares pursuant to the options exercised by the eligible employees under the Mahindra Electric Mobility Limited ESOP Scheme ('MEML ESOP - 2017'). Also refer note 33.

b. Rights, preference and restrictions attached to:

Equity shares of Rs. 10 each

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Share based payments

Terms attached to stock options granted to employees are described in Note 33 on 'Employee Share Based Payment Plan'.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

c. Details of Equity Shares held by shareholders holding more than 5% of the aggregate shares in the Company's Issued, Subscribed and Paid-up share capital:

Name of the Shareholder	31 March 2021 Number	31 March 2021 Percentage	31 March 2020 Number	31 March 2020 Percentage
Mahindra Vehicle Manufacturers Limited (Holding Company)	**356,082,447**	**99.35%**	321,357,564	99.43%

d. Equity shares reserved for issue under options

(Rs. in lakhs except per share data)

Particulars	31 March 2021 Number	31 March 2021 Amount	31 March 2020 Number	31 March 2020 Amount
Under Employee Stock Option plan, equity shares of Rs. 10 each	**9,030,753**	**903**	9,333,000	933

e. No shares are held by the Ultimate Holding Company, their subsidiaries and associates other than Mahindra Vehicle Manufacturers Limited.

f. There are no bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

16. Borrowings

(Rs. in lakhs)

	31 March 2021	31 March 2020
(a) Non-current		
Secured		
Rupee Term loan from bank	**21,000**	10,000
Foreign Currency Term loan from bank	**6,008**	–
Unsecured		
Term loan from Council of Scientific and Industrial Research	**701**	876
Less: Amount of current maturities disclosed under other financial liabilities, current (Refer note 19)	**(175)**	(175)
Total	**27,534**	10,701
(b) Current		
Secured		
Working capital loan	**1,170**	3,500
Unsecured		
Inter corporate deposit from related party	**7,000**	–
Total	**8,170**	3,500

16.01 Details of Borrowings:

Description of the instrument	Currency of Loan	Outstanding Amount (Rs. In Lakhs)	Interest Rate p.a.	Repayment Bullet (or) Instalment	Number of Instalments	Security	Period of repayment
Secured							
Term loan from bank Axis Bank	INR	10,000	1 Month MCLR + 5BPS	Instalment	8 equal quarterly instalments of Rs.1,250 lakhs each	Pari-passu charge on fixed assets, both present and future.	February 2023 to November 2024
Term loan from bank Axis Bank	INR	6,000	1 Year MCLR + 0.25%	Instalment	8 equal quarterly instalments of Rs.750 lakhs each	Pari-passu charge on all present and future fixed assets of the Company.	August 2023 to May 2025
Term loan from Kotak Mahindra Bank	INR	5,000	REPO + 2.75%	Instalment	08 equal quarterly instalments of Rs.625 lakhs each	First pari passu hypothecation charge on all existing and future moveable fixed assets.First pari passu Registered mortgage charge on specific immoveable properties.	March 2023 to December 2024
Term loan from ICICI Bank Foreign Currency Term Loan Hedged	USD	6,008	USD 81,65,652 @ 2.12%	Instalment	8 equal quarterly instalments	First ranking charge on all existing and future fixed assets of the Company to be shared on a pari - passu basis.	March 2024 to December 2025
Unsecured							
Term loans from other parties:							
Council of Scientific and Industrial Research	INR	701	3%	Instalment	4 equal annual instalments of Rs.175 lakhs each	Not Applicable	October 2015 to October 2024
Secured							
Working capital loan	INR	1,170	8.35% - 9.1%	Repayment Bullet	Not Applicable	First and exclusive hypothecation charge on all existing & future receivables/ current assets of the Company.	On Demand
Unsecured							
Inter Corporate Deposit from Mahindra & Mahindra Limited*	INR	7,000	6.25%	Repayment Bullet	Not Applicable	Not Applicable	06 months from date of disbursement
		35,879					

* Subordinated to some of the Company's non-current borrowings.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

16.02 Reconciliation of movement in borrowings to cash flows from financing activities

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Opening Balance		
Non Current Borrowing	**10,701**	876
Current maturities of Long term debt	**175**	175
Working Capital Loan	**3,500**	1,570
	14,376	2,621
Cash flow movement		
Proceeds from non-current borrowings	**17,000**	10,000
Repayment of non-current borrowings	**(175)**	(175)
Proceeds from Inter corporate deposit	**10,000**	–
Repayment of Inter corporate deposit	**(3,000)**	–
(Repayment) / proceeds from Working capital loan (Net)	**(2,330)**	1,930
	21,495	11,755
Movement on account of foregn currency loss not reflected in the statement of Cash flow	**8**	–
	21,503	11,755
Closing Balance		
Non Current Borrowing	**27,534**	10,701
Current maturities of Long term debt	**175**	175
Inter corporate deposit	**7,000**	–
Working Capital Loan	**1,170**	3,500
	35,879	14,376

16.03 The financial covenants applicable to term loan from bank are as follows:

Covenants	Parameter
Axis Bank	
Fixed Assets Cover ratio	Not below 1.25 times
TTL/Equity*	Not above 1:1 times
Mahindra Group shareholding	Not below 51%
Kotak Mahindra Bank	
Fixed Assets Cover ratio	Not below 1.25 times
Total Debt /Equity	Not above 1.5x
Mahindra Group shareholding	Not below 51%
ICICI Bank	
Fixed Assets Cover ratio	Not below 1.25 times
TTL/Equity*	Not to exceed 1.0 times

* TTL means sum of all senior debt, junior debt, lease obligation and unsecured debt other than promoters' unsecured loan (to the extent of undertaking for non-interest bearing, non-repayable during tenor of bank loan).

The Company has complied with the above financial covenants.

17. Provisions

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
(a) Non Current		
Provision for employee benefits (Refer Note 32)		
Compensated absences	**227**	350
Gratuity benefits	**183**	130
Other Provisions		
Warranty & service coupon	**366**	303
Provision for disputes and contingencies	**73**	221
Total	**849**	1,004
(b) Current		
Provision for employee benefits (Refer Note 32)		
Compensated absences	**54**	92
Gratuity benefits	**146**	146
Other Provisions		
Warranty & Service Coupon	**419**	294
Provision for disputes and contingencies*	**1,796**	–
Discount	**4**	18
Total	**2,419**	550

Warranties

A provision is recognised for expected warranty claims on products sold during the last three years, based on past experience of the level of repairs and claims. It is expected that these costs will be incurred within three years after the reporting date. Assumptions used to calculate the provision for warranties are based on current sales levels and current information available about claims based on the three-year warranty period for all products sold.

* It represents provision for amount linked to sales under certain technology agreement. These amounts are disputed by the Company and the quantum of actual payment is likely to be decided only upon final settlement of the matter with concerned vendor.

17.01 Details of movement in Provisions is as follows:

(Rs. in lakhs)

Particulars	Warranty and Service Coupon	Disputes and contingencies	Discount
Balance at 01 April 2019	367	453	239
Additional provisions recognised	736	5	–
Amounts used during the year	(506)	(51)	(62)
Unused amounts reversed during the year	–	(186)	(159)
Balance at 31 March 2020	**597**	**221**	**18**
Additional provisions recognised	**829**	**1,801**	–
Amounts used during the year	**(641)**	–	–
Unused amounts reversed during the year	–	**(153)**	**(14)**
Balance at 31 March 2021	**785**	**1,869**	**4**

18. Trade Payables

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Total outstanding dues of micro and small enterprises (Refer Note 39)	**181**	188
Total outstanding dues of creditors other than micro and small enterprises	**6,348**	6,119
Total	**6,529**	6,307

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

19. Other Financial Liabilities

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Current Maturities of Long-term Debt (Refer Note 16)	**175**	175
Interest accrued	**186**	95
Accrued salary and benefits	**1,327**	1,181
Creditors for capital goods	**2,823**	4,402
Marked to market loss on forward contracts*	**101**	–
Total	**4,612**	5,853

* at Fair Value Through Profit and Loss

20. Other Liabilities

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Current		
Advances received from customers	**1,531**	966
Deferred government grant*	**5**	13
Book overdraft	–	32
Deferred revenue	**71**	917
Statutory dues	**343**	339
Total	**1,950**	2,267

* The Company had received a non-recurring grant-in-aid of Rs. 69 lakhs in 2016-17 for a pilot project to install DC Fast Charging infrastructure. Amount of grant recognised as income for the year is Rs. 8 lakhs (31 March 2020: Rs. 13 lakhs).

21. Revenue from Operations

(Rs. in lakhs)

Particulars		31 March 2021	31 March 2020
Sale of products			
Revenue from sale of products		**13,596**	18,640
	(A)	**13,596**	18,640
Sale/Rendering of Services			
Product development and design fee		**6,685**	8,252
Income from leasing		**107**	263
After sales service		**30**	76
	(B)	**6,822**	8,591
Other Operating Revenue			
Scrap sale		**23**	30
	(C)	**23**	30
Total	**(A) + (B) + (C)**	**20,441**	27,261

21.01 The following customer had transactions for more than 10% of the revenue.

(Rs. in lakhs)

Name of the Customer	Business segment	31 March 2021	31 March 2020
Mahindra & Mahindra Ltd.	Sale of Product and Product development and design fee	**6,085**	11,116

21.02 Revenue disaggregation by geography is as follows:

(Rs. in lakhs)

Geography	31 March 2021	31 March 2020
India	**18,435**	24,191
South Korea	**1,663**	1,874
Nepal	**144**	904
Others	**92**	29
Total	**20,334**	26,998

Geographical revenue is allocated based on the location of the customers.

Note: The amount of Rs. 107 lakhs (31 March 2020: Rs. 263 lakhs) pertaining to lease income has not been considered in the above revenue disclosure.

21.03 Revenue to be recognised for performance obligation(s) not satisfied or partially satisfied at the end of the current year in respect of contracts with customer that are in place (i.e. signed agreements / Pos / WOs, etc) at the end of 31 March 2021:

(Rs. in lakhs)

Time Band	31 March 2021	31 March 2020
< 1year	**9,403**	8,374
>1 year but < 5 year	–	6,366
Total	**9,403**	14,740

21.04 Changes in unbilled revenue or contract assets are as follows:

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Opening balance of unbilled revenue or contract assets	**512**	2,461
Additions during the year	**4,776**	6,866
Reclassification adjustments:		
- Billing from opening balance of contract assets to trade receivables	**(512)**	(2,461)
- Billing from contract assets transferred to trade receivables	**(1,591)**	(6,354)
Closing balance of unbilled revenue or contract assets	**3,185**	512

21.05 Changes in Deferred Revenue or Contract Liabilities are as follows:

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Opening balance of deferred revenue or contract liabilities	**1,883**	1,098
Additions during the year	**2,022**	2,452
Reclassification Adjustments:		
- Adjustment from opening balances of contract liabilities to revenue	**(1,308)**	(866)
- Transfer from contract liabilities to revenue	**(995)**	(801)
Closing balance of Deferred Revenue or Contract Liabilities	**1,602**	1,883

* Deferred Revenue or Contract Liabilities includes Advances received from customers.

21.06 Reconciliation of Revenue from Contracts with Customers

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Revenue from contracts with customers as per the contract price	**20,192**	29,268
Adjustments made to contract price on account of :-		
a) Discounts/Rebates/Incentives	–	–
b) Sales Returns/Reversals	**(139)**	(1,485)

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Particulars	31 March 2021	31 March 2020
c) Deferment of revenue	(1,027)	(1,651)
e) Recognition of revenue out of opening balance of contract liability	1,308	866
Revenue from Contracts with Customers	20,334	26,998

22. Other Income

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Interest Income on Financial Assets Carried at Amortized Cost		
Security deposits	–	18
Other non-operating income		
Profit on assets sold/discarded (Net)	–	6
Net Foreign Exchange gain	75	–
Income from Government Grant	9	13
Liabilities no longer required written back	546	581
Interest on income tax refunds	73	–
Miscellaneous income	125	11
Total	828	629

23. Cost of Materials Consumed

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Inventories at the beginning of the year (Refer Note 11)	3,027	3,925
Add: Purchases made during the year	11,948	13,810
	14,975	17,735
Less: Issued for Product Development & Captive Consumption	(714)	(1,132)
Less: Inventories at the end of the year (Refer Note 11)	(4,794)	(3,027)
Cost of materials consumed	9,467	13,576

24. Changes in Inventories of Finished Goods

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Inventories at the end of the year:		
Finished goods (Refer Note 11)	255	342
	255	342
Inventories at the beginning of the year:		
Finished goods (Refer Note 11)	342	590
	342	590
Decrease in Inventories	87	248

25. Employee benefits expense

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Salaries and Wages, including bonus	5,215	5,187
Contribution to provident and other funds	545	550
Share based payments (Refer Note 33)	218	250
Staff welfare expenses	242	276
Total	6,220	6,263

26. Finance cost

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Interest expenses on		
Financial Liabilities measured at amortised cost	513	400
Defined benefit obligation (Refer Note 32)	17	11
Others	33	22
Total	563	433

27. Depreciation and Amortisation Expense

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Depreciation of Property, Plant and Equipment (Refer Note 4)	3,021	2,728
Depreciation of Right of Use Assets (Refer Note 5)	37	38
Amortisation of Intangible Assets (Refer Note 6)	2,604	2,296
Total	5,662	5,062

28. Other expenses

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Power and Fuel	73	111
Rent	220	268
Rates and Taxes	19	20
Insurance	36	22
Repairs and Maintenance		
– Buildings	22	43
– Machinery	309	423
– Others	119	148
Advertisement	793	493
Net Foreign Exchange Loss	–	50
Marked to market loss on forward contract	101	–
Freight Outward	670	679
Sales Promotion expenses	150	461
Travelling and Conveyance Expenses	88	399
Allowances for expected credit losses	1,035	56
Provision for Disputes and Contingencies	1,796	–
Auditors remuneration and out-of-pocket expenses		
– As auditors	18	17
– For other services	1	3
– For reimbursement of expenses	1	1
Legal and Professional Expenses	1,989	2,162

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Materials used in Customer Projects	**334**	612
Communication Costs	**31**	19
Sub-contracting Expenses	**532**	425
Security Charges	**87**	99
Recruitment Expenses	**59**	187
Research Costs	**55**	98
Warranties and Service Coupons	**829**	736
Loss on Assets Sold / Discarded (Net)	**300**	18
Provision for assets held for sale	**56**	–
Bank Charges	**40**	32
Other Miscellaneous Expenses	**220**	249
Total	**9,983**	7,831

29. Financial Instruments

The carrying value and fair value of financial instruments by categories are as follows:

(Rs. in lakhs)

Particulars	Note	31 March 2021 Carrying Value	31 March 2020 Carrying Value
Financial Assets			
Measured at Amortised Cost			
Loans	8	**206**	310
Trade Receivables	12	**1,488**	4,497
Cash and Cash Equivalents	13	**247**	62
Total Financial Assets		**1,941**	4,869
Financial liabilities			
Measured at amortised cost			
Borrowings	16	**35,704**	14,201
Trade Payables	18	**6,529**	6,307
Other Financial Liabilities	19	**4,511**	5,853
Total Financial Liabilities		**46,744**	26,361

Particulars	Amount	Level 1	Level 2	Level 3
Financial Liabilites at fair value through profit and loss				
Marked to market loss on forward contracts	101	–	101	–

29.01 Fair value hierarchy

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

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

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

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

The Company has not separately disclosed the fair values for financial assets and liabilities because their carrying amounts are a reasonable approximation of the fair value.

29.02 Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Company's management oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The management is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Board.

29.03 Financial Risk Management Objective And Policies

The Company's principal financial liabilities comprise borrowings, trade payables and other liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade receivables and cash.

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these Ind AS financial statements.

29.04 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from the Company's trade receivables. Credit risk arises from cash held with banks and financial institutions as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Company's trade and other receivables are actively monitored to review credit worthiness of the customers to whom credit terms are granted and also avoid significant concentrations of credit risks.

Given below is ageing of gross trade receivable spread by period of six months:

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Outstanding for more than 6 months	**928**	290
Others	**1,689**	4,539
Total:	**2,617**	4,829

The Company continuously monitors receivables from customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls.

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counter-parties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry section.

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Information about major customers

Revenue from single external customer is approximately Rs. 6,085 lakhs (31 March 2020: Rs. 11,116 lakhs) representing 30% (31 March 2020: 41%) of Company's total revenue from operations for the year ended 31 March 2021. Receivables from single external customer is approximately Rs. 716 lakhs (31 March 2020: Rs. 3,127 lakhs) representing 48% (31 March 2020: 70%) of Company's total receivables (after allowance for external credit loss) as at 31 March 2021. Apart from the aforesaid single customer, the Company does not have a significant credit risk exposure to any other single counterparty.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

29.05 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

As of 31 March 2021, the Company has a working capital of Rs. 3,097 lakhs (Negative) (31 March 2020: Rs. 3,331 lakhs (Negative)), including Book Overdraft of Rs. Nil (31 March 2020: Rs. 32 lakhs) and cash and cash equivalents of Rs. 247 lakhs (31 March 2020: Rs. 62 lakhs).

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2021 and 31 March 2020:

(Rs. in lakhs)

Particulars	**1 year or less**	**1 year to 5 years**	**5 years or more**	**Adjustments**	**Total**
As on 31 March 2021					
Borrowings(including interest)	**10,622**	**31,918**	–	–	**42,540**
Trade Payables	**6,529**	–	–	–	**6,529**
Other Financial Liabilities	**4,437**	–	–	–	**4,437**
Total	**21,588**	**31,918**	–	–	**53,506**

Particulars	1 year or less	1 year to 5 years	5 years or more	Adjustments	Total
As on 31 March 2020					
Borrowings(including interest)	4,549	12,946	–	–	17,495
Trade Payables	6,307	–	–	–	6,307
Other Financial Liabilities	5,678	–	–	–	5,678
Total	**16,534**	**12,946**	–	–	**29,480**

29.06 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

– **Currency risk**

Foreign Currency Exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in Foreign Currency Exchange rates. The Company's exposure to currency risk relates primarily to the Company's operating activities including anticipated sales, purchases and borrowings where the transactions are denominated in a currency other than the Company's functional currency.

Unhedged Foreign Currency Exposure as on 31 March 2021

Particulars	**Receivable**		**Payable**	
	Foreign Currency	**Local Currency (Rs. in Lakhs)**	**Foreign Currency**	**Local Currency (Rs. in Lakhs)**
USD	**1,001,387**	**737**	**1,689,321**	**1,243**
EURO	**579,767**	**499**	**473,126**	**408**
GBP	**4,923**	**5**	**213**	**0**
CAD	–	–	**78,200**	**46**
Total	**1,586,077**	**1,241**	**2,240,860**	**1,697**

Unhedged Foreign Currency Exposure as on 31 March 2020

Particulars	Receivable		Payable	
	Foreign Currency	Local Currency (Rs. in Lakhs)	Foreign Currency	Local Currency (Rs. in Lakhs)
USD	1,436,829	1,083	3,629,949	2,736
EURO	27,767	23	158,591	132
GBP	20,026	19	1,445	1
CAD	–	–	78,200	41
Total	1,484,622	1,125	3,868,185	2,910

Sensitivity Analysis of Unhedged Foreign Currency Exposure

(Rs. in lakhs)

Particulars	**31 March 2021**		31 March 2020	
	10% increase - Profit/ (Loss)	**10% decrease - Profit/ (Loss)**	10% increase - Profit/ (Loss)	10% decrease - Profit/ (Loss)
USD	**(50)**	**50**	(165)	165
EURO	**9**	**(9)**	(11)	11
GBP	**0**	**(0)**	2	(2)
CAD	**(5)**	**5**	(4)	4
Total	**(46)**	**46**	(178)	178

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

– **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is having non current borrowings in the form of Term Loan from bank. The Company is exposed to interest rate risk associated with its term loan due to floating rates of interest.

Sensitivity Analysis of Interest Rate Risk Exposure

(Rs. in lakhs)

Particulars	31 March 2021		31 March 2020	
	100 basis points increase - Profit/(Loss)	**100 basis points decrease - Profit/(Loss)**	100 basis points increase - Profit/(Loss)	100 basis points decrease - Profit/(Loss)
Term Loan from Bank	**(282)**	**282**	(100)	100
Total	**(282)**	**282**	(100)	100

29.07 Capital Management

The objective of Company's capital management is:

– to ensure the Company's ability to continue as a going concern.

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions, requirements of the financial covenants and the risk characteristics of the underlying assets. The Company monitors capital on the basis of the carrying amount of equity including share application, securities premium and profit and loss account as presented on the face of the statement of financial position and on the basis of net debt to equity and maturity profile of overall debt portfolio of the Company.

Net debt and Equity is given in the table below

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Total Shareholders' Equity as reported in Balance Sheet	**25,508**	26,822
Non current borrowings (including current maturities)	**27,709**	10,876
Current borrowings	**8,170**	3,500
Less: Cash and cash equivalents	**247**	(62)
Net Debt	**36,126**	14,314
Total Capital Employed	**61,634**	41,136
Gearing Ratio	**59%**	35%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. No change were made in the objectives, policies or processes for managing capital during the year ended 31 March 2021.

30. Leases

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Details of leasing arrangements		
As Lessor		
Operating Lease		
The Company has leased out power pack batteries on operating lease for a period of upto 5 years and such assets are to be returned to the Company at the end of lease term.		
Future minimum lease receipts		
Within one year	**2**	101
After one year but not more than five years	**–**	2
More than five years	**–**	–
Total	**2**	103

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
As Lessee		
Short term lease		
Expense relating to short-term leases	**220**	251
	220	251

31. Earnings per share

(Rs. in lakhs except per share data)

Particulars	31 March 2021	31 March 2020
Basic and Diluted Earnings per Share		
Loss for the year	**(10,713)**	(5,523)
Weighted average number of equity shares outstanding (Nos.)	**343,805,897**	320,558,707
Basic and Diluted Earnings per Share of Rs.10 each	**(3.12)**	(1.72)

32. Employee benefits

(a) Defined contribution plan

The Company's contribution to Provident Fund aggregating to Rs. 405 lakhs (31 March 2020: Rs. 394 lakhs) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

(b) Defined benefit plan:

Gratuity

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

Through the defined benefit plan the Company is exposed to the following risks:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plan holds a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

The Company has chosen a suitable plan with Insurance, which augurs well with the Company's long term strategy to manage the plan efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings.

Life expectancy

Increase in life expectancy will result in an increase in the plan's liabilities, as the inflationary increases result in higher sensitivity to changes in life expectancy.

Note: An entity shall disclose description of any plan amendments, curtailments and settlements.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Actuarial Assumptions	
	31 March 2021	31 March 2020
Discount rate(s)	**6.53%**	6.78%
Expected rate(s) of salary increase	**7.00%**	8.00%
Average longevity	**Indian Assured Lives Mortality (2012-14) ultimate**	Indian Assured Lives Mortality (2012-14) ultimate

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Defined benefit plan – as per actuarial valuation

(Rs. in lakhs)

Particulars	Funded Plan 31 March 2021	31 March 2020
Amounts recognised in comprehensive income in respect of the defined benefit plan are as follows:		
Service cost :		
Current service cost	**135**	136
Net interest expense	**49**	42
Expected return on assets	**(33)**	(30)
Components of defined benefit costs recognised in the Statement of Profit and Loss	**151**	147
Remeasurement on the net defined benefit liability: Actuarial (gains) / loss arising from changes in financial assumptions	**(57)**	(22)
Components of defined benefit costs / (credit) recognised in other comprehensive income	**(57)**	(22)
	94	125

(Rs. in lakhs)

		31 March 2021	31 March 2020
I.	**Net Asset/(Liability) recognised in the Balance Sheet**		
	1. Present value of defined benefit obligation	**(863)**	(775)
	2. Fair value of plan assets	**534**	499
	3. Deficit	**(329)**	(276)
	4. Current portion	**146**	146
	5. Non-current portion	**183**	130
II.	**Change in the obligation during the year**		
	1. Present value of defined benefit obligation at the beginning of the year	**775**	633
	2. Expenses Recognised in Profit or Loss		
	– Current Service Cost	**135**	136
	– Interest Expense	**49**	42
	3. Recognised in Other Comprehensive Income	–	–
	Remeasurement loss		
	– Actuarial loss/(gain) arising from:	**(55)**	2
	4. Benefit payments	**(41)**	(38)
Present value of defined benefit obligations at the end of the year		**863**	775
III.	**Change in fair value of assets during the year**		
	1. Fair value of plan assets at the beginning of the year	**499**	444
	2. Expenses Recognised in Profit and Loss		
	– Expected return on plan assets	**33**	31
	3. Recognised in Other Comprehensive Income		
	Remeasurement gains/(losses)		
	– Actual Return on plan assets in excess of the expected return	**2**	24
	4. Contributions by employer (including benefit payments recoverable)	**41**	38
	5. Benefit payments	**(41)**	(38)
Fair Value of Plan Assets at the end of the year		**534**	499
IV.	**The Major categories of plan assets**		
	– Investment with insurer	**100%**	100%

The Company's policy is driven by considerations of maximizing returns. The asset allocation for plan assets is determined by the insurance company based on investment criteria prescribed by the local regulators. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

V. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(Rs. in lakhs)

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	**2021**	**1.00%**	**(79)**	**93**
	2020	1.00%	(67)	78
Salary growth rate	**2021**	**1.00%**	**82**	**(75)**
	2020	1.00%	69	(64)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The method and types of assumptions used in preparing the sensitivity analyses did not change compared to the previous period.

VI. Maturity profile of defined benefit obligation:

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Within 1 year	**49**	50
1 - 2 years	**42**	39
2 - 3 years	**38**	35
3 - 4 years	**36**	54
4 - 5 years	**55**	29
5 - 10 years	**148**	157
Above 10 years	**497**	411
Total	**865**	775

VII. Experience adjustments :

(Rs. in lakhs)

	Gratuity 31 March 2021	31 March 2020
1. Defined benefit obligation	**863**	775
2. Fair value of plan assets	**534**	499
3. Deficit	**(329)**	(276)
4. Experience adjustment on Plan Liabilities Loss	**(55)**	2
5. Experience adjustment on Plan Assets Gain/(Loss)	**2**	24

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation. The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Company expect to contribute Rs. 146 lakhs to gratuity fund in the next financial year.

33. Employee share based payment plan

a) Description of share-based payment arrangements

The Company has the following share-based payment arrangement for employees:

Mahindra Electric Mobility Limited ESOP Scheme ('MEML ESOP - 2017')

The MEML ESOP - 2017 plan was approved by the Board of Directors

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

pursuant to resolution passed at its meeting held on 02 November 2017 read with special resolution passed by the shareholders at the Extraordinary General Meeting held on 10 November 2017. The plan entitles the employees with a right but not an obligation to purchase or subscribe at a future date the shares underlying the option at a pre-determined price, subject to compliance with vesting conditions; all exercised options shall be settled by physical delivery of equity shares or as provided under the MEML ESOP - 2017 plan. As per the plan, holders of vested options are entitled to purchase one equity share of Rs.10 each for every option at an exercise price of Rs. 24.90 each or Rs. 25.17 or Rs. 25.48 or Rs. 25.91 each as per ESOP offer letter.

The Company has computed the fair value of the options for the purpose of accounting for the employee stock compensation expense over the vesting period of the options.

The terms and conditions related to the grant of the share options are as follows:

		(No. of options)	
Employees entitled	**Vesting conditions**	**For the year ended 31 March 2021**	For the year ended 31 March 2020
Specified employees	One to four years of service from grant date	**9,030,753**	9,333,000
Total share options outstanding		**9,030,753**	9,333,000

For continuing employees, the options which vest would have to be exercised within a period of 5 years from the respective dates of vesting of options. No portion of the options vested can be exercised after a period of 5 years from the date of each vesting.

The number and reconciliation of the share options under the share option plan are as follows:

Particulars	**As at 31 March 2021**	As at 31 March 2020
Outstanding at the beginning	**9,333,000**	9,168,000
Granted during the year	**169,490**	1,417,940
Forfeited and expired during the year	**(96,716)**	(1,154,850)
Settled during the year	**(375,021)**	(98,090)
Outstanding at the end	**9,030,753**	9,333,000
Exercisable at the end	**3,395,379**	1,725,133

c) The fair value per option is measured based on the Black-Scholes option pricing model, which is as below:

Measurement of fair value	**Number of options**	**Range of fair value per option**
From 1 April 2020 to 31 March 2021	**9,030,753**	**Rs.10.40 - Rs.16.70**
From 1 April 2019 to 31 March 2020	9,333,000	Rs.10.40 - Rs.16.70

The fair value per options mentioned above is calculated on the grant date using the Black-Scholes option pricing model with the following assumptions:

d) Assumptions

	For the year ended 31 March 2021	For the year ended 31 March 2020
Risk free interest rate	**4.9% - 7.99%**	6.0% - 7.99%
Dividend yield	–	–
Expected volatility	**42.3% - 56.1%**	42.3% - 53.1%
Expected life	**5 years**	5 years

e) During the year, the Company recorded a share based payment expense of Rs. 218 lakhs (31 March 2020 : Rs. 250 lakhs) in the Statement of Profit and Loss.

f) The weighted average contractual life of options granted is 7.5 years (31 March 2020: 7.5 years).

34. Segment reporting

The Company currently operates in a single reportable segment i.e., design and manufacture of electrically powered vehicles and designing and development of related technology for end use vehicles. Consequently, the requirement for a separate disclosure under Ind AS 108 - "Operating Segments" is not applicable.

35. Contingent Liabilities and Commitments

Contingent Liabilities (Rs. in lakhs)

	Particulars	**31 March 2021**	31 March 2020
(a)	Central Excise/Service tax matters under dispute #	**147**	304
(b)	Bank Guarantees	**113**	77

(c) In February 2019, Hon'ble Supreme Court of India in its judgement clarified that certain special allowances should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company had been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company had made a provision for provident fund contribution from the date of Supreme Court order.

Commitments

(Rs. in lakhs)

	Particulars	**31 March 2021**	31 March 2020
(a)	Estimated amount of contracts remaining to be executed on capital account and not provided for	**23,559**	19,823

The Company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/Courts and the ultimate outcome will not have a material adverse effect on the Company's financial position and results of its operations.

36. Unrecognised Deferred Tax Assets/(Liability) (Net)

(Rs. in lakhs)

Particulars	**31 March 2021**	31 March 2020
Deferred tax liability		
Property, Plant and Equipment	**1,787**	1,856
	1,787	1,856
Deferred Tax Assets		
On Carry Forward Business Losses, Unabsorbed Depreciation and unabsorbed capital R&D expenditure claimed u/s 35(1)(iv)	**25,518**	24,765
Provisions	**1,458**	752
	26,976	25,517
Deferred Tax Assets/(Liability) (Net) (Refer Note below)	**–**	–

Net deferred tax assets have been recognised only to the extent that the Company has sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available against which such deferred tax assets can be realised.

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36.01 Amount and Expiry date of Unused Tax Losses for which no Deferred Tax Assets is recognised :

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Upto Five years	**44,173**	37,356
More than Five years	**12,326**	28,908
No Expiry	**41,648**	28,984
	98,147	95,248

37. Related party disclosures

Names of related parties and related party relationship

a) Related parties where control exists:

Name of the party	Description of relationship
Mahindra & Mahindra Limited (“M&M Ltd.”)	Ultimate Holding Company

b) Related parties where control exists:

Name of the party	Description of relationship
Mahindra Vehicles Manufacturers Limited (“MVML”)	Holding Company

(c) Related parties with whom transactions have taken place:

Name of the party	Description of relationship
NBS International Limited (“NBS”)	Fellow subsidiary
Meru Mobility Tech Private Limited (“MMTPL”)	Fellow subsidiary
Ssang Yong Motor Company (“SYMC”) *(Till 24 December 2020)*	Fellow subsidiary
Mahindra Retail Limited (“MRL”)	Fellow subsidiary
Lords Freight India Pvt Ltd (“LFIPL”)	Fellow subsidiary
Mahindra Logistics Limited (“MLL”)	Fellow subsidiary
Mahindra Integrated Business Solutions Private Limited (“MIBSPL”)	Fellow subsidiary
Mahindra Steel Services Centre Limited (“MSSCL”)	Fellow subsidiary
Mahindra Intertrade Limited (“MIL”)	Fellow subsidiary
Mahindra Auto Steel Private Limited (“MASPL”)	Fellow subsidiary
Mahindra Engineering and Chemical Products Limited (“MECPL”)	Fellow subsidiary
Mahindra CIE Automotive Limited (“MCAL”)	Associate company of the Ultimate Holding Company

(d) Key management personnel:

Mr. Mahesh Babu *(CEO from 01 December 2016)*
Mr. Ashish Lath *(CFO from 01 June 2020)*
Mr. Saroj Khuntia *(CFO till 31 May 2020)*
Mr. Narayana Swamy (Manager) *(Till 10 December 2019)*
Mr. Jignesh Parikh (Company Secretary)

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

37. Related Party Transactions (contd..)

(Rs. in lakhs)

Particulars	Year	M&M Ltd.	MVML	NBS	MIL	MMTPL	SYMC	KMPs	MCAL	MECPL	MRL	LFIPL	MLL	MIBSPL	MASPL	MSSCL	Total
Transactions during the year																	
Sale of Goods and Services	**31 March 2021**	**883**	**159**	**175**	–	–	**191**	–	–	–	–	–	–	–	–	–	**1,408**
	31 March 2020	5,841	671	53	–	1	379	–	–	–	–	–	–	–	–	–	**6,945**
Development Fee	**31 March 2021**	**5,202**	–	–	–	–	**1,062**	–	–	–	–	–	–	–	–	–	**6,264**
	31 March 2020	5,275	–	–	–	–	1,482	–	–	–	–	–	–	–	–	–	**6,757**
Purchase of Goods and Services	**31 March 2021**	**47**	–	–	**7**	–	–	–	**498**	**3**	**1**	**34**	**424**	**53**	**2**	**76**	**1,145**
	31 March 2020	1,335	20	–	–	–	–	–	509	–	2	19	469	**43**	–	**20**	**2,417**
Purchase of Property, Plant & Equipment	**31 March 2021**	–	–	–	–	–	–	–	**263**	–	–	–	–	–	–	–	**263**
	31 March 2020	7	–	–	–	–	–	–	3	–	–	–	–	–	–	–	10
Inter Corporate Deposit Taken	**31 March 2021**	**10,000**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**10,000**
	31 March 2020	3,000	1,500	–	–	–	–	–	–	–	–	–	–	–	–	–	**4,500**
Inter Corporate Deposit Repaid	**31 March 2021**	**3,000**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**3,000**
	31 March 2020	3,000	1,500	–	–	–	–	–	–	–	–	–	–	–	–	–	**4,500**
Interest Expenses	**31 March 2021**	**60**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**60**
	31 March 2020	71	10	–	–	–	–	–	–	–	–	–	–	–	–	–	**81**
Rent Expenses	**31 March 2021**	**6**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**6**
	31 March 2020	5	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**5**
Reimbursement of expenses by the Company	**31 March 2021**	**1,191**	**67**	**1**	**19**	–	–	–	–	–	–	–	–	–	–	–	**1,278**
	31 March 2020	564	65	11	–	–	–	–	–	–	–	–	–	–	–	–	**640**
Cross charge of expenses to others	**31 March 2021**	**489**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**489**
	31 March 2020	2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**2**
Allotment of Equity Shares (including premium)	**31 March 2021**	–	**8,997**	–	–	–	–	–	–	–	–	–	–	–	–	–	**8,997**
	31 March 2020	–	4,000	–	–	–	–	–	–	–	–	–	–	–	–	–	4,000
Remuneration to key management personnel																	
Mahesh Babu	**31 March 2021**	–	–	–	–	–	–	**184**	–	–	–	–	–	–	–	–	**184**
	31 March 2020	–	–	–	–	–	–	167	–	–	–	–	–	–	–	–	**167**
Ashish Lath	**31 March 2021**	–	–	–	–	–	–	**69**	–	–	–	–	–	–	–	–	**69**
	31 March 2020	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Narayana Swamy	**31 March 2021**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	31 March 2020	–	–	–	–	–	–	21	–	–	–	–	–	–	–	–	**21**
Saroj Khuntia	**31 March 2021**	–	–	–	–	–	–	**11**	–	–	–	–	–	–	–	–	**11**
	31 March 2020	–	–		–	–	–	64	–	–	–	–	–	–	–	–	**64**
Balances as at year end																	
Deferred Revenue		**71**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**71**
	31 March 2020	917	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**917**
Unbilled revenue		**2,676**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**2,676**
	31 March 2020	105	–	–	–	–	407	–	–	–	–	–	–	–	–	–	**512**
Amount Receivables		**716**	**71**	–	–	–	–	–	–	–	–	–	–	–	–	–	**787**
	31 March 2020	3,127	77	–		–	771	–	–	–	–	–	–	–	–	–	**3,975**
Amount Payables		**216**	**8**	–	–	**0**	–	–	**207**	**0**	–	**0**	**202**	**3**	–	**17**	**653**
	31 March 2020	608	27	–	–	0	–	–	138	–	1	4	87	**5**	–	**4**	**874**
Advance Paid		**171**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**171**
	31 March 2020	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Advance from customers		–	–	**4**	–	–	–	–	–	–	–	–	–	–	–	–	**4**
	31 March 2020	–	–	17	–	–	–	–	–	–	–	–	–	–	–	–	**17**

Note:

i) The remuneration to the KMP does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

ii)The remuneration to KMP includes short-term employee benefit of Rs. 76 lakhs and other long-term benefits of Rs.3 lakhs.

Tems and conditions

All transactions with related parties are priced at arm's length basis and resulting outstanding balances are to be settled in cash within six months to one year of reporting date. None of the balances are secured.

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38. Research and Development Expenditure

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Debited to Statement of Profit or loss, including certain expenditure based on allocations made by the Company (excluding depreciation and amortization)	**317**	674
Development expenditure, computer software, patent and trademark expenditure	**8,920**	9,675
Capital expenditure/Non-recurring expenditure	**750**	476
Total	**9,987**	10,825
Break-up of Research and Development Expenditure		
Raw Material and Components	**436**	508
Salaries and Wages	**4,355**	3,924
Professional Charges	**4,059**	5,234
Rent	–	112
Travel expenses	**12**	4
Computer Software	**161**	327
Capital expenditure	**750**	476
Others	**214**	240
Total	**9,987**	10,825

39. Disclosures related to micro, small and medium enterprises

Total outstanding dues of micro, small and medium enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below:

(Rs. in lakhs)

		31 March 2021	31 March 2020
(a)	Dues remaining unpaid		
	– Principal	**168**	164
	– Interest on the above	**13**	15
(b)	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	– Principal paid beyond the appointed date	–	–
	– Interest paid in terms of Section 16 of the MSMED Act	–	–
(c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	–	–
(d)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	–	2
(e)	Amount of interest accrued and remaining unpaid	**13**	24

40. Management's assessment on impairment of Property, plant and equipment and Intangible assets:

The Company tests whether Property, plant and equipment and Intangible assets have suffered any impairment on an annual basis as at 31 March every year. The recoverable amount of a cash generating unit ('CGU') is determined based on Value-In-Use calculations by forcasting the latest cash flows of next nine years and applying a growth rate beyond approved forecast period. The growth rates used in the value-In-use calculation reflect those inherent within the Company's budgets, which is primarily a function of the Company's cycle plan assumptions, past performance, and management expectations of future market developments through to 2029-30.The calculations use pre-tax cash flow projections based on financial budgets approved by the management. An average of the range of each assumption used is mentioned below:

Assumptions	31 March 2021	31 March 2020
Revenue growth for 9 years (31 March 2020: 10 years)	**35%**	27%
Operating EBITDA to revenue % (Average)	**10%**	12%
Discount rate	**18%**	24%
Terminal growth rate	**5%**	5%

The above discount rate is based on the Weighted Average Cost of Capital (WACC) which represents the weighted average return attributable to all the assets of the CGU. These estimates are likely to differ from future actual results of the operations and cash flows. Based on the above assessment, there has been no impairment on these assets.

41. Impact of COVID-19

The spread of COVID-19 has severely impacted businesses around the globe. In many countries, including India, there has been severe disruption to regular business operations due to lock downs, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures. The plants and offices were under nationwide lockdown since March 24, 2020. Effective middle of May 2020 as per the directives of Ministry of Home Affairs (MHA) wherein some relaxation was announced, the Company opened up its manufacturing activities in its locations across the country after putting in place the due safety precautions and standard norms and processes prescribed by the MHA and the respective State Governments. While the Company believes strongly that it has adequate capabilities to partner with customers, the impact on future revenue streams could come from reduction in customer requirements arising from overall reduction in Automotive sector.

The Company has assessed that customers in Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of contracts and have noted that there is no significant impact of likely delays / increased cost in meeting its obligations as at 31 March 2021. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken appropiate remedial actions to ensure that revenue recognition in such cases reflect realisable values. The Company has evaluated its liquidity position and of recoverability and carrying values of its assets and has concluded that no material adjustments are required at this stage in the Ind AS financial statements.

As per our report of even date attached:

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership Number: 065155

Place: Bengaluru
Date: 10 May 2021

For and on behalf of the Board of Directors of:

Mahindra Electric Mobility Limited

Rajesh Jejurikar	Chairman	DIN: 00046823
Mahesh Babu	MD and Chief Executive Officer	DIN: 08736697
Ashish Lath	Chief Financial Officer	
Jignesh Parikh	Company Secretary	

Date: 10 May 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of **NBS International Limited**

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of NBS International Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, the statement of profit and loss, Statement of change in equity and statement of cash flow for the year then ended and notes to the financial statements, including summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our Report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Ind AS financial statements.

Information Other than the Financial Statements and Auditor's report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report but does not include the Standalone Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the Standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statement, that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for Audit of the Financial Statements

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

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

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

the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far, it appears from our examination of those books.
   c) The balance sheet, the statement of profit and loss, the statement of change in equity and the cash flow statement dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule (7) of Companies Accounts (Rules), 2014.
   e) On the basis of written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021, from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company has not paid or provided remuneration to its directors during the year. Accordingly, compliance with the provision of Section 197(16) read with schedule V of the Act is not required.
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 31 to the Ind AS Financial Statements.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For **Suresh Surana & Associates LLP**
Chartered Accountants
Firm's Registration Number: 121750W/W-100010

Vinodkumar Varma
Partner
Membership No. 105545
Mumbai, 27 April, 2021 UDIN No. 21105545AAAABF8922

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the standalone Ind AS financial statements of NBS International Limited for the year ended 31 March 2021)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its Property, Plant and Equipment.

   (b) The Property, Plant and Equipment are physically verified by the management according to a programme of phased verification, which in our opinion as reasonable having regard to size of the Company and nature of its assets. Pursuant to the programme, a portion of Property, Plant and Equipment has been physical verified by the Management during the year and no material discrepancies had been noticed in respects of assets verified during the year.

   (c) According to information and explanations given to us, and on the basis of our examination of the records of the Company, the Company does not have any immovable properties. Accordingly, the provision of clause 3(i) (c) of the Order is not applicable to the Company.

2. According to information and explanations given to us, the inventory has been physically verified by the management at regular intervals during the year and no material discrepancies were noticed on such verification by the management.

3. According to information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii) of the Order are not applicable to the Company.

4. According to information and explanations given to us, the Company has not granted any loan secured or unsecured or provided any guarantee or security to the parties covered under section 185 of the Act during the year. With respect to investments provision of Section 186 of the Companies Act 2013 have been complied with.

5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the rules framed thereunder. Accordingly, the provision of clause 3(v) of the Order is not applicable to the Company.

6. According to the information and explanations given to us, the requirement for maintenance of cost records specified by the Central Government under Section 148(1) of the Act is not applicable to the Company during the year.

7. a) According to the information and the explanations given to us, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax, custom duty, cess and other applicable statutory dues with the appropriate authorities. No undisputed amounts payable in respect of aforesaid statutory dues were outstanding as on the last day of the financial year for a period of more than six months from the date they became payable.

   b) According to information and explanations given to us, and record of the Company examined by us, there were no dues on account of Income tax or sales tax service tax, goods and services tax, custom duty, excise duty, value added tax and cess which have not been deposited on account of any dispute except following:

Name of the Statue	Nature of dues	Amount* (Rs. in lakhs)	Period to which the amounts relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	93.43	AY 2012-2013	Appeal filed against order passed by DCIT

* net of amount paid under protest Rs. 50.00 lakhs

8. According to information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions or bank as at the balance sheet date.

9. According to the information and explanations given to us, the Company has not raised moneys by way of public offer (including debt instruments) and term loan during the year and accordingly, para 3 (ix) of the order is not applicable to the Company.

10. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanation given to us, we report that no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

11. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not paid or provided any managerial remuneration. Accordingly, the provision of clause 3(xi) of the Order is not applicable to the Company.

12. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.

13. According to the information and explanations given to us, transactions with related parties are in compliance with Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

14. The Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provision of clause 3(xiv) of the Order is not applicable to the Company.

15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.

16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provision of clause 3(xvi) of the Order is not applicable to the Company.

For **Suresh Surana & Associates LLP**
Chartered Accountants
Firm's Registration Number: 121750W/W-100010

Vinodkumar Varma
Partner
Membership No. 105545
UDIN No. 21105545AAAABF8922

Mumbai, 27 April, 2021

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date on the Standalone Ind AS financial statements of NBS International Limited for the year ended 31 March 2021)

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For **Suresh Surana & Associates LLP**
Chartered Accountants
Firm's Registration Number: 121750W/W-100010

Vinodkumar Varma
Partner
Membership No. 105545
UDIN No. 21105545AAAABF8922

Mumbai, 27 April, 2021

BALANCE SHEET AS AT 31 MARCH 2021

(Currency: Indian Rupees in Lakhs)

	Particulars	Note No.	As at 31 March 2021	As at 31 March 2020
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	4	**539.76**	767.96
	(b) Capital Work-in-Progress		**6.09**	7.07
	(c) Other Intangible Assets	5	**0.02**	0.06
	(d) Financial Assets			
	(i) Others	6	**44.06**	49.52
	(e) Deferred Tax Assets (Net)	7	**–**	–
	(f) Other Non-current Assets	8	**13.01**	19.97
	(g) Non Current Tax Asset (Net of Provision)		**197.42**	239.96
	SUB-TOTAL		**800.36**	1,084.54
	CURRENT ASSETS			
	(a) Inventories	9	**1,127.15**	537.95
	(b) Financial Assets			
	(i) Investments	10	**506.20**	–
	(ii) Trade Receivables	11	**646.12**	560.28
	(iii) Cash and Cash Equivalents	12	**423.30**	14.96
	(iv) Loans	13	**2.96**	2.20
	(c) Assets held for Sale		**0.66**	0.66
	(d) Other Current Assets	8	**154.17**	202.69
	SUB-TOTAL		**2,860.55**	1,318.74
	TOTAL ASSETS		**3,660.91**	2,403.28
II	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	(a) Equity Share Capital	14	**4,455.05**	2,455.05
	(b) Other Equity		**(4,172.03)**	(4,019.98)
	SUB-TOTAL		**283.02**	(1,564.93)
	LIABILITIES			
2	**NON-CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Lease Liabilities		**125.38**	135.17
	(b) Provisions	15	**87.49**	56.99
	SUB-TOTAL		**212.87**	192.16
3	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	16	**–**	2,210.70
	(ii) Trade Payables	17		
	- total outstanding dues of micro enterprises and small enterprises		**–**	–
	- total outstanding dues of creditors other than micro enterprises and small enterprises		**2,584.41**	1,126.14
	(iii) Lease Liability		**66.40**	123.29
	(iv) Others	18	**128.25**	6.94
	(b) Other Current Liabilities	19	**340.06**	281.93
	(c) Provisions	15	**45.90**	27.05
	SUB-TOTAL		**3,165.02**	3,776.05
	TOTAL		**3,660.91**	2,403.28

The accompanying notes 1 to 35 are an integral part of the Financial Statements

As per our report of even date attached

For Suresh Surana & Associates LLP
Chartered Accountants
Firm Registration No. 121750W/W-100010

Vinodkumar Varma
Partner
Membership No. 105545

Place: Mumbai
Date: 27th April, 2021

For and on behalf of the Board of Directors of
NBS International Ltd.

Ramesh G. Iyer Chairman

Vijay Nakra Director
Anil Mediratta CEO
Amey Chitale CFO
Divya Mascarenhas Company Secretary

Place: Mumbai
Date: 27th April, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

(Currency: Indian Rupees in Lakhs)

Particulars		Note No.	For the year ended 31 March 2021	For the year ended 31 March 2020
Income				
I	Revenue from operations	20	**12,890.51**	19,281.24
II	Other Income	21	**337.44**	29.55
III	**Total Income (I + II)**		**13,227.95**	19,310.79
IV	**EXPENSES**			
	(a) Purchases of Stock-in-trade	22(a)	**11,620.51**	14,556.74
	(b) Changes in stock-in-trade	22(b)	**(589.20)**	2,298.88
	(c) Employee benefits expense	23	**1,215.87**	1,443.74
	(d) Finance costs	24	**70.43**	235.88
	(e) Depreciation and amortisation expense	4 & 5	**251.62**	424.61
	(f) Other expenses	25	**758.51**	1,136.73
V	**Total Expenses**		**13,327.74**	20,096.58
VI	**Profit/(loss) before tax (III - V)**		**(99.79)**	(785.79)
VII	**Tax Expense**			
	(1) Current tax			–
	(2) Deferred tax	7	**–**	–
	(3) Tax adjustment for earlier years		**25.25**	–
	Total tax expense		**25.25**	–
VIII	**Profit/(loss) for the year (VI - VII)**		**(125.05)**	(785.79)
IX	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plan		**(8.00)**	(21.96)
X	**Total comprehensive income for the period (VIII + IX)**		**(133.05)**	(807.75)
XI	**Earnings per equity share:**			
	(Face Value Rs. 10/- per share)			
	(1) Basic	26	**(0.38)**	(3.29)
	(2) Diluted	26	**(0.38)**	(3.29)

The accompanying notes 1 to 35 are an integral part of the Financial Statements

As per our report of even date attached

For Suresh Surana & Associates LLP
Chartered Accountants
Firm Registration No. 121750W/W-100010

Vinodkumar Varma
Partner
Membership No. 105545

Place: Mumbai
Date: 27th April, 2021

For and on behalf of the Board of Directors of
NBS International Ltd.

Ramesh G. Iyer Chairman

Vijay Nakra Director
Anil Mediratta CEO
Amey Chitale CFO
Divya Mascarenhas Company Secretary

Place: Mumbai
Date: 27th April, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(Currency: Indian Rupees in Lakhs)

A. Equity share capital	**Rupees lakhs**
As at 1 April 2019	2,455.05
Changes in equity share capital during the year	–
As at 31 March 2020	**2,455.05**
Changes in equity share capital during the year	2,000.00
As at 31 March 2021	**4,455.05**

B. Other Equity

Particulars	**Reserves and Surplus**		**Items of other comprehensive income**	
	General Reserve	**Retained Earnings**	**Remeasurement of the defined benefit plan**	**Total**
Opening as at 1 April 2019	–	**(3,235.27)**	**23.04**	**(3,212.23)**
Profit / (Loss) for the year		(785.79)	–	(785.79)
Equity Share Issuance Costs	–	–	–	–
Other Comprehensive Income / (Loss)	–	–	(21.96)	(21.96)
Total Comprehensive Income for the year	–	**(785.79)**	**(21.96)**	**(807.75)**
Closing as at 31 March 2020	**–**	**(4,021.06)**	**1.08**	**(4,019.98)**
Opening as at 1 April 2020	**–**	**(4,021.06)**	**1.08**	**(4,019.98)**
Profit / (Loss) for the year	–	(125.05)	–	(125.05)
Equity Share Issuance Costs	–	**(19.00)**	–	**(19.00)**
Other Comprehensive Income / (Loss)	–	–	(8.00)	(8.00)
Total Comprehensive Income for the year	**–**	**(144.05)**	**(8.00)**	**(152.05)**
Closing as at 31 March 2021	**–**	**(4,165.11)**	**(6.92)**	**(4,172.03)**

The accompanying notes 1 to 35 are an integral part of the Financial Statements

As per our report of even date attached

For Suresh Surana & Associates LLP
Chartered Accountants
Firm Registration No. 121750W/W-100010

Vinodkumar Varma
Partner
Membership No. 105545

Place: Mumbai
Date: 27th April, 2021

For and on behalf of the Board of Directors of
NBS International Ltd.

Ramesh G. Iyer Chairman

Vijay Nakra Director
Anil Mediratta CEO
Amey Chitale CFO
Divya Mascarenhas Company Secretary

Place: Mumbai
Date: 27th April, 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Cash flows from operating activities		
Profit/(Loss) before tax for the year	**(125.05)**	(785.79)
Adjustments for:		
Finance costs recognised in profit or loss	**70.43**	235.88
Asset Written Off	–	12.49
(Gain)/loss on disposal of property, plant and equipment	**(9.70)**	7.90
Net (gain)/loss recorded in profit or loss on financial asset as at fair value through profit or loss	**(6.23)**	–
Net gain/(loss) on Actuarial Valuation	**(8.00)**	(21.96)
Interest on Security Deposit	**(2.25)**	(0.87)
Provision for doubtful debt	**36.46**	2.45
Depreciation and amortisation of non-current assets	**251.62**	424.61
	207.27	(125.29)
Movements in working capital:		
(Increase)/decrease in trade and other receivables	**(122.30)**	16.63
(Increase)/decrease in inventories	**(589.20)**	2,298.88
(Increase)/decrease in other assets	**60.19**	501.49
(Increase)/decrease in Security Deposit	**(8.85)**	–
Increase/(decrease) in trade and other payables	**1,458.29**	(1,691.29)
Increase/(decrease) in provisions	**49.35**	31.49
(Decrease)/increase in other liabilities	**179.44**	(389.96)
Cash generated from operations	**1,234.19**	641.95
Income taxes (paid)/refund received- Net	**42.54**	(20.51)
Net cash generated by/(used in) operating activities	**1,276.74**	621.44
Cash flows from investing activities		
Payments to acquire financial assets (Investment)	**(499.98)**	–
Payments for property, plant and equipment	**(9.52)**	(48.30)
Proceeds from disposal of property, plant and equipment	**70.46**	90.67
Net cash outflow on acquisition of subsidiaries		
Net cash (used in)/generated by investing activities	**(439.04)**	42.37
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	**2,000.00**	–
Payment for share issue costs	**(19.00)**	–
Repayment of lease liabilities	**(131.48)**	(256.26)
Repayment of borrowings	**(2,210.70)**	(170.91)
Interest paid	**(70.43)**	(235.88)
Interest on Security Deposit	**2.25**	0.87
Net cash (used in)/generated by financing activities	**(429.36)**	(662.18)
Net increase in cash and cash equivalents	**408.34**	1.63
Cash and cash equivalents at the beginning of the year	**14.96**	13.33
Cash and cash equivalents at the end of the year	**423.30**	14.96

The accompanying notes 1 to 35 are an integral part of the Financial Statements

As per our report of even date attached

For Suresh Surana & Associates LLP
Chartered Accountants
Firm Registration No. 121750W/W-100010

Vinodkumar Varma
Partner
Membership No. 105545

Place: Mumbai
Date: 27th April, 2021

For and on behalf of the Board of Directors of
NBS International Ltd.

Ramesh G. Iyer Chairman

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

1. **Nature of Operations:**

   NBS International Limited, a wholly owned subsidiary of Mahindra & Mahindra Limited engaged in the business of sales & servicing of motor vehicles.

2. **Significant Accounting Policies:**

   a) **Statement of compliance**

   The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended and notified under section 133 of the Companies Act,2013 (the Act) and other relevant provisions of the Act.

   The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All values are rounded to the nearest lakhs.

   b) **Basis of preparation and presentation**

   The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

   Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

   In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

   (i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

   (ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly: and

   (iii) Level 3 inputs are unobservable inputs for the asset or liability.

   c) **Use of estimates and judgements**

   The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented.

   Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and future periods affected.

   In the process of applying the Company's accounting policies, management has made the following Judgements, estimates and assumptions which have significant effect on the amounts recognised in the financial statements:

   Provision for doubtful advances and trade receivables:

   The company is not significantly exposed, and the amount involved is not material therefore Company does not calculate any credit loss for trade receivables and advances to parties as required under IND AS 109 'Financial Instrument'. However, the company provides for doubtful advances and trade receivables based on its judgement about recoverability of amount.

   Deferred tax assets

   Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Deferred tax assets in respect of carry forward of unused tax losses or unused tax credit have been recognised to the extent of available taxable temporary differences.

   Fair value measurement of financial instruments

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

   Actuarial Valuation

   The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after considering inflation, seniority, promotion, and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

   Leases

   The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

   The Company has applied the practical expedient to all rent concessions that meet the conditions in paragraph 46B & amounts recognised in the profit & loss statement for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient in paragraph 46A.

   d) **Current versus non-current classification:**

   The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

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

   An asset is treated as current when:

   — It is expected to be realised or intended to be sold or consumed in normal operating cycle

   — It is held primarily for the purpose of trading

   — It is expected to be realised within twelve months after the reporting period, or

   — It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period All other assets are classified as non-current.

   A liability is treated as current when:

   — It is expected to be settled in normal operating cycle

   — It is held primarily for the purpose of trading

   — It is due to be settled within twelve months after the reporting period, or

   — There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting

e) **Recent pronouncements on amended of Schedule III of the Companies Act, 2013.:**

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021.

f) **Revenue from contract with customer**

The Company derives revenues primarily from sale and servicing of motor vehicles.

Ind AS 115 "Revenue from Contracts with Customers" provides a control-based revenue recognition model and provides a five step application approach to be followed for revenue recognition.

- Identify the contract(s) with a customer;
- Identify the performance obligations;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations;
- Recognise revenue when or as an entity satisfies performance obligation.

Revenue from contract with customer is recognised when control of the goods or services are transferred to the customer at an amount that reflect the consideration to which the Company expects to be entitled in exchange of the goods and services. Revenue excludes amount collected on behalf of the third parties. Revenue is net of discounts, duties, and sales tax/GST.

Sales of goods:

Sale of spares parts and accessories of vehicles (including customized) is recognised when the title is accepted by the customer.

Service Income:

Service income is recognized as per the terms of the contract when the related services are rendered.

Interest income:

Interest income is recognized on Recognised at amortised cost using effective interest rate method.

Other Income:

Income from financing vehicles, Insurance Income and other service income are accounted on accrual basis.

g) **Leases**

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

The Company as a lessee

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term and a corresponding lease liability at the lease commencement date i.e., the date at which the leased asset is available for use by the Company. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, the right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-to-use assets(RoU) are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Contracts in which all the risks and rewards of the lease are substantially transferred to the lessee are classified as a finance lease. All other leases are classified as operating leases.

Leases, for which the Company is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contracts. The sub-lease is classified as a finance lease or an operating lease by reference to the RoU asset arising from the head-lease.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as expense on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

h) **Retirement and Other Employee Benefits**

Defined contribution plans

The Company's contribution paid/payable during the year to Provident fund is recognised in profit or loss.

Defined benefit plan

For defined benefit retirement benefit plans, liability towards gratuity is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognized on straight line basis over the average period until the benefit becomes vested. Actuarial gains and losses are recognized immediately in the statement of profit and loss account as income or expenses. Obligation is measured at the present value of estimated future cash flow using discount rate i.e. determined by reference to market to yield at the balance sheet date on government bonds where the currency and terms of bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements):
  - net interest expense or income; and
  - remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of expected future payments to be made in respect of services provided by employees up the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of Profit and Loss.

i) Cash and Cash Equivalents

Cash and cash equivalent in the Balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

Cash flows are reported using the indirect method, as set out in Ind AS 7 whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows are segregated based on Operating, Investing & Financing activities of the company.

j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

k) Taxation

(i) Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

l) Property, Plant & equipment

Property, Plant & equipment assets are carried at cost of acquisition less depreciation less accumulated impairment, if any.

Cost of intangible assets are being amortised over a period of five years on time proportion basis.

Leasehold Improvements are amortized over the period of lease or estimated period of useful life of such improvement, whichever is lower.

Depreciation is provided on straight-line basis for property, plant and equipment so as to expense the depreciable amount, i.e. the cost less estimated residual value, over its estimated useful life.

When an asset is scrapped or otherwise disposed off the cost and relevant depreciation are removed from the books of accounts and resultant profit or loss, if any, is reflected in statement of profit and loss.

Assets costing less than or equal to Rs. 5,000 are depreciated fully in the year of purchase.

The management's estimate of useful lives is in accordance with Schedule II of the Companies Act, 2013, other than the following asset classes, based on the Company's expected usage pattern supported by technical assessment:

Asset Class		**Useful lives**
(i)	Certain items of plant and Machinery	1 - 15 years
(ii)	Office equipment	1 - 5 years
(iii)	Vehicles	5 years

m) Impairment of assets

At the end of each reporting period, the management reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the management estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

n) Inventories

Inventories comprise of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Spare parts & accessories are valued at moving average rate.

o) Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company.

When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

p) Financial Instruments

i) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value (purchase value plus transaction costs that are attributable to the acquisition of the financial asset). Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income FVTOCI

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit & loss.

Derecognition

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

ii) Non-derivative financial liabilities

Financial liabilities are classified as either "financial liabilities at fair value through profit or loss" or "other financial Liabilities".

(i) Financial liabilities are classified as "financial liabilities at fair value through profit or loss" if they are held for trading or if they are designated as financial liabilities at fair value through profit or loss. These are measured initially at fair value with subsequent changes recognized in profit or loss. Fair value is determined as per IND AS 113 'fair value measurement'.

(ii) Other financial liabilities, including loans and borrowing, are initially measured at fair value, net of directly attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the EIR method.

Derecognition of financial liabilities:

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

q) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

r) Segment

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole. The Company's business activity primarily falls within a single business segment, i.e. Automative as primarily segment. There is no geographical segment, thus there are no additional disclosures to be provided under Ind AS 108 - "Operating Segments". There have been no other reportable segments identified by chief operating decision makers.

Note No. 4 - Property, Plant and Equipment

Property, plant and equipment comprise of owned and leased assets that do not meet the definition of Investment property.

(Currency: Indian Rupees in Lakhs)

Description of Assets	Right-of-Use Assets	Buildings - Leasehold	Plant and Equipment - Freehold	EDP Equipments	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Carrying Amount								
Balance as at 1 April 2019	–	197.02	267.54	75.36	91.70	66.75	613.56	1,311.93
Additions	514.72		11.69	9.35	13.11	3.70	21.37	573.94
Disposals	–	–	–	–	–	–	(229.85)	(229.85)
Balance as at 31 March 2020	514.72	197.02	279.23	84.71	104.81	70.45	405.08	1,656.02
Additions	73.65		10.50	–	–	–	–	84.15
Disposals	–	–	–	–	–	–	(128.60)	(128.60)
Balance as at 31 March 2021	**588.37**	**197.02**	**289.73**	**84.71**	**104.81**	**70.45**	**276.48**	**1,611.57**
II. Accumulated depreciation and impairment								
Balance as at 1 April 2019	–	67.51	156.81	58.07	60.54	31.95	220.02	594.90
Depreciation expense for the year	265.83	7.40	24.51	9.97	19.62	8.57	88.51	424.41
Eliminated on disposal of assets	–	–	–	–	–	–	(131.28)	(131.28)
Balance as at 31 March 2020	265.83	74.91	181.32	68.04	80.16	40.52	177.25	888.06
Depreciation expense for the year	135.05	7.40	22.85	7.37	13.35	6.33	59.25	251.58
Eliminated on disposal of assets	–	–	–	–	–	–	(67.83)	(67.83)
Balance as at 31 March 2021	**400.88**	**82.31**	**204.17**	**75.41**	**93.51**	**46.85**	**168.67**	**1,071.81**
III. Net carrying amount (I-II)								
Balance as at 31 March 2020	248.89	122.11	97.91	16.67	24.65	29.93	227.83	767.96
Balance as at 31 March 2021	**187.49**	**114.71**	**85.56**	**9.30**	**11.30**	**23.60**	**107.80**	**539.76**

Note No. 5 - Other Intangible Assets

(Currency: Indian Rupees in Lakhs)

Description of Assets	Computer Software
I. Gross Carrying Amount	
Balance as at 1 April 2019	5.70
Additions from separate acquisitions	0.26
Disposals	–
Balance as at 31 March 2020	5.96
Additions from separate acquisitions	(0.00)
Disposals	–
Balance as at 31 March 2021	**5.96**

(Currency: Indian Rupees in Lakhs)

Description of Assets	Computer Software
II. Accumulated depreciation and impairment	
Balance as at 1 April 2019	5.70
Amortisation expense for the year	0.20
Balance as at 31 March 2020	5.90
Amortisation expense for the year	0.04
Balance as at 31 March 2021	**5.94**
III. Net carrying amount (I-II)	
Balance as at 31 March 2020	0.06
Balance as at 31 March 2021	0.02

Note No. 6 - Other Financial Assets

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2021 Current	As at 31 March 2021 Non-Current	As at 31 March 2020 Current	As at 31 March 2020 Non-Current
Carried at fair value through profit and loss:				
a) **Security Deposits**				
	–	44.06	–	49.52
TOTAL	–	44.06	–	49.52

Refer Note 27 for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note No. 7 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Current Tax:		
In respect of current year	–	–
In respect of prior years	25.25	
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	–	–
Total income tax expense	25.25	–

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	As at 31 March 2021	As at 31 March 2020
Profit before tax from continuing operations	(125.05)	(785.79)
Income tax expense calculated at 26% (PY 26%)	(32.51)	(204.30)
Effect of current year losses for which no deferred tax asset is recognised	32.51	204.30
Income tax expense recognised In profit or loss from continuing operations	–	–

The tax rate used for the reconciliations above is the corporate tax rate of 26% payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(c) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items, because it is not probable that futvure taxable profit will be available against which the Company can use the benefit therefrom.

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Tax effect of items constituting deferred tax liabilities		
IND AS 116 Impact (Net of Right of Use of Assets and Lease Liability)	1.11	2.49
	1.11	2.49
Tax effect of items constituting deferred tax assets		
Property, Plant and Equipment	48.75	44.55
Disallowances u/s 40(a)(ia)	–	64.01
Leave Encashment	9.71	2.34
Gratuity	24.97	19.51
Bonus Payable	–	1.57
Provision for Doubtful Debts & Advances	13.25	3.76
Carried forward Losses	996.49	977.51
Total	1,093.16	1,113.27
Less: Deferred tax asset in respect of above not recognised in absence of certainty of utilisation.	1,092.05	1,110.78
Net Tax Asset (Liabilities)	–	–

Note No. 8 - Other assets

(Currency: Indian Rupees in Lakhs)

Particulars	As at March 31, 2021 Current	As at March 31, 2021 Non-Current	As at March 31, 2020 Current	As at March 31, 2020 Non-Current
Unsecured considered good unless otherwise stated				
(a) **Advances other than capital advances**				
(i) Balances with government authorities (other than income taxes)	17.77	13.01	0.14	19.97
(ii) Prepaid Expenses	10.95	–	20.98	–
(iii) Advances to Vendors	18.56	–	17.40	
(iv) Advances to Vendors- Considered doubtful	12.79	–	6.00	
Less- Provision for Doubtful Advances	(12.79)		(6.00)	
(iii) Others*	106.89	–	164.17	–
(iv) Other-Considered doubtful	20.54	–	–	
Less- Provision for Doubtful asset	(20.54)	–	–	–
Total	154.17	13.01	202.69	19.97

* other receivable includes 29.53 lakhs receivable from related party towards warranty claim.
Other include GST on GIT, provision for warranty claim receivable, RTO recoverable (Considered doubtful) , Provisional for insurance income receivable & advance to employees.

Note No. 9 - Inventories

(Currency: Indian Rupees in Lakhs)

Particulars	**As at 31 March 2021**	As at 31 March 2020
(a) Stock-in-trade [includes in transit Rs. 198.44 Lakhs (31 March 2020 Rs.41.67 Lakhs)]	**1,127.15**	537.95
Total Inventories (at lower of cost and net realisable value)	**1,127.15**	537.95

a. The cost of inventories recognised as an expense during the year was Rs. 11,031.32 Lakhs (31 March 2020 Rs. 16,855.62 Lakhs)

Note No. 10 - Current Investments

(Currency: Indian Rupees in Lakhs)

	As at 31 March 2021	As at 31 March 2020
Particulars	**Amount**	**Amount**
Investment carried at Fair Value through Profit & Loss A/c		
(a) Mutual Funds Units (Quoted)	**506.20**	–
Total	**506.20**	–

a) 15,250.113 no of units held as on 31 March 2021 at total cost of INR 499.97 lakhs (31 March 2020 Nil.)

Note No. 11 - Trade receivables

(Currency: Indian Rupees in Lakhs)

Particulars	**As at March 31, 2021**		As at March 31, 2020	
	Current	**Non-Current**	Current	Non-Current
Trade receivables				
(a) Considered good- Secured,	–	–	–	–
(b) Considered good- Unsecured,	**646.12**	–	560.28	
(c) Trade Receivables which have significant increase in Credit Risk;	–		–	
(d) Trade Receivables - credit impaired	**17.61**	–	8.48	–
Less: Allowance for expected credit loss	**(17.61)**	–	(8.48)	–
TOTAL	**646.12**	–	560.28	–
Of the above, trade receivables from:				
– Related Parties	**94.46**	–	108.31	–
– Others	**551.66**	–	451.97	–
Total	**646.12**	–	560.28	–

Note No. 12 - Cash and Cash equivalents

(Currency: Indian Rupees in Lakhs)

Particulars	**As at 31 March 2021**	As at 31 March 2020
Cash and cash equivalents		
(a) Balances with banks	**419.86**	10.92
(b) Cash on hand	**3.44**	4.04
Total Cash and cash equivalent	**423.30**	14.96

Note No. 13 - Loans

(Currency: Indian Rupees in Lakhs)

Particulars	**As at 31 March 2021**		As at 31 March 2020	
	Current	**Non-Current**	Current	Non-Current
Financial assets at amortised cost				
a) Loan given to employees	**2.96**	–	2.20	–
TOTAL	**2.96**	–	2.20	–

Note No. 14 - Equity Share Capital

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2021 No. of shares	As at 31 March 2021 Amt	As at 31 March 2020 No. of shares	As at 31 March 2020 Amt
Authorised:				
Equity shares of Rs 10 each with voting rights	**45,000,000**	**4,500.00**	**25,000,000**	2,500.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs 10 each with voting rights	**44,550,476**	**4,455.05**	**24,550,484**	2,455.05

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

(Currency: Indian Rupees in Lakhs)

Particulars	Opening Balance	Fresh Issue	Closing Balance
(a) Equity Shares with Voting rights*			
Year Ended 31 March 2021			
No. of Shares	24,550,484	19,999,992	44,550,476
Amount	2,455.05	2,000.00	4,455.05
Year Ended 31 March 2020			
No. of Shares	24,550,484	–	24,550,484
Amount	2,455.05	–	2,455.05

*** Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to approval of the shareholders in the ensuing annual general meeting. Further, the Board of Directors may also announce an interim dividend which would need to be confirmed by the shareholders at the forthcoming Annual General Meeting. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

(Currency: Indian Rupees in Lakhs)

No. of Shares

Particulars	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2021			
Mahindra & Mahindra Ltd, the Holding Company	**44,550,476**	–	–
As at 31 March 2020			
Mahindra & Mahindra Ltd, the Holding Company	24,550,484	–	–

(iii) Details of shares held by each shareholder holding

(Currency: Indian Rupees in Lakhs)

Class of shares / Name of shareholder	As at 31 March 2021 Number of shares held	As at 31 March 2021 % holding in that class of shares	As at 31 March 2020 Number of shares held	As at 31 March 2020 % holding in that class of shares
Equity shares with voting rights				
Mahindra & Mahindra Ltd, the Holding Company	**44,550,466**	**100.00%**	24,550,474	100.00%
Mahindra Holdings Limited	**10**	**0.00%**	10	0.00%

Note No. 15 - Provisions

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2021 Current	As at 31 March 2021 Non-Current	As at 31 March 2020 Current	As at 31 March 2020 Non-Current
(a) Provision for employee benefits				
(1) Long-term Employee Benefits	**45.90**	**87.49**	27.05	56.99
Total Provisions	**45.90**	**87.49**	27.05	56.99

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

Note No. 16 - Current Borrowings

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
A. Unsecured Borrowings		
(a) Loans repayable on demand		
(1) From Banks *(Refer note 16.1)*	–	2,210.70
Total Current Borrowings	–	2,210.70

Note No. 16.1 - Details of Borrowing

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
<u>**From Banks- Bank Overdraft**</u>		
Terms of the loan	**On Demand**	On Demand
Rate of Interest Charged	**9.00%**	9.00%
Security	**Unsecured**	Unsecured

Note No. 17 - Trade Payables

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	**Non-Current**	Current	Non-Current
Trade payable - Micro and small enterprises	**–**	**–**	–	–
Trade payable - Other than micro and small enterprises	**2,584.41**	**–**	1,126.14	**–**
Total trade Payables	**2,584.41**	**–**	1,126.14	–

Note:

a. Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

b. Based on the information available with the Company, there are no parties who have been identified as micro, small and medium enterprises based on the confirmations circulated and responses received by the management.

Note No. 18 - Other Financial Liabilities

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Other Financial Liabilities Measured at Amortised Cost		
Current		
(a) Other liabilities		
(1) Other Current Financial Payables	**0.01**	0.20
(2) RTO Payable	**125.54**	4.54
(3) Security deposits	**2.70**	2.20
Total other financial liabilities	**128.25**	6.94

Note:

a. Based on the information available with the Company, there are no parties who have been identified as micro, small and medium enterprises based on the confirmations circulated and responses received by the management.

Note No. 19 - Other Liabilities

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	**Non-Current**	Current	Non-Current
a. Advances received from customers	**295.10**	**–**	130.37	**–**
b. Statutory dues				
– Taxes payable	**17.74**	**–**	117.01	**–**
– Employee Recoveries and Employer Contributions	**12.16**	**–**	13.76	**–**
c. Other Payables	**15.06**	**–**	20.79	**–**
Total Other Liabilities	**340.06**	**–**	281.93	**–**

Note No. 20 - Revenue from Operations

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(a) Revenue from sale of products (Vehicle, Spares and Accessories)	**11,567.55**	17,498.86
(b) Revenue from rendering of services (Servicing of Vehicles)	**767.57**	1,148.96
(c) Other operating revenue		
(i) Income from Sale of Scrap	**15.20**	22.95
(ii) Commission	**56.59**	68.80
(iii) Infrastructure Service Income	**78.89**	74.70
(iv) Dealer Incentive and other operating income	**404.71**	466.97
Total Revenue from Operations	**12,890.51**	19,281.24

Note No. 21 - Other Income

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(a) Interest Income on Security Deposit (On Financial Instrument carried at Fair Value)	**2.25**	0.87
(b) Profit on sale of capital assets (net of loss on capital assets sold)	**9.70**	–
(c) Net gain/(loss) arising on financial assets designated as at FVTPL	**6.23**	–
(d) Interest received on Income tax Refund	**2.60**	–
(e) Write Back of liabilities	**293.95**	28.68
(f) Other income from rent reduction (INDAS 116)	**22.71**	–
Total Other Income	**337.44**	**29.55**

Note No. 22(a) - Purchase of stock in trade

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Purchase (Vehicle, Spares and Accessories)	**11,620.51**	14,556.74

Note No. 22(b) Changes in inventories of stock-in-trade

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Inventories at the end of the year:		
Stock - in - Trade	**1,127.15**	537.95
	1,127.15	537.95
Inventories at the beginning of the year:		
Stock - in - Trade	**537.95**	2,836.83
	537.95	2,836.83
Net (increase) / decrease	**(589.20)**	2,298.88

Note No. 23 - Employee Benefits Expense

Employee Benefits Expense

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries and wages, including bonus and incentives	**1,102.15**	1,276.44
Contribution to provident/ ESIC funds	**81.75**	93.47
Contribution to Gratuity expense	**14.58**	12.56
Staff welfare expenses	**17.39**	61.27
Total Employee Benefit Expense	**1,215.87**	1,443.74

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 66.57 lakhs (2020 : Rs. 86.88 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a defined benefit final salary gratuity plan which is open to new entrants. The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company. There are no minimum funding requirements for a gratuity plan in India. The Company has chosen not to fund the gratuity liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts. The only regulatory framework which applies to such plans is if the company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act. There are no minimum funding requirements for a gratuity plan in India. The Company has chosen not to fund the gratuity liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts. The only regulatory framework which applies to such plans is if the company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act. The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

(Currency: Indian Rupees in Lakhs)

	Valuation as at 31 March 2021	Valuation as at 31 March 2020
Discount rate(s)	4.20%	5.15%
Expected rates(s) of Salary increase	8% until year 1 inclusive, then 5%	8% until year 1 inclusive, then 5%

Defined benefit plans – as per actuarial valuation on 31 March, 2021

(Currency: Indian Rupees in Lakhs)

	Unfunded Plans	
	Gratuity	
Particulars	**2021**	2020
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**14.71**	10.00
Net interest expense	**3.27**	2.55
Components of defined benefit costs recognised in profit or loss	**17.98**	12.56
Remeasurement on the net defined benefit liability		
Actuarial gains and loss arising form changes in financial assumptions	**5.30**	5.25
Actuarial gains and loss arising form experience adjustments	**2.70**	16.71
Actuarial gains and loss arising from change in demographic assumptions	**–**	**–**
Componenets of defined benefit costs recognised in other comprehensive income	**8.00**	21.96
Total	**25.98**	34.52
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31 March		
1. Present value of defined benefit obligation as at 31st March	**96.03**	75.05
2. Fair value of plan assets as at 31st March		
3. Surplus/(Deficit)		
4. Current portion of the above	**27.44**	22.95
5. Non current portion of the above	**68.59**	52.10
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**75.05**	46.29
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	**–**	–
3. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**14.71**	10.00
– Interest Expense (Income)	**3.27**	2.55
4. Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**–**	–
ii. Financial Assumptions	**5.30**	5.25
iii. Experience Adjustments	**2.70**	16.71
5. Benefit payments		**–**
6. Others (Benefits Paid)	**(5.01)**	(5.75)
7. Present value of defined benefit obligation at the end of the year	**96.03**	75.05

Note No. 24 - Finance Cost

(Currency: Indian Rupees in Lakhs)

Particulars		For the year ended 31 March 2021	For the year ended 31 March 2020
(a)	Interest expense (On Financial Instrument carried at Amortised cost)	**17.20**	27.72
(b)	Other Interest expense	**53.23**	208.16
Total finance costs		**70.43**	235.88

Note No. 25 - Other Expenses

(Currency: Indian Rupees in Lakhs)

Particulars		For the year ended 31 March 2021	For the year ended 31 March 2020
(a)	Power & Fuel	**41.59**	79.20
(b)	Rent including lease rentals	**255.80**	208.96
(c)	Rates and taxes	**8.79**	11.18
(d)	Repairs to:		
	Machinery	**42.73**	47.49
	Others	**40.25**	44.16
(e)	Insurance	**21.39**	26.78
(f)	Advertisement	**–**	2.25
(g)	Sales promotion expenses	**44.94**	117.04
(i)	Travelling and conveyance expenses	**15.56**	36.51
(j)	Hire and service charges	**106.56**	307.03
(k)	Postage & telephone	**19.90**	25.64
(l)	Printing & stationery	**14.51**	23.17
(m)	Bad debts written off	**7.67**	7.40
(n)	Provision for doubtful debts & advances	**36.46**	2.45
(o)	Legal and other professional costs	**40.02**	75.91
(p)	Auditors remuneration & out-of-pocket expenses		
	(i) As Auditors - Statutory Audit	**3.23**	3.00
(q)	Loss on sale of capital assets	**–**	7.90
(r)	Write off - CWIP	**–**	12.49
(s)	Miscellaneous expenses	**59.11**	98.17
Total Other Expenses		**758.51**	1,136.73

Note No. 26 - Earnings per Share

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Basic Earnings per share		
From continuing operations	**(0.38)**	(3.29)
Total basic earnings per share	**(0.38)**	(3.29)
Diluted Earnings per share		
From continuing operations	**(0.38)**	(3.29)
Total diluted earnings per share	**(0.38)**	(3.29)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit / (loss) for the year attributable to owners of the Company	**(133.05)**	(807.75)
Less: Preference dividend and tax thereon	–	–
Profit / (loss) for the year used in the calculation of basic earnings per share	**(133.05)**	(807.75)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations	**(133.05)**	(807.75)
Weighted average number of equity shares	**35,180,617**	24,550,484
Earnings per share from continuing operations - Basic	**(0.38)**	(3.29)

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit / (loss) for the year used in the calculation of basic earnings per share	**(133.05)**	(807.75)
Add: Interest expense and exchange fluctuation on convertible bonds (net) - adjusted for attributable taxes	**–**	–
Profit / (loss) for the year used in the calculation of diluted earnings per share	**(133.05)**	(807.75)
Profit for the year on discontinued operations used in the calculation of diluted earnings per share from discontinued operations	**–**	–
Profits used in the calculation of diluted earnings per share from continuing operations	**(133.05)**	(807.75)

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Weighted average number of equity shares used in the calculation of Basic EPS	**35,180,617**	24,550,484
Add: Effect of Warrants,	**–**	–
ESOPs	**–**	–
Convertible bonds	**–**	–
Others if any	**–**	–
Diluted EPS	**35,180,617**	24,550,484

Particulars	No. of shares	Weighted average no. of shares
Opening balance as on 01st April, 2019	**24,550,484**	24,550,484
Fresh issue during the year	**–**	–
Date of allotment	**–**	–
No of days	**–**	–
Weighted average no. of shares as on 31st March, 2020	**24,550,484**	24,550,484
Opening balance as on 01st April, 2020	**24,550,484**	24,550,484
Fresh issue during the year	**19,999,992**	–
Date of allotment- 19 September 2020	**–**	–
No of days from 19 September 2020 to 31 March 2021=194 days	**10,630,133**	–
Weighted average no. of shares as on 31st March, 2021	**35,180,617**	24,550,484

Note No. 27 - Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity and borrowings as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	31-Mar-21	31-Mar-20
Equity	**283.02**	(1,564.93)
Borrowings	**–**	2,210.70
	283.02	645.77

Note:

The entity bases above capital management disclosures on the information provided internally to key management personnel.

Categories of financial assets and financial liabilities

Particulars	As at 31 March 2021			As at 31 March 2020		
	Amortised Costs	FVTPL	Total	Amortised Costs	FVTPL	Total
Non-current Assets						
Others		**44.06**	**44.06**		49.52	49.52
Current Assets						–
Investments		**506.20**	**506.20**	–	–	–
Loans and others	**2.96**	–	**2.96**	2.20	–	2.20
Trade Receivables	**646.12**	–	**646.12**	560.28	–	560.28
Cash and Cash Equivalents	**423.30**	–	**423.30**	14.96	–	14.96
Non-current Liabilities						
Lease Liability	**125.38**	–	**125.38**	135.17	–	135.17
Current Liabilities						
Borrowings	–	–	–	2,210.70	–	2,210.70
Trade Payables	**2,584.41**	–	**2,584.41**	1,126.14	–	1,126.14
Lease Liability	**66.40**	–	**66.40**	123.29	–	123.29
Other Financial Liabilities						–
– Non Derivative Financial Liabilities	**128.25**	–	**128.25**	6.94	–	6.94

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

* The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date.
* The company continuously monitors defaults of customers and the other counterparties, identified either individually or by company and incorporates this information into its credit risk controls.
* The company's management considers that all the financial assets are not impaired for each of the reporting date under review, are of good credit quality, including those that are past due.
* In respect of trade and other receivables, the company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Concentration of credit risk to any counterparty did not exceed 10% of gross monetary assets at any time during the year.
* The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determinationof expected credit losses. Due to immateriality company has decided not to provide for any credit losses.

MARKET RISK

Market risk is the risk that changes in market prices – such as interest rates will affect the entity's income . The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. There has been no significant changes to the entity's exposure to market risk or the methods in which they are managed or measured.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(Currency: Indian Rupees in Lakhs)

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial liabilities				
31-Mar-21				
Non-interest bearing	2,779.06	74.65	43.38	7.36
Fixed interest rate instruments	–	–	–	–
Variable interest rate instruments	–	–	–	–
Total	**2,779.06**	74.65	43.38	7.36
31-Mar-20				
Non-interest bearing	1,256.37	78.29	39.85	17.03
Fixed interest rate instruments	–	–	–	–
Variable interest rate instruments	2,210.70	–	–	–
Total	**3,467.07**	78.29	39.85	17.03

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

(Currency: Indian Rupees in Lakhs)

Particulars	31-Mar-21 INR	31-Mar-20 INR
Unsecured Bank Overdraft facility		
– Expiring within one year	**1,500.00**	789.30
– Expiring beyond one year	**–**	–
	1,500.00	789.30

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Currency: Indian Rupees in Lakhs)

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial assets				
31-Mar-21				
Non-interest bearing	1,578.58	44.06	–	–
Total	**1,578.58**	**44.06**	**–**	**–**
31-Mar-20				
Non-interest bearing	577.44	49.52	–	–
Total	**577.44**	**49.52**	**–**	**–**

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Interest rate risk

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

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

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

	Increase/ decrease in basis points	Effect on profit / (loss) for the year
31-Mar-21	+100	(20.14)
	-100	20.14
31-Mar-20	+100	(20.15)
	-100	20.15

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note No. 28 - Fair Value Measurement

Financial assets and financial liabilities not measured at fair value/ measured using amortized cost

(Currency: Indian Rupees in Lakhs)

Particulars	As at 31 March 2021 Carrying amount	As at 31 March 2021 Fair value	As at 31 March 2020 Carrying amount	As at 31 March 2020 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	**646.12**	**646.12**	560.28	560.28
– Loans	**2.96**	**2.96**	2.20	2.20
– Cash and cash equivalents	**423.30**	**423.30**	14.96	14.96
Financial assets carried at Fair Value				
– Investments	**506.20**	**506.20**	–	–
– Deposits and similar assets	**44.06**	**44.06**	49.52	49.52
Financial liabilities				
Financial liabilities held at amortised cost				
– bank loans	–	–	2,210.70	2,210.70
– trade and other payables	**2,584.41**	**2,584.41**	1,126.14	1,126.14
– Lease Liability	**191.78**	**191.78**	258.46	258.46
– Other	**128.25**	**128.25**	6.94	6.94
Total	**4,527.08**	**4,527.08**	4,229.20	4,229.20

Note No. 29 - Segment information

a. The Company's businees activity falls within a single business segment viz. 'Automotive'. All other activities of the Company revolve around its main business. Hence there are no separate reportable primary segments. Company deals into trading and Servicing of Vehicles.

b. All the non-current assets of the Company are located in India.

c. Revenue from major products and services

(Currency: Indian Rupees in Lakhs)

Particulars	31 March 2021	31 March 2020
Sale and Service of Vehicles	**12,890.51**	19,281.24

d. Revenues from transactions with a single external customer does not amount to 10% or more of an entity's revenues during the year.

e. Since there is single segment there is no difference in measurement of profit & loss and measurement of assets and liabilities.

Note No. 30 - Related Party Transactions

Name of the parent Company **Mahindra & Mahindra Limited**

Description of relationship	Names of related parties
Holding Company	Mahindra & Mahindra Limited
Fellow Subsidiary	Mahindra Agri Solutions Pvt. Ltd.
Fellow Subsidiary	Mahindra First Choice Wheels Limited
Fellow Subsidiary	Mahindra First Choice Services Limited
Fellow Subsidiary	Mahindra Electric Mobility Ltd
Fellow Subsidiary	Mahindra Integrated Business Solution Pvt. Ltd
Fellow Subsidiary	Mahindra Two Wheeler Private Limited
Fellow Subsidiary	Mahindra & Mahindra Financial Services Ltd
Fellow Subsidiary	Mahindra Insurance Brokers Ltd
Fellow Subsidiary	Mahindra Automobile Distributer Pvt ltd
Fellow Subsidiary	Mahindra Intertrade Limited
Fellow Subsidiary	Mahindra Life Space Developers Ltd
Fellow Subsidiary	Mahindra Logistics Ltd
Fellow Subsidiary	Mahindra Rural Housing Finance Ltd
Fellow Subsidiary	Mahindra Susten Pvt. Ltd.
Fellow Subsidiary	Mahindra Greenyard Pvt Ltd
Fellow Subsidiary	Meru Mobility Tech Pvt Ltd
Fellow Subsidiary	Mahindra eMarket Limited
Fellow Subsidiary	Mahindra Engineering and Chemical Products Limited
Joint Venture	Mahindra Summit
KMP	Ms. Divya Mascarenhas
KMP	Mr. Vijay Nakra
KMP	Mr. V Rajan (upto 31 March 2021)
KMP	Mr. Anil Mediratta

Details of transaction between the Company and its related parties are disclosed below:

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended	Parent Company	Joint Ventures	KMP of the Company	Other related parties (Fellow Subsidiaries)
Nature of transactions with Related Parties					
Purchase of goods	31-Mar-21	14,844.37	–	–	213.87
	31-Mar-20	18,111.74	–	–	93.54
Sale of Goods/Services	31-Mar-21	609.56	0.40	–	161.23
	31-Mar-20	653.67	0.08	–	868.47
Receiving of services**	31-Mar-21	46.51	–	60.48	19.96
	31-Mar-20	64.74	–	56.71	24.87
Lease expenses*	31-Mar-21	338.10	–	–	–
	31-Mar-20	396.31	–	–	–
Reimbursement made to parties**	31-Mar-21	53.68	–	–	–
	31-Mar-20	71.39	–	–	–

Particulars	For the year ended	Parent Company	Joint Ventures	KMP of the Company	Other related parties (Fellow Subsidiaries)
					(Currency: Indian Rupees in Lakhs)
Reimbursement received from parties	31-Mar-21	51.24	–	–	10.47
	31-Mar-20	140.90	1.60	–	39.92
Equity contribution to the Company	31-Mar-21	2,000.00	–	–	–
	31-Mar-20	-	–	–	–

The above transactions are inclusive of GST.

*Lease expense includes Rs.224.82 Lakhs paid to M/s. Mahindra & Mahindra Limited towards Goregaon Property for which IND AS 116 is applicable. (March 20 INR 254.71 lakhs)

**Out of the above, company has incurred Rs 19.11 Lakhs for key managerial personnel services provided by M/s. Mahindra & Mahindra Limited. (March 20 INR 13.92 lakhs)

Nature of Balances with Related Parties	Balance as on	Parent Company	Joint Ventures	KMP of the Company and KMP of parent Company	Other related parties
					(Currency: Indian Rupees in Lakhs)
Trade payables	31-Mar-21	**2,306.06**	–	–	**18.34**
	31-Mar-20	588.56	–	–	1.69
	31-Mar-21	**67.36**	**0.08**	–	**56.56**
Other balances-Amt. Receivable	31-Mar-20	36.97	1.68	–	69.65

Note No. 31 - Contingent liabilities and commitments

Particulars	As at 31 March 2021	As at 31 March 2020
		(Currency: Indian Rupees in Lakhs)
Contingent liabilities (to the extent not provided for)		
(a) Other money for which the Company is contingently liable		
Taxation Matters: Demands against the company not acknowledged as debts and not provided for, relating to issues of taxability and deductibility, in respect of which the company is in appeal.	**143.43**	143.43

Note No. 32- Leases

Disclosures pursuant to Ind AS 116 "Leases"

As a Lessee

Most of the leases contracted by Company relate to industrial Leasehold lands, Corporate and office premises, godowns and item of equipment, as the lessee.

Disclosure Requirement as per Para 53 of the Ind AS -116 : Leases

(A) Additions to right of use assets:

Property, plant and equipment comprises owned and leased assets that do not meet the definition of investment property.

Particulars	Amount As on 31st March, 2021	Amount As on 31st March, 2020
		(Currency: Indian Rupees in Lakhs)
Property, plant and equipment owned	**–**	–
Right-of-use assets, except for investment property	**588.37**	514.72

(B) Carrying amount of right of use assets at the end of the reporting period by class:

Particulars	Amount As on 31st March, 2021	Amount As on 31st March, 2020
		(Currency: Indian Rupees in Lakhs)
Reclassified on account of adoption of Ind AS 116		514.72
Balance at 1 April 2020	**248.89**	
Addition during the year	**73.65**	
Depreciation charge for the year	**(135.05)**	(265.83)
Balance at 31 March 2021	**187.49**	248.89

(C) Amounts recognised in the statement of profit or loss:

Particulars	Amount As on 31st March, 2021	Amount As on 31st March, 2020
		(Currency: Indian Rupees in Lakhs)
Interest expense on lease liabilities	**17.20**	27.72
Variable lease payments not included in the measurement of lease liabilities		
Income from sub-leasing right-of-use assets		
Expenses relating to short-term leases*	**255.80**	208.00
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets*		
Gains or losses arising from sale and leaseback transactions;		

*Excluding the expense relating to leases with a lease term of one month or less.

(D) Amounts recognised in the statement of cash flows :

		(Currency: Indian Rupees in Lakhs)
Particulars	**Amount As on 31st March, 2021**	**Amount As on 31st March, 2020**
Total cash outflow for leases	**131.48**	256.26

(E) Maturity analysis of lease liabilities :

		(Currency: Indian Rupees in Lakhs)
Maturity analysis – contractual undiscounted cash flows	**Amount As on 31st March, 2021**	**Amount As on 31st March, 2020**
Less than one year	**80.03**	109.82
One to five years	**104.65**	137.87
More than five years	**52.81**	64.12
Total undiscounted lease liabilities at 31 March 2020	**237.49**	311.80
Lease liabilities included in the statement of financial position at 31 March 2021	**191.78**	258.46
Current	**66.40**	123.29
Non-Current	**125.38**	135.17

(excluding the property not considered under IND AS 116)

Disclosure Requirement as per Para 46A of the Ind AS -116 : Leases

The Company has applied the practical expedient to all rent concessions that meet the conditions in paragraph 46B

Amounts recognised in the profit & loss statement for the reporting period to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient in paragraph 46A. :

Particulars	**Amount As on 31st March, 2021**
Amounts recognised in the profit & loss statement	22.71

Note No. 33- Impact of Covid 19

The operations of the company were impacted due to the national lockdown imposed by the Government/Authorities in wake of Covid-19 pandemic. The company experienced resumption of economic activity in a phased manner and was back to normal routine by start of H2.

The Company is engaged in the business of sales and servicing of motor vehicles. The showrooms and workshops have been temporarily closed which has impacted the revenue from operations till the reopening of the business. The company does not foresee any continued adverse impact in the medium to long term to its business operations.

The Company, based on internal & external sources of information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2021 as at the date of approval of these financial statements

Note No. 34- Code on Social Security, 2020

The Indian Parliament had approved the Code on Social Security, 2020 which could impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft Rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stake holders which are under active consideration by the Ministry. The Company will complete its evaluation once the Rules are notified and will give appropriate impact in the financial statements in the period in which the Code and related Rules becomes effective.

Note No. 35- Others

Previous year figures has been regrouped/reclassified wherever necessary.

The accompanying notes 1 to 35 are an integral part of the Financial Statements

As per our report of even date attached

For Suresh Surana & Associates LLP
Chartered Accountants
Firm Registration No. 121750W/W-100010

Vinodkumar Varma
Partner
Membership No. 105545

Place: Mumbai
Date: 27th April, 2021

For and on behalf of the Board of Directors of
NBS International Ltd.

Ramesh G. Iyer Chairman

Vijay Nakra Director
Anil Mediratta CEO
Amey Chitale CFO
Divya Mascarenhas Company Secretary

Place: Mumbai
Date: 27th April, 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Mahindra Automotive Australia Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mahindra Automotive Australia Pty Ltd (the Company), which comprises the statement of financial position as at 31 March 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Mahindra Automotive Australia Pty Ltd, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Company's financial position as at 31 March 2021 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors' report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

Randall Bryson
Director

Brisbane, 12th day of May 2021

DIRECTORS' DECLARATION FOR THE YEAR ENDED 31 MARCH 2021

In accordance with a resolution of the directors of Mahindra Automotive Australia Pty Ltd, the directors of the company declare that:

1 The financial statements and accompanying notes are in accordance with the *Corporations Act 2001* and:

  (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements; and

  (b) give a true and fair view of the entity's financial position as at 31 March 2021 and of its performance for the year ended on that date.

2 In the directors' opinion, there are reasonable grounds to believe that Mahindra Automotive Australia Pty Ltd will be able to pay its debts as and when they become due and payable.

Sachin Arolkar
Director

Sachin Nijhawan
Director

Brisbane

Dated this 12th day of May 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 $	2020 $
Revenue from contracts with customers	3	**20,422,067**	16,186,965
Other income	3	**431,499**	31,702
Purchases of inventories		**(15,400,725)**	(11,833,397)
Employee benefits expense		**(1,964,292)**	(1,931,179)
Depreciation and amortisation		**(285,044)**	(343,287)
Freight and cartage		**(422,167)**	(407,851)
Advertising expense		**(1,304,659)**	(1,363,539)
Other expenses		**(774,499)**	(781,725)
Finance costs		**(101,364)**	(121,164)
Profit/(loss) before income tax expense		**600,816**	(563,475)
Income tax expense	4	**(288,883)**	–
Profit/(loss) after income tax expense		**311,933**	(563,475)
Other comprehensive income		**–**	–
Total comprehensive income/(loss) for the year		**311,933**	(563,475)

The above Statement of Profit or loss and other Comprehensive Income should be read in conjunction with the attached notes.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	2021 $	2020 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	**986,019**	766,118
Trade and other receivables	7	**256,451**	3,045,170
Inventories	8	**5,157,152**	5,803,500
Other assets		**70,168**	109,585
Total Current Assets		**6,469,790**	9,724,373
Non-Current Assets			
Property, plant and equipment	9	**174,716**	140,640
Right-of-use assets	10	**1,615,389**	1,403,900
Deferred tax assets		**–**	288,883
Total Non-Current Assets		**1,790,105**	1,833,423
Total Assets		**8,259,895**	11,557,796
LIABILITIES			
Current Liabilities			
Trade and other payables	11	**3,671,354**	7,113,498
Financial liabilities	12	**1,600,000**	2,200,000
Lease liabilities	10	**209,584**	280,717
Provisions	13	**831,277**	626,480
Total Current Liabilities		**6,312,215**	10,220,695
Non-Current Liabilities			
Lease liabilities	10	**1,449,106**	1,161,677
Provisions	13	**134,651**	123,434
Total Non-Current Liabilities		**1,583,757**	1,285,111
Total Liabilities		**7,895,972**	11,505,806
NET ASSETS		**363,923**	51,990
EQUITY			
Share capital	14	**4,575,000**	4,575,000
Accumulated losses		**(4,211,077)**	(4,523,010)
TOTAL EQUITY		**363,923**	51,990

The above Statement of Financial Position should be read in conjunction with the attached notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Share Capital	Accumulated Losses	Total
	$	$	$
Balance at 1 April 2019	4,575,000	(3,959,535)	615,465
Loss after income tax	–	(563,475)	(563,475)
Other comprehensive income	–	–	–
Total Comprehensive Income	–	(563,475)	51,990
Transactions with owners in their capacity as owners			
Dividends Paid during the year	–	–	–
Total transactions with owners	–	–	–
Balance at 31 March 2020	**4,575,000**	**(4,523,010)**	**51,990**
Balance at 1 April 2020	4,575,000	(4,523,010)	51,990
Profit after income tax	–	311,933	311,933
Other comprehensive income	–	–	–
Total Comprehensive Income	–	311,933	311,933
Transactions with owners in their capacity as owners			
Dividends Paid during the year	–	–	–
Total transactions with owners	–	–	–
Balance at 31 March 2021	**4,575,000**	**(4,211,077)**	**363,923**

The above Statement of Changes in Equity should be read in conjunction with the attached notes.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 $	2020 $
Cash Flows From Operating Activities			
Receipts from customers		**25,685,300**	16,988,235
Payments to suppliers and employees		**(24,437,236)**	(16,042,118)
Interest paid		**(101,364)**	(121,164)
Net cash provided by operating activities	**16(ii)**	**1,146,700**	824,953
Cash Flows From Investing Activities			
Payments for plant and equipment		**(76,812)**	(14,743)
Net cash used in investing activities		**(76,812)**	(14,743)
Cash Flows from Financing Activities			
Repayment of borrowings		**(600,000)**	–
Principal repayment of lease		**(249,987)**	(265,948)
Net cash used in financing activities		**(849,987)**	(265,948)
Net increase in cash held		**219,901**	544,262
Cash at the beginning of the financial year		**766,118**	221,856
CASH AT THE END OF THE FINANCIAL YEAR	**6**	**986,019**	766,118

The above Statement of Cash Flows should be read in conjunction with the attached notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for Mahindra Automotive Australia Pty Ltd (referred hereafter as the 'Entity' or 'Company').

The financial statements were authorised for issue on 12 May 2021 by the directors of the Company.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

(a) Income Tax

The income tax expense for the year comprises current income tax expense and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination. Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Inventory

Inventory has been valued as follows:

- Finished goods are valued at the lower of cost and net realisable value.
- Raw materials are valued at the lower of cost and net realisable value.

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

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a diminishing value basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment	10% – 20%	(DV)
Furniture and fixtures	10% – 20%	(DV)
Motor vehicles	20% – 30%	(DV)
Computer equipment	20% – 40%	(DV)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(d) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease Liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases that relate to building premises, the entity's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, making adjustments specific to the lease (e.g. term, country, currency and security).

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liabilities are remeasured by discounting the revised lease payments using a revised discount rate; and
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Right-of-use Assets

Right-of-use assets are subject to the impairment in accordance with AASB 134: *Impairment of assets*. Any identified impairment loss is accounted for inline with the Company's "impairment of non-current assets" policy.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability, and
- any lease payments made at or before the commencement date less any lease incentives received

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension Options

Extension options are included in a number of building premises leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The extension and termination options held are exercisable only by the Company and not by the respective lessor. When exercising lease extensions of building premises, the Company considers the following factors:

- any termination and make-good penalties;
- value of leasehold improvements;
- cost of disruption to the business to relocate, and
- availability and cost other suitable properties.

Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(f) Borrowings

Borrowings are initially recognised at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the process (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

(h) Financial Assets and Liabilities

(i) Classification and measurement of financial assets

Financial assets are classified in the following measurement categories:

- Those are to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and contractual terms of the cash flows.

(ii) Impairment of financial assets

Under AASB 9 "general approach", loss allowances are measured on either of the following bases:

- 12-months Expected Credit Losses (ECLs): these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of financial instrument.

The Company measures loss allowances at an amount equal to 12-month ECLs, except for loan issued balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has increased significantly since initial recognition.

When determining whether the credit risk of a financial assets has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligation to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due, but additional analysis is conducted for each such receivable and assessment is updated accordingly.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset in case of long-term assets.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade and other receivables are presented as part of net other operating expenses.

The accounting policies adopted for specific financial instruments are set out below:

(iii) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the statement of financial position.

Financial Guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as financial liabilities at fair value on initial recognition.

The fair value of financial guarantee contracts has been assessed using the probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting during the next reporting period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposure if the guaranteed party were to default.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(g) Impairment of Non-current assets

Assets that have an indefinite useful life, including Goodwill is tested annually for impairment.

At each reporting date, the Company reviews the carrying amount of all other non-financial assets to determine whether there is any indication of impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates independent cash inflows (known as cash-generating units or CGUs). Goodwill arising from a business combination is allocated to CGUs that are expected to benefit from the synergies of the transaction.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount.

(h) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of the entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in profit or loss.

Exchange differences arising on translation of foreign operations are transferred directly to the entities foreign currency translation reserve in the statement of financial position via other comprehensive income. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(i) Employee Benefits

Short-term employee benefit obligations

Provision is made for the entities obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The entity's obligations for short-term employee benefits such as wages and salaries are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefit obligations

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

The entities obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(j) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

can be made of the amount of the obligation. The amount recognised as a provision is the best estimate taking into account the risks and uncertainties surrounding the obligation.

(k) Revenue and Other Income

Sales of goods revenue

Revenue from the sale of goods is recognised when the performance obligation has been satisfied and control is transferred to the customer. The performance obligation is considered to be satisfied at a point in time and control is transferred when the goods are invoiced and physically dispatched or collected.

Interest revenue

Interest revenue is recognised on a time proportional basis, taking into account the effective interest rates applicable to the financial assets.

Government subsidies

During the year, the Company received the government wage subsidy called 'Jobkeeper'. These are recognised where there is a reasonable assurance that the grant will be received and all attached conditions are complied with.

All revenue is stated net of the amount of goods and services tax.

(l) Trade and other receivables

Trade receivables are recognised initially at the transaction price, less the expected lifetime credit losses to be recognised from initial recognition of the receivables.

The Company applies the simplified approach permitted by AASB 9, which requires expected lifetime credit losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company historical credit loss experience, as well as the credit losses that are expected in the foreseeable future.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(o) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) New or Revised Standards and Interpretations that are first effective in the current reporting period

A new standard became applicable for the current reporting period and the Company had to change its accounting policies as a result of adopting the following standard:

AASB 2020-4 Amendments to Australian Accounting Standards - Covid-19 - Related Rent Concessions

This standard is applicable to annual reporting periods beginning on or after 1 June 2020. The standard introduces a practical expedient that permits lessees not to assess whether a rent concession that occurs as a direct consequence of the COVID-19 pandemic is a lease modification, provided all of the following criteria are met:

- Change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately prior to the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a concession would meet this condition if it resulted in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021), and
- There is no substantive change to other terms and conditions of the lease.

In such cases, the concessions are accounted for as if they were not a lease modification. The adoption of this new accounting standard did not have a material impact on these financial statements.

(q) Going Concern

The financial report has been prepared on a going concern basis. This acknowledges the parent company will continue to provide support by extending working capital for a period of at least 12 months from the date of signing this financial report.

(r) New or Revised Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 31 December 2020. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Company's financial statements.

AASB 2020-2 Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities

This standard is applicable to annual reporting periods beginning on or after 1 July 2021. AASB 2020-2 will prohibit certain for-profit entities from preparing special purpose financial statements and AASB 1060 provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. The future adoption of this standard is not expected to have a material impact on the financial statements of the Company.

AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current

This standard is applicable to annual reporting periods beginning on or after 1 January 2023. There are four main changes to the classification requirements:

1. The requirement for an 'unconditional' right has been deleted from paragraph 69(d) because covenants in banking agreements would rarely result in unconditional rights.
2. The right to defer settlement must exist at the end of the reporting period. If the right to defer settlement is dependent upon the entity complying with specified conditions (covenants), the right to defer only exists at reporting date if the entity complies with those conditions at reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

3. Classification is based on the right to defer settlement, and not intention (paragraph 73), and
4. If a liability could be settled by an entity transferring its own equity instruments prior to maturity (e.g. a convertible bond), classification is determined without considering the possibility of earlier settlement by conversion to equity, but only if the conversion feature is classified as equity under IAS 32.

2. CRITICAL ACCOUNTING ESITMATES AND JUDGEMENTS

The management evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Allowances for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Carrying amount of inventories

In determining the amount of write-downs of inventories, management has made judgements based on the expected net realisable value. This requires certain judgements and assumptions to be made, including but not limited to historical loss experience, inventory aging and current knowledge of the goods.

Income tax

The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Impairment

The Company assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions. No impairment to be recognised at reporting date.

Employee benefits

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the Company expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the following 12-month period, obligations for annual leave entitlements are classified under AASB 119 as other long-term employee benefits.

Lease term

The Company included the renewal period as part of the lease term for leases of building premises, (i.e. three to five years per option). The Company has adopted the position that the extended lease term due to exercisable renewable options would not go beyond fifteen years, after which the Company is not reasonably certain of the factors listed in Note 1 (d).

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate (IBR) is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as credit rating).

Coronavirus (COVID-19) Pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographical regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

	2021 $	2020 $
3. REVENUE		
Revenue from contracts with customers:		
Sale of goods	**20,422,067**	16,186,965
	20,422,067	16,186,965
Other income:		
Government subsidy	**292,500**	–
Miscellaneous	**138,999**	31,702
	431,499	31,702

4. INCOME TAX

	2021 $	2020 $
i) *Numerical reconciliation of income tax expense and tax at statutory rate of 30%:*		
Profit/(Loss) before income tax from continuing operations	**600,816**	**(563,475)**
Tax at statutory rate of 30%	**180,245**	**(169,043)**
Tax effect amounts which are not deductible/(taxable) in calculating taxable income		
Reversal of previously recognised deferred tax assets	**288,883**	–
Recoupment of previously unrecognised tax losses	**(410,697)**	–
Deferred tax assets not recognised	**230,452**	169,043
Income tax expense	**288,883**	**–**
ii) *Income tax expense*		
Current tax	–	–
Deferred tax	**288,883**	–
	288,883	–

5. KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to key management personnel (KMP) of the company during the year are as follows.

	2021 $	2020 $
Key management personnel compensation	**392,585**	403,644

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

6. CASH AND CASH EQUIVALENTS

	2021 $	2020 $
Cash on hand and at bank	**986,019**	766,118
	986,019	766,118

Cash at bank earns interest at floating rates based on daily bank deposit rates.

7. TRADE AND OTHER RECEIVABLES

	2021 $	2020 $
Current		
Trade accounts receivable	**256,451**	3,049,164
Provision for impairment	**–**	(3,994)
	256,451	3,045,170

8. INVENTORIES

	2021 $	2020 $
Raw materials	**2,997,329**	2,941,117
Finished goods at cost	**2,927,811**	3,035,354
Provision for obsolescence	**(767,988)**	(172,971)
	5,157,152	5,803,500

9. PROPERTY, PLANT AND EQUIPMENT

	2021	2020
Plant & equipment at cost	**57,245**	52,659
Accumulated depreciation	**(29,227)**	(26,242)
	28,018	26,417
Furniture and fixtures at cost	**318,677**	278,501
Accumulated depreciation	**(236,307)**	(218,728)
	82,370	59,773
Motor vehicles at cost	**226,698**	200,366
Accumulated depreciation	**(174,419)**	(156,141)
	52,279	44,225
Computer equipment at cost	**67,900**	62,181
Accumulated depreciation	**(55,851)**	(51,956)
	12,049	10,225
Total property, plant and equipment	**174,716**	140,640

MOVEMENTS IN PROPERTY, PLANT & EQUIPMENT

2021

	Plant & Equipment $	Furniture and Fixtures $	Motor Vehicles $	Computer Equipment $	Total $
Opening written down value	**26,417**	**59,773**	**44,225**	**10,225**	**140,640**
Additions at cost	**4,586**	**40,176**	**26,332**	**5,718**	**76,812**
Disposals at written down value	–	–	–	–	–
Depreciation expense	**(2,985)**	**(17,579)**	**(18,278)**	**(3,894)**	**(42,736)**
Closing written down value	**28,018**	**82,370**	**52,279**	**12,049**	**174,716**

2020

	Plant & Equipment $	Furniture and Fixtures $	Motor Vehicles $	Computer Equipment $	Total $
Opening written down value	27,842	63,041	71,043	6,423	168,349
Additions at cost	234	8,135	–	6,374	14,743
Disposals at written down value	–	–	–	–	–
Depreciation expense	(1,659)	(11,403)	(26,818)	(2,572)	(42,452)
Closing written down value	26,417	59,773	44,225	10,225	140,640

10. LEASES

The Company leases various building premises. Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

	2021 $	2020 $
Amounts recognised in the Statement of Financial Position		
Right-of-use assets		
Non-Current		
Leased buildings - right-of-use	**2,158,532**	1,704,735
Right-of-use accumulated depreciation	**(543,143)**	(300,835)
	1,615,389	1,403,900

	2021 $	2020 $
Reconciliation of the Right-of-use assets:		
Carrying value at beginning of year	**1,403,900**	–
Impact of initial adoption of AASB 16	**–**	1,704,735
Impact of lease modifications	**415,303**	–
Amortisation	**(242,308)**	(300,835)
Closing carrying value at year end	**1,615,389**	1,403,900
Lease liabilities		
Current		
Leases for building premises	**209,584**	280,717
Non-Current		
Leases for building premises	**1,449,106**	1,161,677

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2021 $	2020 $
Amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income		
Amortisation		
Building premises	**242,308**	300,835
Interest expense on leases (included in finance costs)		
Building premises	**53,728**	46,916
Amounts recognised in the Statement of Cash Flows		
Lease principal repayments - building premises	**249,987**	265,948
Interest payments - building premises	**53,728**	43,309
	303,715	309,257

11. TRADE AND OTHER PAYABLES

Current		
Trade payables	**2,792,523**	6,235,246
Sundry payables and accrued expenses	**878,831**	878,252
	3,671,354	7,113,498

Refer to Note 15 for amounts payable by the entity to related entities which are included in the above total.

12. FINANCIAL LIABILITIES

Current		
Bank loans - unsecured	**1,600,000**	2,200,000
	1,600,000	2,200,000

The bank loan matures on 26 April 2021 (2019: 30 April 2020) and rolls over for another 90 days after maturity. Interest is payable on the loan at the rate of 1.96% (2019: 2.84%).

13. PROVISIONS

Current		
Employee benefits	**136,955**	73,061
Warranty	**457,074**	345,983
Other provisions	**237,248**	207,436
	831,277	626,480
Non-Current		
Employee benefits	**134,651**	123,434
	134,651	123,434

14. SHARE CAPITAL

Ordinary Shares

4,575,000 (2020: 4,575,000) Fully paid ordinary shares paid	**4,575,000**	4,575,000

Ordinary shares have equal rights to vote, participate in dividends and share in the distribution of surplus assets in the event of the entity winding up.

15. RELATED PARTY TRANSACTIONS

The group's main related parties are as follows:

i) Entities exercising control over the company

The ultimate parent entity is Mahindra & Mahindra Limited, a publically listed company based in Mumbai, India.

ii) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, is considered key management personnel.

Information of remuneration of directors and key management personnel is disclosed in Note 5.

iii) Transactions with Related Parties

Transactions with related parties are on normal commercial terms and conditions no more favourable than available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Purchase and sale of goods and services

Mahindra & Mahindra Limited and its subsidiaries

Mahindra Automotive Australia Pty Ltd made total purchases of inventory from Mahindra & Mahindra Limited and its subsidiaries during the year of $8,922,706 (2020: $6,167,657). Sales made by the Company to Mahindra & Mahindra Limited and its subsidiaries during the year of $nil (2020: $107,640).

The Hayden Way (Aust) Pty Limited

On 7 October 2017, Mahindra Automotive Australia Pty Ltd entered into a sponsorship and promotion agreement with The Hayden Way (Aust) Pty Limited (a company associated with M Hayden). The total licence and services fees paid to The Hayden Way (Aust) Pty Limited were $38,000 (2020: $19,172).

Trade and other payables

Mahindra & Mahindra Limited and its subsidiaries have provided inventory to Mahindra Automotive Australia Pty Ltd under vendor finance arrangements. The outstanding amount at year end was $2,830,276 (2020: $5,437,805). These amounts are interest free, unsecured and at call.

Trade and other receivables

Receivables to the Company from Mahindra & Mahindra Limited and its subsidiaries at year end was $61,040 (2020: $263,879). These amounts are interest free, unsecured and at call.

16. NOTES TO STATEMENTS OF CASH FLOWS

(i) Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2021 $	2020 $
Cash on hand and at bank	**986,019**	766,118
	986,019	766,118

(ii) Reconciliation of profit after income tax to net cash inflow from operating activities

	2021 $	2020 $
Profit for the year	**311,933**	(563,475)
Depreciation and amortisation	**285,044**	343,288
Changes in operating assets and liabilities		
Movement in trade accounts receivable	**2,788,721**	(201,406)
Movement in prepayments	**39,417**	(66,373)
Movement in inventories	**646,348**	1,927,549
Movement in trade accounts payable	**(3,429,660)**	(501,292)
Movement in deferred tax asset	**288,883**	–
Movement in provisions	**216,014**	(113,338)
Net cash inflow from operating activities	**1,146,700**	824,953

18. EVENTS AFTER THE REPORTING PERIOD

The COVID-19 pandemic continues to develop and has severely impacted many local economies around the globe, including India where the Company's ultimate parent is based. The ultimate parent is the primary supplier of the Company – there may be some disruption in the Company's supply chain.

Management has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as at and for the year ended 31 March 2021 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic remains unclear at this time. As such, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

INDEPENDENT AUDITORS' REPORT

Based on a report originally issued in Korean

To the Shareholders and Board of Directors of Ssangyong Motor Company

Disclaimer of Opinion

We were engaged to audit the accompanying consolidated financial statements of Ssangyong Motor Company and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2020, the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

Basis for Disclaimer of Opinion

The accompanying consolidated financial statements have been prepared assuming that the Group will continue as a going concern and therefore the Group's assets and liabilities are accounted for on the assumption that they can be recovered or repaid at their carrying amount through the normal course of business activities. As discussed in note 34 to the consolidated financial statements, the Group has incurred operating loss of ₩ 449,389 million and a net loss of ₩ 504,341 million during the period ended December 31, 2020. As of that date, the Group's current liabilities exceed its current assets by ₩ 781,830 million and total liabilities exceed its total assets by ₩ 88,122 million.

The Group has filed for the commencement of rehabilitation under the Debtor Rehabilitation and Bankruptcy Act of Republic of Korea to the Seoul Bankruptcy Court ("the Court") on December 21, 2020. The Group has received an order from the Court to preserve corporate assets as well as a comprehensive ban on the sale of assets and is in the process of an Autonomous Restructuring Support (ARS) program for good consultation with creditors and potential investors.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Whether the Group to continue as a going concern or not includes a material uncertainty that depends on the final results of the capital reorganization plan and business improvement plan of the Group, as discussed in note 34 to the consolidated financial statement. However, we were not able to obtain sufficient appropriate audit evidence that could reasonably estimate any adjustment of assets, liabilities and related profit or loss items that might be resulted from the outcome of this uncertainty.

In addition, as discussed in note 11, 12 to the consolidated financial statement, because of the material uncertainty on the ability to continue as a going concern described above, we were not able to obtain sufficient appropriate audit evidence to determine the adequacy of the tangible and intangible assets which amount to ₩ 1,149,028 million and related impairment losses of ₩ 128,373 million in the Group's consolidated financial statements. As a result, we were not able to determine whether those amounts need to be further adjusted.

Other Matter

The consolidated financial statement of the Group for the year ended December 31, 2019 were audited by us in accordance with Korean Standards on Auditing and our report thereon, dated March 16, 2020, expressed an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with K-IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to audit the Group's consolidated financial statements and issue an audit report in accordance with Korean Standards on Auditing (KSAs). However, because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence that provide a basis for an opinion on the consolidated financial statements.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Republic of Korea, and we have fulfilled our ethical responsibilities in accordance with these requirements.

Seoul, Korea
March 23, 2021

KPMG Samjong Accounting Corp.

Notice to Readers

This report is effective as of March 23, 2021, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2020 AND 2019

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
	Note	**2020**	2019	**2020**	2019
Assets					
Cash and cash equivalents	4,5,33	₩ **185,963,322**	125,800,194	Rs **12,533,928**	8,478,933
Trade and other receivables, net	7,13,31,32,33	**130,441,094**	136,594,866	**8,791,729**	9,206,494
Inventories, net	8,25	**192,365,295**	226,131,073	**12,965,421**	15,241,234
Other current assets	10	**37,941,809**	9,013,633	**2,557,278**	607,519
Total current assets		**546,711,520**	497,539,766	**36,848,356**	33,534,180
Non-current financial instruments	5,33	**4,000**	4,000	**270**	270
Non-current other receivables, net	7,31,32,33	**41,500,123**	38,937,441	**2,797,108**	2,624,383
Non-current financial assets	6,33	**560,000**	560,000	**37,744**	37,744
Property, plant and equipment, net	11,14	**939,096,382**	1,142,262,329	**63,295,096**	76,988,481
Intangible assets, net	11,12	**209,931,257**	313,104,754	**14,149,367**	21,103,260
Investments in joint venture	9	**21,055,695**	19,053,781	**1,419,154**	1,284,225
Other non-current assets	10	**275,957**	285,504	**18,599**	19,243
Right-of-use assets	13	**9,493,636**	7,459,568	**639,871**	502,775
Total non-current assets		**1,221,917,050**	1,521,667,377	**82,357,209**	102,560,381
Total assets		₩ **1,768,628,570**	2,019,207,143	Rs **119,205,565**	136,094,561
Liabilities					
Trade payables	32,33	₩ **532,518,517**	477,370,219	Rs **35,891,748**	32,174,753
Other payables	19,32,33	**328,819,897**	131,066,324	**22,162,461**	8,833,870
Short-term borrowings	14,19,30,33	**314,999,838**	254,106,448	**21,230,989**	17,126,774
Other financial liabilities	15,33	**55,063,845**	39,493,725	**3,711,303**	2,661,877
Provision of warranty for sale - current	16	**50,043,567**	50,305,013	**3,372,936**	3,390,558
Other long-term employee benefits liabilities - current		**1,985,708**	2,078,738	**133,837**	140,107
Other current liabilities	17,31,32	**38,830,989**	25,724,194	**2,617,209**	1,733,811
Lease liabilities - current	13,30,33	**6,279,275**	6,939,730	**423,223**	467,738
Total current liabilities		**1,328,541,636**	987,084,391	**89,543,706**	66,529,488

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2020 AND 2019

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee	
	Note	**2020**	2019	**2020**	2019
Long-term borrowings	14,19,30,32,33	₩ **40,000,000**	158,750,000	**2,696,000**	10,699,750
Non-current other payables	33	**646,636**	848,340	**43,583**	57,178
Other non-current liabilities	17,31	**19,326,729**	16,399,791	**1,302,622**	1,105,345
Defined benefit liabilities	18	**382,379,014**	356,155,261	**25,772,346**	24,004,865
Other long-term employee benefits liabilities - non-current		**14,587,394**	14,174,556	**983,190**	955,365
Provision of warranty for sale - non-current	16	**69,127,778**	77,980,593	**4,659,212**	5,255,892
Non-current lease liabilities	13,30,33	**2,141,499**	4,690,654	**144,337**	316,150
Total non-current liabilities		**528,209,050**	628,999,195	**35,601,290**	42,394,545
Total liabilities		**1,856,750,686**	1,616,083,587	**125,144,996**	108,924,033
Equity					
Capital stock	20,32	**749,200,010**	749,200,010	**50,496,081**	50,496,081
Other capital surplus	21	**78,162,820**	78,162,820	**5,268,174**	5,268,174
Other equity	22	**826,888**	1,109,395	**55,732**	74,773
Accumulated deficit	23	**(916,311,834)**	(425,348,668)	**(61,759,418)**	(28,668,500)
Equity attributable to owners of the Company		**(88,122,116)**	403,123,557	**(5,939,431)**	27,170,528
Non-controlling interests		**–**	–	**–**	–
Total equity		**(88,122,116)**	403,123,557	**(5,939,431)**	27,170,528
Total liabilities and equity		**₩1,768,628,570**	2,019,207,143	Rs **119,205,565**	136,094,561

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In thousands of won and in thousands of rupee, except earnings per share information)

	Note		Korean won			Indian rupee	
			2020	2019		**2020**	2019
Sales	31,32	₩	**2,950,180,719**	3,623,882,267	Rs	**198,842,181**	244,249,665
Cost of sales	25,32		**2,870,122,874**	3,356,307,821		**193,446,282**	226,215,147
Gross profit			**80,057,845**	267,574,446		**5,395,899**	18,034,518
Selling, general and administrative expenses	25,26		**529,446,502**	549,479,805		**35,684,694**	37,034,939
Operating loss			**(449,388,657)**	(281,905,359)		**(30,288,795)**	(19,000,421)
Other income	27,32		**135,443,195**	17,535,784		**9,128,871**	1,181,912
Other expenses	27,32		**(178,453,241)**	(72,100,011)		**(12,027,748)**	(4,859,541)
Finance income	28		**3,790,620**	11,742,187		**255,488**	791,423
Finance costs	28		**(17,729,535)**	(19,030,821)		**(1,194,971)**	(1,282,677)
Share of profits of joint venture			**2,027,166**	2,433,214		**136,631**	163,999
Loss before income taxes			**(504,310,452)**	(341,325,006)		**(33,990,524)**	(23,005,305)
Income tax expenses	24		**30,515**	39,134		**2,057**	2,638
Loss for the year			**(504,340,967)**	(341,364,140)		**(33,992,581)**	(23,007,943)
Loss attributable to:							
Owners of the Company			**(504,340,967)**	(341,364,140)		**(33,992,581)**	(23,007,943)
Non-controlling interests			**–**	–		**–**	–
Other comprehensive income for the year			**13,095,294**	1,492,905		**882,622**	100,622
Items that will never be reclassified to profit or loss:							
Defined benefit plan re-measurements	18,23		**13,403,053**	1,711,905		**903,365**	115,382
Defined benefit plan re-measurements of joint ventures	9,23		**(25,252)**	(85,778)		**(1,702)**	(5,781)
Items that are or may be reclassified subsequently to profit or loss:							
Changes in fair value of cash flow hedge	22		**–**	(103,000)		**–**	(6,942)
Foreign currency translation difference for foreign operation			**(282,507)**	(30,222)		**(19,041)**	(2,037)
Total comprehensive loss for the year		₩	**(491,245,673)**	(339,871,235)	Rs	**(33,109,959)**	(22,907,321)
Total comprehensive loss attributable to:							
Owners of the Company			(491,245,673)	(339,871,235)		(33,109,959)	(22,907,321)
Non-controlling interests			–	–		–	–
Losses per share							
Basic and diluted losses per share	29	₩	**(3,366)**	(2,290)	Rs	**(227)**	(154)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In thousands of won)

	Korean won								
		Other capital surplus							
	Capital stock	Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Gain on disposal of treasury stock	Other equity	Accumulated deficit	Non-controlling interests	Total
Balance at January 1, 2019	₩ 689,746,980	12,916,273	74,061,697	931,508	–	1,242,617	(85,610,655)	–	693,288,420
Total comprehensive income (loss) for the year:									
Loss for the year	–	–	–	–	–	–	(341,364,140)	–	(341,364,140)
Defined benefit plan re-measurements	–	–	–	–	–	–	1,711,905	–	1,711,905
Defined benefit plan re-measurements of joint ventures	–	–	–	–	–	–	(85,778)	–	(85,778)
Changes in fair value of cash flow hedge	–	–	–	–	–	(103,000)	–	–	(103,000)
Foreign currency translation difference for foreign operation	–	–	–	–	–	(30,222)	–	–	(30,222)
Transactions with owners of the Company, recognized directly in equity:									
Issue of ordinary shares	59,453,030	(9,746,658)	–	–	–	–	–	–	49,706,372
Balance at December 31, 2019	₩ 749,200,010	3,169,615	74,061,697	931,508	–	1,109,395	(425,348,668)	–	403,123,557
Balance at January 1, 2020	₩ 749,200,010	3,169,615	74,061,697	931,508	–	1,109,395	(425,348,668)	–	403,123,557
Total comprehensive income (loss) for the year:									
Loss for the year	–	–	–	–	–	–	(504,340,967)	–	(504,340,967)
Defined benefit plan re-measurements	–	–	–	–	–	–	13,403,053	–	13,403,053
Defined benefit plan re-measurements of joint ventures	–	–	–	–	–	–	(25,252)	–	(25,252)
Foreign currency translation difference for foreign operation	–	–	–	–	–	(282,507)	–	–	(282,507)
Balance at December 31, 2020	₩ 749,200,010	3,169,615	74,061,697	931,508	–	826,888	(916,311,834)	–	(88,122,116)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED) FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In thousands of rupee)

	Indian rupee								
		Other capital surplus							
	Capital stock	Paid-in capital in excess of par value	Gain on capital reduction	Debt to be swapped for equity	Gain on disposal of treasury stock	Other equity	Accumulated deficit	Non-controlling interests	Total
Balance at January 1, 2019	Rs 46,488,947	870,557	4,991,758	62,784	-	83,752	(5,770,158)	-	46,727,640
Total comprehensive income (loss) for the year:									
Loss for the year	–	–	–	–	–	–	(23,007,943)	–	(23,007,943)
Defined benefit plan re-measurements	–	–	–	–	–	–	115,382	–	115,382
Defined benefit plan re-measurements of joint ventures	–	–	–	–	–	–	(5,781)	–	(5,781)
Changes in fair value of cash flow hedge	–	–	–	–	–	(6,942)	–	–	(6,942)
Foreign currency translation difference for foreign operation	–	–	–	–	–	(2,037)	–	–	(2,037)
Transactions with owners of the Company, recognized directly in equity:									
Issue of ordinary shares	4,007,134	(656,925)	–	–	–	–	–	–	3,350,209
Balance at December 31, 2019	Rs 50,496,081	213,632	4,991,758	62,784	–	74,773	(28,668,500)	–	27,170,528
Balance at January 1, 2020	Rs 50,496,081	213,632	4,991,758	62,784	–	74,773	(28,668,500)	–	27,170,528
Total comprehensive income (loss) for the year:									
Loss for the year	–	–	–	–	–	–	(33,992,581)	–	(33,992,581)
Defined benefit plan re-measurements	–	–	–	–	–	–	903,365	–	903,365
Defined benefit plan re-measurements of joint ventures	–	–	–	–	–	–	(1,702)	–	(1,702)
Foreign currency translation difference for foreign operation	–	–	–	–	–	(19,041)	–	–	(19,041)
Balance at December 31, 2020	Rs 50,496,081	213,632	4,991,758	62,784	–	55,732	(61,759,418)	–	(5,939,431)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	**2020**	2019
Cash flows from operating activities				
Loss for the year	₩ **(504,340,967)**	(341,364,140)	Rs **(33,992,581)**	(23,007,943)
Adjustment	**424,946,408**	422,231,605	**28,641,388**	28,458,410
Changes in assets and liabilities	**141,538,892**	(101,758,190)	**9,539,721**	(6,858,502)
Cash generated from operations (note 31)	**62,144,333**	(20,890,725)	**4,188,528**	(1,408,035)
Interest received	**2,025,617**	3,778,428	**136,527**	254,666
Interest paid	**(10,866,813)**	(8,371,862)	**(732,423)**	(564,263)
Dividends received	**11,000**	11,000	**741**	741
Net cash provided by (used in) operating activities	**53,314,137**	(25,473,159)	**3,593,373**	(1,716,891)
Cash flows from investing activities				
Proceed from disposal of property, plant and equipment	**186,780,526**	2,742,176	**12,589,007**	184,823
Proceed from disposal of intangible assets	**–**	112,138	**–**	7,558
Acquisition of property, plant and equipment	**(70,973,764)**	(136,816,859)	**(4,783,632)**	(9,221,456)
Acquisition of intangible assets	**(42,984,440)**	(71,845,897)	**(2,897,151)**	(4,842,414)
Cash flow used in other investing activities	**953,693**	(1,894,680)	**64,279**	(127,701)
Net cash provided by (used in) investing activities	**73,776,015**	(207,703,122)	**4,972,503**	(13,999,190)
Cash flows from financing activities				
Proceeds from borrowings	**157,000,113**	259,999,999	**10,581,808**	17,524,000
Receipts of government grants	**134,837**	197,692	**9,088**	13,324
Proceeds from issuing capital stock	**–**	49,706,372	**–**	3,350,209
Repayment of borrowings	**(214,856,723)**	(97,520,761)	**(14,481,343)**	(6,572,899)
Payment of finance lease	**(9,756,079)**	(9,596,135)	**(657,560)**	(646,779)
Net cash provided by (used in) financing activities	**(67,477,852)**	202,787,167	**(4,548,007)**	13,667,855
Effect of exchange rate fluctuations on cash and cash equivalents	**550,827**	**126,651**	**37,126**	**8,536**
Net increase (decrease) in cash and cash equivalents	**60,163,127**	(30,262,463)	**4,054,995**	(2,039,690)
Cash and cash equivalents at January 1	**125,800,194**	156,062,657	**8,478,933**	10,518,623
Cash and cash equivalents at December 31	₩ **185,963,321**	125,800,194	Rs **12,533,928**	8,478,933

See accompanying notes to the consolidated financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

1. General Description of the Company

(1) Organization and description of business of the Company

Ssangyong Motor Company (the "Company") was incorporated on December 6, 1962, in the Republic of Korea and listed its stocks on the Korea Stock Exchange in May 1975. The Company is headquartered in Dongsak-ro, Pyeongtaek, and its factories are located in Pyeongtaek, Gyeonggi-do, and Changwon, Gyeongsangnam-do, Republic of Korea to manufacture, sell and fix multiple types of vehicle, heavy machinery and those parts.

(2) Major shareholders

As of December 31, 2020, the Company's shareholders are as follows:

Name of shareholder	Number of shares (in shares)	Percentage of ownership
Mahindra & Mahindra Ltd.	111,855,108	74.65%
Others	37,984,894	25.35%
	149,840,002	100.00%

The consolidated financial statements comprise the Company and its subsidiaries (the "Group") and the Group's interest in associates and joint ventures.

2. Basis of Preparation and Accounting Policies

(1) Basis of translating consolidated financial statements

The consolidated financial statements are expressed in Korean won and have been translated into Indian rupees at the rate of INR 0.0674 to ₩ 1 on December 31, 2020, solely for the convenience of the reader. These translations should not be construed as a representation that any or all of the amounts shown could be converted into Indian rupees at this or any other rate.

(2) Statement of compliance

The Group has prepared its consolidated financial statements in accordance with the K-IFRS.

Major accounting policies used for the preparation of the consolidated financial statements are stated below. Unless stated otherwise, these accounting policies have been applied consistently to the consolidated financial statements for the current period and accompanying comparative period.

The accompanying consolidated financial statements have been prepared on the historical cost basis, except as described below. Historical cost is generally based on the fair value of the consideration given.

1. Derivatives measured at fair value
2. FVTPL measured at fair value
3. Defined benefit liabilities that present value of defined benefit obligation deducted by plan assets

The consolidated financial statements as of and for the year ended December 31, 2020, to be submitted at the ordinary shareholders' meeting on March 31, 2021, were authorized for issuance at the board of directors' meeting on March 15, 2021.

(3) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The Group makes estimates and assumptions concerning the future. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The significant estimates and assumptions and those which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities after the end of the reporting period are addressed below.

- Property, plant and equipment and Intangible assets: Assumptions for estimating recoverable amount for impairment test
- Provision for warranty for sale: Assumptions of expected expenditures based on warranty periods.
- Employee benefits: Actuarial assumptions.
- Trade and other receivables: Estimation of the possibility of impairment of receivables.
- Inventories: Estimation of the possibility of losses of inventories.
- Going concern assumption: Judgment on whether there is any significant uncertainty of going concern assumption.
- Lease term: the possibility of exercising the extension option.

With the COVID-19 pandemic, entities are experiencing conditions often associated with a general economic downturn, and so does the Group both directly and indirectly. The impact of COVID-19 continues as of the end of the reporting period, and it is unclear how long COVID-19 would last and how much its impact would be. Therefore, uncertainties exist in estimates used to measure recoverable amounts of assets held by the Group due to COVID-19.

(4) Changes in accounting policies

The Group has initially adopted amended Definition of a business (K-IFRS No. 1103 Business combinations) and Interest Rate Benchmark Reform (K-IFRS No. 1109 Financial Instruments, K-IFRS No. 1039 Financial Instruments Recognition and Measurement and K-IFRS No. 1107 Financial Instruments Disclosures) from January 1, 2020. A number of other new standards are also effective from January 1, 2020 but they do not have a material effect on the Group's financial statements.

3. Significant Accounting Policies

The significant accounting policies that we applied to the preparation of the Group's consolidated financial statements in accordance with K-IFRS are described below. Except Note 2.(4) Changes in accounting policies, the Group has consistently applied the accounting policies to the Group's consolidated financial statements for the years ended December 31, 2020 and 2019.

(1) New standards and interpretations not yet adopted

As of December 31, 2020, new standards which are amended and effective but not applied for annual periods beginning after January 1, 2020 are the followings. The Group decided not to early adopt the followings in preparation of the consolidated financial statements.

The following amendment standards and interpretation are not expected to have a significant impact on the Group's consolidated financial statements.

- K-IFRS No. 1001 Classification of Liabilities as Current or Non-current (Amendment)
- K-IFRS No. 1103 Reference to the Conceptual Framework
- K-IFRS No. 1016 Property, Plant and Equipment (Amendment)
- K-IFRS No. 1037 Onerous Contracts – Cost of Fulfilling a Contract (Amendment)
- K-IFRS No. 1116 Leases – Impact of the initial application of Covid-19-Related Rent Concessions(Amendment)
- Annual Improvements to K-IFRS Standards 2018–2020

(2) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and the entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Group 1) has the power over the investee; 2) is exposed, or has rights, to variable returns from its involvement with the investee; and 3) has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

a. the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

b. potential voting rights held by the Group, other vote holders or other parties;

c. rights arising from other contractual arrangements; and

d. any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date the Company gains control to the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in-line with the Group's accounting policies.

All inter-company transactions and related assets and liabilities, income and expenses are eliminated in full on consolidation. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Group.

When the Group loses control of a subsidiary, a gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e., reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is recognized as the fair value on initial recognition for subsequent accounting under K-IFRS No. 1039, Financial Instruments: Recognition and Measurement, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(3) Investments in joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement, whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale; in which case, it is accounted for in accordance with K-IFRS No. 1105, Non-Current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate or a joint venture recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

Upon disposal of an associate or a joint venture that results in the Group losing significant influence over that associate or joint venture, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with K-IFRS No. 1109. The difference between the previous carrying amount of the associate or joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis it would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as reclassification adjustment) when it loses significant influence over that associate or joint venture.

When the Group reduces its ownership interest in an associate or a joint venture, but continues to use the equity method, it reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. In addition, the Group applies K-IFRS No. 1105, Non-Current Assets Held for Sale and Discontinued Operations, to a portion of investment in an associate or a joint venture that meets the criteria to be classified as held for sale.

The requirements of K-IFRS No. 1109 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with K-IFRS No. 1036, Impairment of Assets, by comparing its recoverable amount (higher of value in use or fair value, less costs to sell) with its carrying amount, and any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with K-IFRS No. 1036 to the extent that the recoverable amount of the investment subsequently increases.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(4) Revenue recognition

K-IFRS No. 1115 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including K-IFRS

No. 1018 Revenue, K-IFRS No. 1011 Construction Contracts, K-IFRS No. 2113 Customer Loyalty Programs, K-IFRS No. 2115 Agreements for the Construction of Real Estate and K-IFRS No. 2118 Transfers of assets from customers.

The Group have identified distinct performance obligations for our products and merchandise contract with our customers, such as (1) sales of vehicles and merchandise, (2) transportation of vehicles, and (3) warranties. The revenue from the sale of goods under the contract is recognized when the goods are transferred to the customer and the performance obligation is transferred. In addition, The Group identified performance obligations for transportation and guarantee and deferred recognition of revenue over the time or period of performance.

Our sales contract with customers has the option of customers purchasing additional warranties. Also, depending on the sales policy, customers may be offered service warranty beyond the assurance warranty when selling a vehicle. When a customer purchases a warranty or provides a service warranty to a customer under a sales policy, sales recognition related to the performance obligations is deferred to the time the performance obligation is fulfilled and is not recognized in provision of warranties.

Transaction price of a service warranty to a customer under a sales policy is allocated by relative individual sales price that is estimated by "expected cost plus a margin approach". The consideration paid to customers defined in K-IFRS No. 1115 are recognized by deducting from related sales.

(5) Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Korean won, which is the functional currency of the entity and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(6) Non-derivative financial assets

1) Recognition and initial measurement

Trade receivables and debt securities are recognized for the first time at the time of issue. Other financial instruments and financial liabilities are recognized only when the Group becomes a party to the financial instrument.

Except for trade receivables that do not include significant financial assets, are measured at fair value at the time of initial recognition and except for, financial assets at fair value through profit or loss or financial liabilities s at fair value through profit or loss, transaction costs directly related to the acquisition of the financial asset or the issuance of the financial liability are added to or subtracted from the fair value. Trade receivables that do not include significant financial elements are initially measured at transaction prices.

2) Classification and subsequent measurements

At initial recognition, financial assets are amortized cost, other comprehensive income - fair value debt instruments, other comprehensive income - fair value equity instruments or profit or loss - classified as measured at fair value.

Financial assets are not reclassified after initial recognition, unless the entity modifies the financial asset management model, in which case all of the financial assets impacted are reclassified on the first day of the first reporting period after the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

An assessment of whether contractual cash flows consist solely of principal and interest

The principal is defined as the fair value at the initial recognition of the financial asset. Interest consists of consideration for the time value of money, consideration for credit risk associated with the principal balance in a particular time period, as well as consideration for basic loan risk and costs (e.g., liquidity risk and operating costs) as well as profit.

When evaluating whether the contractual cash flows consist solely of payments for principal and interest, we take into account the terms and conditions of the applicable product. If a financial asset includes a contractual term that changes the timing or amount of a contractual cash flow, then the contractual terms must determine whether the contractual cash flows that may occur over the life of the financial instrument consist solely of principal payments.

When evaluating this, we consider the following:

- Conditional conditions that change the amount or timing of cash flow
- Provision to adjust contractual nominal interest rate, including variable interest rate characteristics
- Moderate repayment characteristics and maturity extension characteristics
- The terms of the contract that limit our claims for cash flows arising from a particular asset (e.g. non-property features)

A prepayment feature is consistent with solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and profit and loss

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

3) Elimination

In the event that the contractual rights to cash flows of financial assets have ceased, the Group transfers the contractual rights to receive the cash flows of the financial assets and substantially transfers the risks and rewards of ownership of the transferred financial assets. Or if the Group does not control or control the financial assets without retaining or transferring substantially all the risks and rewards of ownership.

If the Group transacts a recognized asset in its statement of financial position but holds most of the risks and rewards of ownership of the transferred asset, the transferred asset is not removed.

4) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group currently has a legally enforceable right to set off the recognized amounts and there is the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(7) Impairment of financial assets

1) Financial instruments and contract assets

The Group recognize a loss reserve for expected credit losses on the following assets:

- Financial assets measured at amortized cost
- Debt instruments measured at fair value- Other comprehensive income
- Contractual assets as defined in K-IFRS No. 1115

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the

Group to actions such as realizing security (if any is held)

Total expected credit losses are the expected credit losses due to any default event that may occur during the expected life of the instrument. The expected 12-month credit loss is the total expected period that represents the expected credit loss due to a default event of a financial instrument that can occur within 12 months after the end of the reporting period (or a shorter period if the expected life of the instrument is less than 12 months) Part of credit loss.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

2) Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

3) Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The evidence that the credit of a financial asset is impaired includes the following observable information.

- Significant financial difficulty of the debtor
- A breach of contract such as a default or being more than 90 days past due
- The restructuring of a loan or advance by the company on terms that the company would not consider otherwise
- It is probable that the debtor will enter bankruptcy or other financial reorganization, or
- The disappearance of an active market for a security because of financial difficulties

4) Presentation of allowance for credit loss on statement of financial position

The allowance for losses on financial assets at amortized cost is deducted from the carrying amount of the asset. For debt instruments measured at FVOCI, changes in credit risk are included in profit or loss and changes in non-credit risk are recognized in other comprehensive income.

5) Write-Off

If there is no reasonable expectation of recovery of all or part of the contractual cash flows of a financial asset, the asset is removed. For individual customers, the Group assesses the timing and amount of each individual by assessing whether there is a reasonable expectation of recovery for the enterprise customer, based on historical experience with the recovery of similar assets. The Group has no expectation that the proceeds will be recovered significantly. However, deferred financial assets can be subject to collection activities in accordance with the collection procedure of the amount due.

(8) Financial liabilities and Paid-in capital

1) Paid-in capital

Common stock is classified as equity. Incremental costs directly related to capital transactions are deducted from equity as a net amount reflecting the tax effect.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

2) Financial liabilities

The Group classifies financial liabilities as financial liabilities at fair value through profit or loss and other financial liabilities in accordance with the definition of the substance of contractual contracts and financial liabilities and recognizes them in the consolidated statement of financial position when becoming a party to the contract.

1) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as held for trading if they are classified as held for trading, are derivatives, or are initially recognized at fair value through profit or loss. Financial liabilities at fair value through profit or loss are measured at fair value after initial recognition and changes in fair value are recognized in profit or loss. Transaction costs incurred in connection with the initial recognition are recognized in profit or loss as incurred.

2) Other financial liabilities

Non-derivative financial liabilities that are not classified as financial liabilities at fair value through profit or loss are classified as other financial liabilities. Other financial liabilities are measured initially at fair value, net of transaction costs directly attributable to the issue. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method. Interest expense is recognized using the effective interest method.

3) Elimination of financial liabilities

Group only eliminates financial liabilities when the contractual obligation of the financial liability is fulfilled, cancelled or expired. The Group recognizes new financial liabilities as fair value based on new contracts and removes existing liabilities when the contractual terms of the financial liabilities change and the cash flows change substantially. When a financial liability is derecognized, the difference between the carrying amount and the consideration paid (including any transferred non-cash assets or liabilities assumed) is recognized in profit or loss.

(9) Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk by foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument; in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash Flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of change in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognized in a cost of hedging reserve within equity.

(10) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost of inventories, except for those in transit, are measured under the weighted-average method and consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price for inventories, less all estimated costs of completion and costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense (cost of sales) in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories is recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(11) Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment is directly attributable to their purchase or construction, which includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are recognized in the carrying amount of an asset or as a separate asset if it is probable that future economic benefits associated with the assets will flow into the Group and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

The Group does not depreciate land. Depreciation expense is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	Useful lives (Years)
Buildings	24~50
Structures	13~30
Machinery and equipment	10
Vehicles	6~10
Others	6~10

If each part of an item of property, plant and equipment has a cost that is significant in relation to the total cost of the item, it is depreciated separately.

The Group reviews the depreciation method, the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

(12) Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost, less accumulated impairment losses.

2) Internally generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Expenditure arising from development (or from the development phase of an internal project) is recognized as an intangible asset if, and only if, the development project is designed to produce new or substantially improved products, and the Group can demonstrate the technical and economic feasibility and measure reliably the resources attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost, less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The useful life of amortization related to intangible assets is as follows.

	Useful lives (Years)
Development cost	5
Patents	5~10
Software	3
Other intangible assets	Indefinite

3) Derecognition of intangible assets

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

(13) Impairment of Non-financial assets

The carrying amounts of the Group's non-financial assets other than assets arising from biological assets, investment property, contract assets, employee benefits, inventories and deferred tax assets are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets that have indefinite useful lives irrespective of whether there is any indication of impairment, Good will and intangible assets not yet available are tested for impairment annually by comparing their recoverable amount to their carrying amount.

The Group estimates the recoverable amount of an individual asset, if it is impossible to measure the individual recoverable amount of an asset, then the Group estimates the recoverable amount of cash-generating unit ("CGU"). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

The value in use is estimated by applying a pre-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the asset or CGU for which estimated future cash flows have not been adjusted, to the estimated future cash flows expected to be generated by the asset or CGU.

An impairment loss is recognized in profit or loss if the carrying amount of an asset or a CGU exceeds its recoverable amount.

(14) Retirement benefit costs and termination benefits

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are composed of service cost (including current service cost and past service cost, as well as gains and losses on curtailments and settlements), net interest expense (income) and remeasurement.

The Group presents the service cost and net interest expense (income) components in profit or loss and the remeasurement component in other comprehensive income. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit or when the entity recognizes any related restructuring costs.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

If the contributions are not linked to services (e.g., contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).

If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by K-IFRS No. 1019 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost in the period in which the related service is rendered.

(15) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, if it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). The discount rate used is a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage is recognized in profit or loss as borrowing cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period.

(16) Lease

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1) As a lessor

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this in the case, then the lease is a finance lease; if not, then it is an operating lease.

As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption, then it classifies the sub-lease as an operating lease.

2) As a lessee

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discounted rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise and extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and lease of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(17) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(18) Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants related to assets are presented in the consolidated statement of financial position by deducting the grant from the carrying amount of the asset. The related grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

(19) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expenses on borrowings. Interest expense is recognized as it accrues in profit or loss, using the effective interest method.

(20) Earnings per share

The Group presents basic and diluted earnings per share(EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholdings of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. The Group has no dilutive potential shares, therefore diluted loss per share is equal to the basic earnings(loss) per share.

(21) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent it is probable that there will be sufficient taxable profits against which the benefits of the temporary differences can be utilized and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if, and only if, the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities that intend either to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3) Current and deferred taxes for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(22) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of K-IFRS No. 1102 Share-based payment; leasing transactions that are within the scope of K-IFRS No. 1116 Leases; and measurements that have some similarities to fair value, but are not fair value, such as net realizable value in K-IFRS No. 1002 Inventories or value in use in K IFRS No. 1036 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

b. Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

c. Level 3 inputs are unobservable inputs for the asset or liability.

(23) Segment information

Segment information is presented in the same format as the reporting material presented to the Group's management. The Group's management is liable for the assessment of the resources to be allocated to the business segments and the performance results of the business segments.

(24) Accounting Treatment related to the Emission Rights Cap and Trade Scheme

The Group classifies the emission rights as intangible assets. Emission right allowances the government allocated free of charge are measured at ₩ 0, and emission right allowances purchased are measured at cost that the Group paid to purchase the allowances. If emission rights that the government allocated free of charge are sufficient to settle the emission rights allowances allotted for vintage year, the emissions liabilities are measured at ₩ 0. However, for the emission liabilities that exceed the allowances allocated free of charge, the shortfall is measured at best estimate at the end of the reporting period.

4. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks and highly liquid short-term financial instruments that may be easily converted into cash and whose risk of value fluctuation is not material.

5. Restricted Financial Instruments

Restricted financial Instruments as of December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

			Korean won			Indian rupee		
	Financial institution		**2020**	2019		**2020**	2019	**Description**
Cash and cash equivalents	Shinhan Bank	₩	**36,488**	187,494	Rs	**2,459**	12,637	Government grants
	Woori Bank and others		**8,121,902**	752,317		**547,416**	50,706	Unconfirmed reorganization debt pledged as collateral
Non-current financial instruments	Shinhan Bank and others		**4,000**	4,000		**270**	270	Bank account deposit
		₩	**8,162,390**	943,811	Rs	**550,145**	63,613	

6. Non-current Financial Assets

Non-current financial assets as of December 31, 2020 and 2019 are as follows:

(In thousands of won)

			2020			2019
	Ownership (%)		**Acquisition cost**	**Net asset value**	**Book value**	Book value
Korea Business Finance Loan(*)	**1.72**	₩	**500,000**	**736,772**	**500,000**	500,000
Korea Management Consultants Association(*)	**1.50**		**60,000**	**949,895**	**60,000**	60,000
		₩	**560,000**	**1,686,667**	**560,000**	560,000

(In thousands of rupee)

			2020			2019
	Ownership (%)		**Acquisition cost**	**Net asset value**	**Book value**	Book value
Korea Business Finance Loan(*)	**1.72**	Rs	**33,700**	**49,658**	**33,700**	33,700
Korea Management Consultants Association(*)	**1.50**		**4,044**	**64,023**	**4,044**	4,044
		Rs	**37,744**	**113,681**	**37,744**	37,744

(*) Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at acquisition cost.

7. Trade and Other Receivables

(1) Details of trade and other receivables as of December 31, 2020 and 2019 are as follows:

(In thousands of won)

		2020		2019	
		Current	**Non-current**	Current	Non-current
Trade receivables	₩	**100,646,367**	**–**	121,416,355	100,000
Less: Allowance for doubtful accounts		**(92,268)**	**–**	(150,829)	(497)
Other receivables		**14,963,013**	**139,755**	7,141,943	160,679
Less: Allowance for doubtful accounts		**(3,712,208)**	**(44,250)**	(4,036,702)	(44,345)
Loans and others(*)		**18,636,190**	**41,404,974**	12,224,099	38,721,961
Less: Allowance for doubtful accounts		**–**	**(357)**	–	(357)
	₩	**130,441,094**	**41,500,122**	136,594,866	38,937,441

(*) The Loans and others listed above include ₩ 4,346,501thousand and ₩ 4,037,510 thousand for sub lease receivables and the interest revenue received by the sub lease contract are ₩ 577,204 thousand and ₩ 637,160 thousand for the years ended December 31, 2020 and 2019, respectively.

(In thousands of rupee)

		2020		2019	
		Current	**Non-current**	Current	Non-current
Trade receivables	Rs	**6,783,565**	**–**	8,183,462	6,740
Less: Allowance for doubtful accounts		**(6,219)**	**–**	(10,166)	(33)
Other receivables		**1,008,507**	**9,419**	481,367	10,830
Less: Allowance for doubtful accounts		**(250,203)**	**(2,982)**	(272,074)	(2,989)
Loans and others(*)		**1,256,080**	**2,790,695**	823,905	2,609,860
Less: Allowance for doubtful accounts		**–**	**(24)**	–	(24)
	Rs	**8,791,730**	**2,797,108**	9,206,494	2,624,384

(*) The Loans and others listed above include Rs 292,954 thousand and Rs 272,128 thousand for sub lease receivables and the interest revenue received by the sub lease contract is Rs 38,904 thousand and RS 42,945 thousand for the years ended December 31, 2020 and 2019, respectively.

(2) Details of aging analysis of the trade and other receivables as of December 31, 2020 and 2019 are as follows:
(In thousands of won)

		2020		2019	
		Trade receivables	**Others(*)**	Trade receivables	Others(*)
Less than 90days	₩	**98,794,136**	**69,621,117**	86,595,988	53,967,620
Less than 180days		**160,381**	**716,835**	15,540,796	57,067
Less than 270days		**721,249**	**602,574**	17,528,017	30,610
Less than 365days		**–**	**226,890**	674,780	54,075
More than 366days		**970,601**	**3,976,516**	1,176,774	4,139,310
Total	₩	**100,646,367**	**75,143,932**	121,516,355	58,248,682
Impaired receivables		**92,268**	**3,756,815**	151,326	4,081,404

(In thousands of rupee)

		2020		2019	
		Trade receivables	**Others(*)**	Trade receivables	Others(*)
Less than 90days	Rs	**6,658,725**	**4,692,463**	5,836,570	3,637,418
Less than 180days		**10,810**	**48,315**	1,047,450	3,846
Less than 270days		**48,612**	**40,614**	1,181,388	2,063
Less than 365days		**–**	**15,292**	45,480	3,645
More than 366days		**65,418**	**268,017**	79,314	278,990
Total	Rs	**6,783,565**	**5,064,701**	8,190,202	3,925,962
Impaired receivables		**6,219**	**253,209**	10,199	275,087

(*) Others consist of other receivables, loans and others.

(3) Changes in allowance for trade and other receivables for the years ended December 31, 2020 and 2019 are as follows:
(In thousands of won)

		2020		2019	
		Trade receivables	**Others**	Trade receivables	Others
Beginning balance	₩	**151,326**	**4,081,404**	124,299	3,963,406
Bad debt expense		**453**	**–**	27,925	524,238
Reversal of allowance for bad debts		**(59,511)**	**(310,059)**	(898)	(405,749)
Removal		**–**	**(14,530)**	–	(491)
Ending balance	₩	**92,268**	**3,756,815**	151,326	4,081,404

(In thousands of rupee)

		2020		2019	
		Trade receivables	**Others**	Trade receivables	Others
Beginning balance	Rs	**10,199**	**275,087**	8,378	267,134
Bad debt expense		**31**	**–**	1,882	35,334
Reversal of allowance for bad debts		**(4,011)**	**(20,898)**	(61)	(27,348)
Removal		**–**	**(980)**	–	(33)
Ending balance	Rs	**6,219**	**253,209**	10,199	275,087

8. Inventories

Details of inventories as of December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Merchandises	₩	**39,416,800**	42,992,862	Rs	**2,656,692**	2,897,719
Finished goods		**71,539,083**	89,960,596		**4,821,734**	6,063,344
Work-in-process		**23,460,664**	22,869,812		**1,581,249**	1,541,425
Raw materials		**31,948,093**	34,184,282		**2,153,302**	2,304,020
Sub-materials		**397,082**	375,663		**26,763**	25,320
Supplies		**3,253,034**	3,270,070		**219,255**	220,403
Goods in transit		**22,350,539**	32,477,788		**1,506,426**	2,189,003
	₩	**192,365,295**	226,131,073	Rs	**12,965,421**	15,241,234

The Group has measured inventories at the lower of cost or net realizable value. The losses on valuation of inventories amounted to ₩ 4,035,760 thousand (Rs 272,010 thousand) and ₩ 10,407,813 thousand (Rs 701,487 thousand) for the years ended December 31, 2020 and 2019 are included in cost of sales.

9. Investments in Subsidiaries and a Joint venture

(1) Details of investment in subsidiaries and a joint venture as of December 31, 2020 and 2019 are as follows:

(In thousands of won)

	Company	Location	Ownership	Closing month	Industry
Subsidiaries	Ssangyong Motor (Shanghai) Co., Ltd.	China	100%	December	Sales of automobile
	Ssangyong European Parts Center B.V.	Netherlands	100%	December	A/S and sales
	Ssangyong Australia Pty Ltd.(*1)	Australia	100%	December	Sales of automobile
Joint venture	SY Auto Capital Co., Ltd.(*2)	Korea	51%	December	Finance

(*1) The Group made additional investments of ₩ 1,116,761 thousand (Rs 75,270 thousand) for the year ended December 31, 2019.

(*2) SY Auto Capital Co., Ltd. were established under joint venture agreement as a joint venture since the Group has rights only to the net assets, and their legal structures of arrangements are separated.

(2) Changes in the carrying amounts of investments in a joint venture for the year ended December 31, 2020 is as follows:

(In thousands of won)

		Beginning balance	Share of profit of a joint venture	Changes in defined benefit plan re-measurements	Ending balance
Ssangyong Motor (Shanghai) Co., Ltd.	₩	19,053,781	2,027,166	(25,252)	21,055,695

(In thousands of rupee)

		Beginning balance	Share of profit of a joint venture	Changes in defined benefit plan re-measurements	Ending balance
Ssangyong Motor (Shanghai) Co., Ltd.	Rs	1,284,225	136,631	(1,702)	1,419,154

(3) Summarized financial information of subsidiaries and a joint venture

1) The summarized financial information of the Group's subsidiaries and joint venture as of and for the year ended December 31, 2020 is as follows:

(In thousands of won)

		2020				
		Assets	Liabilities	Equity	Sales	Net income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	₩	**331,398**	**99,491**	**231,907**	**396,724**	**(196,999)**
Ssangyong European Parts Center B.V.		**12,840,518**	**15,925,416**	**(3,084,898)**	**17,591,054**	**152,092**
Ssangyong Australia Pty Ltd.		**32,225,526**	**39,035,509**	**(6,809,983)**	**51,459,231**	**(3,039,629)**
SY Auto Capital Co., Ltd.(*)		**89,381,357**	**51,199,613**	**38,181,744**	**15,642,947**	**2,048,142**

(In thousands of rupee)

		2020				
		Assets	**Liabilities**	**Equity**	**Sales**	**Net income (loss)**
Ssangyong Motor (Shanghai) Co., Ltd.	Rs	**22,336**	**6,706**	**15,630**	**26,739**	**(13,278)**
Ssangyong European Parts Center B.V.		**865,451**	**1,073,373**	**(207,922)**	**1,185,637**	**10,251**
Ssangyong Australia Pty Ltd.		**2,172,000**	**2,630,993**	**(458,993)**	**3,468,352**	**(204,871)**
SY Auto Capital Co., Ltd.(*)		**6,024,303**	**3,450,854**	**2,573,449**	**1,054,335**	**138,045**

(*) Additional financial information for the joint venture for the year ended December 31, 2020 is as follows:

(In thousands of won)

		Cash and cash equivalents	**Financial liabilities**	**Depreciation**	**Interest income**	**Interest expense**	**Income tax expense**
SY Auto Capital Co., Ltd.	₩	**5,282,300**	**49,756,966**	**1,311,251**	**2,296,544**	**1,310,364**	**732,999**

(In thousands of rupee)

		Cash and cash equivalents	**Financial liabilities**	**Depreciation**	**Interest income**	**Interest expense**	**Income tax expense**
SY Auto Capital Co., Ltd.	Rs	**356,027**	**3,353,620**	**88,378**	**154,787**	**88,319**	**49,404**

2) The summarized financial information of the Group's subsidiaries and a joint venture as of and for the year ended 2019 is as follows:
(In thousands of won)

		2019				
		Assets	Liabilities	Equity	Sales	Net income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	₩	619,978	537,545	82,433	424,088	(224,200)
Ssangyong European Parts Center B.V.		12,880,539	16,017,980	(3,137,441)	19,779,843	160,883
Ssangyong Australia Pty Ltd.		24,671,750	28,240,356	(3,568,606)	30,045,826	(5,165,468)
SY Auto Capital Co., Ltd.(*)		88,610,829	52,427,714	36,183,115	18,189,633	5,231,768

(In thousands of rupee)

		2019				
		Assets	Liabilities	Equity	Sales	Net income (loss)
Ssangyong Motor (Shanghai) Co., Ltd.	Rs	41,787	36,231	5,556	28,584	(15,111)
Ssangyong European Parts Center B.V.		868,148	1,079,612	(211,464)	1,333,161	10,844
Ssangyong Australia Pty Ltd.		1,662,876	1,903,400	(240,524)	2,025,089	(348,153)
SY Auto Capital Co., Ltd.(*)		5,972,370	3,533,628	2,438,742	1,225,981	352,621

(*) Additional financial information for the joint venture for the year ended 2019 is as follows:

(In thousands of won)

		Cash and cash equivalents	**Financial liabilities**	**Depreciation**	**Interest income**	**Interest expense**	**Income tax expense**
SY Auto Capital Co., Ltd.	₩	**4,075,644**	**50,830,635**	**1,150,399**	**2,411,013**	**1,390,466**	**1,589,874**

(In thousands of rupee)

		Cash and cash equivalents	**Financial liabilities**	**Depreciation**	**Interest income**	**Interest expense**	**Income tax expense**
SY Auto Capital Co., Ltd.	Rs	**274,698**	**3,425,985**	**77,537**	**162,502**	**93,717**	**107,158**

(4) Reconciliation from the net assets of the Group's joint venture to the carrying amount of investments in joint venture as of December 31, 2020 is as follows:
(In thousands of won)

		Net assets	**Percentage of ownership**	**Share of the net assets of the Group**	**Reconciliation**	**Carrying amount**
SY Auto Capital Co., Ltd.	₩	**38,181,744**	**51.00%**	**19,472,689**	**1,583,006**	**21,055,695**

(In thousands of rupee)

		Net assets	**Percentage of ownership**	**Share of the net assets of the Group**	**Reconciliation**	**Carrying amount**
SY Auto Capital Co., Ltd.	Rs	**2,573,450**	**51.00%**	**1,312,459**	**106,695**	**1,419,154**

10. Other Assets

Details of other assets as of December 31, 2020 and 2019 are as follows:
(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Other current assets						
Advance payments	₩	**29,858,242**	1,343,777	Rs	**2,012,446**	90,570
Prepaid expenses		**7,892,864**	7,239,534		**531,979**	487,945
Current tax assets		**190,703**	430,322		**12,853**	29,004
	₩	**37,941,809**	9,013,633	**Rs**	**2,557,278**	607,519
Other non-current assets						
Other non-current assets	₩	**275,957**	285,504	Rs	**18,600**	19,243

11. Property, Plant and Equipment

(1) Details of property, plant and equipment as of December 31, 2020 and 2019 are as follows:

(In thousands of won)

		2020				
		Acquisition cost	**Government grants**	**Accumulated depreciation**	**Accumulated impairment losses**	**Book value**
Land	₩	**402,580,149**	**(7,354)**	**–**	**–**	**402,572,795**
Buildings		**535,733,760**	**(3,579,504)**	**(237,764,195)**	**(156,914,544)**	**137,475,517**
Structures		**112,084,615**	**(50,238)**	**(68,322,549)**	**(31,207,525)**	**12,504,303**
Machinery		**1,303,530,860**	**(160,070)**	**(1,077,928,435)**	**(112,711,983)**	**112,730,372**
Vehicles		**7,295,660**	**(2,811)**	**(5,263,821)**	**(396,327)**	**1,632,701**
Tools and molds		**1,410,349,036**	**(72,559)**	**(987,011,007)**	**(193,950,222)**	**229,315,248**
Equipment		**66,273,245**	**(92,231)**	**(54,946,768)**	**(3,667,211)**	**7,567,035**
Construction in progress		**38,184,722**	**–**	**–**	**(3,206,144)**	**34,978,578**
Machinery in transit		**319,833**	**–**	**–**	**–**	**319,833**
	₩	**3,876,351,880**	**(3,964,767)**	**(2,431,236,775)**	**(502,053,956)**	**939,096,382**

(In thousands of won)

		2019				
		Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	₩	474,755,254	(7,354)	–	–	474,747,900
Buildings		552,055,868	(3,681,126)	(239,864,472)	(157,179,120)	151,331,150
Structures		112,714,645	(69,552)	(67,488,211)	(29,759,580)	15,397,302
Machinery		1,306,810,589	(143,706)	(1,053,087,261)	(100,241,895)	153,337,727
Vehicles		9,022,958	(4,344)	(5,835,898)	(471,742)	2,710,974
Tools and molds		1,405,141,005	(90,765)	(912,094,472)	(171,857,337)	321,098,431
Equipment		69,980,709	(110,235)	(55,002,567)	(3,482,468)	11,385,439
Construction in progress		12,720,188	–	–	(699,821)	12,020,367
Machinery in transit		233,039	–	–	–	233,039
	₩	3,943,434,255	(4,107,082)	(2,333,372,881)	(463,691,963)	1,142,262,329

(In thousands of rupee)

		2020				
		Acquisition cost	**Government grants**	**Accumulated depreciation**	**Accumulated impairment losses**	**Book value**
Land	Rs	**27,133,902**	**(496)**	**–**	**–**	**27,133,406**
Buildings		**36,108,455**	**(241,259)**	**(16,025,306)**	**(10,576,040)**	**9,265,850**
Structures		**7,554,503**	**(3,386)**	**(4,604,940)**	**(2,103,387)**	**842,790**
Machinery		**87,857,980**	**(10,788)**	**(72,652,377)**	**(7,596,788)**	**7,598,027**
Vehicles		**491,728**	**(189)**	**(354,782)**	**(26,713)**	**110,044**
Tools and molds		**95,057,525**	**(4,890)**	**(66,524,542)**	**(13,072,245)**	**15,455,848**
Equipment		**4,466,817**	**(6,217)**	**(3,703,412)**	**(247,170)**	**510,018**
Construction in progress		**2,573,650**	**–**	**–**	**(216,094)**	**2,357,556**
Machinery in transit		**21,557**	**–**	**–**	**–**	**21,557**
	Rs	**261,266,117**	**(267,225)**	**(163,865,359)**	**(33,838,437)**	**63,295,096**

(In thousands of rupee)

		2019				
		Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Book value
Land	Rs	31,998,504	(496)	–	–	31,998,008
Buildings		37,208,566	(248,108)	(16,166,865)	(10,593,873)	10,199,720
Structures		7,596,967	(4,688)	(4,548,705)	(2,005,796)	1,037,778
Machinery		88,079,034	(9,686)	(70,978,081)	(6,756,304)	10,334,963
Vehicles		608,147	(292)	(393,340)	(31,795)	182,720
Tools and molds		94,706,504	(6,117)	(61,475,168)	(11,583,185)	21,642,034
Equipment		4,716,699	(7,430)	(3,707,173)	(234,718)	767,378
Construction in progress		857,341	–	–	(47,168)	810,173
Machinery in transit		15,707	–	–	–	15,707
	Rs	265,787,469	(276,817)	(157,269,332)	(31,252,839)	76,988,481

(2) Changes in property, plant and equipment for the years ended December 31, 2020 and 2019 are as follows:
(In thousands of won)

		2020						
		Beginning balance	**Acquisition**	**Disposal (*1)**	**Depreciation**	**Impairment (*2,3)**	**Others (*4)**	**Ending balance**
Land	₩	**474,747,900**	**–**	**(72,175,105)**	**–**	**–**	**–**	**402,572,795**
Buildings		**151,331,150**	**18,767**	**(4,421,220)**	**(9,631,680)**	**–**	**178,500**	**137,475,517**
Structures		**15,397,302**	**–**	**(102,561)**	**(1,381,293)**	**(1,467,288)**	**58,143**	**12,504,303**
Machinery		**153,337,727**	**60,539**	**(158,651)**	**(32,496,622)**	**(14,145,255)**	**6,132,634**	**112,730,372**
Vehicles		**2,710,974**	**930,915**	**(1,701,890)**	**(467,973)**	**–**	**160,675**	**1,632,701**
Tools and molds		**321,098,431**	**643,905**	**(711,308)**	**(99,569,758)**	**(28,911,604)**	**36,765,582**	**229,315,248**
Equipment		**11,385,439**	**766,847**	**(141,589)**	**(3,559,452)**	**(996,376)**	**112,166**	**7,567,035**
Construction in progress		**12,020,367**	**67,897,988**	**–**	**–**	**(2,731,304)**	**(42,208,473)**	**34,978,578**
Machinery in transit		**233,039**	**564,215**	**–**	**–**	**–**	**(477,421)**	**319,833**
	₩	**1,142,262,329**	**70,883,176**	**(79,412,324)**	**(147,106,778)**	**(48,251,827)**	**721,806**	**939,096,382**

(*1) ₩ 76,699 million of land, buildings, and structures located in Guro-dong, Guro-gu, Seoul, and Gamjeon-dong, Sasang-gu, Busan was sold (disposal amount: ₩ 206,250 million), recognizing the related disposal gain of ₩ 115,251 million. Meanwhile, a sales and lease back agreement was signed regarding the dispose of land, buildings and structures in Guro-dong, Guro-gu, Seoul (Notes 13).

(*2) The Group determined that this is the case when there are signs of impairment to the cash-generating unit due to continuous deterioration of competitiveness and market deterioration due to the spread of COVID-19. Accordingly, the impairment assessment of the cash-generating unit was performed and ₩ 47,170 million was recognized as impairment loss for the period ended December 31, 2020. The recoverable amount of the cash flow generating unit in the impairment assessment was determined on the basis of its net fair value. Meanwhile, the Group performed an impairment assessment by calculating the value of use at the year ended December 31, 2020, but there is a material uncertainty in the cash flow of the business plan used to calculate the value of use. The ultimate impact of this uncertainty may differ from the amount of impairment losses the Group recognised.

(*3) The Group recognized ₩ 1,082 million in property, plant and equipment as impairment losses for the year ended December 31, 2020 due to the discontinuation of some development projects.

(*4) Capitalized borrowing costs in respect of construction in progress is ₩ 607,927 thousand and ₩ 160,675 thousand was transferred from inventory to vehicles during the year ended December 31, 2020. Meanwhile, the government grants of ₩ 54,838 thousand is adjusted in others.

(In thousands of won)

		2019						
		Beginning balance	Acquisition	Disposal	Depreciation	Impairment (*1)	Others (*2)	Ending balance
Land	₩	475,109,638	–	(361,738)	–	–	–	474,747,900
Buildings		169,644,693	78,903	–	(11,185,918)	(8,812,334)	1,605,806	151,331,150
Structures		17,372,729	456,902	(132,731)	(1,641,894)	(896,618)	238,914	15,397,302
Machinery		160,696,016	105,540	(261,972)	(39,624,472)	(8,928,852)	41,351,467	153,337,727
Vehicles		1,851,414	388,083	(1,411,851)	(663,319)	(120,557)	2,667,204	2,710,974
Tools and molds		276,953,283	9,284,053	(389,315)	(106,810,004)	(18,698,149)	160,758,563	321,098,431
Equipment		14,323,871	2,580,009	(32,836)	(5,100,137)	(649,460)	263,992	11,385,439
Construction in progress		110,855,937	103,486,720	–	–	(699,821)	(201,622,469)	12,020,367
Machinery in transit		1,318,137	1,286,628	–	–	–	(2,371,726)	233,039
	₩	1,228,125,718	117,666,838	(2,590,443)	(165,025,744)	(38,805,791)	2,891,751	1,142,262,329

(*1) Cash Generating Unit consists of only a single cash-generating unit. As the present value (value in use) of future cash flows expected from the use and disposal of property, plant and equipment is less than the book value at the end of this year, the book value was adjusted to recoverable value and the difference was recognized as a loss on property, plant and equipment (non-operating expenses). The discount rate used in calculating value in use is 8.6% and 1% growth rate has been applied since 2024.

(*2) Capitalized borrowing costs in respect of construction in progress is ₩ 765,291 thousand and ₩ 2,607,028 thousand was transferred from inventory to vehicles during the year ended December 31, 2019. Meanwhile, the government grants of ₩ 197,692 thousand is adjusted in others.

(In thousands of rupee)

		2020						
		Beginning balance	**Acquisition**	**Disposal (*1)**	**Depreciation**	**Impairment (*2,3)**	**Others (*4)**	**Ending balance**
Land	Rs	**31,998,008**	**–**	**(4,864,602)**	**–**	**–**	**–**	**27,133,406**
Buildings		**10,199,720**	**1,264**	**(297,990)**	**(649,175)**	**–**	**12,031**	**9,265,850**
Structures		**1,037,778**	**–**	**(6,913)**	**(93,099)**	**(98,895)**	**3,919**	**842,790**
Machinery		**10,334,963**	**4,080**	**(10,693)**	**(2,190,273)**	**(953,390)**	**413,340**	**7,598,027**
Vehicles		**182,720**	**62,744**	**(114,708)**	**(31,541)**	**–**	**10,829**	**110,044**
Tools and molds		**21,642,034**	**43,400**	**(47,942)**	**(6,711,002)**	**(1,948,642)**	**2,478,000**	**15,455,848**
Equipment		**767,378**	**51,686**	**(9,543)**	**(239,907)**	**(67,156)**	**7,560**	**510,018**
Construction in progress		**810,173**	**4,576,324**	**–**	**–**	**(184,090)**	**(2,844,851)**	**2,357,556**
Machinery in transit		**15,707**	**38,028**	**–**	**–**	**–**	**(32,178)**	**21,557**
	Rs	**76,988,481**	**4,777,526**	**(5,352,391)**	**(9,914,997)**	**(3,252,173)**	**48,650**	**63,295,096**

(*1) Rs 5,170 million of land, buildings, and structures located in Guro-dong, Guro-gu, Seoul, and Gamjeon-dong, Sasang-gu, Busan was sold (disposal amount: Rs 13,901 million), recognizing the related disposal gain of Rs 7,768 million. Meanwhile, a sales and lease back agreement was signed regarding the dispose of land, buildings and structures in Guro-dong, Guro-gu, Seoul (Notes 13).

(*2) The Group determined that this is the case when there are signs of impairment to the cash-generating unit due to continuous deterioration of competitiveness and market deterioration due to the spread of COVID-19. Accordingly, the impairment assessment of the cash-generating unit was performed and Rs 3,179 million was recognized as impairment loss for the period ended December 31, 2020. The recoverable amount of the cash flow generating unit in the impairment assessment was determined on the basis of its net fair value. Meanwhile, the Group performed an impairment assessment by calculating the value of use at the year ended December 31, 2020, but there is a material uncertainty in the cash flow of the business plan used to calculate the value of use. The ultimate impact of this uncertainty may differ from the amount of impairment losses the Group recognised.

(*3) The Group recognized Rs 73 million in property, plant and equipment as impairment losses for the year ended December 31, 2020 due to the discontinuation of some development projects.

(*4) Capitalized borrowing costs in respect of construction in progress is Rs 40,974 thousand and Rs 10,829 thousand was transferred from inventory to vehicles during the year ended December 31, 2020. Meanwhile, the government grants of Rs 3,696 thousand is adjusted in others.

(In thousands of rupee)

		2019						
		Beginning balance	Acquisition	Disposal	Depreciation	Impairment (*1)	Others (*2)	Ending balance
Land	Rs	32,022,390	–	(24,382)	–	–	–	31,998,008
Buildings		11,434,052	5,318	–	(753,931)	(593,950)	108,231	10,199,720
Structures		1,170,922	30,795	(8,946)	(110,664)	(60,432)	16,103	1,037,778
Machinery		10,830,912	7,113	(17,657)	(2,670,689)	(601,805)	2,787,089	10,334,963
Vehicles		124,785	26,157	(95,158)	(44,708)	(8,126)	179,770	182,720
Tools and molds		18,666,651	625,745	(26,240)	(7,198,994)	(1,260,255)	10,835,127	21,642,034
Equipment		965,429	173,893	(2,213)	(343,749)	(43,774)	17,792	767,378
Construction in progress		7,471,690	6,975,005	–	–	(47,168)	(13,589,354)	810,173
Machinery in transit		88,842	86,719	–	–	–	(159,854)	15,707
	Rs	82,775,673	7,930,745	(174,596)	(11,122,735)	(2,615,510)	194,904	76,988,481

(*1) Cash Generating Unit consists of only a single cash-generating unit. As the present value (value in use) of future cash flows expected from the use and disposal of property, plant and equipment is less than the book value at the end of this year, the book value was adjusted to recoverable value and the difference was recognized as a loss on property, plant and equipment (non-operating expenses). The discount rate used in calculating value in use is 8.6% and 1% growth rate has been applied since 2024.

(*2) Capitalized borrowing costs in respect of construction in progress is Rs 51,581 thousand and Rs 175,714 thousand was transferred from inventory to vehicles during the year ended December 31, 2019. Meanwhile, the government grants of Rs 13,324 thousand is adjusted in others.

(3) Details of pledged assets provided as collateral for the borrowings as of December 31, 2020 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		Book value	**Collateralized amount(*)**		**Book value**	**Collateralized amount(*)**
Land	₩	**390,642,884**		Rs	**26,329,330**	
Buildings and structures		**106,176,715**	**403,890,112**		**7,156,311**	**27,222,194**
Machinery and others		**11,815**			**796**	
	₩	**496,831,414**	**403,890,112**	Rs	**33,486,437**	**27,222,194**

(*) ₩ 55,890,112 thousand (Rs 3,766,994 thousand) was included due to the Group's provision of tax collateral related to the extension of the special consumption tax and VAT payment deadline for the year ended December 31, 2020.

(4) Capitalized borrowing costs and capitalization interest rate for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Capitalized interest expenses	₩	**3,179,542**	3,466,735	Rs	**214,301**	233,658
Capitalization interest rate		**2.95%**	3.49%		**2.95%**	3.49%

The borrowing costs capitalized as intangible assets were ₩ 2,571,615 thousand (Rs 173,327 thousand) and ₩ 2,701,444 thousand (Rs 182,077 thousand) for the years ended December 31, 2020 and 2019, respectively.

12. Intangible Assets

(1) Details of intangible assets as of December 31, 2020 and 2019 are as follows:

(In thousands of won)

		2020				
		Acquisition cost	**Government grants**	**Accumulated amortization**	**Accumulated impairment losses**	**Book value**
Development cost	₩	**510,279,976**	**–**	**(340,566,464)**	**(32,860,505)**	**136,853,007**
Patents		**5,067,550**	**(9,343)**	**(4,019,589)**	**(204,211)**	**834,407**
Other intangible assets		**175,815,635**	**(80,000)**	**(36,806,466)**	**(66,685,326)**	**72,243,843**
	₩	**691,163,161**	**(89,343)**	**(381,392,519)**	**(99,750,042)**	**209,931,257**

(In thousands of won)

		2019				
		Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	₩	510,279,976	–	(275,331,952)	(12,928,659)	222,019,365
Patents		4,848,742	(9,343)	(3,525,514)	(156,296)	1,157,589
Other intangible assets		130,468,990	–	(33,996,850)	(6,544,340)	89,927,800
	₩	645,597,708	(9,343)	(312,854,316)	(19,629,295)	313,104,754

(In thousands of rupee)

	2020				
	Acquisition cost	**Government grants**	**Accumulated amortization**	**Accumulated impairment losses**	**Book value**
Development cost	Rs **34,392,870**	**–**	**(22,954,179)**	**(2,214,798)**	**9,223,893**
Patents	**341,553**	**(630)**	**(270,920)**	**(13,764)**	**56,239**
Other intangible assets	**11,849,974**	**(5,392)**	**(2,480,756)**	**(4,494,591)**	**4,869,235**
	Rs **46,584,397**	**(6,022)**	**(25,705,855)**	**(6,723,153)**	**14,149,367**

(In thousands of rupee)

	2019				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment losses	Book value
Development cost	Rs 34,392,871	–	(18,557,374)	(871,392)	14,964,105
Patents	326,805	(630)	(237,619)	(10,535)	78,021
Other intangible assets	8,793,610	–	(2,291,388)	(441,088)	6,061,134
	Rs 43,513,286	(630)	(21,086,381)	(1,323,015)	21,103,260

(2) Changes in intangible assets for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of won)

	2020							
	Beginning balance	**Acquisition**	**Disposal**	**Amortization**	**Impairment (*1,2)**	**Transfer**	**Others (*3)**	**Ending balance**
Internally created intangible assets:								
Development cost	**₩ 222,019,365**	**–**	**–**	**(65,234,512)**	**(19,931,846)**	**–**	**–**	**136,853,007**
Other intangible assets	**82,875,485**	**41,667,176**	**–**	**–**	**(59,705,079)**	**–**	**2,571,615**	**67,409,197**
	304,894,850	**41,667,176**	**–**	**(65,234,512)**	**(79,636,925)**	**–**	**2,571,615**	**204,262,204**
	Beginning balance	**Acquisition**	**Disposal**	**Amortization**	**Impairment (*1,2)**	**Transfer**	**Others (*3)**	**Ending balance**
Individually acquired intangible assets:								
Patents	**1,157,589**	**218,808**	**–**	**(494,075)**	**(47,915)**	**–**	**–**	**834,407**
Other intangible assets	**7,052,315**	**1,098,456**	**–**	**(2,806,323)**	**(435,907)**	**–**	**(73,895)**	**4,834,646**
	8,209,904	**1,317,264**	**–**	**(3,300,398)**	**(483,822)**	**–**	**(73,895)**	**5,669,053**
	₩ 313,104,754	**42,984,440**	**–**	**(68,534,910)**	**(80,120,747)**	**–**	**2,497,720**	**209,931,257**

(*1) The Group determined that this is the case when there are signs of impairment to the cash-generating unit due to continuous deterioration of competitiveness and market deterioration due to the spread of COVID-19. Accordingly, the impairment assessment of the cash-generating unit was performed and ₩ 29,700 million was recognized as impairment loss for the period ended December 31, 2020. The recoverable amount of the cash flow generating unit in the impairment assessment was determined on the basis of its net fair value. Meanwhile, the Group performed an impairment assessment by calculating the value of use at the year ended December 31, 2020, but there is a material uncertainty in the cash flow of the business plan used to calculate the value of use. The ultimate impact of this uncertainty may differ from the amount of impairment losses the Group recognised.

(*2) The Group recognized ₩ 50,393 million in intangible assets as impairment losses for the year ended December 31, 2020 due to the discontinuation of some development projects.

(*3) Capitalized borrowing costs in respect of other intangible assets is ₩ 2,571,615 thousand for the year ended December 31, 2020. Meanwhile, ₩ 80,000 thousand of government grants used for asset acquisition was adjusted by others.

(In thousands of won)

	2019							
	Beginning balance	Acquisition	Disposal	Amortization	Impairment (*1)	Transfer	Others (*2)	Ending balance
Internally created intangible assets:								
Development cost	₩ 163,025,002	–	–	(93,171,939)	(12,928,659)	165,094,961	–	222,019,365
Other intangible assets	181,843,818	68,251,200	–	–	(4,826,016)	(165,094,961)	2,701,444	82,875,485
	344,868,820	68,251,200	–	(93,171,939)	(17,754,675)	–	2,701,444	304,894,850
	Beginning balance	Acquisition	Disposal	Amortization	Impairment (*1)	Transfer	Others (*2)	Ending balance
Individually acquired intangible assets:								
Patents	1,334,224	488,012	–	(616,139)	(48,508)	–	–	1,157,589
Other intangible assets	7,556,918	3,106,685	(112,138)	(3,423,321)	(308,875)	232,898	148	7,052,315
	8,891,142	3,594,697	(112,138)	(4,039,460)	(357,383)	232,898	148	8,209,904
	₩ 353,759,962	71,845,897	(112,138)	(97,211,399)	(18,112,058)	232,898	2,701,592	313,104,754

(*1) Cash Generating Unit consists of only a single cash-generating unit. As the present value (value in use) of future cash flows expected from the use and disposal of Intangible Assets is less than the book value at the end of this year, the book value was adjusted to recoverable value and the difference was recognized as a loss on Intangible Assets (non-operating expenses). The discount rate used in calculating value in use is 8.6% and 1% growth rate has been applied since 2024.

(*2) Capitalized borrowing costs in respect of other intangible assets is ₩ 2,701,444 thousand for the year ended December 31, 2019.

(In thousands of rupee)

	2020							
	Beginning balance	**Acquisition**	**Disposal**	**Amortization**	**Impairment (*1,2)**	**Transfer**	**Others (*3)**	**Ending balance**
Internally created intangible assets:								
Development cost	Rs **14,964,105**	**–**	**–**	**(4,396,806)**	**(1,343,406)**	**–**	**–**	**9,223,893**
Other intangible assets	**5,585,808**	**2,808,368**	**–**	**–**	**(4,024,123)**	**–**	**173,327**	**4,543,380**
	20,549,913	**2,808,368**	**–**	**(4,396,806)**	**(5,367,529)**	**–**	**173,327**	**13,767,273**
	Beginning balance	**Acquisition**	**Disposal**	**Amortization**	**Impairment (*1,2)**	**Transfer**	**Others (*3)**	**Ending balance**
Individually acquired intangible assets:								
Patents	**78,021**	**14,748**	**–**	**(33,301)**	**(3,229)**	**–**	**–**	**56,239**
Other intangible assets	**475,326**	**74,036**	**–**	**(189,146)**	**(29,380)**	**–**	**(4,981)**	**325,855**
	553,347	**88,784**	**–**	**(222,447)**	**(32,609)**	**–**	**(4,981)**	**382,094**
	Rs **21,103,260**	**2,897,152**	**–**	**(4,619,253)**	**(5,400,138)**	**–**	**168,346**	**14,149,367**

(*1) The Group determined that this is the case when there are signs of impairment to the cash-generating unit due to continuous deterioration of competitiveness and market deterioration due to the spread of COVID-19. Accordingly, the impairment assessment of the cash-generating unit was performed and Rs 2,002 million was recognized as impairment loss for the period ended December 31, 2020. The recoverable amount of the cash flow generating unit in the impairment assessment was determined on the basis of its net fair value. Meanwhile, the Group performed an impairment assessment by calculating the value of use at the year ended December 31, 2020, but there is a material uncertainty in the cash flow of the business plan used to calculate the value of use. The ultimate impact of this uncertainty may differ from the amount of impairment losses the Group recognised.

(*2) The Group recognized Rs 3,396 million in intangible assets as impairment losses for the year ended December 31, 2020 due to the discontinuation of some development projects.

(*3) Capitalized borrowing costs in respect of other intangible assets is Rs 173,327 thousand for the year ended December 31, 2020. Meanwhile, Rs 5,392 thousand of government grants used for asset acquisition was adjusted by others.

(In thousands of rupee)

	2019							
	Beginning balance	Acquisition	Disposal	Amortization	Impairment (*1)	Transfer	Others (*2)	Ending balance
Internally created intangible assets:								
Development cost	Rs 10,987,885	–	–	(6,279,789)	(871,391)	11,127,400	–	14,964,105
Other intangible assets	12,256,273	4,600,131	–	–	(325,273)	(11,127,400)	182,077	5,585,808
	23,244,158	4,600,131	–	(6,279,789)	(1,196,664)	–	182,077	20,549,913
	Beginning balance	Acquisition	Disposal	Amortization	Impairment (*1)	Transfer	Others (*2)	Ending balance
Individually acquired intangible assets:								
Patents	89,927	32,892	–	(41,528)	(3,270)	–	–	78,021
Other intangible assets	509,336	209,390	(7,558)	(230,732)	(20,818)	15,698	10	475,326
	599,263	242,282	(7,558)	(272,260)	(24,088)	15,698	10	553,347
	Rs 23,843,421	4,842,413	(7,558)	(6,552,049)	(1,220,752)	15,698	182,087	21,103,260

(*1) Cash Generating Unit consists of only a single cash-generating unit. As the present value (value in use) of future cash flows expected from the use and disposal of Intangible Assets is less than the book value at the end of this year, the book value was adjusted to recoverable value and the difference was recognized as a loss on Intangible Assets (non-operating expenses). The discount rate used in calculating value in use is 8.6% and 1% growth rate has been applied since 2024.

(*2) Capitalized borrowing costs in respect of other intangible assets is Rs 182,077 thousand for the year ended December 31, 2019.

(3) Details of capitalized development costs as of December 31, 2020 are as follows.
(In thousands of won and in thousands of rupee)

	Project name	Korean won	Indian rupee	Remaining amortization period (*1)
Development cost	RV(*2)	₩ 119,076,945	Rs 8,025,786	1~4 years
	Power train and others	17,776,062	1,198,107	1~4 years
Other intangible assets	RV(*3)	67,409,197	4,543,380	–
		₩ 204,262,204	Rs 13,767,273	

(*1) If the amortization is initiated, the remaining amortization period is recorded. If the amortization is not started, it is marked with "-" only.
(*2) It is a development project for vehicles under sale as of December 31, 2020.
(*3) On-going development project for vehicles as of December 31, 2020 to respond to consumer needs and market conditions.

(4) Details of expenditures for research and developments for the years ended December 31, 2020 and 2019 are as follows:
(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	**2020**	2019
Capitalization of intangible assets	₩ **44,238,791**	70,952,644	Rs **2,981,695**	4,782,208
Manufacturing costs	**99,292,469**	106,341,408	**6,692,312**	7,167,411
Selling and administrative expenses	**12,923,031**	12,291,122	**871,012**	828,422
	₩ **156,454,291**	189,585,174	Rs **10,545,019**	12,778,041

13. Lease

(1) Changes in right-of-use assets for the years ended December 31, 2020 and 2019 are as follows:
(In thousands of won)

	2020					
	Beginning balance	**Increase**	**Depreciation**	**Others**	**Exchange rate effect**	**Ending balance**
Land and building	₩ **2,316,703**	**7,632,929**	**(3,529,529)**	**–**	**45,695**	**6,465,798**
Vehicle	**3,786,859**	**161,325**	**(1,939,049)**	**(3,071)**	**7,142**	**2,013,206**
Equipment	**1,356,006**	**417,564**	**(748,247)**	**(10,691)**	**–**	**1,014,632**
Total	₩ **7,459,568**	**8,211,818**	**(6,216,825)**	**(13,762)**	**52,837**	**9,493,636**

(*) ₩ 7,300 million increased due to the lease transaction of the Guro A/S Center.
(In thousands of won)

	2019					
	Beginning balance	Increase	Depreciation	Others	Exchange rate effect	Ending balance
Land and building	₩ 3,990,125	374,827	(1,946,789)	(133,032)	31,572	2,316,703
Vehicle	5,470,948	305,371	(1,992,688)	(1,465)	4,693	3,786,859
Equipment	–	1,542,742	(186,736)	–	–	1,356,006
Total	₩ 9,461,073	2,222,940	(4,126,213)	(134,497)	36,265	7,459,568

(In thousands of rupee)

	2020					
	Beginning balance	**Increase(*)**	**Depreciation**	**Others**	**Exchange rate effect**	**Ending balance**
Land and building	Rs **156,146**	**514,459**	**(237,890)**	**–**	**3,080**	**435,795**
Vehicle	**255,234**	**10,874**	**(130,692)**	**(207)**	**481**	**135,690**
Equipment	**91,395**	**28,144**	**(50,432)**	**(721)**	**–**	**68,386**
Total	Rs **502,775**	**553,477**	**(419,014)**	**(928)**	**3,561**	**639,871**

(*) Rs 492 million increased due to the lease transaction of the Guro A/S Center.
(In thousands of rupee)

	2019					
	Beginning balance	Increase	Depreciation	Others	Exchange rate effect	Ending balance
Land and building	Rs 268,934	25,263	(131,213)	(8,966)	2,128	156,146
Vehicle	368,742	20,582	(134,307)	(99)	316	255,234
Equipment	–	103,981	(12,586)	–	–	91,395
Total	Rs 637,676	149,826	(278,106)	(9,065)	2,444	502,775

(2) Details of lease liabilities as of December 31, 2020 and 2019 are as follows:
(In thousands of won)

		2020	
		Within a year	**Over 1 year**
Lease liabilities(*)	₩	**6,279,275**	**2,141,499**

(In thousands of won)

		2019	
		Within a year	**Over 1 year**
Lease liabilities(*)	₩	6,939,730	4,690,654

(In thousands of rupee)

		2020	
		Within a year	**Over 1 year**
Lease liabilities(*)	Rs	**423,223**	**144,337**

(In thousands of rupee)

		2019	
		Within a year	**Over 1 year**
Lease liabilities(*)	Rs	467,738	316,150

(*) The total amounts of lease liabilities paid are ₩ 9,756,079 thousand (Rs 657,560 thousand) and ₩ 9,596,135 thousand (Rs 646,779 thousand) and interests expenses are ₩ 370,301 thousand (Rs 24,958 thousand) and ₩ 498,114 thousand (Rs 33,573 thousand) for the years ended December 31, 2020 and 2019.

(3) Expenses from lease contracts with low cost and short-term contract during this year are as follows:

(In thousands of won)

	Exemption of lease recognition		**Expenses**
Office equipment and others	Low cost	₩	833,314
	Short term		11,110
Building	Short term		30,000

(In thousands of rupee)

	Exemption of lease recognition		**Expenses**
Office equipment and others	Low cost	Rs	56,165
	Short term		749
Building	Short term		2,022

(4) The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date. Under K-IFRS No 1017, the Group did not have any finance leases as a lessor.

(In thousands of won and in thousands of rupee)

		2020		
Sub lease		**Korean won**		**Indian rupee**
Less than 1 year	₩	**2,764,810**	Rs	**186,348**
1 year to 2 years		**1,722,020**		**116,064**
Lease to be received		**4,486,830**		**302,412**
Unrealized interests		**(140,330)**		**(9,458)**
Net investment in the lease		**4,346,500**		**292,954**
Interests from sublease for this year		**152,322**		**10,267**

(In thousands of won and in thousands of rupee)

		2019		
Sub lease		**Korean won**		**Indian rupee**
Less than 1 year	₩	**2,841,843**	Rs	**191,540**
1 year to 2 years		**1,340,272**		**90,334**
Lease to be received		**4,182,115**		**281,874**
Unrealized interests		**(144,605)**		**(9,746)**
Net investment in the lease		**4,037,510**		**272,128**
Interests from sublease for this year		**196,545**		**13,247**

(5) Sales and lease back

The Group has been liquidating the land and buildings of the factory in Guro-dong, Guro-gu, Seoul to enhance asset efficiency and financial stability for the year ended December 31, 2020. The main terms of sales and lease back transactions are as the following:

	Main terms
Type	Sales and lease back
Counterparty	PIA Guro-station PFV Co., ltd.
Transaction amount	₩ 180 Billion (Rs 11 Billion)
Underlying assets	Factory land and building in Guro-dong, Guro-gu, Seoul
Lease term	2 years
Extension option	It is possible to extend the lease term up to a year (one time only) prior to 4 months by agreement between the parties.
Lessee's preemption preference	If the lessor intends to sell the lease object to a third party before the expiration of the lease term, the lessee may exercise the right to preferentially purchase the lease object (preemption preference).

The details of the Group's recognition for the year ended December 31, 2020 due to sales and lease back transactions are as the following:

- Right-of-use asset: ₩ 7,300 million (Rs 492 million) increased.
- Property, plant and equipment: ₩ 60,834 million (Rs 4,100 million) decreased.
- Gains on disposal of PPE: ₩ 104,866 million (Rs 7,068 million) increased.
- Lease deposit: ₩ 10,800 million (Rs 728 million) increased.

14. Borrowings

(1) Details of short-term borrowings as of December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

Creditor	Type	Interest rate (%) (*5)	Korean won 2020	Korean won 2019	Indian rupee 2020	Indian rupee 2019
Korea Development Bank	Operating fund (*1)	CD+5.10	₩ **20,000,000**	20,000,000	Rs **1,348,000**	1,348,000
	Facility fund (*1)	CD+4.57	**70,000,000**	70,000,000	**4,718,000**	4,718,000
	Facility fund (*2)	15	**100,000,000**	–	**6,740,000**	–
Woori Bank	General loan (*2)	CD+5.00	**25,000,000**	17,500,000	**1,685,000**	1,179,500
Kookmin Bank	Facility fund	CD+2.00	–	10,000,000	–	674,000
JP Morgan (*6)	Facility fund and others (*1)	CD+3.00	**40,000,000**	–	**2,696,000**	–
	Overdraft (*3)	CD+4.00	**19,999,969**	–	**1,347,998**	–
BNP PARIBAS (*6)	Overdraft (*3)	CD+2.00	**10,000,000**	30,000,000	**674,000**	2,022,000
Mahindra & Mahindra Ltd.	Overdraft (*4)	CD+2.00	**29,999,869**	–	**2,021,991**	–
Citi bank and others	Banker's usance	0.30~0.80	–	106,606,448	–	7,185,274
			₩ **314,999,838**	254,106,448	Rs **21,230,989**	17,126,774

(*1) Due to the application for the commencement of court receivership, the Group cannot claim the benefit of time.

(*2) Due to the application for the commencement of court receivership, the Group cannot claim the benefit of time and it's reclassified as short-term borrowings.

(*3) The Group missed debt repayment and cannot claim the benefit of time.

(*4) Mahindra & Mahindra Ltd., the largest shareholder of the Group repaid loans of ₩ 29,899,869 thousand (Rs 2,015,251 thousand) to the Bank of America(BOA) on behalf of the Group.

(*5) Failure to make payment on a due date, default interest rate is applied on it.

(*6) The conditions for these loans stipulate that the largest shareholder of the Group, Mahindra & Mahindra Ltd.'s stake in the Group must exceed 51% (Notes 19).

(2) Details of long-term borrowing as of December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

Creditor	**Type**	**Interest rate(%)(*2)**	Korean won **2020**	Korean won 2019	Indian rupee **2020**	Indian rupee 2019
Korea Development Bank	Facility fund	CD+4.57	₩ **70,000,000**	70,000,000	Rs **4,718,000**	4,718,000
	Facility fund	15	**100,000,000**	100,000,000	**6,740,000**	6,740,000
Kookmin Bank	Facility fund	CD+2.00	**–**	11,250,000	**–**	758,250
JP Morgan (*3)	Facility fund	CD+3.00	**40,000,000**	40,000,000	**2,696,000**	2,696,000
Woori Bank	General loan	CD+5.00	**25,000,000**	35,000,000	**1,685,000**	2,359,000
Mahindra & Mahindra Ltd. (*1)	General loan	3	**40,000,000**	–	**2,696,000**	–
Less: Current portion			**(235,000,000)**	(97,500,000)	**(15,839,000)**	(6,571,500)
			₩ **40,000,000**	158,750,000	Rs **2,696,000**	10,699,750

(*1) The Group has an option of conversion of borrowing to equity, Mahindra & Mahindra Ltd. cannot refuse without reasonable reason.

(*2) Failure to make payment on a due date, default interest rate is applied on it.

(*3) The conditions for these loans stipulate that the largest shareholder of the Group, Mahindra & Mahindra Ltd.'s stake in the Group must exceed 51% (Notes 19).

(3) Details of pledged assets as collateral for borrowings as of December 31, 2020 are as follows:

(In thousands of won)

Creditor	**Pledged assets**		**Borrowings amount**	**Maximum credit amount**
Korea Development Bank	Land, buildings, structures and machinery	₩	190,000,000	300,000,000
Woori Bank	Land and buildings		25,000,000	48,000,000
		₩	215,000,000	348,000,000

(In thousands of rupee)

Creditor	Pledged assets		Borrowings amount	Maximum credit amount
Korea Development Bank	Land, buildings, structures and machinery	Rs	12,806,000	20,220,000
Woori Bank	Land and buildings		1,685,000	3,235,200
		Rs	14,491,000	23,455,200

15. Other Financial Liabilities

Details of other financial liabilities as of December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		**Indian rupee**	
	2020	2019	**2020**	2019
Accrued expenses	₩ **55,063,845**	39,493,725	Rs **3,711,303**	2,661,877

16. Provision of Warranty for sale

The Group generally provides warranty for each product sold and accrues warranty expense at the time of sale based on the history of actual claims. Changes in provision of warranty for sale for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		**Indian rupee**	
	2020	2019	**2020**	2019
Beginning balance	₩ **128,285,606**	135,038,086	Rs **8,646,450**	9,101,567
Increase	**33,281,407**	35,027,934	**2,243,167**	2,360,883
Decrease	**(42,395,668)**	(41,780,414)	**(2,857,469)**	(2,816,000)
Ending balance	₩ **119,171,345**	128,285,606	Rs **8,032,148**	8,646,450
Current	₩ **50,043,567**	50,305,013	Rs **3,372,936**	3,390,558
Non-current	**69,127,778**	77,980,593	**4,659,212**	5,255,892

17. Other Liabilities

Details of other liabilities as of December 31, 2020 and 2019 are as follows:

(In thousands of won)

		2020		2019	
		Current	Non-current	**Current**	Non-current
Advances from customers	₩	**6,745,066**	–	**3,736,227**	–
Deposits received		**652,934**	–	**696,247**	–
Withholdings		**23,215,826**	–	**17,507,000**	–
Unearned revenue		**4,733,235**	19,326,729	**3,784,720**	16,399,791
Refund liabilities(*)		**3,483,928**	–	–	–
	₩	**38,830,989**	19,326,729	**25,724,194**	16,399,791

(In thousands of rupee)

		2020		2019	
		Current	**Non-current**	Current	Non-current
Advances from customers	Rs	**454,617**	–	251,822	–
Deposits received		**44,008**	–	46,927	–
Withholdings		**1,564,747**	–	1,179,972	–
Unearned revenue		**319,020**	**1,302,622**	255,090	1,105,345
Refund liabilities(*)		**234,817**	–	–	–
	Rs	**2,617,209**	**1,302,622**	1,733,811	1,105,345

(*) The Group estimates the returnable sales and calculates the expected future return as refund liabilities.

18. Employee Benefits

(1) Details of defined benefit liabilities as of December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		**Indian rupee**	
	2020	2019	**2020**	2019
Present value of defined benefit obligations	₩ **383,312,042**	357,109,529	Rs **25,835,232**	24,069,182
Fair value of plan assets	**(933,028)**	(954,268)	**(62,886)**	(64,317)
	₩ **382,379,014**	356,155,261	Rs **25,772,346**	24,004,865

(2) Changes in defined benefit liabilities for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of won)

	2020		
Details	**PV of defined benefit obligation**	**Plan assets**	**Total**
Beginning balance	₩ **357,109,529**	**(954,268)**	**356,155,261**
Current service cost	**40,348,672**	–	**40,348,672**
Interest expense (income)	**8,107,730**	**(21,601)**	**8,086,129**
Sub-total	**405,565,931**	**(975,869)**	**404,590,062**
Re-measurement factors:			
Re-measurements of plan assets	–	**9,631**	**9,631**

	2020		
Details	**PV of defined benefit obligation**	**Plan assets**	**Total**
Loss (gain) from experience adjustments	**(11,105,494)**	–	**(11,105,494)**
Loss (gain) from changes in financial assumptions	**(2,698,844)**	–	**(2,698,844)**
Loss (gain) from changes in demographic assumptions	**391,655**	–	**391,655**
Sub-total	**(13,412,683)**	**9,631**	**(13,403,052)**
Benefit paid by plan	**(33,210)**	**33,210**	–
Benefit paid directly	**(8,807,996)**	–	**(8,807,996)**
Ending balance	**₩ 383,312,042**	**(933,028)**	**382,379,014**

(In thousands of won)

	2019		
Details	PV of defined benefit obligation	Plan assets	Total
Beginning balance	₩ 330,195,117	(1,013,651)	329,181,466
Current service cost	39,722,211	–	39,722,211
Interest expense (income)	8,590,806	(26,318)	8,564,488
Sub-total	378,508,134	(1,039,969)	377,468,165
Re-measurement factors:			
Re-measurements of plan assets	–	13,869	13,869
Loss (gain) from experience adjustments	(15,322,662)	–	(15,322,662)
Loss (gain) from changes in financial assumptions	12,785,519	–	12,785,519
Loss (gain) from changes in demographic assumptions	811,369	–	811,369
Sub-total	(1,725,774)	13,869	(1,711,905)
Benefit paid by plan	(71,832)	71,832	–
Benefit paid directly	(19,600,999)	–	(19,600,999)
Ending balance	₩ 357,109,529	(954,268)	356,155,261

(In thousands of rupee)

	2020		
Details	**PV of defined benefit obligation**	**Plan assets**	**Total**
Beginning balance	**Rs 24,069,183**	**(64,318)**	**24,004,865**
Current service cost	**2,719,500**	–	**2,719,500**
Interest expense (income)	**546,461**	**(1,456)**	**545,005**
Sub-total	**27,335,144**	**(65,774)**	**27,269,370**
Re-measurement factors:			
Re-measurements of plan assets	–	**649**	**649**
Loss (gain) from experience adjustments	**(748,510)**	–	**(748,510)**
Loss (gain) from changes in financial assumptions	**(181,902)**	–	**(181,902)**
Loss (gain) from changes in demographic assumptions	**26,398**	–	**26,398**
Sub-total	**(904,014)**	**649**	**(903,365)**
Benefit paid by plan	**(2,239)**	**2,239**	–
Benefit paid directly	**(593,659)**	–	**(593,659)**
Ending balance	**Rs 25,835,232**	**(62,886)**	**25,772,346**

(In thousands of rupee)

	2019		
Details	PV of defined benefit obligation	Plan assets	Total
Beginning balance	Rs 22,255,151	(68,320)	22,186,831
Current service cost	2,677,277	–	2,677,277
Interest expense (income)	579,020	(1,774)	577,246
Sub-total	25,511,448	(70,094)	25,441,354
Re-measurement factors:			
Re-measurements of plan assets	–	935	935
Loss (gain) from experience adjustments	(1,032,747)	–	(1,032,747)
Loss (gain) from changes in financial assumptions	861,744	–	861,744
Loss (gain) from changes in demographic assumptions	54,686	–	54,686
Sub-total	(116,317)	935	(115,382)
Benefit paid by plan	(4,842)	4,842	–
Benefit paid directly	(1,321,107)	–	(1,321,107)
Ending balance	Rs 24,069,182	(64,317)	24,004,865

(3) The components of plan assets as of December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	**2020**	2019
Insurance contracts	₩ **933,028**	954,268	Rs **62,886**	64,318

(4) Actuarial assumptions used related to plans as of December 31, 2020 and 2019 are as follows:

	2020	2019
Discount rate (%)	**2.40**	2.30
Rate of future salary growth (%)	**3.97**	3.96

The discount rate is the market yield at the end of the reporting year on high quality corporate bonds (AA+) that have maturity which approximates the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The discount rate for the calculation of the present value of defined benefit obligations is also used as expected return on plan assets.

Weighted average duration of defined benefit obligation as of December 31, 2020 and 2019 are 10.5 years and 11.1 years, respectively.

(5) The sensitivity of the defined benefit obligations to key assumptions as of December 31, 2020 is as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	1% increase	**1% decrease**	**1% increase**	**1% decrease**
Discount rate	₩ **(35,247,596)**	40,600,477	Rs **(2,375,688)**	2,736,472
Future salary growth	**39,762,904**	(35,082,139)	**2,680,020**	(2,364,536)

Sensitivity analysis does not take into account the variance of all expected cash flows, but it provides an approximation of the sensitivity to the assumptions used.

19. Commitments and Contingencies

Details of commitments and contingencies as of December 31, 2020 are as follows:

(1) The Group carries product liability insurance for all products that it sells.

(2) As of December 31, 2020, the Group has agreements with Korea Development Bank and others for various borrowings, trading finance and others with limit of ₩ 355,000 million (Rs 23,927 million). With regard to the overdraft from JP Morgan, BNP Paribas and the facility fund from JP Morgan, the conditions for these loans stipulate that the largest shareholder of the Group, Mahindra & Mahindra's stake in the Group must exceed 51%.

(3) As of December 31, 2020, 5 claims as a plaintiff were filled with the claim amount of ₩ 5,801 million (Rs 391 million) and 7 claims as a defendant were filled with the claims of ₩ 978 million (Rs 66 million). The provision amounting to ₩ 8,092 million (Rs 545 million) is recognized as other payable for the foregoing lawsuits and claims, since the amounts for potential loss can be estimated and management expect that it is probable that the Group will be required to incur an outflow.

(4) Details of provisions reflected in payables as of December 31, 2020 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won		Indian rupee
		2020		**2020**
Beginning balance	₩	**27,238,937**	Rs	**1,835,904**
Increase(*)		**141,957,483**		**9,567,935**
Decrease		**(44,617,894)**		**(3,007,246)**
Ending balance	₩	**124,578,526**	Rs	**8,396,593**

(*) In relation to the Korean/EU Co2 emission regulations, the Group estimated the expected payments that fall short of the standard fuel efficiency and emissions and estimated ₩ 68,422,537 thousand (Rs 4,611,679 thousand) as a provision as of December 31, 2020. In addition, the Group estimates the expected payments such as ongoing litigation cases and sales incentives as a provision.

(5) As of December 21, 2020, the Group filed for commencement of rehabilitation procedure and received a disposition of property preservation and an order of comprehensive prohibition from the courts.

20. Capital Stock

The Group's capital stock as of December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee, except for par value and share information)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Number of shares authorized		**3,000,000,000**	3,000,000,000		**202,200,000**	202,200,000
Shares outstanding		**149,840,002**	149,840,002		**149,840,002**	149,840,002
Par value	₩	**5,000**	5,000	Rs	**337**	337
Capital stock		**749,200,010**	749,200,010		**50,496,081**	50,496,081

21. Other Capital Surplus

Details of other capital surplus as of December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Paid-up capital in excess of par value	₩	**3,169,615**	3,169,615	Rs	**213,632**	213,632
Gain on capital reduction		**74,061,697**	74,061,697		**4,991,758**	4,991,758
Debt to be swapped for equity		**931,508**	931,508		**62,784**	62,784
	₩	**78,162,820**	78,162,820	Rs	**5,268,174**	5,268,174

22. Other Equity

(1) Details of the Group's other equity as of December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Gains (losses) on valuation of derivatives	₩	–	–	Rs	–	–
Accumulated foreign currency translation difference for foreign operations		**826,888**	1,109,395		**55,732**	74,773
	₩	**826,888**	1,109,395	Rs	**55,732**	74,773

(2) Changes in the Group's gains (losses) on valuation of derivatives for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Beginning balance	₩	–	103,000	Rs	–	6,942
Gains on valuation of derivatives		**130,390**	–		**8,788**	–
Reclassified to net income (losses)		**(130,390)**	(103,000)		**(8,788)**	(6,942)
Ending balance	₩	–	–	Rs	–	–

(3) Changes in the foreign currency translation difference for foreign operation for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Beginning balance	₩	**1,109,395**	1,139,617	Rs	**74,773**	76,810
Foreign currency translation difference for foreign operation		**(282,507)**	(30,222)		**(19,041)**	(2,037)
Ending balance	₩	**826,888**	1,109,395	Rs	**55,732**	74,773

23. Deficit

(1) Details of deficit as of December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Deficit	₩	**(916,311,834)**	(425,348,669)	Rs	**(61,759,418)**	(28,668,500)

(2) Changes in deficit for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Beginning balance	₩	**(425,348,668)**	(85,610,656)	Rs	**(28,668,500)**	(5,770,158)
Loss for the year		**(504,340,967)**	(341,364,140)		**(33,992,581)**	(23,007,943)
Defined benefit plan re-measurement		**13,403,052**	1,711,905		**903,365**	115,382
Defined benefit plan re-measurement from joint venture		**(25,251)**	(85,778)		**(1,702)**	(5,781)
Ending balance	₩	**(916,311,834)**	(425,348,669)	Rs	**(61,759,418)**	(28,668,500)

24. Income Tax Expense

(1) Composition of income tax expense for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Income tax expense of parent(*) company	₩	–	–	Rs	–	–
Income tax expense of subsidiary		**30,514**	39,134		**2,057**	2,638
Total	₩	**30,514**	39,134	Rs	**2,057**	2,638

(*) Income tax expense and deferred income tax assets related to the temporary differences, deficit carried forward and tax credit carried forward are not recognized as of December 31, 2020.

Changes in temporary differences and deferred income tax assets for the years ended December 31, 2020 and 2019, are as follows:

(In thousands of won)

		2020			
		Beginning balance	**Decrease**	**Increase**	**Ending balance**
Allowance for doubtful accounts	₩	**2,946,429**	**2,946,429**	**2,324,650**	**2,324,650**
Government grants		**4,474,574**	**646,761**	**591,212**	**4,419,025**
Provision for warranties		**128,531,252**	**128,531,252**	**119,315,790**	**119,315,790**
Defined benefit liabilities		**358,212,110**	**8,616,773**	**34,791,566**	**384,386,903**
Impairment loss of property, plant and equipment		**96,656,705**	**38,891,940**	**48,251,828**	**106,016,593**
Intangible assets		**13,111,032**	**5,291,532**	**886,956**	**8,706,456**
Depreciation		**22,229,988**	**2,564,311**	**2,088,356**	**21,754,033**
Other payables		**27,238,937**	**27,238,937**	**124,655,026**	**124,655,026**
Accrued expenses		**38,787,848**	**38,787,848**	**53,051,706**	**53,051,706**
Investment in subsidiaries		**(8,853,781)**	**2,001,914**	**–**	**(10,855,695)**
Other long-term employee benefit		**16,253,294**	**16,253,294**	**16,573,103**	**16,573,103**
Other receivable		**297,495**	**297,495**	**1,225,760**	**1,225,760**
Land		**(260,655,312)**	**(56,791,691)**	**–**	**(203,863,621)**
Impairment loss of intangible assets		**17,763,809**	**14,025,558**	**85,509,922**	**89,248,173**
Sub-lease receivables		**(4,037,510)**	**(4,037,510)**	**(4,346,501)**	**(4,346,501)**
Right-of-use assets		**(5,851,154)**	**(5,851,154)**	**(8,654,468)**	**(8,654,468)**
Lease liabilities		**9,992,220**	**9,992,220**	**7,564,293**	**7,564,293**
Others		**10,412,147**	**9,959,773**	**8,603,624**	**9,055,998**
Deficit carried over on tax		**867,339,960**	**162,638,931**	**215,842,229**	**920,543,258**
Sub-total	₩	**1,334,850,043**	**402,004,613**	**708,275,052**	**1,641,120,482**
Not recognized as deferred tax assets		**1,334,850,043**	**402,004,613**	**708,275,052**	**1,641,120,482**
Recognized as deferred tax assets		**–**	**–**	**–**	**–**
Statutory tax rate		**22%**			**22%**
Deferred tax assets resulting from temporary differences or deficits carried over on tax		**–**	**–**	**–**	**–**
Tax credit carry-forwards:		**20,433,305**	**–**	**165,400**	**20,598,705**
Not recognized as deferred tax assets		**20,433,305**	**–**	**165,400**	**20,598,705**
Recognized as deferred tax assets		**–**	**–**	**–**	**–**
Deferred tax assets resulting from tax credit carry-forwards		**–**	**–**	**–**	**–**
Total deferred income tax	₩	**–**	**–**	**–**	**–**

(2) Changes in temporary differences and deferred income tax assets for the years ended December 31, 2020 and 2019, are as follows, continued:

(In thousands of won)

		2019			
		Beginning balance	Decrease	Increase	Ending balance
Allowance for doubtful accounts	₩	2,415,106	2,408,106	2,939,429	2,946,429
Government grants		5,039,624	1,390,745	825,695	4,474,574
Provision for warranties		135,038,086	135,038,087	128,531,253	128,531,252
Defined benefit liabilities		331,410,425	19,522,238	46,323,923	358,212,110
Impairment loss of property, plant and equipment		84,669,290	26,818,376	38,805,791	96,656,705
Intangible assets		19,157,125	6,794,782	18,512,498	30,874,841
Depreciation		16,761,726	2,166,172	7,634,434	22,229,988

		2019			
		Beginning balance	Decrease	Increase	Ending balance
Other payables		22,079,874	22,079,874	27,238,937	27,238,937
Accrued expenses		37,502,860	37,502,860	38,787,848	38,787,848
Investment in subsidiaries		(4,123,057)	4,730,724	–	(8,853,781)
Derivatives		(891,319)	(891,319)	–	–
Other long-term employee benefit		17,039,484	17,039,484	16,253,294	16,253,294
Trade receivable		2,904,346	3,978,274	1,073,928	–
Other receivable		3,029,805	3,029,805	297,495	297,495
Land		(260,713,528)	(58,216)	–	(260,655,312)
Sub-lease receivables		–	–	(4,037,510)	(4,037,510)
Right-of-use assets		–	–	(5,851,154)	(5,851,154)
Lease liabilities		–	–	9,992,220	9,992,220
Others		4,892,990	4,341,933	9,861,090	10,412,147
Deficit carried over on tax		1,155,686,877	569,599,726	281,252,809	867,339,960
Sub-total	₩	1,571,899,714	855,491,651	618,441,980	1,334,850,043
Not recognized as deferred tax assets		1,571,899,714	855,491,651	618,441,980	1,334,850,043
Recognized as deferred tax assets		–	–	–	–
Statutory tax rate		22%			22%
Deferred tax assets resulting from temporary differences or deficits carried over on tax		–	–	–	–
Tax credit carry-forwards:		22,456,665	2,023,360	-	20,433,305
Not recognized as deferred tax assets		22,456,665	2,023,360	-	20,433,305
Recognized as deferred tax assets		–	–	–	–
Deferred tax assets resulting from tax credit carry-forwards		–	–	–	–
Total deferred income tax	₩	–	–	–	–

The Group does not recognize deferred tax assets since it could not estimate income tax decease effect by deducting temporary differences, deficits carried over on tax and tax credit carry-forwards from expected future taxable income.

(2) Changes in temporary differences and deferred income tax assets for the years ended December 31, 2020 and 2019, are as follows, continued:

(In thousands of rupee)

		2020			
		Beginning balance	**Decrease**	**Increase**	**Ending balance**
Allowance for doubtful accounts	Rs	**198,589**	**198,589**	**156,681**	**156,681**
Government grants		**301,586**	**43,592**	**39,848**	**297,842**
Provision for warranties		**8,663,006**	**8,663,006**	**8,041,884**	**8,041,884**
Defined benefit liabilities		**24,143,496**	**580,771**	**2,344,952**	**25,907,677**
Loss on revaluation of property, plant and equipment		**6,514,662**	**2,621,317**	**3,252,173**	**7,145,518**
Intangible assets		**883,684**	**356,649**	**59,781**	**586,816**
Depreciation		**1,498,301**	**172,834**	**140,755**	**1,466,222**
Other payables		**1,835,905**	**1,835,905**	**8,401,749**	**8,401,749**
Accrued expenses		**2,614,301**	**2,614,301**	**3,575,685**	**3,575,685**
Investment in subsidiaries		**(596,745)**	**134,929**	**–**	**(731,674)**
Other long-term employee benefit		**1,095,472**	**1,095,472**	**1,117,027**	**1,117,027**
Other receivable		**20,051**	**20,051**	**82,616**	**82,616**
Land		**(17,568,168)**	**(3,827,760)**	**–**	**(13,740,408)**
Impairment loss of intangible assets		**1,197,281**	**945,323**	**5,763,369**	**6,015,327**
Sub-lease receivables		**(272,128)**	**(272,128)**	**(292,954)**	**(292,954)**
Right-of-use assets		**(394,368)**	**(394,368)**	**(583,311)**	**(583,311)**
Lease liabilities		**673,476**	**673,476**	**509,833**	**509,833**
Others		**701,779**	**671,289**	**579,884**	**610,374**
Deficit carried over on tax		**58,458,713**	**10,961,863**	**14,547,766**	**62,044,616**
Sub-total	Rs	**89,968,893**	**27,095,111**	**47,737,738**	**110,611,520**
Not recognized as deferred tax assets		**89,968,893**	**27,095,111**	**47,737,738**	**110,611,520**
Recognized as deferred tax assets		**–**	**–**	**–**	**–**
Statutory tax rate		**22%**			**22%**

(2) Changes in temporary differences and deferred income tax assets for the years ended December 31, 2020 and 2019, are as follows, continued:

		2020			
		Beginning balance	**Decrease**	**Increase**	**Ending balance**
Deferred tax assets resulting from temporary differences		–	–	–	–
Tax credit carry-forwards:		**1,377,205**	–	**11,148**	**1,388,353**
Not recognized as deferred tax assets		**1,377,205**	–	**11,148**	**1,388,353**
Recognized as deferred tax assets		–	–	–	–
Deferred tax assets resulting from tax credit carry-forwards		–	–	–	–
Total deferred income tax	Rs	–	–	–	–

(In thousands of rupee)

		2019			
		Beginning balance	**Decrease**	**Increase**	**Ending balance**
Allowance for doubtful accounts	Rs	162,778	162,306	198,117	198,589
Government grants		339,670	93,736	55,652	301,586
Provision for warranties		9,101,567	9,101,567	8,663,006	8,663,006
Defined benefit liabilities		22,337,063	1,315,799	3,122,232	24,143,496
Loss on revaluation of property, plant and equipment		5,706,710	1,807,558	2,615,510	6,514,662
Intangible assets		1,291,190	457,968	1,247,743	2,080,965
Depreciation		1,129,740	146,000	514,561	1,498,301
Other payables		1,488,184	1,488,184	1,835,905	1,835,905
Accrued expenses		2,527,693	2,527,693	2,614,301	2,614,301
Investment in subsidiaries		(277,894)	318,851	–	(596,745)
Derivatives		(60,075)	(60,075)	–	–
Other long-term employee benefit		1,148,461	1,148,461	1,095,472	1,095,472
Trade receivable		195,753	268,136	72,383	–
Other receivable		204,209	204,209	20,051	20,051
Land		(17,572,092)	(3,924)	–	(17,568,168)
Sub-lease receivables		–	–	(272,128)	(272,128)
Right-of-use assets		–	–	(394,368)	(394,368)
Lease liabilities		–	–	673,476	673,476
Others		329,788	292,646	664,637	701,779
Deficit carried over on tax		77,893,296	38,391,022	18,956,439	58,458,713
Sub-total	Rs	105,946,041	57,660,137	41,682,989	89,968,893
Not recognized as deferred tax assets		105,946,041	57,660,137	41,682,989	89,968,893
Recognized as deferred tax assets		–	–	–	–
Statutory tax rate		22%			22%
Deferred tax assets resulting from temporary differences		–	–	–	–
Tax credit carry-forwards:		1,513,579	136,374	–	1,377,205
Not recognized as deferred tax assets		1,513,579	136,374	–	1,377,205
Recognized as deferred tax assets		–	–	–	–
Deferred tax assets resulting from tax credit carry-forwards		–	–	–	–
Total deferred income tax	Rs	–	–	–	–

The Group does not recognize deferred tax assets since it could not estimate income tax decease effect by deducting temporary differences, deficits carried over on tax and tax credit carry-forwards from expected future taxable income.

(3) Details of information that the expected expiration of tax losses and deferred tax credits which are not recognized as deferred tax assets as of December 31, 2020 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		Deficit carried over on tax	Tax credit carry-forwards		Deficit carried over on tax	Tax credit carry-forwards
0 ~ 1 Year	₩	**146,151,212**	–	Rs	**9,850,592**	–
1 ~ 5 Years		**190,455,689**	9,108,635		**12,836,713**	613,922
5 ~ 10 Years		**361,760,603**	11,490,070		**24,382,665**	774,431
10 Years ~		**222,175,754**	–		**14,974,646**	–
	₩	**920,543,258**	20,598,705	Rs	**62,044,616**	1,388,353

25. Nature of Expenses

Details of nature of expenses for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Changes in inventories	₩	**21,406,722**	(616,115)	Rs	**1,442,813**	(41,526)
Raw materials consumed and purchase of merchandise		**2,189,991,115**	2,587,264,937		**147,605,401**	174,381,657
Employee benefits		**442,731,665**	549,793,783		**29,840,114**	37,056,101
Depreciation		**147,106,778**	165,025,744		**9,914,997**	11,122,735
Amortization		**68,534,911**	97,211,399		**4,619,253**	6,552,048
Others		**529,798,185**	507,107,878		**35,708,398**	34,179,071
	₩	**3,399,569,376**	3,905,787,626	Rs	**229,130,976**	263,250,086

Total expenses are equal to the sum of cost of sales and selling, general and administrative expenses.

26. Selling, General and Administrative Expenses

(1) Details of selling expenses for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Warranty expenses	₩	**49,939,633**	55,101,625	Rs	**3,365,931**	3,713,850
Commissions		**207,545,138**	241,034,691		**13,988,542**	16,245,738
Advertising		**18,811,866**	19,150,894		**1,267,920**	1,290,770
Export expenses		**43,610,394**	9,947,700		**2,939,341**	670,475
Promotion		**39,716,132**	20,585,923		**2,676,867**	1,387,491
Others		**9,091,977**	8,193,731		**612,799**	552,258
	₩	**368,715,140**	354,014,564	Rs	**24,851,400**	23,860,582

(2) Details of general and administrative expenses for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Salaries	₩	**43,656,101**	55,678,138	Rs	**2,942,421**	3,752,706
Retirement benefit costs		**6,247,699**	6,109,388		**421,095**	411,773
Employee welfare		**9,867,922**	14,023,539		**665,098**	945,186
Rent expense		**9,857,781**	10,108,383		**664,414**	681,305
Service fees		**18,377,992**	27,081,721		**1,238,677**	1,825,308
Depreciation		**21,744,902**	29,374,591		**1,465,606**	1,979,847
R&D expenses		**12,923,031**	12,291,122		**871,012**	828,422
Amortization		**3,300,398**	4,039,460		**222,447**	272,260
(Reversal of) bad debt expense		**(59,058)**	27,027		**(3,980)**	1,822
Others		**34,814,594**	36,731,871		**2,346,504**	2,475,728
	₩	**160,731,362**	195,465,240	Rs	**10,833,294**	13,174,357

27. Other Income and Expenses

(1) Details of other income for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Foreign exchange transaction gain	₩	**5,517,519**	6,089,248	Rs	**371,881**	410,415
Foreign exchange translation gain		**1,438,828**	428,256		**96,977**	28,865
Gain on disposal of property, plant and equipment		**118,295,190**	1,122,423		**7,973,096**	75,651
Others		**10,191,658**	9,895,857		**686,917**	666,981
	₩	**135,443,195**	17,535,784	Rs	**9,128,871**	1,181,912

(2) Details of other expenses for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Foreign exchange transaction loss	₩	**7,188,255**	5,668,952	Rs	**484,488**	382,087
Foreign exchange translation loss		**920,020**	515,176		**62,009**	34,723
Loss on disposal of property, plant and equipment		**3,626,941**	970,690		**244,456**	65,425
Loss on disposal of trade receivables		**80,028**	83,386		**5,394**	5,620
Impairment loss on PP&E		**48,251,827**	38,805,791		**3,252,173**	2,615,510
Impairment loss on Intangible		**80,120,747**	18,112,058		**5,400,138**	1,220,753
Others		**38,265,423**	7,943,958		**2,579,090**	535,423
	₩	**178,453,241**	72,100,011	Rs	**12,027,748**	4,859,541

28. Finance Income and Costs

(1) Details of finance income for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Interest income	₩	**2,074,905**	3,778,894	Rs	**139,849**	254,697
Dividend income		**11,000**	11,000		**741**	741
Foreign exchange transaction gain		**1,702,338**	4,548,351		**114,738**	306,559
Foreign exchange translation gain		**2,377**	2,904,044		**160**	195,733
Realized gain of financial derivatives		**–**	499,898		**–**	33,693
	₩	**3,790,620**	11,742,187	Rs	**255,488**	791,423

(2) Details of finance costs for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Interest expense	₩	**8,900,346**	5,012,440	Rs	**599,883**	337,838
Foreign exchange transaction loss		**8,826,890**	13,734,255		**594,933**	925,689
Foreign exchange translation loss		**2,299**	52,685		**155**	3,551
Realized loss of financial derivatives		**–**	214,649		**–**	14,467
Loss on disposal of short-term trading assets		**–**	16,792		**–**	1,132
	₩	**17,729,535**	19,030,821	Rs	**1,194,971**	1,282,677

(3) Details of the Group's financial net profit or loss for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Financial assets/ liabilities at amortized cost	₩	**(13,949,915)**	(7,584,883)	Rs	**(940,224)**	(511,221)
Non-current financial assets		**11,000**	11,000		**741**	741
Derivatives financial assets (liabilities)		**–**	285,249		**–**	19,226
	₩	**(13,938,915)**	(7,288,634)	Rs	**(939,483)**	(491,254)

29. Losses per Share

(1) Basic losses per share for the years ended December 31, 2020 and 2019 are calculated as follows:

(In thousands of won and in thousands of rupee, except per share information)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Loss for the year	₩	**(504,340,967)**	(341,364,140)	Rs	**(33,992,581)**	(23,007,943)
Loss contributed to common stocks		**(504,340,967)**	(341,364,140)		**(33,992,581)**	(23,007,943)
Weighted average number of common shares		**149,840,002**	149,096,397		**149,840,002**	149,096,397
Basic earnings (losses) per share(*)	₩	**(3,366)**	(2,290)	Rs	**(227)**	(154)

(*) Diluted losses per share are not calculated for the years ended December 31, 2020 and 2019, because there are no dilutive shares as of December 31, 2020 and 2019.

(2) Weighted average number of common shares outstanding for the years ended December 31, 2020 and 2019 are calculated as follows:

(In shares)

	2020			
	Outstanding period	**Common shares issued**	**Weighted-average**	**Common shares outstanding**
Beginning	**2020-01-01~2020-12-31**	**149,840,002**	**366/366**	**149,840,002**
				149,840,002

(In shares)

	2019			
	Outstanding period	Common shares issued	Weighted-average	Common shares outstanding
Beginning	2019-01-01~2019-12-31	137,949,396	365/365	137,949,396
Issuing(*)	2019-01-01~2019-12-31	1,033,976	365/365	1,033,976
Issuing	2019-01-26~2019-12-31	10,856,630	340/365	10,113,025
				149,096,397

(*) In accordance with K-IFRS No.1033, when the rights offering is less than fair value, the shares issued below the fair value are considered as free shares and the number of shares outstanding is retroactively calculated.

30. Cash Flows

(1) Details of cash flows from operating activities for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	**2020**	2019
Loss for the year	₩ **(504,340,967)**	(341,364,140)	Rs **(33,992,581)**	(23,007,943)
Adjustments for:				
Retirement benefit costs	**48,434,801**	48,286,699	**3,264,505**	3,254,524
Depreciation	**147,106,778**	165,025,744	**9,914,997**	11,122,735
Amortization	**68,534,910**	97,211,399	**4,619,253**	6,552,048
Depreciation of right-of-use assets	**6,216,825**	4,126,213	**419,014**	278,107
Losses on disposal of trade receivables	**80,028**	83,386	**5,394**	5,620
Foreign exchange translation gain and loss, net	**(518,886)**	(2,764,439)	**(34,973)**	(186,323)
Loss (Gain) on disposal of property, plant and equipment	**(114,668,249)**	(151,733)	**(7,728,640)**	(10,227)
Interest expense and income, net	**6,825,441**	1,233,545	**460,035**	83,141
Dividends income	**(11,000)**	(11,000)	**(741)**	(741)
Losses on valuation of inventories	**4,035,760**	12,968,621	**272,010**	874,085
Increase in provision of warranty for sale	**33,281,407**	36,187,758	**2,243,167**	2,439,055
Equity profit on investments	**(2,027,166)**	(2,433,214)	**(136,631)**	(163,999)
Impairment loss on Tangible assets	**48,251,827**	38,805,791	**3,252,173**	2,615,510
Impairment loss on Intangible assets	**80,120,747**	18,112,058	**5,400,138**	1,220,753
Promotion	**25,882,537**	–	**1,744,483**	–
Export expenses	**37,248,248**	–	**2,510,532**	–
Others	**36,152,400**	5,550,777	**2,436,672**	374,122
	424,946,408	422,231,605	**28,641,388**	28,458,410
Changes in assets and liabilities				
Trade receivables	**20,448,825**	36,766,467	**1,378,251**	2,478,060
Other receivables	**(8,410,410)**	1,806,355	**(566,862)**	121,748
Inventories	**30,276,265**	(13,706,871)	**2,040,620**	(923,843)
Trade payables	**54,819,233**	(57,966,036)	**3,694,816**	(3,906,911)
Other payables	**98,270,842**	(14,930,771)	**6,623,455**	(1,006,334)
Accrued expenses	**14,351,834**	1,364,903	**967,314**	91,994
Usage of provision of warranty for sale	**(42,395,668)**	(42,026,060)	**(2,857,468)**	(2,832,556)
Payment of retirement benefits	**(8,807,996)**	(19,600,999)	**(593,659)**	(1,321,107)
Others	**(17,014,032)**	6,534,822	**(1,146,746)**	440,447
	141,538,893	(101,758,190)	**9,539,721**	(6,858,502)
Net cash provided by (used in) operating activities	₩ **62,144,334**	(20,890,725)	Rs **4,188,528**	(1,408,035)

(2) Significant non-cash activities for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Changes in other payables related to the acquisition of property, plant and equipment	₩	**(90,588)**	(19,150,021)	Rs	**(6,106)**	(1,290,711)

(3) Adjustment of liabilities from financing activities

Changes in liabilities from financial activities for the year ended December 31, 2020 is as follows:

(In thousands of won)

		Beginning balance	Increase	Decrease	Liquidity	Others	Exchange rate effect	Ending balance
Banker's usance (*)	₩	106,606,448	–	(106,606,448)	–	–	–	–
Short-term borrowings		147,500,000	117,000,113	(108,250,275)	158,750,000	–	–	314,999,838
Long-term borrowings		158,750,000	40,000,000	–	(158,750,000)	–	–	40,000,000
Lease liabilities		11,630,384	–	(9,756,079)	–	6,494,014	52,455	8,420,774
	₩	424,486,832	157,000,113	(224,612,802)	–	6,494,014	52,455	363,420,612

(In thousands of rupee)

		Beginning balance	Increase	Decrease	Liquidity	Others	Exchange rate effect	Ending balance
Banker's usance (*)	Rs	7,185,274	–	(7,185,274)	–	–	–	–
Short-term borrowings		9,941,500	7,885,808	(7,296,069)	10,699,750	–	–	21,230,989
Long-term borrowings		10,699,750	2,696,000	–	(10,699,750)	–	–	2,696,000
Lease liabilities		783,888	–	(657,560)	–	437,697	3,535	567,560
	Rs	28,610,412	10,581,808	(15,138,903)	–	437,697	3,535	24,494,549

(*) The changes in usance borrowings are presented by net amounts.

Changes in liabilities from financial activities for the year ended December 31, 2019 is as follows:

(In thousands of won)

		Beginning balance	Increase	Decrease	Liquidity	Others	Exchange rate effect	Ending balance
Banker's usance (*)	₩	143,227,545	–	(33,770,762)	–	–	(2,850,335)	106,606,448
Short-term borrowings		35,000,000	69,999,999	(63,749,999)	106,250,000	–	–	147,500,000
Long-term borrowings		75,000,000	190,000,000	–	(106,250,000)	–	–	158,750,000
Lease liabilities		–	–	(9,596,135)	–	21,221,093	5,426	11,630,384
	₩	253,227,545	259,999,999	(107,116,896)	–	21,221,093	(2,844,909)	424,486,832

(In thousands of rupee)

		Beginning balance	Increase	Decrease	Liquidity	Others	Exchange rate effect	Ending balance
Banker's usance (*)	Rs	9,653,536	–	(2,276,149)	–	–	(192,113)	7,185,274
Short-term borrowings		2,359,000	4,718,000	(4,296,750)	7,161,250	–	–	9,941,500
Long-term borrowings		5,055,000	12,806,000	–	(7,161,250)	–	–	10,699,750
Lease liabilities		–	–	(646,780)	–	1,430,302	366	783,888
	Rs	17,067,536	17,524,000	(7,219,679)	–	1,430,302	(191,747)	28,610,412

(*) The changes in usance borrowings are presented by net amounts.

31. Segment Information

(1) The Group determined itself as a single reportable segment by considering the nature of goods and service as well as the characteristic of assets used in providing service. The Group has not disclosed operating income or loss, profit or loss before income taxes and total assets and liabilities by reportable segment.

(2) Geographic sales information of the Group for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
Sales region		**2020**	2019		**2020**	2019
Republic of Korea	₩	**2,476,227,092**	2,989,818,593	Rs	**166,897,706**	201,513,773
Europe		**205,057,124**	320,441,068		**13,820,850**	21,597,728
Asia Pacific		**179,171,538**	216,437,423		**12,076,162**	14,587,882
Others		**138,780,593**	149,814,048		**9,353,812**	10,097,467
Consolidated adjustment		**(49,055,628)**	(52,628,865)		**(3,306,349)**	(3,547,185)
	₩	**2,950,180,719**	3,623,882,267	Rs	**198,842,181**	244,249,665

Non-current assets are not separately disclosed since those are located in Korea. Main customer over 10% of sales is not disclosed since most sales are occurred through contract with individual customer and authorized foreign agencies.

(3) Information of sales of goods and service for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Automobile	₩	**2,530,013,655**	3,129,580,863	Rs	**170,522,920**	210,933,750
Merchandise and parts		**330,800,083**	391,624,052		**22,295,926**	26,395,461
Others		**89,366,981**	102,677,352		**6,023,335**	6,920,454
	₩	**2,950,180,719**	3,623,882,267	Rs	**198,842,181**	244,249,665

(4) Balance of Contracts as of December 31, 2020 and December 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Receivables from contracts with customers	₩	**100,554,100**	121,365,029	Rs	**6,777,346**	8,180,003
Contract liabilities		**30,805,029**	23,940,058		**2,076,259**	1,613,560

Contract liabilities in unearned revenue was occurred from contracts from customers that recognizing over time such as product warranty.

32. Transactions and Balances with Related Parties

(1) Details of parent and Joint venture as of December 31, 2020 are as follows:

Relationship	**Company**
Parent	Mahindra & Mahindra Ltd.
Joint venture	SY Auto Capital Co., Ltd.
Others	Mahindra Vehicle Manufacturing Ltd. Mahindra Electric Mobility Ltd. Mahindra&Mahindra South Africa Ltd. PININFARINA S.P.A.

(2) Transactions with related parties for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of rupee)

Relationship	**Company**	**Description**		**2020**	2019
Parent	Mahindra & Mahindra Ltd.	Sales	₩	**28,948,012**	31,623,926
		Other income		**73,365**	–
		Purchases		**8,691,587**	488,222
		Other expenses		**1,095,026**	727,732
Joint venture	SY Auto Capital Co., Ltd.	Other income		**629,888**	2,043,265
		Other expenses		**81,320,276**	31,754,171
Others	Mahindra Vehicle Manufacturing Ltd. and others	Sales		**1,847,674**	41,398,196
		Other income		–	5,276
		Other expenses		**3,576,964**	1,783,736

(In thousands of won)

Relationship	**Company**	**Description**		**2020**	2019
Parent	Mahindra & Mahindra Ltd.	Sales	Rs	**1,951,096**	2,131,453
		Other income		**4,945**	–
		Purchases		**585,813**	32,906
		Other expenses		**73,805**	49,049
Joint venture	SY Auto Capital Co., Ltd.	Other income		**42,454**	137,716
		Other expenses		**5,480,987**	2,140,231
Others	Mahindra Vehicle Manufacturing Ltd. and others	Sales		**124,533**	2,790,238
		Other income		–	356
		Other expenses		**241,087**	120,224

(3) Account balances with related parties as of December 31, 2020 and 2019 are as follows:

(In thousands of won)

Relationship	**Company**	**Description**		**2020**	2019
Parent	Mahindra & Mahindra Ltd.	Trade receivables	₩	**2,437,886**	454,892
		Other receivables		**252,632**	50,954
		Trade payables		**3,624,172**	486,641
		Other payables		**2,514,361**	811,771
		Borrowings		**69,999,869**	–
Others	Mahindra Vehicle Manufacturing Ltd. and others	Trade receivables		**531,781**	208,034
		Other payables		**3,437,606**	2,646,646

(In thousands of rupee)

Relationship	**Company**	**Description**		**2020**	2019
Parent	Mahindra & Mahindra Ltd.	Trade receivables	Rs	**164,314**	30,660
		Other receivables		**17,027**	3,434
		Trade payables		**244,269**	32,800
		Other payables		**169,468**	54,713
		Borrowings		**4,717,991**	–
Others	Mahindra Vehicle Manufacturing Ltd. and others	Trade receivables		**35,842**	14,021
		Other payables		**231,695**	178,384

Allowance for receivables from related parties are not recognized as of December 31, 2020 and 2019.

(4) Capital transactions with related parties for the years ended December 31,2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

				Korean won			Indian rupee	
Relationship	**Company**	**Description**		**2020**	2019		**2020**	2019
Parent	Mahindra& Mahindra Ltd.	Loan	₩	**69,999,869**	–	Rs	**4,717,991**	–
		Issuing capital stock		**–**	49,706,372		**–**	3,350,209

(5) Executive compensation of the Group for the years ended December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Short-term employee benefits	₩	**4,636,353**	7,414,635	Rs	**312,490**	499,746
Retirement benefits		**394,980**	545,887		**26,622**	36,793

33. Financial Instruments

(1) Capital risk management

The Group manages capital risk in order to maximize shareholders' profit by maintaining sound or optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary.

The Group uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity on financial statements. The Group is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

		Korean won			Indian rupee	
		2020	2019		**2020**	2019
Debt (A)	₩	**1,856,750,687**	1,616,083,587	Rs	**125,144,996**	108,924,033
Equity (B)		**(88,122,116)**	403,123,556		**(5,939,431)**	27,170,528
Debt-to-equity ratio (A/B)(*)		**–**	400.89%		**–**	400.89%

(*) The debt to equity ratio was not calculated because the total equity is the negative amount as of December 31, 2020.

(2) Details of financial assets and liabilities by category as of December 31, 2020 and 2019 are as follows:

1) Financial assets

(In thousands of won)(In thousands of won)

		2020				
		Amortised cost	**Measured at FVTPL**		**Total**	**Fair value**
Cash and cash equivalents	Rs	185,963,321	–	Rs	185,963,321	185,963,321
Long-term financial instruments		4,000	–		4,000	4,000
Trade and other receivables		163,500,821	–		163,500,821	163,500,821
Non-current financial assets		–	560,000		560,000	560,000
	Rs	349,468,142	560,000	Rs	350,028,142	350,028,142

(In thousands of rupee)

		2019				
		Amortised cost	**Measured at FVTPL**		**Total**	**Fair value**
Cash and cash equivalents	Rs	125,800,194	–	Rs	125,800,194	125,800,194
Long-term financial instruments		4,000	–		4,000	4,000
Trade and other receivables		175,234,811	–		175,234,811	175,234,811
Non-current financial assets		–	560,000		560,000	560,000
	Rs	301,039,005	560,000	Rs	301,599,005	301,599,005

(In thousands of rupee)

	2020			
	Amortised cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	Rs 12,533,928	–	Rs 12,533,928	12,533,928
Long-term financial instruments	270	–	270	270
Trade and other receivables	11,019,955	–	11,019,955	11,019,955
Non-current financial assets	–	37,744	37,744	37,744
	Rs 23,554,153	37,744	Rs 23,591,897	23,591,897

	2019			
	Amortised cost	Measured at FVTPL	Total	Fair value
Cash and cash equivalents	Rs 8,478,933	–	Rs 8,478,933	8,478,933
Long-term financial instruments	270	–	270	270
Trade and other receivables	11,810,826	–	11,810,826	11,810,826
Non-current financial assets	–	37,744	37,744	37,744
	Rs 20,290,029	37,744	Rs 20,327,773	20,327,773

2) Financial liabilities

(In thousands of won)

	2020			
	Financial liability measured at amortised cost	Financial liabilities at FVTPL	Total	Fair value
Trade and other payables	₩ 721,070,405	–	₩ 721,070,405	721,070,405
Borrowings	354,999,838	–	354,999,838	354,999,838
Lease liabilities	8,420,774	–	8,420,774	8,420,774
	₩ 1,084,491,017	–	₩ 1,084,491,017	1,084,491,017

(In thousands of won)

	2019			
	Financial liability measured at amortised cost	Financial liabilities at FVTPL	Total	Fair value
Trade and other payables	₩ 600,389,273	–	₩ 600,389,273	600,389,273
Borrowings	412,856,448	–	412,856,448	412,856,448
Lease liabilities	11,630,384	–	11,630,384	11,630,384
	₩ 1,024,876,105	–	₩ 1,024,876,105	1,024,876,105

(In thousands of rupee)

	2020			
	Financial liability measured at amortised cost	Financial liabilities at FVTPL	Total	Fair value
Trade and other payables	Rs 48,600,146	–	Rs 48,600,146	48,600,146
Borrowings	23,926,989	–	23,926,989	23,926,989
Lease liabilities	567,560	–	567,560	567,560
	Rs 73,094,695	–	Rs 73,094,695	73,094,695

(In thousands of rupee)

	2019			
	Financial liability measured at amortised cost	Financial liabilities at FVTPL	Total	Fair value
Trade and other payables	Rs 40,466,237	–	Rs 40,466,237	40,466,237
Borrowings	27,826,524	–	27,826,524	27,826,524
Lease liabilities	783,888	–	783,888	783,888
	Rs 69,076,649	–	Rs 69,076,649	69,076,649

(3) Financial risk management

The Group is exposed to credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Group operates a risk management policy and a program that performs close monitoring and responds to each risk factors.

Financial assets that are subject to the financial risk management consist of cash and cash equivalents, non-current financial assets, trade receivables, other receivables and others; financial liabilities subject to the financial risk management consist of trade payables, other payables, borrowings, and others.

1) Market risk

a. Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group assesses, manages and reports, on a regular basis, the foreign exchange risk for its receivables and payables denominated in foreign currency.

The table below shows the sensitivity for each foreign currency when exchange rates change 10%. Sensitivity analysis only includes foreign currency monetary items that are not paid, and it adjusts the translation assuming exchange rate changes 10% as of December 31, 2020.

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
Currency	**10% increase**	**10% decrease**	**10% increase**	**10% decrease**
USD	₩ 1,589,797	₩ (1,589,797)	Rs 107,152	Rs (107,152)
EUR	1,288,112	(1,288,112)	86,819	(86,819)
JPY	(1,402,097)	1,402,097	(94,501)	94,501
Others	(313,518)	313,518	(21,131)	21,131
	₩ 1,162,294	₩ (1,162,294)	Rs 78,339	Rs (78,339)

b. Interest rate risk

Sensitivity analysis was conducted assuming floating rate debt current balance is the same during the whole reporting year. When reporting interest rate risk to management internally, 0.5% variation is used, representing management's assessment about reasonably possible fluctuations of interest rates.

If other variables are constant and the interest rate is lower or higher by 0.5% than the current rate, the Group's current income will decrease or increase in ₩ 1,498,219 thousand (Rs 100,980 thousand) for the year ended December 31, 2020, due to floating rate debt's interest rate risk.

2) Credit risk

Credit risk arises from transactions in the ordinary course of business and investment activities and when a customer or a transacting party fails to perform obligations defined by respective contract terms. In order to manage the aforementioned credit risk, the Group regularly assesses credit ratings of its customers and transacting parties based on their financial status and past experiences, and establishes credit limit for each customer or transacting party.

If a credit risk occurs with respect to a dealership sale, which is a major type of the Group's sales, the respective dealership bears all of the risk; the Group manages credit risk on product sales using two management index, agreed liability rate and agreed excess rate, and when the management index exceeds the agreed rate, it imposes a release restriction on the respective dealership and transfers a credit risk arising from product sales. The Group's trade receivables are usually collected within 30 days but some of the notes receivable are collected within 75 days.

The Group estimates an allowance for the receivables that are over more than 90 days, but less than one year through an individual analysis based on each transacting party; for receivables that are not subject to individual analysis, the Group estimates an allowance based on the historical loss rates.

Maximum exposure in respect of credit risk as of December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		Indian rupee	
	2020	2019	**2020**	2019
Trade and other receivables	₩ **163,500,821**	₩ 175,234,811	Rs **11,019,955**	Rs 11,810,826

3) Liquidity risk

The Group has managed liquidity risk to maintain adequate level of liquidity by periodic projecting cash outflow. To manage the risks, the Group has entered into a factoring agreement with capital financial institutions.

The contractual maturities of financial liabilities as of December 31, 2020 and 2019 are as follows:

(In thousands of won)

	2020		
	Within a year	**Over 1 year**	**Total**
Trade payables	₩ **532,518,517**	₩ **–**	₩ **532,518,517**
Other payables	**185,240,179**	**–**	**185,240,179**
Short-term borrowings(*)	₩ **316,199,838**	₩ **–**	₩ **316,199,838**
Lease liabilities(*)	**6,447,861**	**2,202,076**	**8,649,937**
Other payables	**2,665,074**	**–**	**2,665,074**
Long-term borrowings(*)	**–**	**43,146,301**	**43,146,301**
Long-term other payables	**–**	**646,636**	**646,636**
	₩ **1,043,071,469**	₩ **45,995,013**	₩ **1,089,066,482**

(*) Including expected interest expense but excluded default interest expense due to waiver of benefit of time.

(In thousands of won)

	2019		
	Within a year	Over 1 year	Total
Trade payables	₩ 477,370,219	₩ –	₩ 477,370,219
Other payables	120,768,591	–	120,768,591
Short-term borrowings(*)	256,399,637	–	256,399,637
Lease liabilities(*)	₩ 7,231,808	₩ 4,814,959	₩ 12,046,767
Other payables	1,402,123	–	1,402,123
Long-term borrowings(*)	–	171,603,986	171,603,986
Long-term other payables	–	848,340	848,340
	₩ 863,172,378	₩ 177,267,285	₩ 1,040,439,663

(*) Including expected interest expenses.

(In thousands of rupee)

	2020					
		Within a year		**Over 1 year**		**Total**
Trade payables	Rs	**35,891,748**	₩	**–**	Rs	**35,891,748**
Other payables		**12,485,188**		**–**		**12,485,188**
Short-term borrowings(*)	Rs	**21,311,869**	₩	**–**	Rs	**21,311,869**
Lease liabilities(*)		**434,586**		**148,420**		**583,006**
Other payables		**179,626**		**–**		**179,626**
Long-term borrowings(*)		**–**		**2,908,061**		**2,908,061**
Long-term other payables		**–**		**43,583**		**43,583**
	Rs	**70,303,017**	₩	**3,100,064**	Rs	**73,403,081**

(*) Including expected interest expense but excluded default interest expense due to waiver of benefit of time

(In thousands of rupee)

	2019					
		Within a year		Over 1 year		Total
Trade payables	Rs	32,174,753	₩	–	Rs	32,174,753
Other payables		8,139,803		–		8,139,803
Short-term borrowings(*)	Rs	17,281,335	₩	–	Rs	17,281,335
Lease liabilities(*)		487,424		324,528		811,952
Other payables		94,503		–		94,503
Long-term borrowings(*)		–		11,566,109		11,566,109
Long-term other payables		–		57,178		57,178
	Rs	58,177,818	₩	11,947,815	Rs	70,125,633

(*) Including expected interest expenses.

The details of the financing arrangements as of December 31, 2020 and 2019 are as follows:

(In thousands of won and in thousands of rupee)

	Korean won		**Indian rupee**	
	2020	2019	**2020**	2019
Used amount	₩ **355,000,000**	306,250,000	Rs **23,927,000**	20,641,250
Unused amount	**–**	117,000,000	**–**	7,885,800

(4) Fair value of financial instruments

1) The Group's management deems that the differences between carrying value and fair value of financial assets and financial liabilities recognized as amortized cost on financial statements is not significant.

2) Valuation methods and assumptions applied in fair value measurement

The fair values of financial instruments (i.e., government bonds and unsecured corporate bonds) traded on active markets are determined with reference to quoted market prices. The Group uses the closing price as the quoted market price for its financial assets

The fair values of derivatives where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. Non-option derivatives are evaluated by discounted cash flow method using the yield curve available. Options are evaluated by option-pricing models. Foreign exchange forward contracts are determined using the yield curve derived from market interest rates with the same maturity of forward contracts. To measure interest rate swaps, the cash flows are estimated by the yield curve derived from market interest rate and discounted to calculate the present value of swaps.

3) The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, classified as Level 1, 2 or 3, based on the degree to which the fair value is observable.

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

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

Level 3 input for the asset or liability that are not based on observable market data (unobservable inputs)

No financial instruments are measured at fair value after initial recognition as of December 31, 2020 and 2019.

34. Going concern assumption

The Group's financial statements are prepared on the assumption that it will continue as going concern, and therefore our assets and liabilities are accounted for on the assumption that they can be recovered or repaid at their carrying amount through the normal course of business activities. However, due to deteriorating financial structure, the Group has incurred operating losses of ₩ 449,389 million (Rs 30,289 million) and net losses of ₩ 504,341 million (Rs 33,993 million) as of the end of the reporting period. In addition, the Group's current liabilities exceed its current assets by ₩ 781,830 million (Rs 52,695 million) as of the end of the reporting period.

As of December 21, 2020, the Group filed for commencement of rehabilitation procedure with the Seoul Bankruptcy Court under the Debtor Rehabilitation and Bankruptcy Act of South Korea. And the Group received a disposition of property preservation and an order of comprehensive prohibition from the courts. The Group had applied for an ARS (autonomous restructuring support) program to find a new investor or rebuilds creditors' trust during the period. These events indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

In circumstances where material uncertainty on the ability to continue as a going concern, which is the basis for preparation of the consolidated financial statements. As a result, the Group has commenced a capital reorganization plan.

As the stabilization of operating income will depend on the success of this plan, a significant uncertainty exists. As it will be difficult for the Group to continue as a going concern if the Group fails to achieve its plan, the carrying amount of the Group's assets and liabilities may not be recoverable in the ordinary course of business. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AT 31 MARCH 2021

PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE 39/2010

Opinion

We have audited the accompanying Financial Statements of Mahindra Europe S.r.l. ("the Company"), which comprises the Balance Sheet as at March 31st, 2021, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended.

In our opinion, the annual Financial Statements at 31 March 2021 comply with the provisions which discipline the criteria for the drafting of the same; they have been drawn up clearly and give a true and correct representation of the Company's equity and financial situation and economic result.

Basis for Opinion

We report that the attached Financial Statements present fairly, in all material respects, the financial position of Mahindra Europe S.r.l. as at March 31st, 2021 and of its financial performance and cash flows for the year then ended and are properly prepared in accordance with the group accounting policies and the instructions given to us and are in conformity with Group Accounting Policies and Instructions on a basis consistent with that of the preceding year.

We further state that, in our judgment and for the purpose as mentioned above, there are no other matters that need to be reported to you.

Management's Responsibility for the Financial Statements

The Company's Board of Directors are responsible for the preparation and fair presentation of the Financial Statements in accordance with the instructions received from Mahindra & Mahindra Ltd and the accounting policies set out in the group audit instructions. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Management, as well as evaluating the overall presentation of the Financial Statements.

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

Other matters

In particular and with respect to Mahindra & Mahindra Limited and the other components in the Mahindra & Mahindra Group we are independent and comply with the applicable requirements of the International Standards on Auditing.

The Financial Statements has been prepared for purposes of providing information to Mahindra & Mahindra Limited to enable it to prepare the consolidated financial statements of Mahindra & Mahindra Group. The special purpose financial information is not a complete set of financial statements of the Company and thus not suitable for any other purpose.

RB Audit Italia

Roberto MALLARDO
Audit Partner
(Registration n. 135061)

Rome May 19th, 2021

Financial statement as on 31/03/2021

Balance Sheet	3/31/2021		3/31/2020	
	Euro	**INR/Lakhs**	Euro	INR/Lakhs
Assets				
A) Accounts receivable from shareholders in respect of unpaid share capital	**0**	**0.00**	0	0.00
B) Fixed assets				
I. Intangible assets				
3) Industrial patents & intellectual property rights	**10,760**	**9.27**	33,484	28.84
7) Others	**6,046**	**5.21**	7,128	6.14
Total I	**16,806**	**14.48**	40,612	34.98
II. Tangible assets				
2) Plant & Machinery	**36,116**	**31.11**	43,441	37.42
3) Industrial & commercial equipment	**16,759**	**14.43**	27,056	23.30
4) Other Assets	**229,929**	**198.04**	476,055	410.03
Total II	**282,804**	**243.58**	546,552	470.75
III. Financial assets				
1) Equity investments in other companies	**262**	**0.23**	262	0.23
2) Receivables				
d) Other companies due beyond 12 months	**7,830**	**6.74**	130	0.11
Total III	**8,092**	**6.97**	392	0.34
Total fixed assets	**307,702**	**265.02**	587,556	506.06
C) Current assets				
I. Stock				
4) Finished goods	**4,156,856**	**3,580.30**	11,997,644	10,333.57
5) Advance	**0**	**0.00**	0	0.00
Total I	**4,156,856**	**3,580.30**	11,997,644	10,333.57
II. Accounts receivable				
1) Trade within 12 months	**3,543,366**	**3,051.90**	6,794,696	5,852.27
4) Parent Company within 12 months	**958,554**	**825.60**	1,100,864	948.17
4-bis) Tax receivables within 12 months	**48,661**	**41.91**	87,236	75.14
4-ter) Deferred Tax assets within 12 months	**200,468**	**172.66**	245,644	211.57
5) Others				
due within 12 months	**1,095**	**0.94**	7,969	6.86
due beyond 12 months	**44,440**	**38.28**	44,440	38.28
Total II	**4,796,584**	**4,131**	8,280,849	7,132
III. Financial assets other than fixed assets				
IV. Liquid assets				
1) Bank & Post office deposit	**1,145,799**	**986.88**	446,403	384.49
2) Bank cheque	**0**	**0.00**	0	0.00
3) Cash on hand	**6,368**	**5.48**	6,253	5.39
Total IV	**1,152,167**	**992.36**	452,656	389.87
Total current assets	**10,105,607**	**8,703.96**	20,731,149	17,855.74
D) Accrued income and prepaid expenses				
Total accrued income and prepaid expenses	**114,021**	**98.21**	144,390	124.36
Total assets	**10,527,330**	**9,067.19**	21,463,095	18,486.16

	3/31/2021		3/31/2020	
	Euro	**INR/Lakhs**	Euro	INR/Lakhs
Liabilities				
A) Shareholders' equity				
I. Share capital	**1,421,151**	**1,224.04**	1,421,151	1,224.04
II. Share premium reserve				
III. Revaluation reserve				
IV. Legal reserve	**43,945**	**37.85**	43,945	37.85
V. Reserve for Treasury shares				
VI. Reserves provided for by the articles on association				
VII. Other reserves				
Extraordinary reserve	**596,925**	**514.13**	596,922	514.13
Advance for share capital				
Rounding off reserve	**0**		0	
Reserve for social initiatives		**0.00**		0.00
VIII. Retained earnings (loss) carry forwards	**(735,752)**	**(633.70)**	(692,721)	(596.64)
IX. Profit (loss) for the year	**129,392**	**111.45**	(43,031)	(37.06)
Total shareholders' equity	**1,455,661**	**1,253.76**	1,326,266	1,142.31
B) Provisions for liabilities and charges				
I. Retirement benefits & similar obligations				
II. Taxes, including deferred				
III. Other	**27,863**	**24.00**	27,863	24.00
Total provision for liabilities & charges	**27,863**	**24.00**	27,863	24.00
C) Employees' leaving indemnity				
Total employees' leaving indemnity	**166,594**	**143.49**	155,870	134.25
D) Debt and Payables				
4) Banks within 12 months	**5,857,031**	**5,044.66**	3,991,643	3,438.00
7) Trade within 12 months	**1,229,609**	**1,059.06**	2,205,815	1,899.87
11) Parent Company within 12 months	**954,441**	**822.06**	13,448,821	11,583.47
12) Tax payables within 12 months	**516,158**	**444.57**	15,239	13.13
13) Social security within 12 months	**52,039**	**44.82**	49,297	42.46
14) Other within 12 months	**258,478**	**222.63**	229,466	197.64
Total Debt & payables	**8,867,756**	**7,637.80**	19,940,281	17,174.56
E) Accrued liabilities and deferred income				
Total accrued liabilities and deferred income	**9,456**	**8.14**	12,815	11.04
Total shareholders' equity and liabilities	**10,527,330**	**9,067.19**	21,463,095	18,486.16

Profit and loss account

	3/31/2021 Euro	3/31/2021 INR/Lakhs	3/31/2020 Euro	3/31/2020 INR/Lakhs
A) Revenues				
1) From sales and services	**12,532,233**	**10,794.01**	15,993,773	13,775.44
2) Changes in stocks of work in process, semi-finished and finished products				
3) Work in progress on order				
4) Capitalised internal work in progress				
5) Other revenues and income				
a) Other revenues and income	**1,530,719**	**1,318.41**	1,430,379	1,231.99
b) Contribution on trading account				
Total revenues	**14,062,952**	**12,112.42**	17,424,152	15,007.42
B) Expenses				
6) Raw materials, subsidiary materials, consumables and goods	**(2,289,747)**	**(1,972.16)**	(19,553,287)	(16,841.25)
7) Services	**(2,482,282)**	**(2,137.99)**	(4,046,538)	(3,485.28)
8) Rent/lease	**(111,711)**	**(96.22)**	(113,379)	(97.65)
9) Personnel costs				
a) salaries and wages	**(590,780)**	**(508.84)**	(597,513)	(514.64)
b) social contributions	**(171,820)**	**(147.99)**	(186,891)	(160.97)
c) employees' leaving indemnity	**(40,542)**	**(34.92)**	(41,233)	(35.51)
d) accruals for pension and similar costs				
e) other costs	**(869)**	**(0.75)**	(1,452)	(1.25)
Total 9)	**(804,011)**	**(692.49)**	(827,089)	(712.37)
10) Depreciation and value adjustments				
a) depreciation of intangible assets	**(25,107)**	**(21.62)**	(24,673)	(21.25)
b) depreciation of tangible assets	**(107,078)**	**(92.23)**	(141,613)	(121.97)
c) other value adjustments				
d) write down of accounts receivable recorded among current assets and liquid assets	**(23,000)**	**(19.81)**		0.00
Total 10)	**(155,185)**	**(133.66)**	(166,286)	(143.22)
11) Changes in raw materials, subsidiary materials, consumables and goods	**(7,839,388)**	**(6,752.06)**	7,444,979	6,412.36
12) Accruals to provisions for liabilities and charges	**(14,944)**	**(12.87)**	0	0.00
13) Other accruals	**0**	**0.00**	0	
14) Other operating costs	**(73,037)**	**(62.91)**	(81,720)	(70.39)
Total expenses	**(13,770,305)**	**(11,860.36)**	(17,343,320)	(14,937.80)
Difference between revenues and expenses(A–B)	**292,647**	**252.06**	80,832	69.62
C) Financial income and expense				
15) Income from shareholdings:				
– in controlled undertakings				
– in affiliated undertakings				
– other income		**0.00**		0.00
Total 15)	**0**	**0.00**	0	0.00
16) Other financial income:				
a) from accounts receivable recorded among fixed assets				
a1) controlled undertakings				
a2) from affiliated undertakings				
a3) from controlling companies				
a4) other financial income				
b) from securities recorded among fixed assets				

Profit and loss account (Cont.)

	3/31/2021 Euro	3/31/2021 INR/Lakhs	3/31/2020 Euro	3/31/2020 INR/Lakhs
c) from securities recorded among current assets				
d) other income:				
d1) from controlled undertakings				
d2) from affiliated undertakings				
d3) from controlling companies				
d4) other income	**15**	**0.01**	39	0.03
Total d)	**15**	**0.01**	39	0.03
Total 16)	**15**	**0.01**	39	0.03
17) Interest and other financial costs:				
a) from controlled undertakings				
b) from affiliated undertakings				
c) from controlling companies				
d) others financial costs	**(86,537)**	**(74.53)**	(67,408)	(58.06)
Total 17)	**(86,537)**	**(74.53)**	(67,408)	(58.06)
17-bis) Current and deferred exchange gains and losses	**(885)**	**(0.76)**	(1,699)	(1.46)
Total financial income and expense	**(87,407)**	**(75.28)**	(69,068)	(59.49)
D) Value adjustments of financial assets				
18) Write-ups:				
a) of shareholdings				
b) of financial fixed assets				
c) of securities recorded among current assets				
19) Write downs:				
a) of shareholdings				
b) of financial fixed assets		**0.00**		0.00
c) of securities recorded among current assets				
Total value adjustments to financial assets	**0**	**0.00**	0	0.00
E) Extraordinary income and costs				
20) Income:				
– capital gains on disposals of assets				
– other extraordinary income	**0**	**0.00**	0	0.00
Total 20)	**0**	**0.00**	0	0.00
21) Expenses:				
– losses on disposals of assets	**0**	**0.00**	0	0.00
– taxes of previous years		**0.00**	0	0.00
– other extraordinary costs	**0**	**0.00**	0	0.00
Total 21)	**0**	**0.00**	0	0.00
Total extraordinary income and costs	**0**	**0.00**	0	0.00
Result before taxes (A–B±C±D±E)	**205,240**	**176.77**	11,764	10.13
20) Taxes on the income for the year				
a) Current business year taxes	**(30,672)**	**(26.42)**	(20,362)	(17.54)
b) Taxes on last business year		**0.00**	(3,000)	(2.58)
c) Deferred tax liabilities and (assets)	**(45,176)**	**(38.91)**	(31,433)	(27.07)
23) Profit (loss) of the year	**129,392**	**111.45**	(43,031)	(34.48)

"EURO amounts are translated for convenience into Indian Rupees at the exchange rate of Rs 86.13 = Euro 1 which is the average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India on 31st March 2021".

A lakh is a unit in the Indian numering system equal to one hundred thousand (100.000).

This Financial Statement is in agreement with results of accountant records.

For The Board of Directors:

Arvind Mathew

Chairman

Mumbai, 27th April 2021

Notes to the financial statements at 31/03/2021

Indian Rupees at the exchange rate of INR 86.13 = Eur 1
A lakh is a unit in the Indian numeric system equivalent to one hundred thousand (100.000).

Introduction

Dear Quotaholder,

The financial statements for the fiscal year ended 31/03/2021 is submitted for your verification and approval. The fiscal year FY2021 ended with a profit equal to Euro 129,392 / INR 111.45 Lakhs, net of taxes and after depreciation and provisions for a total of Euro 170,128 / INR 146.53 Lakhs

Area of Business

Your company carries out its activities in the sector of distribution of motor vehicles and spare parts, as official importer of Mahindra vehicles in the European markets like Italy, Spain, Slovakia, Hungary, Bulgaria & other Eastern Europe countries.

Major events occurred during the company's fiscal year

The significant events that occurred during the year are as follows:

The Company had obtained from the Ministry of Transport, necessary homologation extensions with the relative derogations for the entire range of vehicles, in line with the requirements of the applicable regulations.

The Company obtained the renewal of the existing credit lines with Intesa Sanpaolo and Bank of America Merrill Lynch.

The credit lines are mainly used to finance the import of vehicles and spare parts and to finance the short-term treasury. All credit lines are regulated at market conditions and guarantee the Company adequate financial resources for the management of its business.

The Company renewed the agreement with Fiditalia to offer its customers retail financing options for supporting vehicle sales.

The global economic forecast for 2020 have been seriously compromised by the rapid spread of the SARS Covid-19 infection officially recognized as a "pandemic", in consideration of the levels of diffusivity and severity reached, on 11 March 2020 by the World Health Organization .

The entire global economic system has consequently been compromised by the prolonged restrictive measures necessary to stem the epidemiological emergency such as the interruption of a large part of production activities, limitations in trade and in the mobility of people.

Nationally, ISTAT data showed a decrease in GDP of 8.9%; on the domestic demand side, in terms of volume, there was a 9.1% drop in gross fixed investments and 7.8% in national final consumption. As for flows with foreign countries, exports of goods and services fell by 13.8% and imports by 12.6%.

The Company temporarily closed its commercial activity, in the months of April and May 2020, in order to comply with the decrees issued by the Italian Government on the COVID-19 health emergency

Layout criteria

The criteria adopted for the preparation of the financial statements at 31/03/2021 take into account the changes introduced into Italian legislation by legislative decree 139/2015, through which EU Directive 2013/34 was implemented. As a result Legislative decree 139/2015 amended the Italian accounting principles issued by the Italian Accounting Body OIC (*Organismo Italiano di Contabilità*).

It was not feasible to calculate the cumulative past effects of the change in accounting principle and the determination of the past effects was too burdensome and therefore the new accounting principle OIC 15 and OIC 19 was not applied.

The financial statements have been drawn up in accordance with arts. 2423 of the Italian Civil Code, as appears from these Notes, which have been prepared pursuant to art. 2427 of the Italian Civil Code and are an integral part of the financial statements within the meaning and for the purposes of art. 2423.

Financial statement figures are expressed in whole Euro and INR/Lakhs by rounding off the relevant amounts to the nearest whole number. Any rounding-off differences were recorded under the item "INR/Lakhs Rounding-off reserve" included among the Shareholders' equity. Pursuant to article 2423(6) of the Italian civil code, the notes were drawn up in units of thousands of Euro and INR/Lakhs/ (in whole Euro and INR/Lakhs).

The explanatory note presents the information of the balance sheet and income statement items in the order in which the related items are indicated in the respective financial statements.

Valuation criteria

(article 2427(1)(1) of the Civil Code, OIC 12)

The valuation of the items in the financial statements was made based on general criteria of prudence and competence, on going-concern basis.

The application of the prudence principle involved the individual valuation of the elements making up the individual items or items of the assets or liabilities, to avoid offsetting between losses that should have been recognized and profits that should not be recognized as unrealized.

In compliance with the accrual principle, the effect of transactions and other events has been recognized and attributed to the year to which these transactions and events refer, and not to the year in which the related cash movements take place (collections and payments).

In application of the principle of relevance, the obligations regarding recognition, evaluation, presentation and disclosure were not respected when their observance had irrelevant effects in order to give a true and correct representation.

The consistent application of accounting principles over time ensures the comparability of the company's financial statements drawn up in different fiscal years.

The recognition and presentation of the balance sheet items was made taking into account the substance of the transaction or contract.

The Company has not made use of the right to exempt from the ordinary rules relating to business continuity.

Exceptional cases pursuant to art. 2423, fifth paragraph, of the Civil Code

(article 2423 (5) of the Civil Code)

There have been no exceptional cases that have made it necessary to resort to exceptions pursuant to art. 2423 paragraph 5 of the Civil Code.

Changes in accounting principles

The Company has not changed the accounting principles.

As regards the application of the national accounting standards OIC 15 (credits) and OIC 19 (debts), relatively

the application of the amortized cost criterion and the discounting of the expected cash flow of the correspondent nominal value of the credit / debit, the company makes use of the relevant presumptions of irrelevance for credits and debts with a maturity of less than twelve months, the effects being irrelevant with respect to the results that would be obtained with the pre-reform criteria, since the sale and purchase transactions are negotiated with deferred payments at market rates and with a negligible amount of transaction costs.

Problems of comparability and adaptation

The evaluation criteria adopted in the preparation of the financial statements closed on 31/03/2021 were the same used for the preparation of the financial statements for the previous fiscal year, therefore it was not necessary to calculate the previous cumulative effect of the change in principle.

Appraisal criteria applied

(Ref. Art. 2426, first paragraph, Civil Code)

Fixed assets

Intangible assets

These have been recorded at their historical purchase cost net of the relevant yearly amortisation charged to the individual items.

The costs relating to industrial patent rights and intellectual property rights, licenses, concessions and trademarks whose effects regard several different years are depreciated over a period of 5 business years, while the costs for the approval of vehicles are amortized over a period of 3 business years.

Software licenses were recorded in the assets and are amortized over a period of 2 business years.

Improvements to third party assets are amortized with rates depending upon the duration of the contract.

In the event that, regardless of the depreciation booked, a permanent loss of value occurs, the asset is written down accordingly. If in the following years the reasons for the write-down cease to exist, the original value, adjusted by depreciation, is restored.

The Company has not made use of the right to suspend the depreciation rates for the 2020 financial year provided for in Article 60, paragraphs 7-bis to 7-quinquies of Law Decree 104/2020 (converted by Law 126/2020).

The Company has not made use of the right to revalue intangible assets as required by Article 110 of the Law Decree 104/2020 (converted by Law 126/2020).

Tangible assets

These have been recorded at their purchase cost and are adjusted by the relevant accumulated depreciation.

The book value includes any ancillary costs and the costs incurred for the use of the asset, less any trade discounts and any significant cash discounts.

The depreciation charged to profit and loss account has been calculated on the basis of the remaining useful life of the assets, taking into account their use, destination and economic-technical life, which we believe are well reflected by the following rates, unchanged compared to the previous fiscal year and halved in the year in which the asset has entered operation:

Type of Asset	**% Depreciation**
Specific Plants & Equipments	15%
Generic Systems	10%
Electronic Machines	20%
Passenger Vehicles	25%
Commercial Vehicles	20%
Office furniture & equipments	12%
Others	10%

In the event that, regardless of the depreciation booked, a permanent loss of value occurs, the fixed assets are written down accordingly. If in the following years the reasons for the write-down cease to exist, the original value, adjusted by depreciation, is restored.

The company has not made use of the right to suspend the depreciation rates for the 2020 financial year provided for in Article 60, paragraphs 7-bis to 7-quinquies of Law Decree 104/2020.

The company has not made use of the right to revalue tangible fixed assets as required by Article 110 of Law Decree 104/2020 (converted by Law 126/2020).

Finance lease transactions

Finance lease transactions are shown in the financial statements using the net asset method, by charging the lease payments to the profit and loss account on an accruals basis. The additional information required by the law on the representation of finance lease agreements under the financial method is contained in a specific section of the notes.

The Company did not take advantage of the suspension of the payment of leasing fees as provided for in Article 56, paragraph 2, letter c), of Law Decree no. 18/2020 (converted by law no.27 of 24 April 2020), therefore the Company has not rescheduled the duration of the financial lease.

Accounts receivable

The amortised cost method was not applied since its effects are immaterial for the purpose of giving a true and fair view. Therefore, accounts receivable have been recorded at their presumed realisable value, without prejudice for the possibility to apply time discounting. The adjustment of the nominal value of receivables to the assumed realizable value is obtained through a reserve for bad debts, taking into consideration the general and industrial economic conditions and country risk.

Accounts receivable recorded in the financial statements before the fiscal year starting 1 January 2016 have been recorded at their presumed realisable value since, as provided by accounting principle OIC 15, it was decided not to apply the amortised cost method and time discounting.

The nominal value of the accounts receivable was adjusted to the presumed realisable value by a bad debt reserve, having regard also to any indicators of permanent impairment.

Accounts receivable originally due within one year and subsequently transformed into long-term receivables were recorded in the balance sheet among financial assets.

Accounts receivable are written off when the contractual rights to receive the relevant cash flows have been extinguished or when the risks in connection with the payment of the receivables have been transferred.

Accounts payable

The amortised cost method was not applied since its effects are immaterial for the purpose of giving a true and fair view. Therefore, accounts payable have been recorded at their nominal value, without prejudice for the possibility to apply time discounting.

Accounts payable recorded in the financial statements before the fiscal year starting 1 January 2016 have been recorded at their nominal value since, as provided by accounting principle OIC 19, it was decided not to apply the amortised cost method and time discounting.

Accrued income/liabilities – pre payments / deferred income

These have been determined on an accruals basis.

With regard to accrued income / liabilities and prepayments/deferred income of a duration exceeding one year, we checked the conditions for their original entry and adopted any necessary changes.

Inventory

Raw materials, auxiliary materials and finished products have been recorded at the lower of purchase or manufacturing cost and realisable value as inferred from market trend, applying the weighted average cost method for spare parts and the specific cost method for vehicles.

Production cost includes the direct and indirect costs incurred during production, which are necessary for stocks to be in the current place and conditions.

On 31/03/2021 the company has not goods-in-process and work-in-progress goods.

The value thus obtained is then adjusted by the "provision for stock obsolescence" in order to take into account those goods which are expected to be realised at a value lower than cost.

Any stocks which were written down but in respect of which in subsequent years the reasons for the write-down to their realisation value ceased to exist, were restored to their original value.

Securities

The company does not hold any securities.

Shareholdings

The company does not hold any shareholdings in subsidiary and affiliated .

The shareholdings included among current assets, which do not represent a long-term investment, have been valued at the lower of purchase cost and realisable value as inferred from market trend.

Treasury shares

The company does not hold any treasury shares.

Derivative financial instruments

The company does not hold any derivative financial instruments.

Provisions for contingent liabilities and charges

These provisions are set aside for the coverage of losses or liabilities that are certain or likely to arise, but whose amount or date of occurrence could not be determined at the year-end.

The provisions have been measured on a prudential and accruals basis and no generic funds without economic justification were created.

Any potential liabilities were carried to the financial statements and recorded in the relevant provisions as they were considered likely to arise and their amount could be reasonably estimated.

Provision for employees' leaving indemnity (TFR)

This consists of the amounts actually accrued in favour of the employees pursuant to the law and the current collective bargaining agreements, taking into account any elements of remuneration paid on a continuous basis.

The provision includes the total payments accrued for employees at the year-end net of any advances paid, and assuming termination of their employment relationship at such date.

The provision does not include any amounts accrued starting from 1 January 2007 that have been paid into complementary pension schemes pursuant to legislative decree no. 252 dated 5 December 2005 (or transferred to the special-purpose fund managed by the Italian social security authority - INPS).

Income taxes

The provision for taxes has been set aside on an accruals basis and includes the following:

- accruals in respect of the taxes paid or to be paid for the year, determined at the current rates and in accordance with the rules in force;
- the amount of deferred tax assets or liabilities in respect of temporary differences which arose or were written off in the year;
- any adjustments to the balance of deferred taxes to account for changes in the tax rates occurred/for the introduction of the new tax during the year.

Deferred IRES assets and liabilities are calculated on the temporary differences between the assets and liabilities determined in accordance with civil code principles and the corresponding tax values, solely with regard to the company.

Current IRAP and any deferred IRAP assets and liabilities are determined solely with regard to the company.

Recognition of income

Proceeds from sales are recognised at the time of the transfer of ownership which usually coincides with the delivery or forwarding of the goods;

Financial income and income from the provision of services is recognised on an accruals basis.

Revenue and proceeds, costs and charges related to transactions in foreign currency are determined at the exchange rate in force at the date when the relevant transaction takes place.

Only the accrued portion of the income and costs related to buy/sell-back transactions, including the difference between the spot price and the forward price, is recognised.

Adjustment criteria

The company not applied the adjustment criteria.

Criteria for the translation of accounts in foreign currency

Accounts payable and receivable denominated in foreign currency and recorded at the exchange rates in force on the date of the transaction, are retranslated at the exchange rates ruling at the year-end as determined by Bank of Italy.

In particular, assets and liabilities which constitute assets and liabilities in foreign currency are recorded at the spot exchange rate ruling at the year-end and the relevant exchange gains and losses have been taken to the Profit and Loss Account under item 17bis “Exchange gains and losses”.

Any net gain deriving from the adjustment of the items in foreign currency to the year-end exchange rates is included in the result for the year and, at the time of the financial statements approval and appropriation of the operating result to the legal reserve, the part which is not offset against the loss for the year, if any, is apportioned to a reserve which is not distributable until the gain is realised.

Non-current assets and liabilities in foreign currency are recorded at the exchange rate ruling at the time of purchase.

No significant effects of the changes to the exchange rates occurred between the year-end and the financial statements preparation date. (article 2427(1)(6-bis) of the Civil Code).

Commitments, guarantees and potential liabilities

Commitments, which are not recorded in the balance sheet, consist of obligations assumed by the company vis-à-vis third parties and arising from legal arrangements with mandatory effects but not yet implemented by either party. Commitments include both commitments in respect of which both the relevant execution and amount is known (for instance, on buy/sell-back transactions) and commitments which are definitely going to be executed but whose amount is unknown (for example, agreement with a price adjustment clause). The amount of the commitments is their nominal value as inferred from the relevant documentation.

The company didn’t provide guarantees include personal guarantees and collaterals.

I. Intangible assets

EUR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
16,806	40,612	(23,806)

INR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
14.48	34.98	(20.50)

Analysis of changes in intangible assets

(article 2427(1)(2) of the Civil Code)

EUR

	Industrial patent rights	**Other intangible assets**	**Total intangible assets**
Opening balance			
Purchase value	33.484	7.128	40.612
Value in Balance sheet	33.484	7.128	40.612
Changes in the Year			
Increases in the year	1.301		1.301
Amortization in the year	24.025	1.082	25.107
Total changes	(22.724)	(1.082)	(23.806)
Closing balance			
Purchase value	10.760	6.046	16.806
Value in Balance Sheet	10.760	6.046	16.806

INR

	Industrial patent rights	**Other intangible assets**	**Total intangible assets**
Opening balance			
Purchase value	28.84	6.14	34.98
Value in Balance sheet	28.84	6.14	34.98
Changes in the Year			
Increases in the year	1.12		1.12
Amortization in the year	20.69	0.93	21.62
Total changes	(19.57)	(0.93)	(20.50)
Closing balance			
Purchase value	9.27	5.21	14.48
Value in Balance Sheet	9.27	5.21	14.48

The Company did not deem it appropriate to suspend the amortization rates for the year 2020 and did not make use of the right to re-value intangible assets or exemptions from the statutory valuation criteria.
The increases refer to the acquisition of multi-year software licenses.

Reclassifications

(article 2427(1)(2) of the civil code)

No reclassification has been made from the prior year’s financial statements presentation.

Write-downs and reversals of write-downs made during the year

(article 2427(1)(2) and (3-bis) of the Civil Code)

No write-down and reversals of write-downs has been made during the year.

Composition of start-up and expansion costs and development costs

(Article 2427(1)(3) of the civil code)

No Start-up and expansion costs and Development costs has been made.

Contributions toward investments

During the previous year closed on 31/03/2020, the Company has received capital grants, for a total amount of Euro 10,000.00, for purchase of software licenses. The indirect method was chosen to account for these contributions. During the year ended 31/03/2021 the share pertaining to the year was calculated.

II. Tangible assets

EUR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
282.804	546.553	(263.749)

INR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
243.58	470.75	(227.17)

EUR

	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Total tangible assets
Opening balance				
Purchase value	121.937	169.472	780.177	1.071.586
Accumulated depreciation	78.496	142.416	304.121	525.033
Book Value	43.441	27.056	476.056	546.553
Changes during the year				
Increases in the year			123.163	123.163
Reclassifications (of Book Value)	(104)	(1)		(105)
Decreases for disposals and divestments (of the book value)	514		279.215	279.729
Amortization for the year	6.707	10.296	90.075	107.078
Total changes	(7.325)	(10.297)	(246.127)	(263.749)
Closing balance				
Purchase value	122.833	169.471	545.069	837.373
Accumulated depreciation	86.717	152.712	315.140	554.569
Book Value	36.116	16.759	229.929	282.804

INR

	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Total tangible assets
Opening balance				
Purchase value	105.02	145.97	671.97	922.96
Accumulated depreciation	67.61	122.66	261.94	452.21
Book Value	37.42	23.30	410.03	470.75
Changes during the year				
Increases in the year			106.08	106.08
Reclassifications (of Book Value)	(0.09)	(0.00)	–	(0.09)
Decreases for disposals and divestments (of the book value)	0.44	–	240.49	240.93
Amortization for the year	5.78	8.87	77.58	92.23
Total changes	(6.31)	(8.87)	(211.99)	(227.17)
Closing balance				
Purchase value	105.80	145.97	469.47	721.23
Accumulated depreciation	74.69	131.53	271.43	477.65
Book Value	31.11	14.43	198.04	243.58

The Company has not made use of the right not to charge the depreciation rates for the year 2020 to the income statement, furthermore the Company has not made use of the right to obtain the revaluation of tangible fixed assets.

No review of the useful life of capital assets has been made during the financial year.

Increases and decreases refers to the purchase and sale of company vehicles.

Write-downs and reversals of write-downs made during the year

(article 2427(1)(2) and (3-*bis*) of the Civil Code)

No tangible fixed assets were subject to previous revaluations or devaluations.

Total revaluations of tangible assets at the year-end

(Article 2427(1)(2) of the civil code)

No monetary revaluations has been made.

Contributions toward investments

The company during the year ended 31/03/2021 has not applied for contributions toward investments.

Finance lease transactions

The company has in place one main finance lease agreements. We set out below the information regarding the lease agreements pursuant to article 2427 (1)(22) of the civil code:

- lease agreement no. 00928065/001 dated 09/06/2009;
- term of the agreement 216 months;
- asset industrial building;
- cost of the asset in INR/Lakhs 1,462.75 / Euro 1.698.300
- initial higher lease payment (maxicanone) of INR/Lakhs 219.41 / Euro 219,745 made on 11/06/2009;

EUR

Description	Amount
Aggregate amount of finance leased assets at the year-end	1.086.912
Amount of depreciation that would have been charged in the year	50.949
Value adjustments and write-ups that would have been recognised in the year	(87.615)
Net present value of outstanding finance lease payments at the year-end	717.026
Financial costs accrued for the year based on the effective interest rate	31.849

Description	INR Amount
Aggregate amount of finance leased assets at the year-end	936.16
Amount of depreciation that would have been charged in the year	43.88
Value adjustments and write-ups that would have been recognised in the year	(75.46)
Net present value of outstanding finance lease payments at the year-end	617.57
Financial costs accrued for the year based on the effective interest rate	27.43

The company has not requested the suspension of the leasing installments provided for in Article 56 of Law Decree no. 18/2020.

III. Financial assets

EUR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
8.092	392	7.700

INR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
6.97	0.34	6.63

Movements in equity investments, other securities and fixed asset derivative financial instruments

EUR

	Undertakings under control by the controlling companies	Total shareholdings
Opening balance		
Purchase value	262	262
Balance at	262	262
Closing balance		
Purchase value	262	262
Balance at	262	262

INR

	Undertakings under control by the controlling companies	Total shareholdings
Opening balance		
Purchase value	0.23	0.23
Balance at	0.23	0.23
Closing balance		
Purchase value	0.23	0.23
Balance at	0.23	0.23

Shareholdings

The shareholdings recorded among financial fixed assets constitute a long-term strategic investment for the company.

The shareholdings in Other companies are recorded at the purchase or subscription cost.

The shareholdings recorded at purchase cost have not been written down as a result of a permanent value impairment and no cases occurred in which the original value of a written-down shareholding was restored.

The company don't has shareholdings in controlled or affiliated companies.

No destination of shareholding under fixed assets was changed.

No restrictions are put by any investing company on shareholdings recorded under fixed assets, nor pre-emptive or preferential rights exist thereupon.

No significant transaction was carried out with companies belonging to CONAI, CONOU and Ecotyre Groups.

No fixed equity investments have undergone a change of destination

Variations and Accounts Receivables

EUR

	Other companies	Total accounts receivable
Opening balance	130	130
Changes during the year	7.700	7.700
Closing balance	7.830	7.830
Due within one year	7.700	7.700
Due after more than one year	130	130

INR

	Other companies	Total accounts receivable
Opening balance	0.11	0.11
Changes during the year	6.63	6.63
Closing balance	6.74	6.74
Due within one year	6.63	6.63
Due after more than one year	0.11	0.11

No revaluations, write-downs and write-backs were made.

Receivables of a commercial nature have been entered in the item receivables from others for an amount of Euro 130 / INR 0.11 Lakhs refer to the caution deposits made to Italian suppliers of Electricity, Water & Gas, originally collectable at the end of the existing contract according to the conditions normally applied on the market.

The changes that occurred during the year are as follows.

EUR

	31/03/2020	Acquisitions	31/03/2021
Other companies	130	7.700	7.830
Total	**130**	**7.700**	**7.830**

INR

	31/03/2020	Acquisitions	31/03/2021
Other companies	0.11	6.63	6.74
Total	**0.11**	**6.63**	**6.74**

The increase of Euro 7,700 refers to an import / export security deposit at the Livorno Customs Office.

The company has not signed a centralized group Treasury contract to optimize the use of financial resources (cash pooling contract).

Breakdown of the accounts receivable by geographical area

The following table shows a breakdown of the accounts receivable at 31/03/2021 by geographical area (article 2427(1)(6) of the Civil Code).

EUR

Accounts receivable by geographical area	From other companies	Total
Italy	7.830	7.830
Total	7.830	7.830

INR

Accounts receivable by geographical area	From other companies	Total
Italy	6.74	6.74
Total	6.74	6.74

Other securities

EUR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
262	262	0
7.830	0	7830

INR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
0.23	0.23	–
6.74	–	6.74

The following changes occurred in the year: increasing to participate in the consortium for the recovery of waste oils.

Analysis of the value of financial fixed assets

EUR

Description	accounting value	Fair value
Investments in other companies	262	262
Credits to other	7.830	7.830

INR

Description	accounting value	Fair value
Investments in other companies	0.23	0.23
Credits to other	6.74	6.74

Detail of the value of immobilized investments in other companies

EUR

Description	accounting value	Fair value
CONAI	12	12
Ecotyre	50	50
Conou	200	200
Total	262	262

INR

Description	accounting value	Fair value
CONAI	0.01	0.01
Ecotyre	0.04	0.04
Conou	0.17	0.17
Total	0.23	0.23

Detail of the value of the loans immobilized towards others

EUR

Description	accounting value	Fair value
ACEA (Acqua)	104	104
Fratelli De Carolis	26	26
Dogana di Livorno	7.700	7.700
Total	7.830	7.830

INR

Description	accounting value	Fair value
ACEA (Acqua)	0.09	0.09
Fratelli De Carolis	0.02	0.02
Dogana di Livorno	6.63	6.63
Total	6.74	6.74

The financial statements do not include financial fixed assets whose amount is higher than their fair value.

C) Current assets

I. Inventory

EUR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
4.156.856	11.997.644	(7.840.788)

INR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
3,580.30	10,333.57	(6,753.27)

Accounting policies have been applied consistently with the prior year as explained in the introduction to these notes.

The adopted assessment does not significantly differ from the one using the current cost approach.

The value of inventories is composed of:

EUR

Description	Amount at 31/03/2021	N. vehicles
Vehicles in stock	**2.460.492**	302
Vehicles km 0	**78.661**	6
Vehicles in transit	**0**	0
Spare parts and accessories	**1.547.002**	N/A
Spare parts devaluation	**(96.600)**	N/A
Equipment and advertising	**166.821**	N/A
Total	**4.156.856**	308

INR

Description	Amount at 31/03/2021	N. vehicles
Vehicles in stock	**2,119.22**	302
Vehicles km 0	**67.75**	6
Vehicles in transit	**–**	0
Spare parts and accessories	**1,332.43**	N/A
Spare parts devaluation	**(83.20)**	N/A
Equipment and advertising	**143.68**	N/A
Total	**3,580.30**	308

The decrease in vehicles in stock is majorly due to sales of the KUV100 model, while vehicles at Km. 0 are related to the XUV500 W6, W10 E6b models.

The item vehicles in stock refers to cars in storage at the Ariccia headquarters, at the depository company located in Spain and at the depository company located in Livorno.

There are no commitments contractually undertaken for works and services still to be performed at year end

The Company has not used its stock obsolescence provision, which was amounting to INR/Lakhs 0 at 31/03/2021.

Any contractual undertakings in respect of works and services to be carried out at the year-end.

The Company has not entered the inventory obsolescence provision but has written down the obsolete inventory spare parts (not moved for more than five years) whose realizable value is lower than cost, adjusting the inventory value as at 31/03/2021.

EUR

Description	**Opening balance**	**Changes during the year**	**Closing balance**
Finished products and goods	11.997.644	(7.840.788)	**4.156.856**
Total	11.997.644	(7.840.788)	**4.156.856**

INR

Description	**Opening balance**	**Changes during the year**	**Closing balance**
Finished products and goods	10,333.57	(6,753.27)	**3,580.30**
Total	10,333.57	(6,753.27)	**3,580.30**

II. Accounts Receivable

EUR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
4.796.584	8.280.849	(3.484.265)

INR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
4,131.30	7,132.30	(3,001.00)

Changes and expiration of receivables entered in the circulating assets

EUR

Description	**Opening balance**	**Changes during the year**	**Closing balance**	**Due within one year**	**Due after more than one year**
From customers	6.794.696	(3.251.330)	3.543.366	3.543.366	
From controlling companies		3.120	3.120	3.120	
From undertakings under control by the controlling companies	1.100.864	(145.430)	955.434	955.434	
Tax credits	87.236	(38.575)	48.661	48.661	
Deferred tax assets	245.644	(45.176)	200.468		
Other accounts receivable	52.409	(6.874)	45.535	1.095	44.440
Total	8.280.849	(3.484.265)	4.796.584	4.551.676	44.440

INR

Description	**Opening balance**	**Changes during the year**	**Closing balance**	**Due within one year**	**Due after more than one year**
From customers	5,852.27	(2,800.37)	3,051.90	3,051.90	–
From controlling companies	–	2.69	2.69	2.69	–
From undertakings under control by the controlling companies	948.17	(125.26)	822.92	822.92	
Tax credits	75.14	(33.22)	41.91	41.91	
Deferred tax assets	211.57	(38.91)	172.66		
Other accounts receivable	45.14	(5.92)	39.22	0.94	38.28
Total	7,132.30	(3,001.00)	4,131.30	3,920.36	38.28

The company took advantage of the possibility not to follow the amortised cost method and not to time discount accounts receivable.

Therefore, accounts receivable have been recognised at their presumed realisable value.

The item "Credits towards the Controlling company" includes the credit for repairs and services rendered on behalf or to the benefit of the parent company, as well as the costs for advertising campaigns.

The item "Other accounts receivable" at 31/03/2021, for an amount of INR/ Lakhs 39.22 Eur 45.535 consists of the following :

EUR

Description	**Amount**
Receivables from insurance for TFR	44.440
Receivables from INAIL	979
Receivables from others	115
Total	45.535

Description	INR Amount
Receivables from insurance for TFR	38.28
Receivables from INAIL	0.84
Receivables from employees	0.10
Total	39.22

The deferred tax assets of INR/Lakhs 172.66 Eur 200.468 are in connection with tax loss carryovers in an amount of INR/Lakhs 750.78 Eur 871.688. For a description of the reasons which make it possible to recognise the potential tax benefit in connection with the losses, please refer to the relevant paragraph of these notes.

Break-down of the accounts receivable by geographical area

The following table shows a break-down of the accounts receivable at 31/03/2021 by geographical area (article 2427(1)(6) of the Civil Code):

EUR

Accounts receivable by geographical area	From customers	From controlling companies	From undertakings under control by the controlling companies	From controlling companies	Advances on tax payments
ITALY	3.441.361				
INDIA				955.434	
SOUTH AFRICA			3.120		
SPAIN	42.179				
MACEDONIA	31.023				
SERBIA	28.803				
TOTAL	**3.543.366**		**3.120**	**955.434**	

INR

Accounts receivable by geographical area	From customers	From controlling companies	From undertakings under control by the controlling companies	From controlling companies	Advances on tax payments
ITALY	2,964.04				
INDIA	–			822.92	
SOUTH AFRICA	–		2.69		
SPAIN	36.33				
MACEDONIA	26.72				
SERBIA	24.81				
TOTAL	**3,051.90**		**2.69**	**822.92**	

The nominal value of the accounts receivable has been adjusted by a bad debts reserve that during the year changed as follows:

EUR

Description	Bad debt reserve pursuant to article 2426 of the civil code	Bad debt reserve pursuant to art. 106 of the Italian income tax code	Total
Balance at 31/03/2020	51.823	98.844	150.667
Amount used in the year	8.912		8.912
Amount accrued in the year	23.000		23.000
Balance at 31/03/2021	**65.911**	**98.844**	**164.755**

INR

Description	Bad debt reserve pursuant to article 2426 of the civil code	Bad debt reserve pursuant to art. 106 of the Italian income tax code	Total
Balance at 31/03/2020	44.64	85.13	129.77
Amount used in the year	7.68		7.68
Amount accrued in the year	19.81		19.81
Balance at 31/03/2021	**56.77**	**85.13**	**141.90**

No account receivable with significant amount, not transferred with recourse and not accounts receivable put up as collateral of own accounts payable or commitments.

The receivables sold "with recourse", during the year, amount to a total of INR/Lakhs 110.77 Euro 128,607; the amount of these receivables, for which there is an obligation of recourse, is also indicated in the memorandum accounts reported in these explanatory notes.

IV. Cash-in-hand, cash-at-bank and cash equivalents

EUR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
1.152.167	452.656	699.511

INR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
992.36	389.87	602.49

EUR

Description	Opening balance	Changes during the year	Closing balance
Bank and postal deposits	446.403	699.396	**1.145.799**
Cash and cash equivalents	6.253	115	**6.368**
Rounding off	452.656	699.511	**1.152.167**

INR

Description	Opening balance	Changes during the year	Closing balance
Bank and postal deposits	384.49	602.39	**986.88**
Cash and cash equivalents	5.39	0.10	**5.48**
Rounding off	389.87	602.49	**992.36**

The balance reflects the cash-in-hand, cash-at-bank and cash equivalents at the year-end.

D) Accrued income/prepayments

EUR

31/03/2021	31/03/2020	Difference
114.021	144.390	(30.369)

INR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
98.21	124.36	(26.16)

They constitute the adjustment to costs and income pertaining to more than one fiscal year, incurred and earned before actual payment or collection and calculated on an accrual basis.

The criteria adopted for the recognition and translation of items in foreign currency have been reported in the first part of these notes.

At 31/03/2021, there were no accrued income/prepayments of a duration exceeding five years.

EUR

	Accrued income	Prepayments	Total
Opening balance		144.390	**144.390**
Changes during the year		(30.369)	**(30.369)**
Closing balance		114.021	**114.021**

INR

	Accrued income	Prepayments	Total
Opening balance		124.36	**124.36**
Changes during the year		(26.16)	**(26.16)**
Closing balance		98.21	**98.21**

This item can be broken down as follows (article 2427(1)(7) of the Civil Code):

EUR

Description	Amount
Insurance and road tax	**16.267**
Maxi rate for lease	**87.276**
multifunction copier rental	**273**
Software maintanance	**4.059**
Maintenance expenses	**5.126**
telephone expenses	**393**
Advertisement expenses	**627**
TOTAL	**114.021**

INR

Description	Amount
Insurance and road tax	**14.01**
Maxi rate for lease	**75.17**
multifunction copier rental	**0.24**
Software maintanance	**3.50**
Maintenance expenses	**4.42**
telephone expenses	**0.34**
Advertisement expenses	**0.54**
	98.21

The maxi rent paid equal to Euro 254,745 relates to the financial leasing contract of the industrial building contract in 2009, for which reference should be made to the relevant paragraph of these notes to accounts.

Liabilities

A) Shareholder equity

(article 2427(1)(4),(7) and (7-bis) of the Civil Code)

EUR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
1.455.661	1.326.266	129.395

INR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
1,253.76	1,142.31	111.45

EUR

		Allocation of the profit for the previous fiscal year		Other changes				
	Opening balance	Allocation of dividends	Other allocations	Increases	Decreases	Reclassifications	Profit for the fiscal year	Closing balance
Share capital	1.421.151							1.421.151
Legal reserve	43.945							43.945
Extraordinary reserve	351.278					45.176		396.454
Others …	245.644			3		(45.176)		200.471
Total various other reserves	596.922			3				596.925
Retained earnings (losses carried forward)	(692.721)			(43.031)				(735.752)
Profit (Loss) for the year	(43.031)			129.392	(43.031)		129.392	129.392
Negative reserve for Treasury Shares								
Total	1.326.266			86.364	(43.031)		129.392	1.455.661

INR

		Allocation of the profit for the previous fiscal year		Other changes				
	Opening balance	Allocation of dividends	Other allocations	Increases	Decreases	Reclassifications	Profit for the fiscal year	Closing balance
Share capital	1,224.04			–				1,224.04
Legal reserve	37.85			–				37.85
Extraordinary reserve	302.56			–		38.91		341.47
Others …	211.59			0.00		(38.91)		172.67
Total various other reserves	514.13			0.00				514.13
Retained earnings (losses carried forward)	(596.64)			(37.06)				(633.70)
Profit (Loss) for the year	(37.06)			111.45	(37.06)		111.45	111.45
Negative reserve for Treasury Shares	–			–				–
Total	1,142.31			74.39	(37.06)		111.45	1,253.76

Detail of other reserves

Description	EUR Amount
Reserve for DTA (not dividend distribution)	**200.468**
Rounding Reserve	**3**
Total	**200.471**

Description	INR Amount
Reserve for DTA (not dividend distribution)	**172.66**
Rounding Reserve	**0.00**
Total	**172.67**

Use of shareholders' equity

The items of the shareholders' equity are broken down as follows according to their origin, possible use, distributability and use made in the three prior years (article 2427(1)(7-*bis*) of the Civil Code)

EUR

Nature/description	Amount	Origin/nature	Possible use (*)	Available amount (**)	Amount used for cover losses	Amount used for other reasons
Share capital	1.421.151	Subscription of Company Quote	B			
Share premium reserve			A,B,C,D			
Revaluation surplus			A,B			
Legal reserve	43.945	Profit	A,B			
Reserves provided for by the articles of association			A,B,C,D			
Other reserves	–					
Extraordinary reserve	396.454	Profit	A,B	396.454		
Various other reserves	200.471					
Total various other reserves	596.925			396.454		
Retained earnings (losses carried forward)	(735.752)	Accumulated losses				
Total	**1.326.269**			**396.454**		
Non-distributable share						
Residual distributable share				34.507		

INR

Nature/description	Amount	Origin/nature	Possible use (*)	Available amount (**)	Amount used for cover losses	Amount used for other reasons
Share capital	1,224.12					
Share premium reserve	–					
Revaluation surplus	–					
Legal reserve	37.85					
Reserves provided for by the articles of association	–					
Other reserves	–					
Extraordinary reserve	341.47			341.47		
Various other reserves	172.67					
Total various other reserves	514.13			341.47		
Retained earnings (losses carried forward)	(633.70)					
Total	**281.02**			**341.47**		
Non-distributable share						
Residual distributable share				29.72		

(*) A: for capital increase; B: for loss coverage; C: for distribution to shareholders; D: for other obligations imposed by the articles of association

(**) After deduction of the negative reserve for treasury shares, if any, and of tax loss carryovers.

Use of shareholders' equity various other reserves

EUR

Nature/description	Amount	Origin/nature	Possible use (*)	Available amount (**)	Amount used for cover losses	Amount used for other reasons
Reserve for DTA (not dividend distribution)	200.468	Profits	A,B			
Rounding Reserve	3		A,B,C,D			
Total	**200.471**					

INR

Nature/description	Amount	Origin/nature	Possible use (*)	Available amount (**)	Amount used for cover losses	Amount used for other reasons
Reserve for DTA (not dividend distribution)	172.66	Profits	B			
Rounding Reserve	0.00		A,B,C,D			
	–					
Total	**172.67**					

(*) A: for capital increase; B: for loss coverage; C: for distribution to shareholders; D: for other obligations imposed by the articles of association

Information on the creation and use of shareholders' equity

As provided by article 2427(1)(4) of the civil code, we set out below the information on the creation and use of shareholders' equity items:

EUR

	Share capital	Legal reserve	Reserve	Result for the year	Total
At the beginning of the prior year	1.421.151	43.945	217.959	(313.758)	1.369.297
– other appropriations					
increases			(313.758)	(43.031)	(356.789)
reclassification				(313.758)	(313.758)
Result of the prior year				(43.031)	
At the prior year-end	1.421.151	43.945	(95.799)	(43.031)	1.326.266
Appropriation of the result for the year					
– other appropriations					
increases			(43.028)	129.392	86.364
decreases				(43.031)	(43.031)
– Reclassifications					
Current year's result					
At the current year-end	1.421.151	43.945	(138.827)	129.392	1.455.661

INR

	Share capital	Legal reserve	Reserve	Result for the year	Total
At the beginning of the prior year	1,224.04	37.85	187.73	(270.24)	1,179.38
– other appropriations			–	–	–
– Increases			(270.24)	(37.06)	(307.30)
– Reclassifications				(270.24)	(270.24)
Result of the prior year				(37.06)	
At the prior year-end	1,224.04	37.85	(82.51)	(37.06)	1,142.31
Appropriation of the result for the year					
– dividends					
– other appropriations					
Other changes					
– Increases			(37.06)	111.45	74.39
– Decreases				(37.06)	(37.06)
– Reclassifications					–
Current year's result					–
At the current year-end	1,224.04	37.85	(119.57)	111.45	1,253.76

The share capital amounts to Euro 1.421.151 - INR/Lakhs 1,224.04 and is made up of quotas with a nominal value of 1 Euro, held by and fully available to the sole shareholder as no burdens exist on them. At year-end the shares subscribed are paid in as the total amount of the share capital was fully paid-up.

Reserves or other funds which in the event of distribution are not included in the company's taxable income, regardless of the period in which they were created.

Reserves	EUR Amount
Reserve for losses cover on 31/03/2014	**11.074**
Total	**11.074**

Reserves	INR Amount
Reserve for losses cover on 31/03/2014	**9.54**
Total	**9.54**

B) Provision for contingent liabilities and charges

(article 2427(1)(4) of the Civil Code)

EUR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
27.863	27.863	

INR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
24.00	24.00	

EUR

	Provision for pension and similar benefits	Provision for taxes, including deferred taxes	Derivative financial instruments	Other provisions companies	Total
Value at the beginning of the year				27.863	27.863
Changes in the year:					
Increases as a result of changes in the fair value				14.944	14.944
Decreases as a result of changes in the fair value				14.944	14.944
Total changes					
Value at the end of the year				27.863	27.863

INR

	Provision for pension and similar benefits	Provision for taxes, including deferred taxes	Derivative financial instruments	Other provisions companies	Total
Value at the beginning of the year				24.00	24.00
Changes in the year:				–	–
Increases as a result of changes in the fair value				12.87	12.87
Decreases as a result of changes in the fair value				12.87	12.87
Total changes				–	–
Value at the end of the year				24.00	24.00

The increases are in connection with the accrual for the year, while decreases consist of amounts used in the year.

The item "Other provisions" at 31/03/2021, of INR/Lakhs 24.00 Eur 27,863 is composed as follows: (article 2427(1)(7) of the civil code).

Description	**EUR As at 31/03/2021**
Fund for warranties	**27.863**
Fund for tax assessment	**0**
TOTAL	**27.863**

Description	**INR As at 31/03/2021**
Fund for warranties	**24.00**
Fund for tax assessment	**0**
TOTAL	**24.00**

The accrual to these provisions was justified by the fact that (i) the other provisions were made to the Warranty fund, because it has been considered not adequate to cover contract discrepancies between what has been acknowledged by the Company and what has been received by the Parent company.

During the year, the value of the provision for warranty was reinstated for a value deemed appropriate.

C) Indemnity for Employees leaving the Company
(article 2427(1)(4) of the Civil Code)

EUR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
166.594	155.870	10.724

INR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
143.49	134.25	9.24

The difference can be described as follows.

EUR

	Indemnity for Employees leaving company
Value at the beginning of the year	**155.870**
Changes in the year:	**–**
Increases as a result of changes in the fair value	**10.724**
Total changes	**10.724**
Value at the end of the year	**166.594**

INR

	Indemnity for Employees leaving company
Value at the beginning of the year	**134.25**
Changes in the year:	**–**
Increases as a result of changes in the fair value	**9.24**
Total changes	**9.24**
Value at the end of the year	**143.49**

The provision consists of the amounts payable at 31/03/2021 to the employees on the company's payroll at that date, net of any advances paid.

This consists of the amounts actually accrued in favour of the employees pursuant to the law and the current collective bargaining agreements, taking into account any elements of remuneration paid on a continuous basis.

The provision includes the total amounts accrued at 31 December 2006 for employees at the year-end, net of any advances paid, and assuming termination of their employment relationship at such date.

The provision does not include any amounts accrued starting from 1 January 2007 that have been paid into complementary pension schemes pursuant to legislative decree no. 252 dated 5 December 2005 (or transferred to the special-purpose fund managed by the Italian social security authority - INPS).

In the year after 31/03/2021 employees are not expected to receive a estimated employees' leaving indemnity as a result of incentivised dismissals and corporate reorganisation plans.

D) Accounts payable
(article 2427(1)(4) of the Civil Code)

EUR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
8.867.756	19.940.282	(11.072.526)

INR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
7,637.80	17,174.56	(9,536.77)

The balance can be broken down by due date as follows (article 2427(1)(6) of the Civil Code):

EUR

	Value at the beginning of the year	**Changes in the year**	**Value at the end of the year**	**Falling due within one year**	**Falling due after more than one year**	**Due after more than five years**
Accounts payable to banks	3.991.644	1.865.387	5.857.031	5.857.031		
Accounts payable to suppliers	2.205.815	(976.206)	1.229.609	1.229.609		
Accounts payable to controlling companies	13.448.821	(12.494.380)	954.441	954.441		
Taxes payable	15.239	500.919	516.158	516.158		
Accounts payable to social security institutions	49.297	2.742	52.039	52.039		
Other accounts payable	229.466	29.012	258.478	258.478		
Total	**19.940.282**	**(11.072.526)**	**8.867.756**	**8.867.756**		

INR

	Value at the beginning of the year	**Changes in the year**	**Value at the end of the year**	**Falling due within one year**	**Falling due after more than one year**	**Due after more than five years**
Accounts payable to banks	3,438.00	1,606.66	5,044.66	5,044.66		
Accounts payable to suppliers	1,899.87	(840.81)	1,059.06	1,059.06		
Accounts payable to controlling companies	11,583.47	(10,761.41)	822.06	822.06		
Taxes payable	13.13	431.44	444.57	444.57		
Accounts payable to social security institutions	42.46	2.36	44.82	44.82		
Other accounts payable	197.64	24.99	222.63	222.63		
Total	**17,174.56**	**(9,536.77)**	**7,637.80**	**7,637.80**		

The balance of the accounts payable to banks at 31/03/2021, in an amount of INR/Lakhs 5,044.66

Eur 5.857.031 including bank loans, corresponds to the full payable including principal amount, interest and ancillary charges which have come to maturity and can be collected.

The item "Advances" includes any advances from customers on goods and services not yet supplied or rendered; this item includes advance payments, as earnest money or otherwise, received in connection with the sale of tangible, intangible and financial fixed assets.

Accounts payable from suppliers are recognised at their nominal value of net of trade discounts; cash discounts are recorded upon payment. The nominal value of these payables has been adjusted in case of returns or allowances (invoice adjustments) by the corresponding amount agreed with the other party.

The company took advantage of the possibility not to follow the amortised cost method and/or not to time discount accounts payable since 2016.

The company adopted the following accounting policies: no time discounting of accounts payable due within one year; no time discounting of accounts payable if the effective interest rate does not significantly differ from market rate; no adoption of the amortised cost method for accounts payable due within one year, no adoption of the amortised cost method if transaction costs, commission fees and any other difference between initial value and value on expiry are of negligible amount.

With regard to the accounts payable to controlled companies and undertakings under control by the controlling companies, we note that they refer to vehicles' and spare parts' supplies under normal market conditions.

The item "Tax liabilities" only includes the actual taxes payable, while any likely tax liabilities or tax liabilities whose amount or date of occurrence is doubtful or deferred tax liabilities, are recorded in item B.2 of the liabilities section of the balance sheet (Provision for taxes).

The accounts payable falling due within one year not include accounts payable backed by covenants.

No significant changes occurred in the amount of Tax liabilities.

In the tax payables item are registered IRAP tax debt € 10.005 INR/Lakhs 8.62 net of advances paid during the year for € 20.667 INR/Lakhs 17.80

Breakdown of the accounts payable by geographical area

The following table shows a breakdown of the accounts payable at 31/03/2021 by geographical area (article 2427(1)(6) of the Civil Code).

EUR

	Accounts payable to banks	Accounts payable to suppliers	Accounts payable to controlling companies	Taxes payable	Accounts payable to social security institutions	Other accounts payable	Rounding off
Italy	5.857.031	1.091.638					
Spain		91.029					
Macedonia		28.283					
Serbia		7.833					
Slovakia		5.621					
Others		5.205					
Total	**5.857.031**	**1.229.609**					

INR

	Accounts payable to banks	Accounts payable to suppliers	Accounts payable to controlling companies	Taxes payable	Accounts payable to social security institutions	Other accounts payable	Rounding off
Italy	5,044.66	940.23					
Spain		78.40					
Macedonia		24.36					
Serbia		6.75					
Slovakia		4.84					
Others		4.48					
Total	**5,044.66**	**1,059.06**					

Accounts payable secured by collaterals on corporate assets

The accounts payable are not secured by collaterals on corporate assets (article 2427(1)(6) of the Civil Code):

EUR

	Accounts payable secured by collaterals on corporate assets					
	Accounts payable secured by a mortgage	Accounts payable upon pledge	Accounts payable secured by a special lien	Total accounts payable secured by collaterals on corporate assets	Accounts payable not secured by collaterals on corporate assets	Total
Accounts payable to banks					5.857.031	5.857.031
Accounts payable to suppliers					1.229.609	1.229.609
Accounts payable to controlling companies					954.441	954.441
Taxes payable					516.158	516.158
Accounts payable to social security institutions					52.039	52.039
Other accounts payable					258.478	258.478
Total					**8.867.756**	**8.867.756**

INR

	Accounts payable secured by collaterals on corporate assets					
	Accounts payable secured by a mortgage	Accounts payable upon pledge	Accounts payable secured by a special lien	Total accounts payable secured by collaterals on corporate assets	Accounts payable not secured by collaterals on corporate assets	Total
Accounts payable to banks					5,044.66	5,044.66
Accounts payable to suppliers					1,059.06	1,059.06
Accounts payable to controlling companies					822.06	822.06
Taxes payable					444.57	444.57
Accounts payable to social security institutions					44.82	44.82
Other accounts payable					222.63	222.63
Total					**7,637.80**	**7,637.80**

Debt restructuring operations

The company did not do any debt restructuring.

E) Accrued liabilities/Deferred income

EUR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
9.456	12.815	(3.359)

INR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
8.14	11.04	(2.89)

	Accrued liabilities	Deferred income	Total
			EUR
Opening balance	**6.148**	6.667	12.815
Changes during the year	**(26)**	(3.333)	(3.359)
Closing balance	**6.122**	3.334	9.456

	Accrued liabilities	Deferred income	Total
			INR
Opening balance	**5.30**	5.74	11.04
Changes during the year	**(0.02)**	(2.87)	(2.89)
Closing balance	**5.27**	2.87	8.14

This item can be broken down as follows (article 2427(1)(7) of the Civil Code):

Description	EUR Value
TARIP	**2.241**
IMU	**3.882**
Chamber of Commerce financing	**3.333**
Total	**9.456**

Description	INR Value
TARIP	**1.93**
IMU	**3.34**
Chamber of Commerce financing	**2.87**
Total	**8.14**

They constitute the adjustment to costs and income calculated on an annual basis.

The criteria adopted for the recognition and translation of items in foreign currency have been reported in the first part of these notes.

At 31/03/2021, there were no accrued liabilities/deferred income of a duration exceeding five years.

Profit and loss account

For the purposes of the correct interpretation of the financial statements closed on 31/12/2021 and the assessment of their possible comparability with the financial statements for the previous year, it is highlighted that the emergency situation deriving from the SARS Covid-19 infection made it necessary the adoption of specific measures to support the activity and the workers involved, with a consequent effect on the documents making up the financial statements and in particular the Income Statement.

In detail, the Company deemed it appropriate:

1. not to charge the depreciation rates for the year relating to tangible and intangible assets to a reduced extent;
2. make use of social safety nets to deal with the fall in demand;
3. request the deduction of social security contributions;
4. not to pay the 2019 IRAP balance and the first 2020 prepaid account.

A) Revenue

Balance at 31/03/2021	Balance at 31/03/2020	Difference
		EUR
14.062.952	17.424.152	(3.361.200)

Balance at 31/03/2021	Balance at 31/03/2020	Difference
		INR
12,112.42	15,007.42	(2,895.00)

Description	Balance at 31/03/2021	Balance at 31/03/2020	Difference
			EUR
From sales and services	**12.532.233**	15.993.773	(3.461.540)
Other revenues and proceeds	**1.530.719**	1.430.379	100.340
	14.062.952	17.424.152	(3.361.200)

Description	Balance at 31/03/2021	Balance at 31/03/2020	Difference
			INR
From sales and services	**10,794.01**	13,775.44	(2,981.429
Other revenues and proceeds	**1,318.41**	1,231.99	86.42
	12,112.42	15,007.42	(2,895.00)

The reason for the changes is explained in the Directors' report.

Services rendered refer to reimbursements for Warranties issued on the European market and for trade incentives or marketing expenses and homologation expenses.

Revenue by activity
(Article 2427(1)(10) of the civil code)

Activity	EUR 31/03/2021
Sale of goods	**10.647.239**
Sale of products	**1.401.519**
Sale of accessories	**425.495**
Service supplies	**57.980**
Total	**12.532.233**

Activity	INR 31/03/2021
Sale of goods	**9,170.47**
Sale of products	**1,207.13**
Sale of accessories	**366.48**
Service supplies	**49.94**
Total	**10,794.01**

Revenue by geographical area
(Article 2427(1)(10) of the civil code)

Area	EUR 31/03/2021
Italia	**10.302.326**
India	**1.155.918**
Spagna	**708.048**
Ungheria	**142.351**
Macedonia	**65.051**
Bosnia	**47.614**
Sud Africa	**39.788**
Slovacchia	**27.460**
Serbia	**17.023**
Australia	**14.794**
Altri	**11.860**
Total	**12.532.233**

Area	INR 31/03/2021
Italia	**8,873.39**
India	**995.59**
Spagna	**609.84**
Ungheria	**122.61**
Macedonia	**56.03**
Bosnia	**41.01**
Sud Africa	**33.41**
Slovacchia	**23.65**
Serbia	**14.66**
Australia	**12.74**
Altri	**10.22**
Total	**10,794.01**

The company has not entered revenue of an exceptional amount or incidence.

B) Expenses

EUR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
13.770.305	17.343.320	(3.573.015)

INR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
11,860.36	14,937.80	(3,077.44)

Description	Balance at 31/03/21	Balance at 31/03/20	EUR Difference
Raw materials, subsidiary materials and goods	**2.289.747**	19.553.287	(17.263.540)
Services	**2.482.282**	4.046.538	(1.564.256)
Rent/lease	**111.711**	113.379	(1.668)
Salaries and wages	**590.780**	597.513	(6.733)
Social security contributions	**171.820**	186.891	(15.071)
Employees' leaving indemnity	**40.542**	41.233	(691)
Other personnel costs	**869**	1.452	(583)
Amortisation of intangible assets	**25.107**	24.673	434
Depreciation of tangible assets	**107.078**	141.613	(34.535)
Bad Debts Provision	**23.000**		23.000
Changes to stocks of raw materials	**7.839.388**	(7.444.979)	15.284.367
Accruals to provisions for contingent liabilities and charges	**14.944**		14.944
Miscellaneous running costs	**73.037**	81.720	(8.683)
Total	**13.770.305**	17.343.320	(3.573.015)

Description	Balance at 31/03/21	Balance at 31/03/20	INR Difference
Raw materials, subsidiary materials and goods	**1,972.16**	16,841.25	(14,869.09)
Services	**2,137.99**	3,485.28	(1,347.29)
Rent/lease	**96.22**	97.65	(1.449)
Salaries and wages	**508.84**	514.64	(5.80)
Social security contributions	**147.99**	160.97	(12.989)
Employees' leaving indemnity	**34.92**	35.51	(0.60)
Other personnel costs	**0.75**	1.25	(0.50)
Amortisation of intangible assets	**21.62**	21.25	0.37
Depreciation of tangible assets	**92.23**	121.97	(29.74)
Bad Debts Provision	**19.81**	-	19.81
Changes to stocks of raw materials	**6,752.06**	(6,412.36)	13,164.43
Accruals to provisions for contingent liabilities and charges	**12.87**	-	12.87
Miscellaneous running costs	**62.91**	70.39	(7.48)
Total	**11,860.36**	14,937.80	(3,077.44)

Costs of raw materials, subsidiary materials, consumables and goods and costs of services

They are closely related to the information provided in the Directors' report and to point A (Revenue) of the Profit and loss account.

Personnel costs

This item includes all employee costs, including bonuses, promotions, cost-of-living increases, untaken holidays and the provisions made pursuant to the law and the national collective bargaining agreements.

During the financial year the Company used the following help from Government to mitigate the adverse economic effect related to Covid-19:

- extraordinary redundancy fund (C.I.G.S.);
- benefit from holiday season;
- de-contribution of social charge.

Depreciation of tangible assets

Depreciation has been calculated on the basis of the useful life of the assets and their contribution to the production process.

The Company accrued the depreciation related the financial year closed as at 31/03/2021.

Other write-downs of fixed assets

The item is not reflected in the present financial statements.

Write-downs of accounts receivable included among current assets and of liquid assets

The Company has accrued provisions to the credit collection fund equal to Euro 23,000.

Accruals to provisions for contingent liabilities and charges

The Company has accrued provisions to the warranty fund equal to Euro 14,944.

Other accruals

The item is not reflected in the present financial statements.

Miscellaneous running costs

They refer to taxes other than income tax, subscriptions and other charges.

The company has not entered expenses for exceptional amount or incidence.

C) Financial income and costs

EUR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
(87.407)	(69.068)	(18.339)

INR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
(75.28)	(59.49)	(15.80)

Financial income

EUR

Description	**Balance at 31/03/2021**	**Balance at 31/03/2020**	**Difference**
Other income	**15**	39	(24)
(Interest and other financial costs)	**(86.537)**	(67.408)	(19.129)
Exchange gains and losses	**(885)**	(1.699)	814
Total	**(87.407)**	**(69.068)**	**(18.339)**

INR

Description	**Balance at 31/03/2021**	**Balance at 31/03/2020**	**Difference**
Other income	**0.01**	0.03	(0.02)
(Interest and other financial costs)	**(74.53)**	(58.06)	(16.48)
Exchange gains and losses	**(0.76)**	(1.46)	(0.70)
Total	**(75.28)**	**(59.49)**	**(15.80)**

Other financial income

EUR

Description	**Other companies**	**Total**
Bank and postal interest	15	15
Other proceeds	0	0
TOTAL	**15**	**15**

INR

Description	**Other companies**	**Total**
Bank and postal interest	0.01	0.01
Other proceeds	–	–
TOTAL	**0.01**	**0.01**

Interest and other financial costs

(article 2427(1)(12) of the Civil Code)

EUR

Description	**Other companies**	**Total**
Bank interest	86.527	86.527
Other proceeds	10	10
TOTAL	**86.537**	**86.537**

INR

Description	**Other companies**	**Total**
Bank interest	74.53	74.53
Other proceeds	0.01	0.01
TOTAL	**74.53**	**74.53**

Exchange gains and losses

The total amount of exchange gains on the income statement of INR/Lakhs 0.00 Eur 207 refers to exchange differences between forward contracts and spot contracts on the date on which the contract was concluded. There are no gains on unrealized exchange rates at the end of the year.

The total amount of foreign exchange losses resulting in the income statement equal to Euro 1.092 of INR/Lakhs 0.94 refers to exchange differences between forward contracts and spot contracts on the date the contract was signed.

Revaluations and write-downs of financial assets and liabilities

The item is not reflected in the present financial statements.

Taxes on the income of the period

EUR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
75.848	54.795	21.053

INR

Balance at 31/03/2021	Balance at 31/03/2020	Difference
65.33	47.19	18.13

EUR

Taxes	**Balance at 31/03/21**	**Balance at 31/03/20**	**Difference**
Current taxes:	**30.672**	20.362	10.310
IRAP	**30.672**	20.362	10.310
taxes for previous years		3.000	(3.000)
Deferred tax liabilities/ (assets)	**45.176**	31.433	13.743
IRES	**45.176**	31.433	13.743
IRAP			
	75.848	**54.795**	**21.053**

INR

Taxes	**Balance at 31/03/21**	**Balance at 31/03/20**	**Difference**
Current taxes:	**26.42**	17.54	8.88
IRAP	**26.42**	17.54	8.88
taxes for previous years	**–**	2.58	(2.58)
Deferred tax liabilities/ (assets)	**38.91**	27.07	11.84
IRES	**38.91**	27.07	11.84
IRAP	**–**	–	–
	65.33	**47.19**	**18.13**

Taxes pertaining to the financial year have been entered.

We set out below the reconciliation between the theoretical tax liability per the financial statements and the tax liability:

Reconciliation between the theoretical tax liability per the financial statements and the tax liability (IRES)

		EUR
Description	**Value**	**Tax**
Pre-tax result	205.240	
Theoretical tax liability (%)	24	49.258
Temporary differences taxable in future years:		
Non deductible share of credit write-off		
Business expenses	869	
imu	15.527	
deductible interest		
total	**16.396**	
Reversal of temporary differences of prior years		
Leasing auto		
Business expenses	(651)	
Imu	(9.316)	
interest	(77.804)	
total	**(87.771)6**	
Differences which will not be reversed in future years		
Capital gain	(28.507)	
Reversal of bad debs	(8.912)	
Iper depreciation	(15.889)	
ACE	(47.059)	
losses from previous years 80%	(188.235)	
Irap	(4.278)	
Indemnity for employees leaving		
Other		
Not deductible expenses	159.015	
total	**(133.865)**	

		INR
Description	**Value**	**Tax**
Pre-tax result	176.77	
Theoretical tax liability (%)	0.02	42.43
Temporary differences taxable in future years:	–	
Non deductible share of credit write-off	–	
Business expenses	0.75	
imu	13.37	
deductible interest	–	
total	**14.12**	
Reversal of temporary differences of prior years	–	
Leasing auto	–	
Business expenses	(0.56)	
Imu	(8.02)	
interest	(67.01)	
total	**(75.60)**	
Differences which will not be reversed in future years	–	
Capital gain	(24.55)	
Reversal of bad debs	(7.68)	
Iper depreciation	(13.69)	
ACE	(40.53)	
losses from previous years 80%	(162.13)	
Irap	(3.68)	
Indemnity for employees leaving	–	
Other	–	
Not deductible expenses	136.96	
total	(115.30)	

Determination of the IRAP taxable amount

		EUR
Description	**Value**	**Tax**
Difference between revenue and expenses	1.134.602	
Costs not relevant for IRAP	894.240	
Revenue not relevant for IRAP	(1.392.484)	
total	**636.358**	
Theoretical tax liability (%)	4,82	30.672
Temporary difference deductible in future years:		
Irap taxable amount	636.358	
Current IRAP for the year	30.672	

		INR
Description	**Value**	**Tax**
Difference between revenue and expenses	977.23	
Costs not relevant for IRAP	770.21	
Revenue not relevant for IRAP	(1,199.35)	
total	**548.10**	
Theoretical tax liability (%)	4.82	26.42
Temporary difference deductible in future years:	–	
Irap taxable amount	548.10	
Current IRAP for the year	26.42	

Pursuant to article 2427(1)(14) of the civil code, we set out below the required information on deferred tax assets and liabilities:

Deferred tax assets and liabilities

Deferred tax assets have been recorded since in the years in which the underlying deductible temporary differences are going to be reversed there is reasonable certainty that taxable income not lower than the amount of the differences to be reversed is going to be realized.

The main temporary differences that have given rise to deferred tax assets and liabilities and their effects are shown in the following table.

Recording of deferred tax assets and liabilities and relevant effects:

EUR

	31/03/2021 Amount of temporary differences IRES	31/03/2021 Tax effect IRES	31/03/2021 Amount of temporary differences IRAP	31/03/2021 Tax effect IRAP	31/03/2020 Amount of temporary differences IRES	31/03/2020 Tax effect IRES	31/03/2020 Amount of temporary differences IRAP	31/03/2020 Tax effect IRAP
Warranty fund								
Business losses	(188.235)	(45.176)			(130.969)	(31.433)		
Total	**(188.235)**	**(45.176)**			**(130.969)**	**(31.433)**		
Net deferred tax liabilities (assets)						31.433		
Tax losses	Amount	Tax effect	Amount	Tax effect	Amount	Tax effect	Amount	Tax effect
– for the year	(188.235)				(130.970)			
– carried over from prior years	1.023.517				1.154.487			
TOTAL	**835.282**				**1.023.517**			
Losses carried forward	835.282				1.023.517			
Tax rate	**24**	**200.468**			**24**	**245.644**		
	31/03/2021	31/03/2021	31/03/2021	31/03/2021	31/03/2020	31/03/2020	31/03/2020	31/03/2020

	IRES	IRAP
A. Temporary differences		
Total deductible Temporary differences	(188.235)	
net temporary differences	188.235	
B Tax effect		
Deferred tax fund (anticipated) at start of exercise	31.433	
Deferred tax (early) of the year	13.743	
Deferred tax fund (advance) at the end of the year	45.176	

INR

	31/03/2021 Amount of temporary differences IRES	31/03/2021 Tax effect IRES	31/03/2021 Amount of temporary differences IRAP	31/03/2021 Tax effect IRAP	31/03/2020 Amount of temporary differences IRES	31/03/2020 Tax effect IRES	31/03/2020 Amount of temporary differences IRAP	31/03/2020 Tax effect IRAP
Garantee fund								
Business losses	(162.13)	(38.91)			(112.80)	(27.07)		
Total	**(162.13)**	**(38.91)**			**(112.80)**	**(27.07)**		
Net deferred tax liabilities (assets)						27.07		
Tax losses								
– for the year	(162.13)				(112.80)			
– carried over from prior years	881.56				994.36			
TOTAL	**719.43**				881.56			
Losses carried forward	719.43				881.56			
Tax rate	**24**	**172.66**			**24**	**211.57**		
	31/03/21	31/03/21	31/03/21	31/03/21	31/03/20	31/03/20	31/03/20	31/03/20

	IRES	IRAP
A. Temporary differences		
Total deductible Temporary differences	(162.13)	
net temporary differences	162.13	
B Tax effect		
Deferred tax fund (anticipated) at start of exercise	27.07	
Deferred tax (early) of the year	11.84	
Deferred tax fund (advance) at the end of the year	38.91	

Detail of deductible temporary differences

EUR

Description	Amount at the end of the previous year	Variation that occurred in the year	Amount at the end of the year	rate IRES	Tax effect IRES	rate IRAP	Tax effecte IRAP
Garantee fund							
Business lossese	(130.969)	(57.266)	(188.235)	24	(45.176)		

INR

Description	Amount at the end of the previous year	Variation that occurred in the year	Amount at the end of the year	rate IRES	Tax effect IRES	rate IRAP	Tax effecte IRAP
Garantee fund							
Business lossese	(112.80)	(49.32)	(162.13)	24	(38.91)		

Tax loss Information

EUR

	Current			Previous		
	Amount	Tax rate	Early taxes detected	Amount	Tax rate	Early taxes detected
Tax losses						
Of the year	(188.235)			(130.970)		
of previous exercises	1.023.517			1.154.487		
Total tax losses	835.282			1.023.517		
tax losses carried forward recoverable with reasonable certainty	835.282	24	200.468	1.023.517	24	245.644

INR

	Current			Previous		
	Amount	Tax rate	Early taxes detected	Amount	Tax rate	Early taxes detected
Tax losses						
Of the year	(162.13)			(112.80)		
of previous exercises	881.56			994.36		
Total tax losses	719.43			881.56		
tax losses carried forward recoverable with reasonable certainty	719.43	24	172.66	881.56	24	211.57

Pre-paid taxes were not recognized for provisions for warranties, due to the elimination of the temporary reabsorbable differences in subsequent years.

Deferred tax assets in an amount of INR/Lakhs 38.91 Eur 45.176 in connection with tax losses for the year or loss carryovers of prior years have been recorded since the conditions required by the accounting principles for the recognition of the future benefit were met, with particular regard to the reasonable certainty that in future the company will generate sufficient taxable income to offset the losses.

On the basis of the information available also taking into account the contents of the budget for the next financial year being approved, the directors consider the assumption of going concern to be appropriate.

Employee information

(article 2427(1)(15) of the Civil Code)

Compared to the previous year the personnel broken down by category has changed as shown below:

Staff	31/03/2021	31/03/2020	Change
Executives	**1**	1	0
Middle Manager	**2**	2	0
Employees	**8**	8	0
Labourers	**4**	4	0
Others	**0**	1	(1)
	15	**16**	**(1)**

The national collective bargaining agreement for companies in the commercial sector applies.

The decrease is due to the termination of an administrative employee with a supply contract in April 2020.

Industrial relations are good and there are no litigations with employees still working or dismissed.

	Executives	Quadri	Employees	Labourers	Others	Total
Average	1	2	8	4	0	**15**

Remunerations, advances, and credits granted to directors and statutory auditors, as well as commitments assumed on their behalf

EUR

	Directors	Auditors
Remunerations	0	14.768
Advances		
Credits		
Commitments assumed on their behalf as a result of any type of guarantee provided		

INR

	Directors	Auditors
Remunerations	0	12.72
Advances		
Credits		
Commitments assumed on their behalf as a result of any type of guarantee provided		

Information concerning the Auditor's fees

(article 2427(1)(16-bis) of the civil code)

As required by law, we set out below the amount of fees charged for services rendered by the audit company firm and by entities that are members of its network:

Description	EUR Fee
Audit of annual accounts	10.111
Total fees due to the auditor or audit company	10.111

Description	INR Fee
Audit of annual accounts	8.71
Total fees due to the auditor or audit company	8.71

The members of the Board of Directors renounced the remuneration due for the position held in the Mahindra group companies.

Information on significant events which occurred after the end of the financial year

As sadly known, the emergency situation resulting from the SARS Covid-19 infection has not yet ended. Only with the completion of the vaccination campaign, currently underway, will it be possible to overcome this moment of extreme difficulty and hope for a solid and constant recovery of the economic system.

The Company has taken the following actions in 2021 to maintain and strengthen its position on the market:

- The Company has adopted measures to ensure the safety of its employees in compliance with local regulations and the activation of smart-working where possible.
- The Company has also taken steps to ensure that employees are as productive as possible while fulfilling their duties to customers and other business partners, despite the Company having made use of the Salary Supplement Fund for the months of April and May 2020.

In light of the information provided in these notes and in the Directors' Report, the Board of Directors believes that the events relating to Covid-19 will not affect the Company's ability to continue as a going concern over the next 12 months.

Information on the company which prepares the consolidated financial statements for the larger/smaller set of companies which the company is a member of in a capacity as controlled undertaking

As required by law, we set out below the information pursuant to article 2427(1)(22-quinquies and sexies) of the civil code.

Description	Larger set	Smaller set
Company name	Mahindra & Mahindra Ltd	
Registered office	India	
Tax code		
Place of filing of a copy of the consolidated financial statements	India	

Group

Your company belongs to the Mahindra Group and is subject to the management and the coordination of MAHINDRA & MAHINDRA Ltd pursuant to article 2497-bis of the Italian Civil Code.It is controlled by Mahindra Overseas Investment Company (Mauritius) Limited, which is totally controlled by Mahindra & Mahindra Ltd.

The Company does not own shares of parent companies, neither directly nor through third parties or trust companies.

The table below shows essential data from the last financial statements approved by Mahindra & Mahindra Ltd. Values are expressed in thousand INR/LAKS. Please note that Mahindra & Mahindra Ltd prepares yearly consolidated Financial Statements.

	Description	Latest available financial statements	EUR Financial statements prior to the latest available ones
BALANCE SHEET			
ASSETS			
A)	Accounts receivable from shareholders in respect of unpaid share capital		
B)	Fixed assets	4.445.591	3.986.380
C)	Current assets	2.320.114	2.122.452
Total assets		6.765.705	6.108.832
LIABILITIES:			
A)	**Shareholders' equity:**		
	Share capital	76.494	76.652
	Reserves	3.698.240	3.266.327
	Profit (loss) for the year	617.343	561.197
		4.392.077	3.904.176
B)	Provisions for liabilities and charges		
C)	Employees' leaving indemnity		
D)	Accounts payable	2.373.628	2.204.656
E)	Accrued liabilities and deferred income		
Total liabilities		6.765.705	6.108.832
PROFIT AND LOSS ACCOUNT			
A)	Revenue	7.100.274	6.503.652
B)	Expenses	6.269.840	5.758.875
C)	Financial income and costs	(14.558)	(14.455)
D)	Value adjustments to financial assets	(3.817)	55.863
Taxes on income for the year		196.302	224.988
Profit (loss) for the year		615.757	561.197

	Description	Latest available financial statements	INR/Lakhs Financial statements prior to the latest available ones
BALANCE SHEET			
ASSETS			
A)	Accounts receivable from shareholders in respect of unpaid share capital		
B)	Fixed assets	3,828.99	3,433.47
C)	Current assets	1,998.31	1,828.07
Total assets		5,827.30	5,261.54
LIABILITIES:			
A)	**Shareholders' equity:**		
	Share capital	65.88	66.02
	Reserves	3,185.29	2,813.29
	Profit (loss) for the year	531.72	483.36
		3,782.90	3,362.67
B)	Provisions for liabilities and charges		
C)	Employees' leaving indemnity		
D)	Accounts payable	2,044.41	1,898.87
E)	Accrued liabilities and deferred income		
Total liabilities		5,827.30	5,261.54

Description	Latest available financial statements	INR/Lakhs Financial statements prior to the latest available ones
PROFIT AND LOSS ACCOUNT		
A) Revenue	6,115.47	5,601.60
B) Expenses	5,400.21	4,960.12
C) Financial income and costs	(12.54)	(12.45)
D) Value adjustments to financial assets	(3.29)	48.11
Taxes on income for the year	169.07	193.78
Profit (loss) for the year	530.35	483.36

Appropriation of the profit for the year

We hereby suggest that the general meeting appropriate the loss for the year as follows:

		EUR
Forward the loss for the year at 31/03/2021	EUR	129.392
5% to the legal reserve		6.470
To the extraordinary reserve		122.922
To dividends		

		INR
Forward the loss for the year at 31/03/2021	INR/Lakhs	111.45
5% to the legal reserve		5.57
To the extraordinary reserve		105.87
To dividends		

Final considerations

These financial statements, composed of the balance sheet, profit and loss account and notes, are a true and fair view of the company's state of affairs and economic result for the year and are in accordance with the underlying accounting records.

We invite the QuotaHolder to approve the financial statements in their current form and all the single items, year.

The Chairman of the Board of Directors
Arvind Mathew

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements to the shareholder of Mahindra and Mahindra South Africa Proprietary Limited

Opinion

We have audited the annual financial statements of Mahindra and Mahindra South Africa Proprietary Limited (the company) set out on pages herein which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Mahindra and Mahindra South Africa Proprietary Limited as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Mahindra and Mahindra South Africa Proprietary Limited annual financial statements for the year ended 31 March 2021", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the annual financial statements and our auditor's report thereon.

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

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the Annual Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the annual financial information of the entity or business activities to express an opinion on the annual financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

N C Kyriacou
SizweNtsalubaGobodo Grant Thornton Inc.
Director
Registered Auditor

12 May 2021
Building 4, Summit Place
221 Garstfontein Road
Menlyn
0181

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note(s)	2021 R	2020 R
Assets			
Non-Current Assets			
Property, plant and equipment	3	**10,744,649**	45,272,364
Right-of-use assets	4	**6,583,398**	8,214,229
Investment in subsidiary	5	**–**	3,014,200
Deferred tax	7	**25,144,769**	18,923,193
		42,472,816	75,423,986
Current Assets			
Inventories	8	**145,833,580**	373,276,160
Trade and other receivables	9	**52,663,973**	81,066,717
Cash and cash equivalents	10	**235,053,958**	47,341,883
Current tax receivable		**–**	4,039,522
		433,551,511	505,724,282
Total Assets		**476,024,327**	581,148,268
Equity and Liabilities			
Equity			
Share capital	11	**52,000,000**	52,000,000
Reserves		**(16,524,103)**	(17,447,284)
Retained income		**43,693,463**	19,733,039
		79,169,360	54,285,755
Liabilities			
Non-Current Liabilities			
Lease liabilities	13	**4,918,671**	6,205,671
Contract Liabilities	14	**73,426,556**	68,019,362
Provisions	15	**45,074,838**	33,327,014
		123,420,065	107,552,047
Current Liabilities			
Lease liabilities	13	**2,372,851**	2,396,394
Contract Liabilities	14	**43,156,859**	38,628,344
Provisions	15	**31,880,400**	21,726,623
Financial liabilities	16	**–**	30,242,900
Trade and other payables	17	**191,140,230**	301,573,768
Bank overdraft	10	**–**	24,742,437
Current tax payable		**4,884,562**	–
		273,434,902	419,310,466
Total Liabilities		**396,854,967**	526,862,513
Total Equity and Liabilities		**476,024,327**	581,148,268

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note(s)	2021 R	2020 R
Revenue	18	**1,464,364,567**	1,645,355,389
Cost of sales	19	**(1,328,738,563)**	(1,476,473,283)
Gross profit		**135,626,004**	168,882,106
Other operating income		**2,241,541**	5,521,152
Other operating gains (losses)		**16,667,265**	(1,798,862)
Other operating expenses		**(119,407,837)**	(181,791,752)
Operating profit (loss)	20	**35,126,973**	(9,187,356)
Investment income	21	**5,346,305**	3,607,914
Interest paid	22	**(6,172,083)**	(13,535,598)
Profit (loss) before taxation		**34,301,195**	(19,115,040)
Taxation	23	**(10,340,771)**	(6,230,552)
Profit (loss) for the year		**23,960,424**	(25,345,592)
Other comprehensive income:			
Exchange differences on translating foreign operations		**923,181**	(7,174,785)
Other comprehensive income for the year net of taxation		**923,181**	(7,174,785)
Total comprehensive income (loss) for the year		**24,883,605**	(32,520,377)

STATEMENT OF CHANGES IN EQUITY

	Share capital	Foreign currency translation reserve	Retained income	Total equity
	R	R	R	R
Balance at 01 April 2019	**52,000,000**	**(10,272,499)**	**45,078,631**	**86,806,132**
Loss for the year	–	–	(25,345,592)	(25,345,592)
Other comprehensive income	–	(7,174,785)	–	(7,174,785)
Total comprehensive Loss for the year	–	**(7,174,785)**	**(25,345,592)**	**(32,520,377)**
Balance at 01 April 2020	**52,000,000**	**(17,447,284)**	**19,733,039**	**54,285,755**
Profit for the year	–	–	23,960,424	23,960,424
Other comprehensive income	–	923,181	–	923,181
Total comprehensive income for the year	–	**923,181**	**23,960,424**	**24,883,605**
Balance at 31 March 2021	**52,000,000**	**(16,524,103)**	**43,693,463**	**79,169,360**
Note(s)	11	12		

STATEMENT OF CASH FLOWS

	Note(s)	2021 R	2020 R
Cash flows from operating activities			
Cash generated from operations	24	**219,999,459**	198,005,024
Interest received		**5,346,305**	3,607,914
Interest paid		**(6,172,083)**	(13,292,697)
Tax paid	25	**(7,638,263)**	(8,167,489)
Net cash from operating activities		**211,535,418**	180,152,752
Cash flows from investing activities			
Purchase of property, plant and equipment	3	**(6,214,483)**	(48,742,553)
Sale of property, plant and equipment	3	**39,971,825**	13,538,480
Net cash from investing activities		**33,757,342**	(35,204,073)
Cash flows from financing activities			
Repayment of financial liabilities		**(30,242,900)**	–
Lease liabilities paid		**(2,595,348)**	(1,677,793)
Net cash from financing activities		**(32,838,248)**	(1,677,793)
Total cash movement for the year		**212,454,512**	143,270,886
Cash at the beginning of the year		**22,599,446**	(120,671,440)
Total cash at end of the year	10	**235,053,958**	22,599,446

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act of South Africa, as amended.

These annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in South Africa Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Lease classification

The company is party to leasing arrangements, both as a lessee and as a lessor. The treatment of leasing transactions in the annual financial statements is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.

Key sources of estimation uncertainty

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions.

Useful lives and depreciation of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of all assets are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

Contract liabilities

The fair value of contract liabilities from service plans is management's best estimate of the company's future income and cost based on the estimated service cost that would occur for the selected models over a period of three to five years adjusted for inflation and possible price increases in parts and labour used in the service of the selected model.

Provision for warranties

Warranty provisions are management's best estimate of the company's liability (after the expected reimbursement from the manufacturer) on vehicles under two, three or five year warranties based on the current year warranty claims occurred. The cost per day calculated on those claims is used to estimate the future cost for the remaining warranty days under consideration.

The warranty provision has been discounted to present value and the incremental amount pertaining to the current financial year has been adjusted in cost of sales.

Fair value estimation

The fair values of financial instruments measured at amortised cost are disclosed should it be determined that the carrying value of these instruments do not reasonably approximate their value at each reporting date.

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

In the principal market for the asset or liability; or

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

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

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

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

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

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

Recoverability of receivables

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate. Management has incorporated the effect of COVID-19 into the assessment of the recoverability of trade receivables.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Contd.)

Determination of net realisable value of inventory

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The write down is included in cost of sales.

1.3 Property, plant and equipment

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Computer equipment	Straight line	4 years
Computer software	Straight line	5 years
Furniture and fixtures	Straight line	3 years
Leasehold improvements	Straight line	3 years
Motor vehicles	Straight line	4 years
Motor vehicles - Held for rental	Straight line	4 years
Office equipment	Straight line	6 years
Plant and machinery	Straight line	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 29 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in finance income.

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Contd.)

in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.

- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note.

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note and the financial instruments and risk management note.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Classification

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in interest paid.

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 29 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note.

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value and are subsequently measured at amortised cost.

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Contd.)

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.5 Tax

Current tax assets and liabilities

Current is based on taxable profit for the year.

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Details of leasing arrangements where the company is a lessee are presented in the Lease liability note.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in interest paid.

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Contd.)

- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of- use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

The right-of-use asset is initially measured at cost which comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

Item	Depreciation method	Average useful life
Buildings and infrastructure	Straight line	Over the lease term

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Company as lessor

Leases for which the company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits form the use of the underlying asset are diminished. Operating lease income is included in other operating income.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

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

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.8 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Contd.)

1.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.11 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

1.12 Revenue from contracts with customers

Revenue comprises consideration received or receivable on contracts entered into with customers for the sale of goods and services in the ordinary course of the entities' activities. The performance obligation is identified as the distinct goods and services as agreed in the contract(s). Revenue is shown net of trade discounts, volume rebates and value added tax and is recognised when the entity satisfies its' performance obligations as set out in the contracts entered into with its customers. Revenue is recognised at the amount of the transaction price that is allocated to each performance obligation and this is determined at the amount as depicted in the contract for the exchange of the goods and services. Where a contract has multiple performance obligations, the transaction price is allocated to the performance obligations in the contract by reference to their relative standalone selling prices.

The principles of IFRS 15 are applied using the following five-step model:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue streams

- Sale of spares
- Sales of vehicles
- Sale of service plan
- Sale of agricultural produce
- Sale of construction equipment
- Commission income

Revenue is recognised when an entity satisfies a performance obligation as control is passed, either over time or at a point in time. The above revenue is recognised at a point in time, except for Service plans which is recognised over time. Service Plan is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

Contract liabilities relates to Service Plan Revenue and is reflected under Liabilities in the Statement of Financial Position. Amounts not yet invoiced, for which revenue has been recognised are reflected under trade and other receivables.

Costs incurred on assembly of vehicles which do not yet meet the revenue recognition criteria are capitalised to inventories as work-in-progress and are expensed when the five principles of IFRS 15 are met

Interest is recognised, in profit or loss, using the effective interest rate method.

1.13 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.14 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred. No borrowing costs were capitalised to any assets during the financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Contd.)

1.15 Translation of foreign currencies Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.16 Levies

IFRIC 21 addresses the issue of when to recognise a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. The company has inventory stored in a bonded warehouse where duties, levies and taxes are due once the inventory leaves the bonded warehouse, or 24 months, whichever are earlier.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Definition of a business - Amendments to IFRS 3	01 January 2020	The impact of the amendment is not material.
• Presentation of Financial Statements: Disclosure initiative	01 January 2020	The impact of the amendment is not material.
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	01 January 2020	The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	Unlikely there will be a material impact
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	Unlikely there will be a material impact
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	Unlikely there will be a material impact
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41	01 January 2022	Unlikely there will be a material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4	01 January 2021	Unlikely there will be a material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7	01 January 2021	Unlikely there will be a material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9	01 January 2021	Unlikely there will be a material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16	01 January 2021	Unlikely there will be a material impact
• Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39	01 January 2021	Unlikely there will be a material impact
• COVID-19 - Related Rent Concessions - Amendment to IFRS 16	01 June 2020	Unlikely there will be a material impact

3. Property, plant and equipment

	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Computer equipment....	**2,336,505**	**(1,850,506)**	**485,999**	2,324,318	(1,589,889)	734,429
Computer software	**2,689,791**	**(2,548,656)**	**141,135**	2,689,791	(2,324,495)	365,296
Furniture and fixtures.........	**4,154,564**	**(3,492,707)**	**661,857**	4,154,564	(2,774,457)	1,380,107
Leasehold improvements	**1,024,690**	**(623,031)**	**401,659**	1,024,690	(281,502)	743,188
Motor vehicles	**15,578,664**	**(7,360,828)**	**8,217,836**	18,853,970	(6,314,943)	12,539,027
Motor vehicles - Held for rental...........	**764,886**	**(446,185)**	**318,701**	34,088,241	(5,536,863)	28,551,378
Office equipment....	**855,842**	**(572,636)**	**283,206**	855,842	(448,712)	407,130
Plant and machinery....	**4,828,744**	**(4,594,488)**	**234,256**	4,952,059	(4,400,250)	551,809
Total............	**32,233,686**	**(21,489,037)**	**10,744,649**	68,943,475	(23,671,111)	45,272,364

NOTES TO FINANCIAL STATEMENTS (Contd.)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Computer equipment	**734,429**	**1,315**	–	**(249,745)**	**485,999**
Computer software	**365,296**	–	–	**(224,161)**	**141,135**
Furniture and fixtures	**1,380,107**	–	–	**(718,250)**	**661,857**
Leasehold improvements	**743,188**	–	–	**(341,529)**	**401,659**
Motor vehicles	**12,539,027**	**6,164,568**	**(6,533,752)**	**(3,952,007)**	**8,217,836**
Motor vehicles-Held for rental	**28,551,378**	–	**(23,071,743)**	**(5,160,934)**	**318,701**
Office equipment	**407,130**	–	–	**(123,924)**	**283,206**
Plant and machinery	**551,809**	**48,600**	**(73,398)**	**(292,755)**	**234,256**
	45,272,364	**6,214,483**	**(29,678,893)**	**(11,063,305)**	**10,744,649**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Computer equipment	301,583	700,128	(13,988)	(253,294)	734,429
Computer software	64,063	420,462	(3,812)	(115,417)	365,296
Furniture and fixtures	831,061	1,555,239	(8,416)	(997,777)	1,380,107
Leasehold improvements	9	1,024,690	–	(281,511)	743,188
Motor vehicles	7,366,388	11,602,792	(2,305,425)	(4,124,728)	12,539,027
Motor vehicles-Held for rental	11,685,755	33,195,874	(8,644,805)	(7,685,446)	28,551,378
Office equipment	249,076	243,368	–	(85,314)	407,130
Plant and machinery	1,883,793	–	(330,005)	(1,001,979)	551,809
	22,381,728	48,742,553	(11,306,451)	(14,545,466)	45,272,364

Property, plant and equipment encumbered as security

The property, plant and equipment have been encumbered as security per note 30.

4. Right-of-use assets

The company leases various buildings as the need arises. Lease contracts are typically made for fixed periods between 3 years to 5 years. Lease contracts are negotiated on an individual basis and contain a wide range of different terms and conditions.

The company does not have the option to purchase the plant at a nominal amount on completion of the lease term. The lease contracts do not impose any covenants.

Details pertaining to leasing arrangements, where the company is lessee are presented below:

	2021			2020		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Gross carrying amount	Accumulated depreciation	Net carrying amount
Buildings and infrastructure	10,796,970	(4,213,572)	6,583,398	10,522,727	(2,308,498)	8,214,229

Reconciliation of right-of-use assets - 2021

	Opening balance	Additions	Modification	Other adjustments	Depreciation	Total
Buildings and infrastructure	**8,214,229**	–	**1,423,403**	**(1,149,160)**	**(1,905,074)**	**6,583,398**

Reconciliation of right-of-use assets - 2020

	Opening balance	Additions	Modification	Other adjustments	Depreciation	Total
Buildings and infrastructure	–	**10,522,727**	–	–	**(2,308,498)**	**8,214,229**

5. Investment in subsidiary

Name of company	% holding 2021	% Holding 2020	Carrying Amount 2021	Carrying Amount 2020
199,999 shares held in Mahindra West Africa Limited	99.99%	99.99%	3,014,200	3,014,200
			3,014,200	3,014,200
Impairment of investment in subsidiary			(3,014,200)	–
			–	3,014,200

The company has a subsidiary in Nigeria named Mahindra West Africa Limited. The subsidiary focuses on market development in the Automotive and Farm Sector apart from business development of Powerol Gensets and Heavy commercial vehicles in the western African region. Post COVID-19 pandemic, Mahindra India decided to discontinue their presence in the West Africa market. They terminated the service agreement in June 2020. Mahindra West Africa, thereafter, worked on relocation of its employees and cost reductions. A decision was then taken by the Mahindra West Africa board of directors to voluntarily liquidate the company. Accordingly, actions are being initiated. Resultant to this, the investment of Mahindra West Africa is impaired in Mahindra South Africa in the current financial period. The investment has been impaired to Rnil as management foresee a very limited cash balance and thus, repatriation of the investment amount is expected to be insignificant.

6. Retirement benefits

Defined contribution plan

It is the policy of the company to provide retirement benefits to all its employees. A defined contribution provident fund which is subject to the Pensions Fund Act exists for this purpose. The scheme is funded by company and employee contributions only, which are charged to the income statement as they are incurred. The total company contributions to such scheme in 2021 was R2 153 983 (2020: R1 207 270).

The company is under no obligation to cover any unfunded benefits.

7. Deferred tax

Deferred tax asset

	2021 R	2020 R
Deferred revenue less Section 24C allowance	**1,100,655**	1,439,970
Lease liabilities	**1,741,320**	2,028,294
Prepaid expenses	**73,776**	43,828
Property, plant and equipment	**885,994**	1,148,952
Provisions	**22,907,624**	16,194,764
Right-of-use assets	**(1,564,600)**	(1,932,615)
Total deferred tax asset	**25,144,769**	**18,923,193**

NOTES TO FINANCIAL STATEMENTS (Contd.)

Reconciliation of deferred tax asset

	2021 R	2020 R
At beginning of year	**18,923,193**	18,164,167
Taxable / (deductible) temporary difference on interest on deferred revenue	**(339,314)**	(383,615)
Taxable / (deductible) temporary difference on lease liabilities	**(286,974)**	2,028,294
Taxable / (deductible) temporary difference on prepaid expenses	**29,948**	43,828
Taxable / (deductible) temporary difference on property, plant and equipment	**(262,958)**	485,098
Taxable / (deductible) temporary difference on provisions	**6,712,859**	518,036
Taxable / (deductible) temporary difference on right-of-use assets	**368,015**	(1,932,615)
	25,144,769	**18,923,193**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position.

Management expects sufficient future taxable income in the company to enable the company to realise the deferred tax asset.

8. Inventories

	2021 R	2020 R
Agricultural produce	**3,912,354**	6,236,979
Goods in transit	**44,596,877**	23,432,934
Motor vehicles	**55,003,497**	291,449,441
Spares	**52,898,161**	46,466,465
Work in progress	**–**	17,159,419
	156,410,889	384,745,238
Provision for write down of inventories to net realisable value - motor vehicles, spares and agricultural produce	**(10,577,309)**	(11,469,078)
	145,833,580	**373,276,160**

Inventory pledged as security

Inventories were pledged as security for overdraft facilities of the company. Refer to note 30 for full details on the facilities granted to the company.

9. Trade and other receivables

	2021 R	2020 R
Financial instruments:		
Trade receivables	**41,917,990**	42,771,350
Deposits	**1,205,040**	1,233,675
Non-financial instruments:		
Prepayments	**9,120,564**	5,850,585
VAT	**420,379**	31,211,107
Total trade and other receivables	**52,663,973**	81,066,717

Financial instrument and non-financial instrument components of trade and other receivables

	2021 R	2020 R
At amortised cost	**43,123,030**	44,005,025
Non-financial instruments	**9,540,943**	37,061,692
	52,663,973	81,066,717

Trade and other receivables pledged as security

Trade and other receivables were pledged as security for overdraft facilities of the company. Refer to note 30 for full details on the facilities granted to the company.

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk the company deals with reputed banks and customers and also demands bank guarantees or purchase credit insurance where applicable.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The average credit period on trade receivables is 11 days (2020: 15 days). No interest is charged on outstanding trade receivables.

The Company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix has been applied to appropriate groupings of receivables based on shared credit risk characteristics. There is no material expected credit losses on application of the provision matrix for the businesses. The negative outlook and cash flow difficulties experienced by customers as a result of COVID-19 has been factored into the entity's forecasts of future conditions.

Furthermore, the company writes off a receivable where there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Receivables written off may still be subject to enforcement activities under the company recovery procedure, considering legal advice where appropriate. In the current year there has been no receivables that have been written-off.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

10. Cash and cash equivalents

	2021 R	2020 R
Cash and cash equivalents consist of:		
Cash on hand	**92,033**	166,732
Bank balances	**234,961,925**	47,175,151
Bank overdraft	**–**	(24,742,437)
	235,053,958	22,599,446
Current assets	**235,053,958**	47,341,883
Current liabilities	**–**	(24 742 437)
	235,053,958	22,599,446

There is a cession amounting to R125 139 relating to the First National Bank Account (Account number: 74865277774).

The carrying amount of cash and cash equivalents reasonably approximates its fair value.

All cash balances are placed with reputable financial institutions which have positive credit ratings. Therefore, there is no significant credit risk associated with cash and cash equivalents.

11. Share capital

	2021 R	2020 R
Authorised		
70,000,000 Ordinary shares with no par value	**70,000,000**	70,000,000

NOTES TO FINANCIAL STATEMENTS (Contd.)

	2021	2020
	R	R
Reconciliation of number of shares issued:		
Reported as at 01 April 2020	**52,000,000**	52,000,000
Issued		
52,000,000 Ordinary shares with no par value	**52,000,000**	52,000,000

12. Foreign currency translation reserve

The Kenya Branch operations in Shilling has been translated to ZAR based on the exchange rate. The foreign currency reserve is a result of the foreign currency translation.

	2021	2020
	R	R
Kenya Branch operations	**(16,524,103)**	(17,447,284)

13. Lease liabilities

	2021	2020
	R	R
The maturity analysis of lease liabilities is as follows:		
- within one year	**2,372,851**	2,396,394
- in second to fifth year inclusive	**4,918,671**	6,205,671
	7,291,522	8,602,065
The lease liability classification at year end is as follows:		
Non-current liabilities	**4,918,671**	6,205,671
Current liabilities	**2,372,851**	2,396,394
	7,291,522	**8,602,065**

The lease liability relates to the right-of-use assets disclosed under note 4.

The company leases various buildings as the need arises under operating leases.

Lease contracts are typically made for fixed periods between 3 years and 5 years.

Interest is based on the incremental borrowing rate of 10.25%.

An incremental borrowing rate of 9.30% was applied to leases that have been modified.

	2021	2020
	R	R
Analysis of movement in lease liabilities		
Balance on 01 April 2020	**8,602,065**	–
New leases	–	10,522,727
Lease modifications	**1,423,403**	–
Foreign Currency Translation Reserve	**(228,547)**	–
Capital repayments	**(2,505,399)**	(1,920,662)
- Lease payments	**(3,214,033)**	(2,612,712)
- Interest charges	**708,634**	692,050
Balance on 31 March 2021	**7,291,522**	8,602,065

For details of the exposure to liquidity risk related to finance lease liabilities, as well as the maturity analysis of the gross amounts payable, refer to note 29.

14. Contract liabilities

	2021	2020
	R	R
Summary of contract liabilities		
Service plan	**116,583,415**	106,647,706
Reconciliation of contract liabilities		
Opening balance	**106,647,706**	86,837,370
Raised in current year	**53,561,544**	58,311,914
Revenue in current year	**(43,625,835)**	(38,501,578)
	116,583,415	106,647,706
Split between non-current and current portions		
Non-current liabilities	**73,426,556**	68,019,362
Current liabilities	**43,156,859**	38,628,344
	116,583,415	**106,647,706**

Nature: Certain vehicles are sold with a service plan. This service plan then covers certain services for a predetermined number of years and kilometres travelled. The income from these service plans is deferred and recognised as these services are performed.

Assumptions: The fair value of contract liabilities from service plans is management's best estimate of the company's future income and cost based on the estimated service cost that would occur for the selected models over a period of three to five years adjusted for inflation and possible price increases in parts and labour used in the service of the selected model.

15. Provisions

Reconciliation of provisions – 2021

	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Provision for warranty claims	**55,053,637**	**44,272,035**	**(23,854,706)**	**1,484,272**	**76,955,238**

Reconciliation of provisions – 2020

	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Provision for warranty claims	53,379,402	43,931,548	(41,963,347)	(293,966)	55,053,637
Non-current liabilities				45,074,838	33,327,014
Current liabilities				31,880,400	21,726,623
				76,955,238	**55,053,637**

Nature: This provision is raised due to the fact that certain vehicles, Gensets and Tractors sold are sold under a warranty, thus this provision estimates cost that would occur in the future for repairs under warranties.

Assumptions: Warranty provisions are managements best estimate of the company's liability (after the expected reimbursement from the manufacturer) on vehicles under two or three year warranties based on three years actual historical sales and warranty claims occurred.

NOTES TO FINANCIAL STATEMENTS (Contd.)

The arranty period for Gensets and Tractors being a twelve month period from date of sale.

Further, the warranty provision has been discounted to present value and the incremental amount pertaining to the current financial year has been adjusted in cost of sales.

16. Financial liabilities

	2021	2020
	R	R
At fair value through profit (loss)		
ICICI Bank	–	30,242,900

The financial liability was settled during the financial year.

17. Trade and other payables

	2021	2020
	R	R
Financial instruments:		
Accrued expenses	**35,405,528**	23,682,089
Accrued leave pay	**2,345,662**	1,557,601
Other payables	**1,710,349**	1,189,843
Provision for vehicle buy back	–	35,366,928
Sundry payables	**515,375**	327,700
Trade payables	**151,163,316**	239,449,607
	191,140,230	301,573,768

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

18. Revenue

	2021	2020
	R	R
Revenue from contracts with customers		
Sale of goods	**1,443,166,075**	1,632,027,742
Commissions received	**21,198,492**	13,327,647
	1,464,364,567	1,645,355,389
Disaggregation of revenue from contracts with customers		
The amount included in revenue arising from exchanges of goods or services included in revenue are as follows:		
Sale of spares	**151,591,386**	182,194,463
Sale of vehicles	**1,214,741,318**	1,397,539,217
Sale of service plan	**43,625,835**	38,501,578
Sale of agricultural produce	**306,148**	12,629,272
Sale of construction equipment	**12,025,360**	269,640
Sale of farm equipment	**20,876,028**	893,572
Commissions received	**21,198,492**	13,327,647
	1,464,364,567	1,645,355,389
Timing of revenue recognition:		
At a point in time	**1,420,738,732**	1,606,853,811
Over time	**43,625,835**	38,501,578
	1,464,364,567	1,645,355,389

Transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the reporting date

The transaction price which has been allocated to performance obligations which are unsatisfied or partially unsatisfied at the reporting date are presented below, together with the expected timing of satisfying the performance obligations:

2021

	1 year	2 years	3-5 years
Transaction price allocated to:			
Service plan	**43,156,879**	**34,001,530**	**39,425,026**

2020

	1 year	2 years	3-5 years
Transaction price allocated to:			
Service plan	38,625,837	31,420,942	36,600,928

19. Cost of sales

	2021	2020
	R	R
Sale of goods	**1,329,149,550**	1,482,365,522
Write down of inventories to net realisable value	**(410,987)**	(5,892,239)
	1,328,738,563	1,476,473,283

20. Operating profit (loss)

Operating profit (loss) for the year is stated after charging (crediting) the following, amongst others:

Auditors' remuneration - external

	2021	2020
	R	R
Audit fees	**584,200**	552,000
Adjustment for previous year	–	20,000
TTax and secretarial services	**13,470**	117,859
	597,670	689,859

Leases

Short term leases

	2021	2020
	R	R
Premises	**759,854**	1,368,274

Other operating gains (losses)

	2021	2020
	R	R
(Profit) loss on exchange differences	**(6,374,333)**	4,030,891
Profit on sale of property, plant and equipment	**(10,292,932)**	(2,232,029)

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

	2021	2020
	R	R
Depreciation, amortisation and impairment	**13,978,912**	16,853,964
Employee costs	**46,708,999**	51,550,991
Movement in credit loss allowance	–	13,835,086

NOTES TO FINANCIAL STATEMENTS (Contd.)

21. Investment income

	2021 R	2020 R
Interest income		
From investments in financial assets:		
Bank	**5,346,305**	3,607,914

22. Interest paid

	2021 R	2020 R
Bank and other	**1,772,125**	6,992,620
Vehicle purchase credit	**3,691,324**	5,850,928
Lease liabilities	**708,634**	692,050
Total finance costs	**6,172,083**	13,535,598

23. Taxation

Major components of the tax expense

	2021 R	2020 R
Current		
Local income tax – current period	**16,562,347**	6,989,578
Deferred		
Deferred tax – current period	**(6,221,576)**	(759,026)
	10,340,771	6,230,552

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2021 R	2020 R
Accounting profit	**34,301,195**	(19,115,040)
Tax at the applicable tax rate of 28% (2020: 28%)	**9,604,335**	(5,352,211)
Tax effect of adjustments on taxable income		
Non-taxable/deductible items	**879,708**	6,623,804
Non-taxable/deductible operations - Kenya	**(143,272)**	5,116,349
Non taxable/deductible operations - Egypt	**–**	(157,390)
	10,340,771	6,230,552

24. Cash generated from operations

	2021 R	2020 R
Profit before taxation	**34,301,195**	(19,115,040)
Adjustments for:		
Depreciation and amortisation	**13,978,912**	16,853,964
Profit on sale of assets	**(10,292,932)**	(2,232,029)
Interest income	**(5,346,305)**	(3,607,914)
Interest paid	**6,172,083**	13,292,697
Movements in provisions	**21,901,601**	1,674,235
Impairment of investment	**3,014,200**	–
Changes in working capital:		
Inventories	**227,442,580**	(94,805,213)
Trade and other receivables	**28,402,744**	62,532,596
Trade and other payables	**(109,510,328)**	203,601,392
Contract Liabilities	**9,935,709**	19,810,336
	219,999,459	198,005,024

The presentation of the comparative figures in this note has been improved by not presenting the foreign currency translation reserve movement as an adjustment to profit before tax but rather incorporating it into the relevant changes in working capital.

25. Tax paid

	2021 R	2020 R
Balance at beginning of the year	**4,039,522**	2,861,611
Current tax for the year recognised in profit or loss	**(16,562,347)**	(6,989,578)
Balance at end of the year	**4,884,562**	(4,039,522)
	(7,638,263)	(8,167,489)

26. Commitments

Short term leases

	2021 R	2020 R
Minimum lease payments due		
– within one year	**1,058,451**	516,837

Operating lease payments represents rentals payable by the company for short term leases of its premises (residential and office properties). Short term leases are leases with a lease term of 12 months or less. No contingent rent is payable.

Operating leases – as lessor (income)

	2021 R	2020 R
Minimum lease payments due		
– first year	–	499,762

Certain of the company's vehicles were held to generate rental income under operating leases. Under these agreements vehicles were sold to the lessee at the initial lease date. After a period of 12 months the company repurchases these vehicles at a discounted price. The difference between the sales price and repurchase price has been recognised as lease income on a straight line basis of the period of the lease. The operating lease agreements have come to an end in the 2021 financial and thus no rental yields are expected to be generated in future periods.

27. Related parties

Relationships

Holding company	Mahindra & Mahindra Limited
Subsidiary	Mahindra West Africa Limited
Fellow subsidiaries	SsangYong Motor Company (No longer a related party from 01 January 2021)
	Bristlecone
Members of key management	Vijay Nakra (Appointed 02 April 2021)
	Arvind Mathew (Resigned 01 April 2021)
	Avinash Bapat (Resigned 08 May 2020)
	Dr Pawan Goenka (Resigned 08 May 2020)
	Rajeev Goyal (Appointed 02 April 2021)
	Rajesh Gupta
	Sandip Kulkarni (Appointed 09 May 2020)

Related party balances

	2021 R	2020 R
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Mahindra & Mahindra Limited (Payable)	**(116,260,804)**	(211,425,440)

NOTES TO FINANCIAL STATEMENTS (Contd.)

	2021 R	2020 R
Mahindra & Mahindra Limited (Receivable)	**12,145,720**	16,423,478
SsangYong Motor Company (Receivable)	**–**	484,373
	(104,115,084)	(194,517,589)

Amounts included in goods-in-transit

	2021 R	2020 R
Mahindra & Mahindra Limited	**44,506,386**	23,432,934

Related party transactions

Purchases from (sales to) related parties

	2021 R	2020 R
Mahindra & Mahindra Limited	**623,918,587**	980,246,445
SsangYong Motor Company	**56,473**	356,585
	623,975,060	980,603,030

28. Directors' emoluments

Executive

2021	Salary	Performance pay	Benefits and allowances	Total
Services as director or prescribed officer				
Rajesh Gupta	**2,360,058**	**245,465**	**431,356**	**3,036,879**
Sandip Kulkarni	**2,057,513**	**94,116**	**78,620**	**2,230,249**
	4,417,571	**339,581**	**509,976**	**5,267,128**

2020 Directors' emoluments	Salary	Performance pay	Benefits and allowances	Total
Services as director or prescribed officer				
Avinash Bapat	1,466,595	180,696	436,696	2,083,987
Rajesh Gupta	2,069,007	230,482	347,296	2,646,785
	3,535,602	411,178	783,992	4,730,772

The directors remuneration for 2020 has been updated to include the gross amounts paid to the directors (including PAYE paid on behalf of the directors). This is consistent with the current year disclosure.

29. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2021	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	**9**	**43,123,030**	**43,123,030**	**43,123,030**
Cash and cash equivalents	**10**	**235,053,958**	**235,053,958**	**235,053,958**
		278,176,988	**278,176,988**	**278,176,988**

2020	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	9	44,005,025	44,005,025	44,005,025
Cash and cash equivalents	10	47,341,883	47,341,883	47,341,883
		91,346,908	91,346,908	91,346,908

Categories of financial liabilities

2021	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	17	**191,140,230**	**–**	**191,140,230**	**191,140,230**
Lease liabilities	13	**–**	**7,291,522**	**7,291,522**	**7,291,522**
		191,140,230	**7,291,522**	**198,431,752**	**198,431,752**

2020	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	17	301,573,768	–	301,573,768	422,358,009
Finance lease obligations	13	–	8,602,065	8,602,065	8,602,065
Other financial liabilities	16	30,242,900	–	30,242,900	30,242,900
Bank overdraft	10	24,742,437	–	24,742,437	24,742,437
		356,559,105	8,602,065	365,161,170	485,945,411

Capital risk management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders

  by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Financial risk management

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date.

The maximum exposure to credit risk is presented in notes 9 and 10.

Liquidity risk

The company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day- to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Short-term liquidity needs for a 120-day or less are identified monthly.

NOTES TO FINANCIAL STATEMENTS (Contd.)

Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The company has contractual maturities which are summarised below:

31 March 2021	Current	Within 6 months	Within 1 year	2 - 5 years
Trade and other payables	191,140,251	189,381,005	–	–
Lease liabilities contractual maturities...	–	–	4,196,921	6,133,897
	191,140,251	**189,381,005**	**4,196,921**	**6,133,897**

31 March 2020	Current	Within 6 months	Within 1 year	2 - 5 years
Trade and other payables	301,573,760	300,405,559	–	–
Lease liabilities contractual maturities...	–	–	7,922,482	8,715,659
	301,573,760	**300,405,559**	**7,922,482**	**8,715,659**

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the reporting date.

Foreign currency risk

Most of the company's transactions are carried out in Rands. Exposure to currency exchange rates arise from the operations in Kenya, as well as the company's overseas purchases and sea freight, which are primarily denominated in US Dollars.

Foreign currency denominated financial assets and liabilities, translated in Rands at the closing rate, are as follows:

Foreign currency exposure at the end of the reporting period

	2021 R	2020 R
Assets (Included in Trade and other receivables and Cash and cash equivalents)		
Mahindra and Mahindra Limited (2021: USD 433,954; 2020: USD 761,475)	**6,476,026**	13,660,635
Bank balance (2021: USD 692,353 EGP 280,000 KES 63,367; 2020: USD 44,390, EGP 280,000)	**11,059,067**	1,113,597
SsangYong Motor Company (2021: USD 0; 2020: USD 27,591)	–	494,976
Mahindra Europe (2020: USD 13,924)	–	249,796
Ameriworld International Limited (2021: USD 227,721)	**3,398,341**	–
Liabilities (Included in Trade and other payables)		
Bank balance (2020: KES 145,487,684)	–	24,742,383
Bidvest Panalpina (2021: USD 135,700; 2020: USD 106,450)	**2,025,092**	1,909,681
Mahindra and Mahindra Limited (2021: USD 211,064; 2020: USD 1,787,636)	**3,149,768**	32,069,661
Savino Del Bene (2021: USD 300; 2020: USD 1,890)	**4,474**	33,913
Hoegh Autoliners (2021: USD 96,487)	**1,439,900**	–

Foreign currency sensitivity

The following table illustrates the sensitivity of the net result for the year and equity in regards to the company's financial assets and financial liabilities and the US Dollar Rand exchange rate.

It assumes a +13.56% and 9.71% change of the Rand / US Dollar exchange rate for the year ended 31 March 2021 (2020: +12.54% and 4.89%). This has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the company's foreign currency financial instruments held at balance sheet date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If the Rand had weakened against the US Dollar by 13.56% (2020: 12.54%) then this would have had the following impact:

	2021 R	2020 R
Net results for the year	**1,944,712**	5,421,447

If the Rand had strengthened against the US Dollar by 9.71% (2020: 4.89%) then this would have had the following impact:

	2021 R	2020 R
Net results for the year	**(1,389,995)**	**(2,115,619)**

Exposure to foreign exchange rates vary during the year depending on the volumes of overseas transactions. Nonetheless, the analysis above is considered to be representative of the company's exposure to currency risk.

Interest rate risk

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +2% and 2% (2020: +1% and 1%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the company's financial instruments held at each balance sheet date. All other variables are held constant.

	2021	2021	2020	2020
Net results for the year	**1,805,887**	**(1,805,887)**	1,173,542	(1,173,542)

30. Banking facilities

The company avails credit facilities from ICICI Bank which has sanctioned a ZAR facility of R 100 million (2020: R 30 million with ICICI Bank) for working capital borrowings. At the year end, the company has utilised R Nil of the facility from ICICI Bank. (2020: 30 million).

The above facility has been secured as follows:

- General notarial bond on all present and future moveable assets of the Company including inventory, whether in company's showroom, warehouse or in transit but excluding book debts.
- An unrestricted cessation of all present and future book debts due or to become due.

31. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Despite the effect of COVID-19 as discussed in note 33, the entity maintains a net asset position and holds sufficient funds to finance future operations.

32. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

NOTES TO FINANCIAL STATEMENTS (Contd.)

33. COVID-19

The year started with COVID-19 pandemic and nationwide complete lockdown. In mid-May 2020, the auto industry was allowed to service vehicles and then sell vehicles. This opened up business for the auto sector. Gradually the South African Government lowered restrictions to level 1 as COVID-19 situation improved. Government has taken various measures to boost the economic growth. The Prime Lending Rate and Repo Rate remain stable. Inflation is under control. Currency has recovered against the USD, especially towards end of 2020 and continues to remain strong. The rolling out of vaccination program will go a long way in ensuring the safety of all and continued economic activities.

We started the year with sufficient inventory. Supplies from our parent company in India started in May 2020. All our operations of SKD Plant, SFC Centre and dealer network started with the easing of restrictions with the opening of ports, removal of restrictions on movement of goods and people. At MSA, we extensively did work from home to ensure safety and security of our staff. A great focus was kept on deliverables and tasks to ensure that business operations are continued, and total support is provided to our business associates and channel partners. Extensive communications were made with business associates and channel partners working out strategies and informing about supplies, targets, and incentive schemes.

Overall, compared to previous financial year our vehicle sales volumes dropped by 22,3% on wholesale while it was 16,5% lower in retail business by channel partners. Bakkie segment showed high demand with a healthy order book.

During the current year, we remained among the 3 top performing auto brands. In the bakkie segment we achieved 4% market share and emerged as the number 5 player. In Single Cab we achieved 9% market share and emerged as the number 3 player in South Africa.

Inventory Management, Cash Management and Cost Management that aligned with business has ensured strong financial performance with higher profit after tax and good Cashflow.

Management has also assessed the impact of COVID-19 on the key judgements and sources of estimation uncertainty (as disclosed in the accounting policy), the measurement of inventory, employee benefits, impairment assessments and expected credit loss assessments. No significant impact was identified, and none is expected. Furthermore, management expect to collect revenue in the normal course of operations with little to no impact caused by COVID-19.

We see a strong demand for our product, especially in the Bakkie segment. The order book is healthy. However, the impact of the COVID-19 pandemic is still being seen in Global Supply Chain as different countries continue to face pandemic recurrences. In the near future, we expect supply chain to be under stress and at times, may result in interrupted supply situations. Our parent company in India is also facing similar situation of pandemic recurrence and challenges in supply of parts, affecting production and thereby, impacting their supplies to various markets including South Africa. We are in continuous dialogue with our parent company to get the right quantum of supplies for our business.

At present, we are in a healthy financial position. We are better prepared to handle the pandemic and resultant uncertainty. Our product positioning and pricing reflects a healthy order book that we carry. We also intend to introduce newer variants of our products lines, at an appropriate time in the coming year. We have reserves, a healthy cash position and an unutilized line of credit that we can fall back on. It is therefore reasonable to assume that our business will continue as a Going Concern as it will be able to settle debts as and when they become due and payable.

BOARD OF DIRECTORS, PROFESSIONAL ADVISERS, ETC.

BOARD OF DIRECTORS:

DIRECTORS:

Mr. Mathew, Arvind	(Indian)
Mr. Gupta, Rajesh	(Indian)
Mr. Kulkarni, Sandip	(Indian)

OFFICE ADDRESS:

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Victoria Island, Lagos.

COMPANY SECRETARY:

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INDEPENDENT AUDITORS:

Grant Thornton Nigeria
(Chartered Accountants)
2A Ogalade Close, Off Ologun Agbaje Street
Off Adeola Odeku Street
Victoria Island,
Lagos, Nigeria

BANKER:

Sterling Bank

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mahindra West Africa Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of **Mahindra West Africa Limited** (the Company), which comprise the statement of financial position as at **31 December 2020**, statement of profit or loss, statement of changes in equity and statement of cash flows for the nine (9) months then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at **31 December 2020**, and of its financial performance and its cash flows for the nine (9) months then ended in accordance with International Financial Reporting Standards (IFRSs), the Financial Reporting Council of Nigeria Act No. 6, 2011 and the provision of the Companies and Allied Matters Act 2020.

Basis for Qualified Opinion

The Company's revenue is measured in the statement of profit or loss at N34,487,096. Management has not stated the revenue at the full amount earned in the period then ended, which should be 11% plus margin on total applicable expenses. This constitutes a departure from IFRSs and is inconsistent with the application of the Company's revenue recognition policies. The Company's records indicate that, had management stated the revenue at the full amount earned in the period, an amount of N72,109,119 would have been required to write the revenue up to the full amount. Accordingly, net income for the period would have been N15,313,959, and trade receivable, total assets, and shareholders' equity would have all been increased N72,109,119.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv) Conclude on the appropriateness of management's use of the going concern of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

The Companies and Allied Matters Act 2020 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

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

ii) In our opinion, proper books of account have been kept by the company; and

iii) The Company's Statement of Financial Position and Statement of Profit or Loss are in agreement with the books of account.

Uchenna Okigbo, FCA

FRC/2016/ICAN/00000015653
FOR: GRANT THORNTON
(CHARTERED ACCOUNTANTS)

PORT HARCOURT, NIGERIA.

STATEMENT OF PROFIT OR LOSS FOR THE 9 MONTHS PERIOD ENDED 31 DECEMBER 2020

	Notes	**9 Months 31 December 2020**	12 Months 31 March 2020
		₦	₦
Revenue	6	**34,487,096**	264,493,223
Other Income	7	**5,893,083**	5,156,303
		40,380,179	269,649,526
Less Expenses:			
Administrative Expenses	8	**(91,646,720)**	(242,710,355)
Other Expenses	9	**(1,310,552)**	(11,062,344)
Operating (Loss) / Profit		**(52,577,093)**	15,876,827
Finance Cost	11	**(499,553)**	(3,420,767)
(Loss) / Profit Before Taxation on Discontinue Operation		**(53,076,646)**	12,456,060
Taxation	13.2	**(3,718,515)**	(5,777,707)
(Loss) / Profit After Taxation on Discontinue Operation		**(56,795,161)**	6,678,353
Earnings Per Share (Naira)			
Earnings per share (Naira)		**(1.45)**	0.17

The notes on pages herein form an integral part of these financial statements
All of the activities of the company are classed as discontinued.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	**9 Months 31 December 2020**	12 Months 31 March 2020
ASSETS		**₦**	₦
NON CURRENT ASSETS			
Property, Plant and Equipment (PPE)	14	–	26,395,421
		–	26,395,421
CURRENT ASSETS			
Non Current Asset Held- for- sale	14	**8,101,387**	-
Receivables and Prepayments	15	**2,812,500**	50,741,206
Cash and Cash Equivalent	16	**21,652,381**	39,320,228
		32,566,268	90,061,434
TOTAL ASSETS		**32,566,268**	116,456,855
EQUITY AND LIABILITIES			
Equity Attributable to Owners			
Share Capital	18	**39,220,000**	39,220,000
Deposit for Equity Issue	17	**21,254,000**	21,254,000
Retained Earnings		**(39,091,959)**	17,703,202
		21,382,041	78,177,202
NON CURRENT LIABILITIES			
Deferred Tax Liabilities	13.3	–	321,306
		–	321,306
CURRENT LIABILITIES			
Trade and Other Payables	19	**8,095,784**	21,055,667
Short Term Borrowings	20	–	7,055,275
Tax Payable	13.1	**3,088,441**	9,847,404
		11,184,227	37,958,346
TOTAL EQUITY AND LIABILITIES		**32,566,268**	116,456,855

These financial statements were approved by the Board of Directors on 16 April 2021 and signed on its behalf by:

Arvind Mathew	**Sandip Kulkarni**	**Rajesh Gupta**
Director	Chief Finance Officer	Director

The notes on pages herein form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE 9 MONTHS PERIOD ENDED 31 DECEMBER 2020

	Equity Share	Retained earnings	Deposit for Equity Issue	Total
	₦	₦	₦	₦
Year Ended 31 March 2020				
Balance at 1 April 2020	39,220,000	11,024,849	21,254,000	71,498,849
Profit for the year	–	6,678,353	–	6,678,353
Balance as at 31 March 2020	**39,220,000**	**17,703,202**	**21,254,000**	**78,177,202**
Period Ended 31 December 2020				
Balance at 1 April 2020	39,220,000	17,703,202	21,254,000	78,177,202
Loss for the period	–	(56,795,161)	–	(56,795,161)
Balance as at 31 December 2020	**39,220,000**	**(39,091,959)**	**21,254,000**	**21,382,041**

The notes on pages herein form an integral part of these financial statements

STATEMENT OF CASHFLOWS FOR THE 9 MONTHS PERIOD ENDED 31 DECEMBER 2020

	9 Months 31 December 2020	12 Months 31 March 2020
	₦	₦
Cash Flows from Operating Activities		
Profit Before Tax	**(53,076,646)**	12,456,060
Adjustments:		
Depreciation	**11,548,292**	21,666,256
Profit on Asset Disposal	**(5,893,083)**	–
Operating (Loss)/ Profit Before Working Capital Changes	**(47,421,437)**	34,122,316
Working Capital Changes:		
Decrease/(Increase) Receivable and Prepayment	**47,928,706**	53,664,846
(Decrease) in Trade Payables	**(12,959,883)**	(55,741,789)
	34,968,823	(2,076,943)
Tax Paid	**(10,798,784)**	–
Net Cash Flow from Operating Activities	**(23,251,398)**	32,045,373
Cash flow from Investing Activities:		
Purchase of Property, Plant and Equipment	**–**	(850,000)
Proceed from disposal of Property, Plant and Equipment	**12,638,825**	–
Net Cash flow from Investing Activities	**12,638,825**	(850,000)
Cash Flow from Financing Activities:		
Repayment of Short-Term Borrowings	**(7,055,275)**	(8,310,322)
Net Cash Flow from Financing Activities	**(7,055,275)**	(8,310,322)
Net Cash Flow for the year	**(17,667,848)**	22,885,051
Cash and Cash Equivalents at 1 April	**39,320,228**	16,435,177
Closing Cash and Cash Equivalents	**21,652,381**	39,320,228
Cash and Cash Equivalent Consist of:		
Cash in hand	**53,262**	276,157
Cash at bank	**21,599,119**	39,044,071
Total	**21,652,381**	39,320,228

The notes on pages herein form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE 9 MONTHS PERIOD ENDED 31 DECEMBER 2020

1 Nature of Operation

The principal activity of the company is to develop business, assemble, buy, sell, distribute two, three or four wheeled vehicles, trucks, buses and any other vehicles of every kind and description, engines, generators, tractors (including implements), and construction equipment.

2 General Information, statement of compliance with IFRS and discontinue of operation

The company was incorporated in Nigeria under the Companies and Allied Matters Act 2004 as a Private Limited Liability Company on 20 May 2016. It commenced full operation in May 2016. Its Authorized Share Capital was 200,000 ordinary shares of N196.10 each. The company is substantially owned by Mahindra & Mahindra South Africa. The company deals in business development of automobile and farm equipment

The company's ultimate parent, Mahindra & Mahindra South Africa announced that it had decided to cease the operations of the company by the end of the 2020 calendar year.

The financial statements have been prepared on a basis other than going concern, which is described as the break-up basis. The break-up basis requires the carrying value of the assets to be at the amounts they are expected to realize, and liabilities include any amounts which have crystallized as a result of the decision to wind up the company.

Company's ultimate parent undertaking, Mahindra & Mahindra South Africa announced that the company would wind-down operations by the end of the calendar year. This has resulted in the financial statements being prepared on a break-up basis as of 31 December 2020. As a result, non-current assets are classified as held for sale and measured at the lower of its carrying amount and fair value less costs to sell. The directors have also made appropriate provisions in order to bring about the orderly winddown of the company and its operations.

The financial statements for the 9 Months Period Ended 31 December 2020 (including comparatives) were approved and authorized for issue by the board of directors of Mahindra West Africa Limited on 16 April 2021.

3 New or Revised Standards or Interpretations

3.1 Standards, amendments and interpretations to existing standards adopted as at 1 April 2020

The Company adopted the following standards and amendments that are effective for the first time in 01 April 2020:

- Conceptual Framework for Financial Reporting
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Amendments to IAS 1 presentation of financial statements
- Amendments to IAS 8 Accounting policies, changes in accounting estimates and errors
- Amendments to IFRS 7 Financial instruments: disclosures – Interest rate benchmark reform
- Amendments to IFRS 9 Financial instruments

These amendments do not have a significant impact on these financial statements and therefore the disclosures have not been made. However, they do not affect these financials statements.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company.

At the date of authorization of these financial statements, certain new IFRS standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the company. Management anticipates that all of the relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement.

Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the company's financial statements.

3.2.1 IFRS 17, 'Insurance Contracts ', Issued: May 2018 (Effective 1 January 2021)

IFRS 17, "Insurance Contracts" In May 2018, the IASB issued IFRS 17 "Insurance Contracts," which replaces an interim standard IFRS 4 "Insurance Contract" and related interpretations. The standard sets out the requirements that a company should apply in reporting information about insurance contracts.

The standard provides update of information about the obligations, risk and performance of insurance contracts, increases transparency in financial information reported by insurance companies, which will give investors and analysts more confidence in understanding the insurance industry, and introduces a consistent accounting for all insurance contracts based on a current measurement model. IFRS 17 requires that a company update the measurement of insurance obligations at each reporting date, using current estimates of the amount, timing and uncertainty of cash flows and of discount rate.

3.2.2 The amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the amendments) to align the definition of 'material' across the standards and to clarify certain aspects of the definition. ', Issued: October 2018 (Effective 1 January 2021

In October 2018, the International Accounting Standards Board (IASB or the Board) issued amendments to IAS 1 Presentation of Financial

Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the amendments) to align the definition of 'material' across the standards and to clarify certain aspects of the definition.

New definition of material

The new definition states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

4 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in the financial statements.

4.1 Basis of preparation

The Company's financial statements have been prepared on an accrual basis and under the historical cost convention. Monetary amounts are expressed in Nigerian currency Naira (₦)

4.1.1 Functional and Presentation currency

These Financial Statements are presented in Nigeria Naira which is the company's functional currency.

4.2 Revenue

Revenue in the current year represents total expenses plus a markup of 11% on the expenses excluding exchange loss and interest on bank loan, generated for Mahindra & Mahindra Ltd. (India) from its businesses in West African Countries.

To determine whether to recognize revenue, the Company follows a 5-step process:

1 Identifying the contract with a customer

2 Identifying the performance obligations

3 Determining the transaction price

4 Allocating the transaction price to the performance obligations

5 Recognizing revenue when/as performance obligation(s) are satisfied.

The Company often enters into transactions involving services provided to customers on-behalf of Mahindra India. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices.

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised services to the customers.

The company recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

4.3 Administrative expenses

Administrative expenses are recognized in profit or loss upon utilization of the service or at the date of their origin.

4.4 Employee Benefits

4.4.1 Pension fund obligations

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity - Pension Fund Administrators (PFA) and has no legal or constructive obligations to pay further contributions. Obligations for contribution plans are recognized as personnel expenses in profit or loss in the periods during which related expenses are rendered. Contributions to a defined contribution plan that are due for more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value.

4.4.2 Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after service is rendered) such as paid vacation, leave pay, sick leave and bonuses are recognized in the period in which the service is rendered and is not discounted. The expected cost of short-term accumulating compensated absences is recognized as an expense as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur. The expected cost of bonus payments is recognized as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Provisions for leave pay and bonuses are recognized as a liability in the financial statements.

4.5 Taxation

4.5.1 Tax Expense

The tax expense represents the sum of the current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

4.5.2 Current Tax

The current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting year, and any adjustment to tax payable in respect of the previous years.

4.5.3 Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the company expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which it can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.5.4 Tax Exposure

In determining the amount of current and deferred tax, the company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that caused the company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

4.6 Cash and Cash Equivalents

Cash and Cash Equivalents comprise of notes and coins on hand, demand deposits and other short term, highly liquid financial assets with original maturities of three months or less that are convertible to a known amount of cash which are subject to insignificant risk of changes in value, all of which are available for use by the company unless otherwise stated. In the statement of financial position, company overdrafts are included in current liabilities.

4.7 Trade Receivables

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the company does not intend to sell immediately or in the near term.

4.8 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

4.9 Property, Plant and Equipment

4.9.1 IT equipment and other equipment

4.9.1.1 Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self- constructed assets includes the following:

- The cost of material and direct labour;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- When the company has an obligation to remove the asset or restore the site, an estimate of the cost of dismantling and removing the items and restoring the site on which they are located; and
- Capitalized borrowing cost.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized within other income in profit or loss.

When parts of an item of property have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds

from disposal and the carrying amount of the item) is recognized within other income in profit or loss.

4.9.1.2 Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the company. On-going repairs and maintenance are expensed as incurred.

4.9.1.3 Depreciation

Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the assets are completed and ready for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is recognized in profit or loss. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives.

The estimated useful life for the current and comparative years of significant items of property, plant and equipment are as follows:

- Motor Vehicles 4 years
- Furniture and Fittings 2 – 4 years
- Household equipment 4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.10 Share Capital

4.10.1 Ordinary Shares

Ordinary shares are classified as equity and (share capital) are recorded at the proceeds received net of incremental external costs directly attributable to the issue.

4.11 Financial Instruments

4.11.1 Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

4.11.2 Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorized as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

4.11.3. Subsequent measurement of financial assets

4.11.3.1 Financial assets at amortised cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- the contractual terms of the financial assets give rise to cash flows that are solely payments of its contractual cash flows principal and interest on the principal amount outstanding

4.11.3.2 Financial assets at amortised cost

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

4.11.3.3 Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorized at fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

4.11.3.4 Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognized in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Financial assets classified as available for sale (AFS) under IAS 39 (comparative periods) AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets (FVTPL or held to maturity and loans and receivables).

Within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the asset was disposed of or was determined to be impaired, the cumulative gain or loss recognized in other comprehensive income was reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method and dividends were recognized in profit or loss within finance income.

4.11.4 impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cashflows of the instrument.

In applying this forward-looking approach, a distinction is made between:

Stage 1: Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk

Stage 2: Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

4.11.5 Previous financial asset impairment under IAS 39

In the prior year, the impairment of trade receivables was based on the incurred loss model. Individually significant receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default. Receivables that were not considered to be individually impaired were reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate was then based on recent historical counterparty default rates for each identified group.

4.11.6 Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due.

4.11.7 Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Company's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). reported in profit or loss are included within finance costs or finance income.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

4.12 Provisions

Provisions are liabilities of uncertain timing or amount and are recognized when the company has a present obligation as a result of a past event, and it is probable that the company will be required to settle that obligation. Provisions are measured at the director's estimate of the expenditure required to settle that obligation at the end of each reporting period, and are discounted (at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability) to present value where the effect is material.

Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect of any item included in the same class of obligations may be small.

4.13 Foreign Currency Transactions and Balances

Foreign Currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. The functional currency is the currency of the primary economic environment in which the entity operates, which is the Nigerian Naira.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items of historical cost in a foreign currency are not retranslated.

4.14 Significant management judgment in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgments in applying the accounting policies of the entity that have the most significant effect on the financial statements.

4.14.1 Provisions for liabilities

The Company exercises judgement in measuring and recognizing provisions for liabilities relating to the winding up. Judgement is necessary in assessing the likelihood that a liability will arise, and to qualify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

4.14.2 Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

4.14.3 Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash- generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rates.

4.14.4 Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

5 Financial Risk Management

5.1 Introduction

The company uses its financial skills to provide competitive product pricing and delivery to a broad range of customers.

Risk Management is essential to help ensure business sustainability thereby providing customers and the shareholders with a long-term value proposition.

Key elements of risk management are:

- Strong corporate governance including relevant and reliable management information and internal control processes;
- Ensuring significant and relevant skills and services are available consistently to the company;
- Influencing the business and environment by being active participants in the relevant regulatory and business forums; and
- Keeping abreast of technology and consumer trends and investing capital and resources where required.

The overall company focus within an appropriate risk framework is to give value to the customers through effective and efficient execution of transactions.

The board of directors acknowledges its responsibility for establishing, monitoring and communicating appropriate risk and control policies.

5.2 Significant Risks

The company has exposure to Significant Risks which are categorized as follows:

- Regulatory (capital adequacy, legal, accounting and taxation);
- Business environment (reputation and strategic);
- Operational (people, information technology and internal control processes);
- Market (equity prices, interest rate and currency); and
- Liquidity

Detailed Discussion of Significant Risks

5.2.1. Regulatory Risk

Regulatory risk is the risk arising from a change in regulations in any legal, taxation and accounting pronouncements or specific industry that pertain to the business of the Company. In order to manage this risk, the Company is an active participant in the IT industry and engages in discussions with policy makers and regulators.

5.2.1,1 Legal Risk

Legal risk is the risk that the company will be exposed to contractual obligations which have not been provided for.

The company has a policy of ensuring all contractual obligations are documented and appropriately evidenced to agreements with the relevant parties to the contract.

All significant contracted claims are reviewed by independent legal resources and amounts are provided for if there is consensus as to any possible exposure. At 31 December 2020, the directors are not aware of any significant obligation not provided for.

5.2.1.2 Taxation Risk

Taxation risk is the risk of suffering a loss, financial or otherwise, as a result of an incorrect interpretation and application of taxation legislation or due to the impact of new taxation legislation on existing products.

Taxation risk occurs in the following key areas:

- Transactional risk;
- Operational risk;

– Compliance risk; and
– Financial accounting risk.

5.2.1.2.1 Transactional Risk

The risk which concerns specific transactions entered into by the company, including restructuring projects and reorganizations.

5.2.1.2.2 Operational Risk

The underlying risks of applying tax laws, regulations and decisions to the day-to-day business operations of the company.

5.2.1.2.3 Compliance Risk

The risk associated with meeting the company's statutory obligations.

5.2.1.2.4 Financial Accounting Risk

The risk relates to the inadequacy of proper internal controls over financial reporting, including tax provisioning.

In managing the company's taxation risk, the company tax policy is as follows:

The company will fulfill its responsibilities under tax law in each of the jurisdictions in which it operates, whether in relation to compliance, planning or client service matters. Tax law includes all responsibilities which the company may have in relation to company taxes, personal taxes, capital gains taxes, indirect taxes and tax administration.

Compliance with this policy is aimed at ensuring that:

– All taxes due by the company are correctly identified, calculated, paid and accounted for in accordance with the relevant tax legislation;
– The company continually reviews its existing operations and planned operations in this context; and
– The company ensures that, where clients participate in company products, these clients are either aware of the probable tax consequences, or are advised to consult with independent professionals to assess these consequences, or both.

The identification and management of tax risk is the primary objective of the company tax function, and this objective is achieved through the application of a formulated tax risk approach, which measures the fulfillment of tax responsibilities against the specific requirements of each category of tax to which the company is exposed, in the context of the various types of activities the company conducts.

5.2.1.3 Accounting Risk

Accounting Risk is the risk that the company fails to explain the current events of the business in the financial statements.

Accounting risk can arise from the failure of management to:

– Maintain proper books and records, accounting system and to have proper accounting policies;
– Establish proper internal accounting controls;
– Prepare periodic financial statements that reflect an accurate financial position; and be transparent and fully disclose all important and relevant matters.

Measures to control accounting risk are the use of proper accounting systems, books and records based on proper accounting policies as well as the establishment of proper internal accounting controls. Proposed accounting changes are researched by accounting resources, and if required external resources, to identify and advise on any material impact on the company.

Financial statements are prepared in a transparent manner that fully discloses all important and relevant matters as well as accurately reflecting the financial position, results and cash flows of the company.

5.2.2 Business Environment

5.2.2.1 Reputational Risk

Reputational risk is the risk of loss caused by a decline in the reputation of the company or any of its specific business units from the perspective of its stakeholders, shareholders, customers, staff, business partners or the general public.

Reputational risk can both cause and result from losses in all risk categories such as market or credit risk.

5.2.2.2 Strategic Risk

Strategic Risk is the risk of an unexpected negative change in the company value, arising from the adverse effect of executive decisions on both business strategies and their implementation.

This risk is a function of the compatibility between strategic goals, the business strategies developed to achieve those goals and the resources deployed to achieve those goals. Strategic risk also includes the ability of management to effectively analyze and react to external factors, which could impact the future direction of the relevant business units.

Company risk identifies and assesses both those risks qualitatively as part of a quarterly evaluation. On the basis of this evaluation, company risk creates an overview of local and global risks which also includes reputational risks, analyses the risk profile of the company and regularly informs directors and management.

5.2.3 Operational Risk

Operational Risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. These controls are augmented by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning. The internal control systems and procedures are also subjected to regular internal audit reviews.

5.2.4 Market Risk

Market risk includes asset liability matching risk, currency risk, interest rate risk and equity price risk.

The company is exposed to market risk through its financial assets and financial liabilities. The most important components of this risk are interest rate risk and market price risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

5.2.4.1 Interest Rate and Market Price Risk

These risks have very different impacts on the various categories of business used in the company's Assets and Liabilities Management framework. Interest rate and market price risk have been discussed together since they interact on certain types of liabilities.

5.2.4.2 Interest Rate Risk

Interest rate risk is the risk that the value and cash flow of a financial instrument will fluctuate due to changes in market interest rates.

5.2.4.3 Equity Price Risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

5.2.4.4 Foreign Currency Risk

In respect of other monetary assets and liabilities held in currencies other than the Naira, the company ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates, where necessary, to address short-term balances.

5.2.4.4.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a loss to the other party by failing to discharge an obligation.

Key areas where the company is exposed to credit risk are:

* Certain classes of financial assets such as bonds, term deposits, cash and cash equivalent; and
* Certain accounts within trade and other receivables.

5.2.4.4.2 Other Receivables

Investment sale debtors are protected by the security of the underlying investment not being transferred to the purchaser prior to payment.

5.2.5 Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Company Treasury maintains flexibility in funding by keeping committed credit lines available.

5.2.5.1 Sensitivities

Management applies a number of sensitivity tests to the earnings of the company to better understand the exposure to and importance of each of the main drivers of profitability.

IFRS 7 requires management to report on the changes in the net income after tax following "reasonable possible" changes in each of the factors to which the company is exposed. Management has set the upside and downside movements for each factor at a level which represents the amount by which management believes that factor could reasonably change over the year following the valuation date. These opinions have been informed by an analysis of historical one-year changes in those factors. The upper and lower limits have been set at the 75th and 25th percentiles of observed changes as these bound and interval which may be expected to contain 50% of the changes in the coming year. Management believes this represents in some sense what is "reasonably possible", though it is important to note that this opinion is based on past experience and the tested range is not sensitive to all the relevant information in the market at the reporting date.

Management has considered the impact of upside and downside movements in foreign exchange rates. In relation to these sensitivities:

* The earnings are sensitive to changes in both the shape and level of the yield curve.

  Management has not considered changes in the shape of the yield curve due to several constraints although this may be reviewed in the following year.

* The foreign exchange movements have been considered together in the same sensitivity. Observed historic negative correlations between factors would tend to dampen the effects presented. These correlations are not very large, and they have not been adjusted for. This treatment has resulted in the presentation of a slightly more extreme view of what could reasonably occur over the following year.

Future rates of expense inflation, catastrophes and tax assumptions were considered but no sensitivities are presented as it is unlikely, in management's opinion that, these assumptions will change over the following year.

It should be noted that each impact on profit after tax is shown individually for each sensitivity being changed, keeping all other assumptions constant. In practice this is unlikely to occur, as changes in some of the variables may be correlated.

		9 Months 31 December 2020	12 Months 31 March 2020
		₦	₦
6	**Revenue**		
	Commission income	**34,487,096**	264,493,223
		34,487,096	264,493,223

Revenue in the current period represents total expenses for April and May 2020 plus a markup of 11% on the expenses excluding exchange loss and interest on bank loan, generated for Mahindra & Mahindra Ltd. (India) from its businesses in West African Countries.

		9 Months 31 December 2020	12 Months 31 March 2020
7	**Other Income**		
	Exchange gain	**–**	5,156,303
	Profit on disposal of PPE	**5,893,083**	–
		5,893,083	5,156,303

Other income represents gain arising from foreign exchange difference and profit on disposal of property, plant and equipment.

		9 Months 31 December 2020	12 Months 31 March 2020
8	**Administrative Expenses**		
	Audit fees	**3,503,852**	3,503,852
	Professional fees	**12,349,436**	20,125,660
	Travelling expenses	**3,583,353**	11,749,694
	Depreciation	**11,548,292**	21,666,256
	Personnel cost	**41,809,680**	122,486,775
	Rent	**12,288,500**	26,720,833
	Communication expenses	**1,384,279**	5,208,062
	Exchange loss	**3,011,405**	21,043,965
	Office expenses	**2,167,923**	10,205,258
		91,646,720	242,710,355

Office expenses comprise of registration and document charges, power fuel utilities, sundry expenses, electricity expenses, postages and courier expenses, printing and stationery.

		9 Months 31 December 2020	12 Months 31 March 2020
9	**Other Expenses**		
	Insurance	**711,600**	1,915,200
	Advertising	**–**	200,000
	Repairs and Maintenance	**342,150**	2,046,802
	Hospitality expenses	**–**	4,630,761
	Bank charges	**256,802**	852,787
	NSITF	**–**	1,416,794
		1,310,552	11,062,344
	Classified by Nature		
	Personnel cost	**41,809,680**	122,486,775
	Professional fees	**12,349,436**	20,125,660
	Depreciation	**11,548,292**	21,666,256
	Other administrative expenses	**25,939,312**	78,431,664
		91,646,720	242,710,355

		9 Months 31 December 2020	12 Months 31 March 2020
		₦	₦
10	**Depreciation Expenses**	**11,548,292**	20,629,838

Depreciation expenses represents a portion of the cost of plant and equipment that is matched in consideration to the useful life of the assets during the period/year.

11 Finance Cost

	9 Months 31 December 2020 ₦	12 Months 31 March 2020 ₦
Interest expenses	**499,553**	3,420,767
	499,553	3,420,767

The finance cost relates to charges and interest on bank overdraft granted by Sterling Bank Plc.

12 Personnel Expenses

	9 Months 31 December 2020 ₦	12 Months 31 March 2020 ₦
Staff salaries and wages	**32,502,717**	94,182,808
Personnel allowance	**9,306,963**	28,303,967
	41,809,680	122,486,775

Personnel expenses represent employee expenses incurred during the period/year.

13 Income Tax

		9 Months 31 December 2020	12 Months 31 March 2020
		₦	₦
13.1	**Current tax (Statement of Financial Position)**		
	Balance as at 01 April	**9,847,404**	4,069,697
	Charge for the period/year	**3,718,515**	5,777,707
	Change in deferred tax liabilities	**321,306**	–
	Payment for the period	**(10,798,784)**	–
	Tax liability	**3,088,441**	9,847,404
13.2	**Income Tax Expense**		
	Company income tax	**3,718,515**	5,777,707
	Deferred tax expense	**–**	–
	Charged to income statement	**3,718,515**	5,777,707
13.3	**Deferred Tax Liability**		
	Balance as at 1 April	**–**	321,306
	Charge for the year	**–**	–
	Deferred tax charged for the year	**–**	321,306

14 Property, Plant & Equipment

	Household equipment	Motor vehicle	Furniture and fittings	Total
	₦	₦	₦	₦
Cost				
As at 1 April 2020	14,738,752	60,380,000	12,750,220	87,868,972
Additions during the year	–	–	–	–
Disposal	(9,420,825)	(42,590,000)	–	(52,010,825)
Classified as Assets Held-For-Sale	(5,317,927)	(17,790,000)	(12,750,220)	(35,858,147)
As At 31 December 2020	**–**	**–**	**–**	**–**
Depreciation				
As at 1 April 2020	13,199,245	38,745,836	9,528,470	61,473,551
Charge for the year	1,064,743	8,659,375	1,824,174	11,548,292
Disposal	(9,349,250)	(35,915,833)	–	(45,265,083)
Classified as Assets Held-For-Sale	(4,914,738)	(11,489,378)	(11,352,644)	(27,756,760)
As At 31 December 2020	**–**	**–**	**–**	**–**
Carrying Amount				
As At 31 December 2020	–	–	–	–
Classified as Held for Sale as at 31 December 2020	**403,189**	**6,300,622**	**1,397,576**	**8,101,387**
As at 31 March 2020	**1,539,507**	**21,634,164**	**3,221,750**	**26,395,421**

		9 Months 31 December 2020	12 Months 31 March 2020 2019
		₦	₦
15	**Receivable and Prepayments**		
15.1	**Receivable**		
	Trade receivable	–	43,641,206
		–	43,641,206
15.2	**Prepayment**		
	Rent	**2,812,500**	7,100,000
		2,812,500	7,100,000
		2,812,500	50,741,206

All amount is short-term. The net carrying amount of trade receivables is considered to be at transaction price.

16	**Cash and Cash Equipment**		
	Cash and cash equivalents consist of:		
	Cash in hand	**53,262**	276,157
	Cash at bank	**21,599,119**	39,044,071
		21,652,381	39,320,228

Bank balances are denominated in both local currency and foreign currency, with the later translated at the year end, using the ruling rate as at 31 December 2020.

	2020	2019
	₦	₦
17 Deposit for Equity Issue		
Mahindra and Mahindra South Africa	**21,254,000**	21,254,000

This represents an extra amount on capital importation paid by the equity owners over and above the nominal value in anticipation of increase in share capital.

18 Share Capital		
Authorized		
200,000 Ordinary shares of ₦196.10 each	**39,220,000**	39,220,000
Issued and fully Paid		
200,000 Ordinary shares of ₦196.10 each	**39,220,000**	39,220,000

The share capital of Mahindra West Africa Limited consists of issued and fully paid ordinary shares with a nominal value of N196.10 each.

	2020	2019
	₦	₦
19 Trade and Other Payables		
Trade and other payables consist of the following:		
Trade payables	**6,448,716**	2,218,444
Other payables	**1,647,068**	6,675,823
Accruals	–	12,161,400
	8,095,784	21,055,667

The carrying amount of trade and other payables are considered to be at their fair values.

20 Short Term Borrowings		
Short term borrowings from Sterling Bank consist of the following:		
Loan	–	7,055,275
	–	7,055,275

This represent a short-term loan obtained from Sterling bank in the prior year for the purpose of vehicle acquisition and have been fully paid.

21 Employees

The number of employees in the service of the Company as at 31 December 2020 was 1 (31 March 2020: 4)

22 Substantial Interest in Shares		
Mahindra and Mahindra South Africa	**199,999**	199,999
Mr. Nikhil Madgavkar	**1**	1
	200,000	200,000
23 Related Party Disclosure		
Intercompany Receivable		
Mahindra Mahindra India	–	43,641,206
	–	43,641,206

Related party transactions in the prior year comprise of transactions that occurred between the company and related company stated above. The nature of the transactions involves marketing of Mahindra Mahindra India product to the public. The amount has been settled in the current period.

24 Authorization of Financial Statements

The financial statements for the period ended 31 December 2020 were approved by the board of directors on 16 April 2021.

STATEMENT OF VALUE ADDED FOR THE 9 MONTHS PERIOD ENDED 31 DECEMBER 2020

	9 Months 31 December 2020		12 Months 31 March 2020	
	₦	%	₦	%
Revenue	**34,487,096**		264,493,223	
Bought in Goods and Services	**(37,424,732)**		(110,241,072)	
Value Added	**(2,937,636)**	**100**	154,252,151	100
Applied as follows:				
To Pay Employees:				
Salaries, Wages and Other Benefits	**41,809,680**	**(1,423)**	122,486,775	79
To Pay Providers of Funds				
Interest Paid	**499,553**	**(17.01)**	3,420,767	2
Assets Replacement Provision:				
Depreciation	**11,548,292**	**(393.12)**	21,666,256	14
To Provide for the Future:				
Retained Profit	**(56,795,161)**	**1933**	6,678,353	4
	(2,937,636)	**100**	154,252,151	100

Value added represents the wealth created through the efforts of the company, its management and employees. The statement shows the distribution of the generated wealth amongst company employees, the government, providers of capital and amount retained for future creation of wealth.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mahindra North America Technical Center, Inc.

We have audited the accompanying balance sheets of Mahindra North America Technical Center, Inc. ('the Company') as of March 31, 2021 and March 31, 2020, and the related statements of loss, stockholder's equity and cash flows for the years ended and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as of March 31, 2021 and March 31, 2020, and the results of its operations and cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

Other matter

The presentation of financial information in Indian rupees in the financial statements is not a required part of the basic financial statements. We have verified the arithmetic accuracy of the presentation based upon exchange rate provided by the Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

Atlanta, Georgia
April 27, 2021

KNAV P.A.

BALANCE SHEETS

	USD		INR	
	As at March 31,		As at March 31,	
	2021	2020	**2021**	2020
ASSETS				
Current assets				
Cash and cash equivalents	**958,691**	599,719	**70,550,090**	44,133,321
Accounts receivable	**9,105**	–	**670,004**	–
Accounts receivable, related parties	**676,577**	2,233,271	**49,789,307**	164,346,413
Short term loan, related party	**–**	7,462,012	**–**	549,129,463
Inventories	**7,184,111**	20,487,480	**528,678,717**	1,507,673,653
Prepaid expenses and other current assets	**383,688**	250,713	**28,235,634**	18,449,970
Total current assets	**9,212,172**	31,033,195	**677,923,752**	2,283,732,820
Property, plant and equipment, net	**3,855,523**	5,018,762	**283,728,011**	369,330,769
Intangible assets, net	**57,085**	145,880	**4,200,906**	10,735,309
Deferred tax asset, net	**–**	7,619,577	**–**	560,724,671
Operating leases right-of-use assets, net	**5,020,508**	6,349,083	**369,459,184**	467,229,018
Other assets	**119,504**	119,553	**8,794,206**	8,797,905
Total assets	**18,264,792**	50,286,050	**1,344,106,059**	3,700,550,492
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current liabilities				
Trade payables	**1,260,337**	8,162,384	**92,748,175**	600,669,836
Line of credit	**–**	29,500,000	**–**	2,170,905,000
Operating lease liability	**1,336,946**	1,335,958	**98,385,848**	98,313,223
Accrued expenses	**1,621,641**	1,297,840	**119,336,566**	95,508,046
Intercompany payables	**267,977**	2,612,952	**19,720,459**	192,287,138
Total current liabilities	**4,486,901**	42,909,134	**330,191,048**	3,157,683,243
Operating lease liability – non-current	**3,677,627**	4,992,439	**270,636,599**	367,393,586
Total liabilities	**8,164,528**	47,901,573	**600,827,647**	3,525,076,829
Stockholder's equity				
Common stock, $ 0.10 par value 100,000 shares authorized 1,000 shares issued and outstanding	**100**	100	**7359**	7,359
Common stock, $ 25 par value 1,000,000 shares authorized 2,306,709 shares issued and outstanding (March 31, 2020: 971,000 shares)	**57,667,729**	24,275,000	**4,243,768,177**	1,786,397,250
Additional paid in capital	**9,900**	9,900	**728,541**	728,541
Accumulated deficit	**(47,577,465)**	(21,900,523)	**(3,501,225,665)**	(1,611,659,487)
Total stockholder's equity	**10,100,264**	2,384,477	**743,278,412**	175,473,663
Total liabilities and stockholder's equity	**18,264,792**	50,286,050	**1,344,106,059**	3,700,550,492

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF LOSS

	USD		INR	
	Year ended March 31,		Year ended March 31,	
	2021	2020	**2021**	2020
Operating revenues	**12,179,821**	47,362,538	**896,313,027**	3,485,409,171
Cost of sales	**22,622,297**	44,569,741	**1,664,774,854**	3,279,887,240
Gross profit (loss)	**(10,442,476)**	2,792,797	**(768,461,827)**	205,521,931
Selling, general and administrative expense	**5,163,856**	7,294,935	**380,008,201**	536,834,266
Depreciation & amortization	**1,336,686**	1,127,663	**98,366,710**	82,984,720
Total costs and expenses	**6,500,542**	8,422,598	**478,374,911**	619,818,986
Operating loss	**(16,943,018)**	(5,629,801)	**(1,246,836,738)**	(414,297,055)
Interest expense, net	**1,114,347**	609,983	**82,004,769**	44,888,649
Loss before income taxes	**(18,057,365)**	(6,239,784)	**(1,328,841,507)**	(459,185,704)
Deferred tax expense (benefit)	**7,619,577**	(1,400,643)	**560,724,671**	(103,073,318)
Net loss	**(25,676,942)**	(4,839,141)	**(1,889,566,178)**	(356,112,386)

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF STOCKHOLDER'S EQUITY

(All amounts are stated in USD, except number of shares)

	Common stock						
	Authorized		Issued & outstanding				
Particulars	Shares	Value ($)	Shares	Value ($)	Additional paid in capital	Accumulated deficit	Total stockholder's equity
Balance as on April 1, 2019	1,100,000	25,010,000	972,000	24,275,100	9,900	(17,061,382)	7,223,618
Net loss for the year	–	–	–	–	–	(4,839,141)	(4,839,141)
Balance as at March 31, 2020	**1,100,000**	**25,010,000**	**972,000**	**24,275,100**	**9,900**	**(21,900,523)**	**2,384,477**
Balance as on April 1, 2020	1,100,000	25,010,000	972,000	24,275,100	9,900	(21,900,523)	2,384,477
Common stock issued during the year			1,335,709	33,392,729			33,392,729
Net loss for the year						(25,676,942)	(25,676,942)
Balance as at March 31, 2021	**1,100,000**	**25,010,000**	**2,307,709**	**57,667,829**	**9,900**	**(47,577,465)**	**10,100,264**

(All amounts are stated in INR, except number of shares)

	Common stock						
	Authorized		Issued & outstanding				
Particulars	Shares	Value (INR)	Shares	Value (INR)	Additional paid in capital	Accumulated deficit	Total stockholder's equity
Balance as on April 1, 2019	1,100,000	1,840,485,900	972,000	1,786,404,609	728,541	(1,255,547,101)	531,586,049
Net loss for the year	–	–	–	–	–	(356,112,386)	(356,112,386)
Balance as at March 31, 2020	**1,100,000**	**1,840,485,900**	**972,000**	**1,786,404,609**	**728,541**	**(1,611,659,487)**	**175,473,663**
Balance as on April 1, 2020	1,100,000	1,840,485,900	972,000	1,786,404,609	728,541	(1,611,659,487)	175,473,663
Common stock issued during the year			1,335,709	2,457,370,927			2,457,370,927
Net loss for the year						(1,889,566,178)	(1,889,566,178)
Balance as at March 31, 2021	**1,100,000**	**1,840,485,900**	**2,307,709**	**4,243,775,536**	**745,866**	**(3,501,225,665)**	**743,278,412**

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CASH FLOWS

	USD		INR	
	Year ended March 31,		Year ended March 31,	
	2021	2020	**2021**	2020
Cash flow from operating activities				
Net loss	**(25,676,942)**	(4,839,141)	**(1,889,566,178)**	(356,112,386)
Adjustments to reconcile net loss to net cash used in operating activities				
Impairment of construction in progress assets	**84,650**	–	**6,229,394**	–
Depreciation and amortization expense	**1,336,686**	1,127,663	**98,366,710**	82,984,720
Deferred tax expense (benefit)	**7,619,577**	(1,400,643)	**560,724,671**	(103,073,318)
Changes in assets and liabilities				
(Increase) decrease in accounts receivable	**(9,105)**	1,090,000	**(670,004)**	80,213,100
Decrease in accounts receivable, related parties	**1,556,694**	945,621	**114,557,106**	69,588,249
Decrease in inventories	**13,303,369**	2,401,149	**978,994,936**	176,700,481
(Increase) decrease in prepaid expenses and other current assets	**(132,975)**	5,784	**(9,785,664)**	425,645
Decrease (increase) in other assets	**49**	(21,186)	**3,605**	(1,559,078)
Decrease in operating lease right of use assets	**1,328,575**	1,271,262	**97,769,861**	93,552,172
Decrease in accounts payable	**(6,902,047)**	(7,179,431)	**(507,921,662)**	(528,334,327)
Decrease in intercompany payables	**(2,344,975)**	(3,349,826)	**(172,566,679)**	(246,513,695)
Decrease in operating leases liability	**(1,313,824)**	(1,271,664)	**(96,684,285)**	(93,581,753)
Increase (decrease) in accrued expenses	**323,801**	(1,664,703)	**23,828,489**	(122,505,496)
Net cash used in operating activities	**(10,826,467)**	(12,885,115)	**(796,719,700)**	(948,215,686)
Cash flow from investing activities				
Purchase of property, equipment and intangibles	**(169,302)**	(731,605)	**(12,458,947)**	(53,838,739)
Loan repaid by (provided) to related party, net	**7,462,012**	710,684	**549,129,476**	52,299,236
Net cash provided by (used in) investing activities	**7,292,710**	(20,921)	**536,670,529**	(1,539,503)
Cash flow from financing activities				
Line of credit received (paid), net	**(29,500,000)**	13,000,000	**(2,170,905,000)**	956,670,000
Short term borrowing – related party	**33,392,729**	–	**2,457,370,940**	–
Net cash provided by financing activities	**3,892,729**	13,000,000	**286,465,940**	956,670,000
Net increase in cash and cash equivalents	**358,972**	93,964	**26,416,769**	6,914,811
Cash and cash equivalents at the beginning of the year	**599,719**	505,755	**44,133,321**	37,218,510
Cash and cash equivalents at the end of the year	**958,691**	599,719	**70,550,090**	44,133,321
Supplemental cash flow information				
Income taxes paid	**–**	–	**–**	–
Interest paid	**1,114,347**	609,983	**82,004,769**	44,888,667
Conversion of loan to equity	**33,392,729**	–	**2,457,370,927**	–

(The accompanying notes are an integral part of these financial statements)

NOTES TO FINANCIAL STATEMENTS

NOTE A – ORGANIZATION AND NATURE OF OPERATIONS

Mahindra North American Technical Center, Inc. (hereinafter referred to as the "Company") was incorporated in the state of Delaware on December 18, 2013 and is a wholly owned subsidiary of Mahindra Automotive North America, Inc. ("MANA"). The Company engineers, designs, develops, assembles, and delivers parts and vehicles to the global automotive market, both for on and off-road use, as an Original Equipment Manufacturer ("OEM") headquartered in Auburn Hills, MI.

Ownership of the Company changed on April 30, 2017 when 100% of its stock was acquired by MANA from Mahindra USA, Inc. ("MUSA").

In Michigan, when engaged in automotive manufacturing activities, the Company does business as ("d/b/a") Mahindra Automotive North America Manufacturing ("MANAM"). MANAM produces ROXOR, an off-road side-by-side vehicle. MANAM shipped 669 vehicles during the fiscal year ended March 31, 2021.

The Company was engaged in litigation with FCA US, LLC over FCA's claims relating to unregistered "trade dress" of FCA's Jeep branded vehicles both at the International Trade Commission ("ITC") and at the United States District Court, Eastern District of Michigan. The ITC in its ruling dated June 11, 2020, stated that the Company's ROXOR off-road utility vehicle violated the "trade dress" of FCA's Jeep branded vehicle. The ITC then issued a limited exclusion order prohibiting sale or import of the infringing vehicles and parts, as well as a cease-and desist order to the Company. The cease and desist order was effective from August 11, 2020.

The cease-and desist order relates to the prohibition of marketing, sale, importation and manufacturing of the model year 2018, 2019 and 2020 ROXOR off-road vehicle by the Company in the United States of America ("US"). The impact of the order on the operations of the Company was significant. The Company was unable to market, import, build or sell ROXORs in the US beginning on or about August 12, 2020. However, the Company could sell ROXORs in Canada since the limited exclusion order prohibited the Company from sale of its vehicles only in the US. Given the impact of the ruling on the operations, the Company did not pursue most of the opportunities since the cost incurred to sell the product would have been too high. Due to the pause in the business along with the onset of COVID-19, the Company furloughed employees and also terminated relationships with few other stakeholders. Per the cease-and desist order since the Company could not carry out marketing activities as well, it had to engage in significant efforts to modify its website and notify its marketing partners for not honoring few contracts.

During the year, the Company performed and prepared expedited proceedings to allow a significantly re-designed ROXOR to be excluded from the cease-and desist order. On October 20, 2020, the Administrative Law Judge ("ALJ") found that the re-designed ROXOR does not violate any trade dress and recommended that the re-designed ROXOR be excluded from the cease-and desist order. On December 22, 2020, the ITC agreed with the ALJ and ruled that the re-designed ROXOR is excluded from the cease-and desist order. The Company is reviving its operations and plans to launch the re-designed ROXOR by the end of October 2021. FCA in February 2021, shared the "notice to appeal" to the court for review of the final determination of the ITC's exclusion of re-designed ROXOR from the cease-and-desist order. The management believes that the chances of FCA prevailing over the appeal against the ITC's exclusion of re-designed ROXOR from the cease-and-desist order are remote.

NOTE B – ASSET PURCHASE AGREEMENT

On September 30, 2020, the Company purchased the inventory and property and equipment from Mahindra Tractors Assembly Inc. ("MTAI" or "GenZe"). The Company also receives a royalty free license to use GenZe's trademark, patent copyright, trade secrets or proprietary rights of MTAI to the extent owned by MTAI or licensed by MTAI from the third parties. The Company is also authorized to access and operate websites owned and operated by GenZe. The aggregate purchase amount paid by MANA was USD 200,000 (INR 14,718,000). When accounting for transfers of assets between entities under common control, using the provisions of FASB ASC 805-50-30, the entity that receives the net assets is required to measure the recognized assets and liabilities transferred at their carrying amounts in the accounts of the transferring entity at the date of the transfer.

NOTE C – GOING CONCERN EVALUATION

During the year ended March 31, 2021, due to the cease-and desist order, the Company could not conduct any sale of ROXOR along with its kit and assemblies in the US from August 12, 2020. This resulted in the Company incurring losses for the year ended March 31, 2021. Additionally, the Company has an accumulated deficit of $ 47,577,465 (INR 3,501,225,665) as at March 31, 2021. Although, these events and condition cast significant doubt on the Company's ability to continue as a going concern, in view of the continued support from the ultimate parent company, the management considers that it is appropriate to prepare these financial statements on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The Company has received funding from its parent company amounting to USD 33,350,000 (INR: 2,454,226,500) during the current year in the form of loan and later converted to equity, for meeting the cash flow requirements, for meeting the cash flow requirements. Also, the management has plans to mitigate the adverse effects, including:

1) Reviving its business operations through organizational restructuring and right sizing.
2) New business development plans for launch of model year 2022 ROXOR and to make the Company business profitable.
3) Obtain capital financing from 'Mahindra Overseas Investment Company Mauritius Limited', the parent company, to meet near term working capital requirements;
4) Obtain a commitment from the parent company to continue to provide financial support and honor the Company's future obligations.

Based on the above mitigating factors, the financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

NOTE D – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are detailed below:

1. *Basis of preparation*
   a. The accompanying financial statements are prepared on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America ("US GAAP") to reflect the financial position, results of operation and cash flows of the Company.
   b. The financial statements are for the fiscal years ended March 31, 2021 and March 31, 2020.
   c. Financial information in this report is in US dollars ("USD") and in Indian rupees ("INR"). For the fiscal years ended March 31, 2021 and March 31, 2020, dollar amounts are translated for convenience into Indian rupees at an exchange rate of 73.59 INR per dollar as on March 31, 2021. Within the notes to the financial statements, Indian rupee amounts are shown parenthetically following the U.S. dollar amounts.
   d. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior year to conform to the classifications used in the current year. These changes had no impact on previously reported net loss or stockholder's equity.
   e. The management has prepared future projections supported by business plans and business developmental activities to be undertaken. The Company depends on continued support from its parent company to meet is liquidity contingency.

2. *Use of estimates*

   The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affects the amounts reported in the financial statements. Significant items subject to such estimates and assumptions include the useful lives of plant, property and equipment, provision for inventory obsolescence, slow moving and non-moving items, valuation allowance for deferred tax assets and other contingencies. Management believes that the estimates used in the preparation of the financial statements are reasonable. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the financial statements.

3. *Cash and cash equivalents*

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate per bank of USD 250,000 (INR 18,397,500). The Company believes it is not exposed to any significant risk on cash and cash equivalents.

4. *Inventories*

Raw materials, work in progress and finished goods inventories are stated at the lower of cost and net realizable value, with cost being determined on a weighted average basis. The measurement of inventories includes the direct cost of materials and labor as well as indirect costs (variable and fixed). A provision is made for obsolete and slow-moving raw materials, finished goods, spare parts and other supplies based on their expected future use and realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs for sale and distribution.

The Company makes additional adjustments to its inventory reserves based on the identification of specific situations and increases its inventory reserves accordingly. As further changes in future economic or industry conditions occur, the Company will revise the estimates that were used to calculate its inventory reserves. During the year ended March 31, 2021, due to the cease and desist order, the Company was prohibited from selling its 2018, 2019 and 2020 ROXOR model in the US, and considering this the Company has created additional inventory reserve as at March 31, 2021.

5. *Income taxes*

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due, plus deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial and tax reporting. The deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled, respectively.

The Company has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax provisions. Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state taxing authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties from federal and state taxing authorities were recorded in the accompanying financial statements.

6. *Revenue recognition*

Sale of manufactured goods

The Company recognizes revenues from sale of manufactured ROXOR off-road side by side vehicles and their related accessories.

Revenue is recognized when control of the vehicles, parts or accessories have been transferred and the Company's performance obligation to the customer have been satisfied. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transfer of goods. The timing of when the Company transfers the goods to the customer may differ from the timing of the customer's payment.

When the Company gives the customer the right to return eligible goods, the Company estimates the expected returns based on an analysis of historical experiences.

The Company has determined that the customer is its affiliate company for the sale of vehicles and service parts. Transfer of control, and therefore revenue recognition, generally corresponds to the date when the vehicles or service parts are made available to the customer, or when the vehicles or service parts are released to the carrier responsible for transporting them to the customer. This is also the point at which invoices are issued, with payment terms for vehicles and for service parts. For component part sales, revenue recognition is consistent with that of service parts.

Revenue from contracts with customers

Effective April 1, 2019, the Company has adopted Financial Accounting Standards Board ("FASB") issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), with a date of initial application of April 1, 2019 using the modified retrospective method.

7. *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost of items of property, plant and equipment comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use.

The Company depreciates property, plant and equipment over the estimated useful life using the straight-line method except for production tools. Upon retirement or disposal of assets, the cost and accumulated depreciation will be eliminated from the accounts and the resulting gain or loss will be credited or charged to operations.

The estimated useful life used to determine depreciation is:

Particulars	**Useful life**
Computers	3 years
Furniture	7 years
Leasehold improvements	15 years
Machinery & equipment	5 years
Tooling	5 years

The cost of property, plant and equipment not ready for use before such date are disclosed under capital work-in-progress.

The Company expenses all capital expenses below $5,000. Expenditures for maintenance and repairs are charged to expense. Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value of the asset may not be recoverable.

8. *Intangible assets*

Intangible assets are comprised of computer software which has been recognized at cost and amortized over a period of 3 years or its estimated useful life. Subsequent expenditure is capitalized only when it increases the future economic benefit from the specific assets to which it relates.

9. *Government incentives*

The Company receives incentives from the Michigan Economic Development Corporation ("MEDC") in the form of business development grants. These grants are recognized at their fair values in the statement of income where there is a reasonable assurance that all grant conditions have been complied with and the grant will be received.

10. *Fair value measurements and financial instruments*

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

Some of Company's financial instruments, including cash and cash equivalents, accounts receivable and accounts payable are not measured at fair value on a recurring basis but are recorded at amounts that approximate fair value due to their liquid or short-term nature.

11. *Leases*

Accounting Standard Update ("ASU") 2016-02, Leases

The Company adopted Accounting Standards Codification 842 and all the related amendments ("new lease standard") using the modified retrospective method. The Company does not expect the adoption of the new lease standard to have a material impact to net income on an ongoing basis.

The new lease standard requires all leases to be reported on the balance sheet as operating lease right-of-use assets and lease obligations. The Company elected the practical expedients permitted under the transition guidance of the new standard that retained the lease classification and initial direct costs for any leases that existed prior to adoption of the standard.

Right-of-use assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date for leases exceeding 12 months. Minimum lease payments include only the fixed lease component of the agreement, as well as any variable rate payments that depend on an index, initially measured using the index at the lease commencement date. Lease terms may include options to renew when it is reasonably certain that the Company will exercise that option.

The Company estimates its incremental borrowing rate for each lease based on the respective weighted average term of the agreements. This estimation considers the market rates of the Company's outstanding collateralized borrowings and interpolations of rates outside of the terms of the outstanding borrowings, including comparisons to comparable borrowings of similarly rated companies with longer term borrowings.

Operating lease expense is recognized on a straight-line basis over the lease term and is included in cost of revenue or general and administrative expense. Amortization expense for finance leases is recognized on a straight-line basis over the lease term and is included in cost of revenue. Interest expense for finance leases is recognized using the effective interest method. Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognized as an expense on a straight-line basis over the lease term.

12. *Accounts receivable & allowance for doubtful debts*

Accounts receivable represent amounts due related to sale of goods and services. Accounts receivable are reduced by an estimate of the amount that will ultimately be uncollectible. Management determines the allowance for doubtful accounts by a review of the outstanding amounts on a monthly basis. The allowance is determined by identifying troubled accounts, by using historical experience applied to an aging of accounts. Allowance for doubtful accounts is included in selling, general and administrative expenses in the consolidated statement of loss. The Company charges off uncollectable amounts against the reserves in the period in which it determines they are uncollectable.

13. *Commitments and contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

NOTE E – CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Company comprise of:

	USD		**INR**	
	As at March 31,		**As at March 31,**	
Particulars	**2021**	2020	**2021**	2020
Bank balances	**958,691**	599,719	**70,550,090**	44,133,321
Total	**958,691**	599,719	**70,550,090**	44,133,321

NOTE F – ACCOUNTS RECEIVABLE

Accounts receivable comprise the following:

	USD		**INR**	
	As at March 31,		**As at March 31,**	
Particulars	**2021**	2020	**2021**	2020
Accounts receivable	**9,105**	–	**670,004**	–
Total	**9,105**	–	**670,004**	–

NOTE G – INVENTORIES

Inventories comprise of:

	USD		**INR**	
	As at March 31,		**As at March 31,**	
Particulars	**2021**	2020	**2021**	2020
Raw materials	**10,938,876**	15,253,926	**804,991,873**	1,122,536,414
Material in transit	**5,150**	429,330	**378,989**	31,594,395
Work-in-process	**25,321**	417,183	**1,863,372**	30,700,497
Finished goods	**197,237**	4,537,626	**14,514,671**	333,923,897
Less: provision for slow moving, damaged goods and obsolescence	**(3,982,473)**	(150,585)	**(293,070,188)**	(11,081,550)
Total	**7,184,111**	20,487,480	**528,678,717**	1,507,673,653

NOTE H – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets comprise of:

	USD		**INR**	
	As at March 31,		**As at March 31,**	
Particulars	**2021**	2020	**2021**	2020
Prepaid software license fee	**12,860**	18,314	**946,367**	1,347,727
Prepaid insurance	**91,420**	77,576	**6,727,598**	5,708,818
Michigan new jobs tax credit	**–**	31,500	**–**	2,318,085
Prepaid others	**279,408**	123,323	**20,561,669**	9,075,340
Total	**383,688**	250,713	**28,235,634**	18,449,970

NOTE I – PROPERTY, PLANT AND EQUIPMENT, NET

	USD		**INR**	
	As at March 31,		**As at March 31,**	
Particulars	**2021**	2020	**2021**	2020
Leasehold improvements	**2,189,821**	2,189,821	**161,148,927**	161,148,927
Machinery & equipment	**2,799,049**	2,795,668	**205,981,998**	205,733,208

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	2021	2020	2021	2020
Furniture	4,723	4,723	347,556	347,566
Computers	56,139	56,139	4,131,269	4,131,269
Tooling	2,101,363	1,542,912	154,639,303	113,542,968
	7,151,095	6,589,263	526,249,053	484,903,938
Less: Accumulated depreciation	(3,347,072)	(2,120,513)	(246,310,955)	(156,048,552)
	3,804,023	4,468,750	279,938,098	328,855,386
Capital work in progress	51,500	550,012	3,789,913	40,475,383
Property, plant and equipment, net	3,855,523	5,018,762	283,728,011	369,330,769

Depreciation expense for the year is USD 1,226,559 (INR 90,262,477) (March 31, 2020: USD 1,038,714 (INR: 76,438,964). The Company during the current year impaired construction in progress of USD 84,650 (INR 6,229,394).

NOTE J – INTANGIBLE ASSETS, NET

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	2021	2020	2021	2020
Software	325,048	303,716	23,920,303	22,350,534
Less: Accumulated amortization	(267,963)	(157,836)	(19,719,397)	(11,615,225)
Total	57,085	145,880	4,200,906	10,735,309

Amortization expense for the year is USD 110,127 (INR:8,104,246) (March 31, 2020: USD 88,949 (INR: 6,545,756).

The estimate of annual amortization expense for the following years for the intangible assets is as follows:

March 31,	USD	INR
2022	57,085	4,200,906
Total	**57,085**	**4,200,906**

NOTE K – ACCRUED EXPENSES

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	2021	2020	2021	2020
Accrued vacation	421,175	217,688	30,994,268	16,019,660
Accrued payable	904,137	504,450	66,535,442	37,122,476
Accrued merit pay	186,970	430,130	13,759,122	31,653,267
Accrued payroll	48,000	79,700	3,532,320	5,865,123
Withholding payroll taxes	24,062	29,982	1,770,723	2,206,375
Others	37,297	35,890	2,744,691	2,641,145
Total	1,621,641	1,297,840	119,336,566	95,508,046

NOTE L – LINE OF CREDIT

In June 2017, the Company obtained a line of credit with a bank with a maximum permissible withdrawal limit of USD 10,000,000 (INR: 735,900,000). The line of credit limit was subsequently increased to USD 29,500,000 (INR 2,170,905,000). As at March 31, 2020 the Company had made withdrawals to the tune of USD 29,500,000 (INR: 2,170,905,000). The line of credit has been paid in full as at March 31, 2021.

Interest on the line of credit is payable at LIBOR plus 1.75% per annum, calculated at monthly intervals. The weighted average rate of interest for the years ended March 31, 2021 and March 31, 2020 was 3.3% and 3.67% per annum, respectively. As of March 31, 2020, the applicable rate of interest on the outstanding line of credit was 3.00% per annum.

Total interest expense on the line of credit for the year ended March 31, 2021, is USD 1,139,612 (INR: 83,864,047) (March 31, 2020: USD 1,027,725 (INR 75,630,283).

NOTE M – RELATED PARTY LOAN

The Company during the year ended March 31, 2018, issued a loan to its parent, Mahindra Automotive North America, Inc. at an interest rate of 5.00% per annum. MANA repaid this loan during the current year. The loan amount receivable at March 31, 2021 is USD NIL (INR: NIL) (March 31, 2020: USD 7,442,675 (INR: 547,706,453). Interest is calculated based on a 365-day annual term and payable along with the principal. The loan is repayable on demand. Interest receivables as at March 31, 2021 was USD NIL (INR: NIL) (March 31, 2020: USD 19,337 (INR 1,423,010).

The Company during the fiscal year 2021, obtained a loan from its parent, Mahindra Automotive North America, Inc. at an interest rate of 5.00% per annum. Interest is calculated based on a 365-day annual term and payable along with the principal. Subsequently, this loan along with accrued interest of USD 33,392,729 (INR 2,457,370,927) was converted in equity by issuance of common stock.

Interest income for the year ended March 31, 2021 was USD 80,196 (INR:5,901,589) (March 31,2020: USD 417,742 (INR: 30,741,634).

Interest expense for the year ended March 31, 2021 and March 31, 2020 amounted to USD 54,931 (INR:4,042,372) and USD NIL (INR NIL), respectively.

NOTE N – LEASES

The Company has entered various facility and equipment operating leases with varying terms. In most circumstances, management expects that in the normal course of business, leases will be renewed or replaced by other leases.

General description of the leases

The Company has entered into noncancelable operating lease agreements related to facility, office equipment, machinery and equipment and vehicles with varying terms.

Non-lease components: Leases that contain non-lease components are accounted for as a single component and recorded on the balance sheet for certain asset classes including equipment. Non-lease components include, but are not limited to, common area maintenance and service arrangements.

Package of practical expedients: The Company will not reassess whether any expired or existing contracts are leases or contain leases, the lease classification for any expired or existing leases or any initial direct costs for any expired or existing leases as of the transition date.

The Company used the following policies and/or assumptions in evaluating the lease population:

Lease determination: The Company considers a contract to be or to contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.

Discount rate: When the lease contracts do not provide a readily determinable implicit rate, the Company uses the estimated incremental borrowing rate based on information available at the inception of the lease. The discount rate is determined by asset class.

Variable payments: The Company includes payments that are based on an index or rate within the calculation of right of use leased assets and lease liabilities, initially measured at the lease commencement date. There are variable payments in the nature of origination fees for office equipment, machinery and equipment and therefore are not treated as a part of lease payments.

Purchase options: Certain leases include options to purchase the office equipment. The depreciable life of assets are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Renewal options: Most leases include one or more options to renew, with renewal terms that can extend the lease term from one or more years. The exercise of lease renewal options is at the Company's sole discretion.

Residual value guarantees, restrictions, or covenants: The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Short-term leases: Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term and expense the associated operating lease costs to administrative expenses on the statements of income.

The table below presents the classification of leasing assets and liabilities as reported on the balance sheet as of March 31, 2021 and March 31, 2020.

	USD		**INR**	
	As at March 31,		**As at March 31,**	
Particulars	**2021**	2020	**2021**	2020
Assets				
Operating lease right-of-use assets	**5,020,508**	6,349,083	**369,459,184**	467,229,018
Total lease assets	**5,020,508**	6,349,083	**369,459,184**	467,229,018
Liabilities				
Current				
Operating lease liabilities	**1,336,946**	1,335,958	**98,385,848**	98,313,223
Long term				
Operating lease liabilities	**3,677,627**	4,992,439	**270,636,599**	367,393,586
Total lease liabilities	**5,014,573**	6,328,397	**369,022,447**	465,706,809

The table below presents the classification of lease related expenses as reported in the statements of income.

	USD		**INR**	
	For the year ended March 31,		**For the year ended March 31,**	
Particulars	**2021**	2020	**2021**	2020
Operating lease expenses*	**1,705,445**	1,834,027	**125,503,698**	134,966,047
Total lease expense	**1,705,445**	1,834,027	**125,503,698**	134,966,047

* Operating lease expenses are included in administrative expenses in the statements of loss. Operating lease expense include short-term leases, variable lease costs and leases which did not meet the capitalization requirement of the Company.

Future minimum lease payments as of March 31, 2021, for operating leases having an initial or remaining non-cancelable lease term in excess of one year are as follows:

	Amount	
Year ended March 31,	**USD**	**INR**
2022, 2023 and 2024	4,378,139	322,190,193
2025 and 2026	1,041,966	76,678,278
2027 onwards	–	–
Total minimum lease payments	5,420,105	398,868,471
Less: Interest	(405,532)	(29,846,024)
Present value of lease payments	5,014,573	369,022,447

The following table presents the weighted-average remaining lease term and discount rates as of March 31, 2021.

Weighted-average remaining lease term (years)	
Operating leases	3.7
Weighted-average discount rate	
Operating leases	4.35%

The following table presents supplemental information for operating leases for the year ended March 31, 2021 and March 31, 2020.

	USD		**INR**	
	For the year ended March 31,		**For the year ended March 31,**	
Particulars	**2021**	2020	**2021**	2020
Supplemental information				
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	**1,567,558**	1,570,184	**115,356,593**	115,549,841

NOTE O – REVENUE FROM CONTRACT WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

The following table presents revenue disaggregated by product line:

	USD		**INR**	
	For the year ended March 31,		**For the year ended March 31,**	
Particulars	**2021**	2020	**2021**	2020
Vehicle sales	**9,310,161**	44,349,230	**685,134,748**	3,263,659,836
Parts and accessory sales	**2,546,466**	3,013,308	**187,394,433**	221,749,335
Bike sales	**323,194**	–	**23,783,846**	–
Total revenue by product line	**12,179,821**	47,362,538	**896,313,027**	3,485,409,171

The following table presents revenue disaggregated by timing of recognition:

	USD		**INR**	
	For the year ended March 31,		**For the year ended March 31,**	
Particulars	**2021**	2020	**2021**	2020
Products transferred at a point in time	**12,179,821**	47,362,538	**896,313,027**	3,485,409,171
Total revenue by timing of revenue recognition	**12,179,821**	47,362,538	**896,313,027**	3,485,409,171

The following table presents revenue disaggregated by geography based on Company's locations:

	USD		**INR**	
	For the year ended March 31,		**For the year ended March 31,**	
Particulars	**2021**	2020	**2021**	2020
United States of America	**12,179,821**	47,362,538	**896,313,027**	3,485,409,171

Contract balances

The Company's contracts with customers are comprised of purchase orders along with standard terms and conditions. These contracts with customers typically consist of sale of products which represent performance obligations that are satisfied upon transfer of control of the product to the customer at a point in time.

The following table provides information about contract assets and liability balances as of March 31, 2021 and March 31, 2020:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2021**	2020	**2021**	2020
Accounts receivable	**9,105**	–	**670,004**	–
Accounts receivable, related parties	**676,577**	2,233,271	**49,789,307**	164,346,413

NOTE P – INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company is subject to federal taxation and in the State of Michigan. The provision for income tax expense (benefit) expense is as follows:

	USD		INR	
	Year ended March 31,		Year ended March 31,	
Particulars	**2021**	2020	**2021**	2020
Deferred tax expense (benefit)	**7,619,577**	(1,400,643)	**560,724,671**	(103,073,318)
Income tax expense (benefit)	**7,619,577**	(1,400,643)	**560,724,671**	(103,073,318)

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that create such differences is as follows:

	USD		INR	
	Year ended March 31,		Year ended March 31,	
Particulars	**2021**	2020	**2021**	2020
Deferred tax asset (liability)				
Net operating loss	**10,095,608**	7,326,694	**742,935,797**	539,171,411
Research and development credit	**499,422**	491,884	**36,752,465**	36,197,744
State net operating loss	**610,522**	497,983	**44,928,314**	36,646,569
Inventory	**875,618**	60,908	**64,433,859**	4,482,220
Accrued expenses	**266,920**	142,638	**19,642,642**	10,496,583
Prepaid expenses	**(50,127)**	(48,269)	**(3,688,846)**	(3,551,969)
Property, plant and equipment	**(707,872)**	(852,261)	**(52,092,300)**	(62,717,887)
Foreign tax credit	**1,206,071**	1,206,071	**88,754,765**	88,754,765
Valuation allowance	**(12,796,162)**	(1,206,071)	**(941,666,696)**	(88,754,765)
Total	**–**	7,619,577	**–**	560,724,671

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference becomes deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Due to the cease-and-desist order, which prohibited the management from selling ROXOR model, resulting in decline in the current year sales and future projections for future taxable income for which the deferred tax assets were deductible. The management believes that it is more likely than not that the deferred tax assets may not be realized and accordingly, a valuation allowance of USD 12,796,162 (INR 941,666,696) is recognized as at March 31, 2021 (March 31, 2020 USD 1,206,071 (INR 88,754,765)).

The Company has federal net operating losses ("NOLs") carryforwards of USD 46,141,085 (INR: 3,395,522,445) as at March 31, 2021 (March 31, 2020: USD 34,116,554 (INR: 2,510,637,209). Out of the total NOLs of USD 46,141,085 (INR: 3,395,522,445), if unutilized, NOLs of USD 29,355,508 (INR: 2,160,271,834) will begin to expire from the year 2035, whereas the remaining NOLs will be carried forward indefinitely.

The Company has state net operating losses carryforwards of USD 12,880,211 (INR: 947,854,727) as at March 31, 2021 (March 31, 2020: USD 10,505,962 (INR: 773,133,744), which, if unutilized will begin to expire from the year 2026.

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination.

The tax years 2017, 2018, 2019 and 2020 remains subject to examination by the taxing authorities.

NOTE Q – RELATED PARTY TRANSACTIONS

Name of related party and nature of relationship:

No.	Name of the party	Nature of relationship
1	Mahindra & Mahindra Limited	Ultimate parent company
2	Mahindra Automotive North America, Inc.	Parent company
3	Mahindra Vehicle Manufacturers Limited – US Branch	Affiliate company
4	Mahindra Vehicle Sales and Service, Inc	Affiliate company
5	Mahindra Tractor Assembly, Inc.	Affiliate company
6	Mahindra Integrated Business Solutions Private Limited – US Branch	Affiliate company

Summary of transactions and balances with related parties are as follows:

	USD		INR	
	For the year ended March 31		For the year ended March 31	
Particulars	**2021**	2020	**2021**	2020
<u>**Transactions during the year**</u>				
Mahindra Vehicle Manufacturers Limited – US branch				
Services received	**354,473**	770,761	**26,085,668**	56,720,302
Sale of service	**–**	216,858	**–**	15,958,580
Mahindra Tractor Assembly, Inc.				
Purchases	**68,870**	870,852	**5,068,143**	64,086,000
Asset purchase	**200,000**	–	**14,718,000**	–
Purchase returns	**–**	870,852	**–**	64,086,000
Expenses incurred on behalf of Mahindra Tractor Assembly, Inc.	**485,848**	–	**35,753,554**	–
Mahindra Vehicle Sales and Services, Inc.				
Sale of vehicles	**9,310,150**	44,349,230	**685,133,930**	3,263,659,817
Accessories and service parts	**2,546,466**	3,013,309	**187,394,433**	221,749,409
Mahindra Automotive North America, Inc.				
Corporate cost allocation	**4,469,919**	5,685,944	**328,941,319**	418,428,616

	USD		INR	
	For the year ended March 31		For the year ended March 31	
Particulars	**2021**	2020	**2021**	2020
Corporate cost allocation payment	**4,201,941**	3,965,605	**309,220,838**	291,828,872
Loan provided	**26,235,000**	42,189,979	**1,930,633,650**	3,104,760,524
Loan payment received	**33,677,675**	42,920,000	**2,478,340,103**	3,158,482,800
Loan obtained	**35,550,000**	–	**2,616,124,500**	–
Repayment of loan	**2,200,000**		**161,898,000**	
Interest income	**80,196**	417,742	**5,901,624**	30,741,634
Interest payment received	**99,533**	398,405	**7,324,633**	29,318,607
Conversion of loan obtained to equity	**33,392,729**	–	**2,457,370,927**	–
Interest expense	**54,931**	71,644	**4,042,339**	5,272,281
Interest expense payment	**12,201**	–	**897,871**	–
Mahindra and Mahindra, Limited				
Purchase of raw materials	**829,496**	15,484,253	**61,042,611**	1,139,486,147

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2021**	2020	**2021**	2020
Balances at the end of the year **Accounts receivable, related parties**				
Mahindra Automotive North America, Inc.	**1,154**	6,510	**84,923**	479,071
Mahindra Vehicle Sales and Service, Inc.	**387,318**	1,247,621	**28,502,731**	91,812,429
Mahindra Vehicles Manufacturers Limited	**–**	108,288	**–**	7,968,914
Mahindra Tractor Assembly, Inc.	**288,105**	870,852	**21,201,653**	64,085,999
	676,577	2,233,271	**49,789,307**	164,346,413
Intercompany payables				
Intercompany payables				
Mahindra Automotive North America, Inc.	**267,977**	2,421,010	**19,720,459**	178,162,126
Mahindra Vehicles Manufacturers Limited	**–**	191,942	**–**	14,125,012
	267,977	2,612,952	**19,720,459**	192,287,138

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2021**	2020	**2021**	2020
Short term loan receivable, related party				
Mahindra North American Technical Center, Inc.				
Loan balance	**–**	7,442,675	**–**	547,706,453
Interest receivable	–	19,337	**–**	1,423,010
	–	7,462,012	**–**	549,129,463
Mahindra and Mahindra, Limited				
Accounts payable	**–**	3,846,366	**–**	283,054,074
Accrued payable expenses	**5,150**	429,330	**378,982**	31,594,370
(classified under Accrued expense)				

NOTE R – COMMITMENTS AND CONTINGENCIES

Litigation

The Company was engaged in litigation over violation of “trade dress” of FCA’s Jeep branded vehicles with FCA US, LLC both at the International Trade Commission and at the United States District Court, Eastern District of Michigan. The ITC in its ruling dated June 11, 2020, stated that the Company’s ROXOR off-road utility vehicle violated the “trade dress” of FCA’s Jeep Wrangler SUV. The ITC then issued a limited exclusion order prohibiting sale or import of the infringing vehicles and parts, as well as a cease-and desist order to the Company. The cease-and-desist order was effective from August 11, 2020.

In December 2020, the Company received confirmation that they can proceed with selling the post-2020 ROXOR model. However, the ITC’s decision for allowing the Company to sell post-2020 ROXOR is in appeals. There is also a federal action which remains pending in which FCA US, LLC is seeking disgorgement of profits and also a claim for False Advertising relating to one commercial that had a military style vehicle. Both matters are ongoing. The Company believes it has strong defense to violate the claims. At this time no liability has been incurred and the amount of any future loss or award associated with these matters cannot be estimated reasonably. A final determination is yet to be made by the higher authorities.

NOTE S – EMPLOYEE BENEFIT PLANS

The Company has voluntary 401(k) retirement plans. The Company may make annual contributions to the plans equal to a uniform percentage of participant compensation. The cost of the Company’s contributions charged to expense related to 401(k) contributions was USD 32,390 (INR 2,383,580) and USD 72,069 (INR 5,303,558) for the years ended March 31, 2021 and March 31, 2020, respectively.

NOTE T – COMMON STOCK

Common stock

The authorized share capital of the Company as of March 31, 2021 and March 31, 2020 was 1,000,000 shares of $ 25 each. As at March 31, 2021 and March 31, 2020, total shares issued and outstanding was 2,307,709 and 971,000 shares respectively.

The authorized share capital of the Company as of March 31, 2021 and March 31, 2020 was 100,000 shares of $ .10 each. As at March 31, 2021 and March 31, 2020, total shares issued and outstanding was 1,000 shares

The Company has issued 1,306,709 shares in excess of the authorized capital. The Company shall at a later date amend the authorized share capital.

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holder of common stock shall be entitled to receive all the remaining assets of the Company.

NOTE U – GOVERNMENT INCENTIVE AND CREDITS

Michigan Economic Development Incentive (MEDC)

The Company, during the year ended March 31, 2019, had recorded government grant incentive income received from MEDC amounting to USD 531,250 (INR 39,094,688). The Company had received this incentive on account of creation of 50 qualified jobs in State of Michigan. During the year ended March 31, 2021, due to the onset of COVID-19 and cease-and desist order, the Company furloughed 86 employees and also terminated few employees. Due to these uncertain circumstances, the management believes that it could have potentially violated the conditions stipulated based on which the Company had received the grant in the FY 2018-19 and are currently evaluating its exposure. The Company has therefore recognized an accrual amounting to USD 531,250 (INR 39,094,688) as at March 31, 2021 for MEDC incentive received in FY 2018-19.

Deferral of employment taxes

Section 2302 of the CARES Act provides that employers may defer the deposit and payment of the employer's portion of Social Security taxes. The payroll tax deferral period begins on March 27, 2020 and ends December 31, 2020. Section 2302(a)(2) of the CARES Act provides that deposits of the employer's share of Social Security tax that would otherwise be required to be made during the payroll deferral period may be deferred until the applicable date. The Company has deferred the employment taxes amounting to USD 77,529 (INR 5,705,359) as on March 31, 2021.

Employee retention credit

During the year the Company availed the benefit under the ERC (employee retention credit) scheme, a benefit given by the Federal government under the COVID stimulus package which allows businesses to take credit of the wages paid to employees on furlough and not working. The total ERC credit received by the Company for the year March 31, 2021 amounts to USD 114,873 (INR 8,453,504) and $ Nil as at March 31, 2020. The Company is currently evaluating whether it is eligible for such credits and believes that there is reasonable probability that it will have to repay this credit back to the IRS and on a conservative basis, the Company has recorded an accrual to pay back the credits received amounting to USD 114,873 (INR 8,453,504) as of March 31, 2021.

NOTE V – RISK AND UNCERTANITIES

The Company's future results of operations involve several risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

NOTE W – SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2021 through the date the financial statements were issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Mahindra Automotive North America, Inc.

We have audited the accompanying balance sheets of Mahindra Automotive North America, Inc. ("the Company") as of March 31, 2021 and March 31, 2020, the related statements of loss, stockholder's equity and cash flows for the years ended March 31, 2021 and March 31, 2020 and the related notes to the separate parent company financial statements.

Management's responsibility for the separate parent company financial statements

Management is responsible for the preparation and fair presentation of these separate parent company financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of separate parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these separate parent company financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate parent company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the separate parent company financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the separate parent company financial statements.

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

Basis of qualified opinion

As discussed in Note D. 1(a) to the separate parent company financial statements, the Company reports investment in its wholly owned subsidiaries, Mahindra North American Technical Center, Inc. and Mahindra Vehicle Sales and Service, Inc., on cost basis.

a) Accounting principles generally accepted in the United States of America require that all majority owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of these subsidiaries had been consolidated with those of the Company, total assets would have decreased by USD 121,566,434 (INR: 8,946,073,878) and USD 27,897,626 (INR: 2,052,986,224) as on March 31, 2021 and March 31, 2020, respectively; total liabilities would have increased by USD 12,288,527 (INR: 904,312,702) and USD 49,135,126 (INR 3,615,853,922) as on March 31, 2021 and March 31, 2020, respectively; stockholder's equity would have decreased by USD 133,854,961 (INR:9,850,386,580) and USD 77,032,751 (INR: 5,668,840,146) as on March 31, 2021 and March 31, 2020, respectively and net loss would have increased by USD 56,822,209 (INR: 4,181,546,360) and USD 37,707,672 (INR: 2,774,907,582) for each of the years then ended.

b) The Company has not reviewed its investments in Mahindra North American Technical Center, Inc. and Mahindra Vehicle Sales and Services, Inc as of March 31, 2021 for impairment. We have not been able to obtain sufficient and appropriate evidence over the recoverable amounts of those investments as of March 31, 2021. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Opinion

In our opinion, except for the effects of not consolidating the wholly owned subsidiaries and except for the possible effects of the impairment adjustments to the carrying amount as discussed in the Basis of qualified opinion paragraph, the separate parent company financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2021 and March 31, 2020 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matter

The presentation of financial information in Indian rupees in the separate parent company financial statements is not a required part of the basic separate parent company financial statements. We have verified the arithmetic accuracy of the presentation based upon exchange rate provided by the Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

KNAV P.A.

Atlanta, Georgia

April 27, 2021

Separate Parent Company Financial Statements

BALANCE SHEET

	USD		INR	
	As at March 31,		As at March 31,	
	2021	2020	2021	2020
ASSETS				
Current assets				
Cash and cash equivalents	4,468,003	1,089,365	328,800,341	80,166,370
Accounts receivable, related party	561,492	3,250,463	41,320,196	239,201,572
Due from related parties	–	–	–	–
Prepaid expenses and other current assets	533,351	321,230	39,249,300	23,639,316
Total current assets	**5,562,846**	**4,661,058**	**409,369,837**	**343,007,258**
Property and equipment, net	8,025,098	8,354,940	590,566,962	614,840,035
Deferred tax assets, net	–	3,594,208	–	264,497,767
Investment in subsidiaries	140,193,499	85,621,020	10,316,839,591	6,300,850,862
Investment	750,000	750,000	55,192,500	55,192,500
Operating lease right-of-use asset	1,082,183	1,195,949	79,637,847	88,009,887
Other assets	50,082	50,082	3,685,534	3,685,534
Total assets	**155,663,708**	**104,227,257**	**11,455,292,271**	**7,670,083,843**
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current liabilities				
Accounts payable	815,818	784,680	60,036,045	57,744,601
Short term borrowing, related parties	–	17,867,734	–	1,314,886,545
Intercompany payable, others	115,518	2,064,702	8,500,970	151,941,420
Operating lease liability	119,268	110,225	8,776,932	8,111,458
Accrued expenses and other current liabilities	5,828,061	1,455,001	428,887,009	107,073,524
Total current liabilities	**6,878,665**	**22,282,342**	**506,200,956**	**1,639,757,548**
Other liabilities				
Operating lease liability – non-current	1,082,176	1,201,444	79,637,332	88,414,264
Total liabilities	**7,960,841**	**23,483,786**	**585,838,288**	**1,728,171,812**
Stockholder's equity				
Common stock, $ 25 par value March 31, 2021: 6,700,000 shares authorized 6,817,737 shares issued and outstanding (March 31, 2020: 4,500,000 shares authorized 3,750,000 shares issued and outstanding) – Refer Note O	170,443,430	93,750,000	12,542,932,014	6,899,062,500
Accumulated deficit	(22,740,563)	(13,006,529)	(1,673,478,031)	(957,150,469)
Total stockholder's equity	**147,702,867**	**80,743,471**	**10,869,453,983**	**5,941,912,031**
Total liabilities and stockholder's equity	**155,663,708**	**104,227,257**	**11,455,292,271**	**7,670,083,843**

(The accompanying notes are an integral part of these separate parent company financial statements)

Separate Parent Company Financial Statements

STATEMENTS OF LOSS

	USD		INR	
	Year ended March 31,		Year ended March 31,	
	2021	2020	2021	2020
Operating revenues	12,375,177	16,307,686	910,689,275	1,200,082,612
Cost of revenue	2,009,175	9,106,477	147,855,188	670,145,642
Gross profit	**10,366,002**	**7,201,209**	**762,834,087**	**529,936,970**
Selling, general and administrative expenses	13,496,735	16,947,773	993,224,728	1,247,186,615
Depreciation expense	218,875	228,729	16,107,011	16,832,167
Total costs and expenses	**13,715,610**	**17,176,502**	**1,009,331,739**	**1,264,018,782**
Operating loss	**(3,349,608)**	**(9,975,293)**	**(246,497,652)**	**(734,081,812)**
Interest (income) expense, net	(209,782)	418,610	(15,437,857)	30,805,510
Loss on sale of fixed assets	–	13,280	–	977,275
Restructuring expense	3,000,000	–	220,770,000	–
Loss before income tax	**(6,139,826)**	**(10,407,183)**	**(451,829,795)**	**(765,864,597)**
Income tax expense (benefit)	3,594,208	(1,609,064)	264,497,767	(118,411,020)
Net loss	**(9,734,034)**	**(8,798,119)**	**(716,327,562)**	**(647,453,577)**

(The accompanying notes are an integral part of these separate parent company financial statements)

Statements of stockholder's equity

(All amounts are stated in United States Dollars, except number of shares)

	Common stock					
	Authorized		Issued & outstanding			
Particulars	Shares	Value ($)	Shares	Value ($)	Accumulated (deficit)	Total stockholder's equity
Balance as at April 1, 2019	2,050,000	51,250,000	1,760,000	44,000,000	(4,208,410)	39,791,590
Common stock issued during the year	2,450,000	61,250,000	1,990,000	49,750,000	–	49,750,000
Net loss		–	–	–	(8,798,119)	(8,798,119)
Balance as at March 31, 2020	**4,500,000**	**112,500,000**	**3,750,000**	**93,750,000**	**(13,006,529)**	**80,743,471**
Balance as at April 1, 2020	4,500,000	112,500,000	3,750,000	93,750,000	(13,006,529)	80,743,471
Common stock issued during the year	2,200,000	55,000,000	2,636,000	65,900,000	–	65,900,000
Conversion of loan into common stock	–	–	431,737	10,793,430	–	10,793,430
Net loss		–	–	–	(9,734,034)	(9,734,034)
Balance as at March 31, 2021	**6,700,000***	**167,500,000**	**6,817,737**	**170,443,430**	**(22,740,563)**	**147,702,867**

** In the current year, the Company issued more shares than the authorized share capital, which will be retrospectively ratified in the board meeting.*

(All amounts are stated in Indian Rupees, except number of shares)

	Common stock					
	Authorized		Issued & outstanding			
Particulars	Shares	Value (INR)	Shares	Value (INR)	Accumulated (deficit)	Total stockholder's equity
Balance as at April 1, 2019	2,050,000	3,771,487,500	1,760,000	3,237,960,000	(309,696,892)	2,928,263,108
Common stock issued during the year	2,450,000	4,507,387,500	1,990,000	3,661,102,500	–	3,661,102,500
Net loss				–	(647,453,577)	(647,453,577)
Balance as at March 31, 2020	**4,500,000**	**8,278,875,000**	**3,750,000**	**6,899,062,500**	**(957,150,469)**	**5,941,912,031**
Balance as at April 1, 2020	4,500,000	8,278,875,000	3,750,000	6,899,062,500	(957,150,469)	5,941,912,031
Common stock issued during the year	2,200,000	4,047,450,000	2,636,000	4,849,581,000	–	4,849,581,000
Conversion of loan into common stock	–	–	431,737	794,288,514	–	794,288,514
Net loss	–	–	–	–	(716,327,562)	(716,327,562)
Balance as at March 31, 2021	**6,700,000**	**12,326,325,000**	**6,817,737**	**12,542,932,014**	**(1,673,478,031)**	**10,869,453,983**

(The accompanying notes are an integral part of these separate parent company financial statements)

STATEMENTS OF CASH FLOWS

	USD Year ended March 31, 2021	USD Year ended March 31, 2020	INR Year ended March 31, 2021	INR Year ended March 31, 2020
Net loss	(9,734,034)	(8,798,119)	(716,327,562)	(647,453,577)
Adjustments to reconcile net loss to net cash (used in) from operating activities				
Loss on the disposal of fixed assets	–	13,280	–	977,275
Depreciation & amortization expense	218,875	228,729	16,107,011	16,832,167
Deferred tax expense (benefit)	3,594,208	(1,609,064)	264,497,767	(118,411,020)
Changes in assets and liabilities				
(Increase) decrease in accounts receivable, related party	2,688,971	(2,998,778)	197,881,376	(220,680,073)
Increase in prepaid expenses and other current assets	(212,121)	(248,583)	(15,609,984)	(18,293,223)
(Increase) decrease operating lease right of use assets	113,766	(109,695)	8,372,040	(8,072,455)
Other assets	–	(82)	–	(6,034)
(Decrease) increase in accounts payable	31,138	(70,550)	2,291,445	(5,191,775)
(Decrease) increase in intercompany payable, other	(1,561,476)	(3,964,285)	(114,909,019)	(291,731,733)
Operating lease liability	9,044	35,875	665,548	2,640,041
Accrued expenses and other current liabilities	4,253,792	901,754	313,036,554	66,360,077
Net cash used in from provided by operating activities	**(597,837)**	**(16,619,518)**	**(43,994,824)**	**(1,223,030,330)**
Cash flow from investing activities				
Purchase of property & equipment	110,966	(290,622)	8,165,988	(21,386,873)
Investments made		(750,000)	–	(55,192,500)
Investment in subsidiary	(54,572,479)	–	(4,015,988,730)	–
Proceeds from sale of vehicle		33,000	–	2,428,470
Net cash used in investing activities	**(54,461,513)**	**(1,007,622)**	**(4,007,822,742)**	**(74,150,903)**
Cash flows from financing activities				
Issuance of common stock	65,900,000	49,750,000	4,849,581,000	3,661,102,500
Proceeds from loan from related party	–	42,189,979	–	3,104,760,555
Repayment of loan from related party	(7,462,012)	(42,920,000)	(549,129,463)	(3,158,482,800)
Loan advanced to related party	–	(30,629,979)	–	(2,254,060,155)
Proceeds from repayment of loan to related party	–	250,000	–	18,397,500
Net cash provided from financing activities	**58,437,988**	**18,640,000**	**4,300,451,537**	**1,371,717,600**
Net increase in cash and cash equivalents	3,378,638	1,012,860	248,633,971	74,536,367
Cash and cash equivalents at beginning of the year	1,089,365	76,505	80,166,370	5,630,003
Cash and cash equivalents at the end of the year	**4,468,003**	**1,089,365**	**328,800,341**	**80,166,370**
Supplemental cash flow information				
Income taxes paid	–	–	–	–
Interest paid		398,405		
Conversion of loan into equity	10,793,430	–	39,249,300	–

(The accompanying notes are an integral part of these separate parent company financial statements)

NOTES TO SEPARATE PARENT COMPANY FINANCIAL STATEMENTS

NOTE A - ORGANIZATION AND NATURE OF OPERATIONS

Mahindra Automotive North America, Inc. (hereinafter referred to as the “Company”) was incorporated in the state of Delaware on March 27, 2017 and is a wholly owned subsidiary of Mahindra Overseas Investment Company Mauritius, Limited (“MOICML”). Both, the Company and MOICML are consolidated subsidiaries of Mahindra and Mahindra Limited (“M&M”). The Company engineers, designs, develops, assembles and delivers parts and vehicles to the global automotive market for off-road use, as an Original Equipment Manufacturer (“OEM”) headquartered in Auburn Hills, MI.

The Company owns 100% of two separate business units (“Group”); Mahindra Vehicle Sales and Service, Inc. (“MVSS”) which is engaged in the sales of off-road recreational vehicles and Mahindra North American Technical Centre, Inc. (“MNATC”) which is involved in the manufacture of off-road vehicles as well as the development of prototype on road vehicles. The Company’s vehicle brand, ROXOR, is an off-road side-by-side vehicle.

NOTE B - SUBSIDIARIES OPERATIONS

On April 30, 2017, the Company acquired all the stock of MNATC from Mahindra USA, Inc., another wholly owned subsidiary of M&M.

On January 15, 2018, MNATC began producing ROXOR vehicles from its facility in Auburn Hills, MI. In Michigan, when engaged in automotive manufacturing activities, MNATC does business as “d/b/a” Mahindra Automotive North America Manufacturing (“MANAM”).

MVSS was formed on May 13, 2017 to function as the sales and distribution business unit for ROXOR. MVSS purchases the ROXORs manufactured by MANAM and wholesales them to MVSS’s 363 dealerships.

The Group was engaged in litigation with FCA US, LLC over FCA’s claims relating to unregistered “trade dress” of FCA’s Jeep branded vehicles both at the International Trade Commission (“ITC”) and at the United States District Court, Eastern District of Michigan. The ITC in its ruling dated June 11, 2020, stated that the Company’s ROXOR off-road utility vehicle violated the “trade dress” of FCA’s Jeep branded vehicle. The ITC then issued a limited exclusion order prohibiting sale or import of the infringing vehicles and parts, as well as a cease-and desist order to the Group. The cease and desist order was effective from August 11, 2020.

The cease-and desist order relates to the prohibition of marketing, sale, importation and manufacturing of the model year 2018, 2019 and 2020 ROXOR off-road vehicle by the Group in the United States of America (“US”). The impact of the order on the operations of the Company was significant. The Company was unable to market, import, build or sell ROXORs in the US beginning on or about August 11, 2020. However, the Group could sell ROXORs in Canada since the limited exclusion order prohibited the Group from sale of its vehicles only in the US. Given the impact of the ruling on the operations, the Company did not pursue most of the opportunities since the cost incurred to sell the product would have been too high. Due to the pause in the business along with the onset of COVID-19, the Group furloughed employees and also terminated relationships with few other stakeholders. Per the cease-and desist order since the Group could not carry out marketing activities as well, it had to engage in significant efforts to modify its website and notify its marketing partners for not honoring few contracts.

During the year, the Group performed and prepared expedited proceedings to allow a significantly re-designed ROXOR to be excluded from the cease-and desist order. On October 20, 2020, the Administrative Law Judge (“ALJ”) found that the re-designed ROXOR does not violate any trade dress and recommended that the re-designed ROXOR be excluded from the cease-and desist order. On December 22, 2020, the ITC agreed with the ALJ and ruled that the re-designed ROXOR is excluded from the cease-and desist order. The Group is reviving its operations and plans to launch the re-designed ROXOR by the end of October 2021. FCA in February 2021, shared the “notice to appeal” to the court for review of the final determination of the ITC’s exclusion of re-designed ROXOR from the cease-and-desist order. The management believes that the chances of FCA prevailing over the appeal against the ITC’s exclusion of re-designed ROXOR from the cease-and-desist order are remote.

NOTE C - GOING CONCERN EVALUATION

During the year ended March 31, 2021, due to the cease-and desist order, the Group could not conduct any sale of ROXOR along with its kit and assemblies in the US from August 11, 2020. This resulted in the Company incurring losses for the year ended March 31, 2021. Additionally, the Company has an accumulated deficit of USD 22,740,563 (INR 1,673,478,031) as at March 31, 2021. Although, these events and condition cast significant doubt on the Company’s ability to continue as a going concern, in view of the continued support from the ultimate parent company, the management considers that it is appropriate to prepare these financial statements on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The Company has received funding from its parent company amounting to USD 65,900,000 (INR: 4,849,581,000) during the current year in the form of equity infusion, for meeting the cash flow requirements. Also, the management has plans to mitigate the adverse effects, including:

1) Reviving its business operations through organizational restructuring and right sizing.
2) New business development plans for launch of model year 2022 ROXOR and to make the Company business profitable.
3) Obtain capital financing from ‘Mahindra Overseas Investment Company Mauritius Limited’, the parent company, to meet near term working capital requirements.
4) Obtain a commitment from the parent company to continue to provide financial support and honor the Company’s future obligations.

Based on the above mitigating factors, the separate parent company financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

NOTE D - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are detailed below:

1. Basis of preparation

a. The accompanying separate parent company financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America (‘US GAAP’) to reflect the financial position, results of operations and cash flows of the Company. The Company reports investment in its wholly owned subsidiary, Mahindra North American Technical Center, Inc. and Mahindra Vehicle Sales and Service, Inc., on cost basis. Accounting principles generally accepted in the United States of America require that all majority owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of this subsidiary had been consolidated with those of the Company, total assets would have decreased by USD 121,566,434 (INR: 8,946,073,878) and USD 27,897,626 (INR: 2,052,986,224) as on March 31, 2021 and March 31, 2020, respectively; total liabilities would have increased by USD 12,288,527 (INR: 904,312,702) and USD 49,135,126 (INR 3,615,853,922) as on March 31, 2021 and March 31, 2020, respectively; stockholder’s equity would have decreased by USD 133,854,961 (INR:9,850,386,580) and USD 77,032,751 (INR: 5,668,840,146) as on March 31, 2021 and March 31, 2020, respectively and net loss would have increased by USD 56,822,209 (INR: 4,181,546,360) and USD 37,707,672 (INR: 2,774,907,582) for each of the years then ended.

b. The separate parent company financial statements are for the years ended March 31, 2021 and March 31, 2020.

c. Financial information in the separate parent company financial statements is shown in U.S. dollars (“USD”) and in Indian rupees (“INR”). For the fiscal years ended March 31, 2021 and March 31, 2020, dollar amounts are translated for convenience into Indian rupees at an exchange rate of 73.59 INR per dollar on March 31, 2021. Within the notes to the financial statements, Indian rupee amounts are shown parenthetically following the U.S. dollar amounts.

d. Certain reclassifications, regroupings and reworking have been made in the separate parent company financial statements of prior year to conform to the classifications used in the current year. These changes had no impact on previously reported separate parent company net loss or stockholder’s equity.

2. Use of estimates

The preparation of separate parent company financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the separate parent company financial statements. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, valuation allowance for deferred tax assets, and other contingencies. Management believes that the estimates used in the preparation of the separate parent company financial statements are reasonable. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the separate parent company financial statements.

3. Revenue recognition

Revenue of the Company comprise of fees for services rendered to its ultimate parent company and its subsidiaries. These fees have been accrued as the related services have been performed.

Interest for loan to its wholly owned subsidiary is presented with interest expense in the statements of loss. Interest is recognized on time proportion basis considering the amount outstanding and the applicable rate.

Revenue is recognized upon transfer of control of services promised to customers in an amount that reflects the consideration the Company expects to receive in exchange for these products or services.

Effective April 1, 2019, the Company has adopted Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606), with a date of initial application of April 1, 2019 using the modified retrospective method

4. Cash and cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate per bank of USD 250,000 (INR 18,397,500). The Company believes it is not exposed to any significant risk on cash and cash equivalents.

5. Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Cost of items of property and equipment comprises cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use.

The Company depreciates property and equipment over the estimated useful life using the straight-line method. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to statement of loss.

The estimated useful life used to determine depreciation is:

Buildings	40 years
Leasehold improvements	7 years or the lease period
Furniture	5-7 years

Expenditures for maintenance and repairs are charged to statement of loss. Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value of the asset may not be recoverable.

The cost of property and equipment not ready for use before such date are disclosed under capital work-in-progress

6. Income taxes

Income taxes are provided for the tax effects of transactions reported in the separate parent company financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial and tax reporting. The deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled, respectively.

The Company has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax provisions. Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state taxing authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties from federal and state taxing authorities were recorded in the accompanying separate parent company financial statements.

7. Investments

Investments are carried at fair value. Acquisition related expenditure if any, is expensed in the year of incurring the same.

8. Unbilled receivables

Unbilled receivables represent value of services performed in accordance with the contract terms but not billed.

9. Leases

Accounting Standard Update ("ASU") 2016-02, Leases. On April 1, 2019, the Company early adopted Accounting Standards Codification 842 and all the related amendments ("new lease standard") using the modified retrospective method. The comparative information has not been restated and continues to be reported under the lease accounting standard in effect of those periods. The Company does not expect the adoption of the new lease standard to have a material impact to net income on an ongoing basis. The new lease standard requires all leases to be reported on the balance sheet as operating lease right-of-use assets and lease obligations. The Company elected the practical expedients permitted under the transition guidance of the new standard that retained the lease classification and initial direct costs for any leases that existed prior to adoption of the standard.

Leases are classified as operating leases, which are included in operating lease right-of-use assets and operating lease liabilities in the balance sheet.

Right-of-use assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date for leases exceeding 12 months. Minimum lease payments include only the fixed lease component of the agreement, as well as any variable rate payments that depend on an index, initially measured using the index at the lease commencement date. Lease terms may include options to renew when it is reasonably certain that the Company will exercise that option.

The Company estimates its incremental borrowing rate for each lease based on the respective weighted average term of the agreements. This estimation considers the market rates of the Company's outstanding collateralized borrowings and interpolations of rates outside of the terms of the outstanding borrowings, including comparisons to comparable borrowings of similarly rated companies with longer term borrowings.

Operating lease expense is recognized on a straight-line basis over the lease term and is included in selling, general and administrative expense. Amortization expense for finance leases is recognized on a straight-line basis over the lease term and is included in cost of revenue. Interest expense for finance leases is recognized using the effective interest method. Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognized as an expense on a straight-line basis over the lease term.

As a result of the Company's adoption of ASC 842, the Company recognized operating lease right-of-use of assets and lease liabilities amounting to $1,305,644 (INR: 96,082,342) and $1,347,544 (INR: 99,165,763), respectively.

10. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the separate parent company financial statements.

10. Fair value measurements and financial instruments

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

Some of Company's financial instruments, including cash and cash equivalents, accounts receivable and accounts payable are not measured at fair value on a recurring basis but are recorded at amounts that approximate fair value due to their liquid or short-term nature.

NOTE E - CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Company comprise:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2021**	**2020**	**2021**	**2020**
Bank balances	4,468,003	1,089,365	328,800,341	80,166,370
Total	**4,468,003**	**1,089,365**	**328,800,341**	**80,166,370**

NOTE F - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets comprise the following:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2021**	**2020**	**2021**	**2020**
Prepaid insurance	207,321	289,320	15,256,752	21,291,059
Unbilled receivables	316,863	–	23,317,948	–
Others	9,167	31,910	674,600	2,348,257
Total	**533,351**	**321,230**	**39,249,300**	**23,639,316**

NOTE G - INVESTMENT IN SUBSIDIARIES

Investments comprise the following:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2021**	**2020**	**2021**	**2020**
Investment in MNATC, Inc.	57,677,729	24,285,000	4,244,504,077	1,787,133,150
Investment in MVSS, Inc.	82,515,770	61,336,020	6,072,335,514	4,513,717,712
Total	**140,193,499**	**85,621,020**	**10,316,839,591**	**6,300,850,862**

NOTE H - PROPERTY AND EQUIPMENT, NET

Property and equipment comprise the following:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2021**	**2020**	**2021**	**2020**
Land	1,350,000	1,350,000	99,346,500	99,346,500
Building	7,005,050	7,005,050	515,501,630	515,501,630
Furniture	62,276	62,275	4,582,891	4,582,817
Leasehold improvements	184,946	201,914	13,610,176	14,858,851
	8,602,272	8,619,239	633,041,197	634,289,798
Less: Accumulated depreciation	(577,174)	(358,299)	(42,474,235)	(26,367,223)
	8,025,098	8,260,940	590,566,962	607,922,575
Capital work in progress	–	94,000	–	6,917,460
Property and equipment, net	**8,025,098**	**8,354,940**	**590,566,962**	**614,840,035**

Depreciation expense for the year is USD 218,875 (INR: 16,107,011) (March 31, 2020: 228,729 (INR: 16,832,167)).

NOTE I - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities comprise the following:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2021**	**2020**	**2021**	**2020**
Accrued vacation	518,283	525,553	38,140,446	38,675,445
Accrued merit-pay	213,800	136,965	15,733,542	10,079,254
Accrued payroll	160,100	204,100	11,781,759	15,019,719
Accrued federal and state income taxes	110,114	110,114	8,103,289	8,103,289
Accrued accounts payable	1,693,301	349,636	124,610,020	25,729,715
Accrual for rightsizing and restructuring	3,000,000	–	220,770,000	–
Withholding payroll taxes	45,345	39,534	3,336,939	2,909,307
Others	87,118	89,099	6,411,014	6,556,795
Total	**5,828,061**	**1,455,001**	**428,887,009**	**107,073,524**

NOTE J - LEASES

General description of the lease

The Company has entered into noncancelable operating lease agreements related to facility, office equipment, machinery and equipment and vehicles with varying terms.

Non-lease components: Leases that contain non-lease components are accounted for as a single component and recorded on the balance sheet for certain asset classes including equipment. Non-lease components include, but are not limited to, common area maintenance and service arrangements.

Package of practical expedients: The Company will not reassess whether any expired or existing contracts are leases or contain leases, the lease classification for any expired or existing leases or any initial direct costs for any expired or existing leases as of the transition date.

Additional transition method: The Company adopted the standard using a modified retrospective approach, applying the standard's transition provisions at the beginning of the period of adoption and maintain previous disclosure requirements for comparative periods.

The Company used the following policies and/or assumptions in evaluating the lease population:

Lease determination: The Company considers a contract to be or to contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.

Discount rate: When the lease contracts do not provide a readily determinable implicit rate, the Company uses the estimated incremental borrowing rate based on information available at the inception of the lease. The discount rate is determined by asset class.

Variable payments: The Company includes payments that are based on an index or rate within the calculation of right of use leased assets and lease liabilities, initially measured at the lease commencement date. There are variable payments in the nature of origination fees for office equipment, machinery and equipment and therefore are not treated as a part of lease payments.

Purchase options: Certain leases include options to purchase the office equipment. The depreciable life of assets are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Renewal options: Most leases include one or more options to renew, with renewal terms that can extend the lease term from one or more years. The exercise of lease renewal options is at the Company's sole discretion.

Residual value guarantees, restrictions, or covenants: The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Short-term leases: Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term and expense the associated operating lease costs to administrative expenses on the statements of income.

The table below presents the classification of leasing assets and liabilities as reported on the balance sheet as of March 31, 2021 and March 31, 2020.

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2021**	**2020**	**2021**	**2020**
Assets				
Operating lease right-of-use assets	1,082,183	1,195,949	79,637,847	88,009,887
Total lease assets	**1,082,183**	**1,195,949**	**79,637,847**	**88,009,887**
Liabilities				
Current				
Operating lease liabilities	119,268	110,225	8,776,932	8,111,458
Long term				
Operating lease liabilities	1,082,176	1,201,444	79,637,332	88,414,264
Total lease liabilities	**1,201,444**	**1,311,669**	**88,414,264**	**96,525,722**

The table below presents the classification of lease related expenses as reported in the statements of income.

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2021**	**2020**	**2021**	**2020**
Operating lease expense*	302,022	232,988	22,225,799	17,145,587
Total lease expense	**302,022**	**232,988**	**22,225,799**	**17,145,587**

*Operating lease expense are included in administrative expenses in the statements of loss. Operating lease expense include short-term leases, variable lease costs and leases which did not meet the capitalization requirement of the Company.

Future minimum lease payments as of March 31, 2021, for operating leases having an initial or remaining non-cancelable lease term in excess of one year are as follows.

Year ended March 31	**Amount (USD)**	**Amount (INR)**
2022, 2023 and 2024	517,197	38,060,527
2025 and 2026	366,707	26,985,968
2027 onwards	534,258	39,316,046
Total minimum lease payments	**1,418,162**	**104,362,542**
Less: Interest	(216,718)	(15,948,278)
Present value of lease payments	**1,201,444**	**88,414,264**

The following table presents the weighted-average remaining lease term and discount rates as of March 31, 2021.

Weighted-average remaining lease term (years)	
Operating leases	7.76
Weighted-average discount rate	
Operating leases	4.31%

The following table presents supplemental information for operating leases for the year ended March 31, 2021 and March 31, 2020.

	USD		INR	
	Year ended March 31		Year ended March 31	
Supplemental information	**2021**	**2020**	**2021**	**2020**
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows used in operating leases	164,059	93,781	12,073,102	6,901,344

NOTE K - INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company is subject to taxation in the United States and the State of Michigan. The income tax (benefit) expense is as follows:

	USD		INR	
	Year ended March 31,		Year ended March 31,	
	2021	**2020**	**2021**	**2020**
Deferred tax (benefit) expense	3,594,208	(1,609,064)	264,497,767	(118,411,020)
Income tax (benefit) expense	**3,594,208**	**(1,609,064)**	**264,497,767**	**(118,411,020)**

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that create such differences is as follows:

	USD		INR	
	Year ended March 31,		Year ended March 31,	
	2021	**2020**	**2021**	**2020**
Deferred tax asset (liability)				
Net operating loss	4,613,355	3,145,756	339,496,795	231,496,258
State net operating loss	194,192	146,294	14,290,589	10,765,775
Interest expense limitation	–	245,914	–	18,096,811
Accrued expenses	138,615	115,717	10,200,678	8,515,614
Accrued merit pay	46,895	30,157	3,451,003	2,219,254
Property and equipment	(8,170)	(46,840)	(601,230)	(3,446,956)
Operating right-of-use assets	–	25,479	–	1,875,000
Prepaid expenses	(45,474)	(68,270)	(3,346,432)	(5,023,989)
Total	**4,939,413**	**3,594,208**	**363,491,403**	**264,497,767**
Less: valuation allowance	(4,939,413)	–	(363,491,403)	
Total deferred tax assets	**–**	**3,594,208**	**–**	**149,560,750**

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely that not that some portion or all the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Due to the cease-and desist order, the management has been prohibited from selling ROXOR model, resulted in decline in the current year sales and the future projections for future taxable income for which the deferred tax assets were deductible. Thus, the management believes that it is more likely than not that the deferred tax assets may not be realized and accordingly, a valuation allowance of USD 4,939,413 (INR 363,491,403) is recognized as at March 31, 2021 (March 31, 2020 USD Nil (INR Nil)).

The company has federal NOLs carryforwards of USD 21,020,920 (INR: 1,546,929,503) and USD 15,022,601 (INR: 1,105,513,208) as at March 31, 2021 and March 31, 2020, respectively, which if unutilized, will be carried forward indefinitely.

The Company has state net operating losses carryforwards of USD 4,096,886 (INR: 301,489,841) and USD 2,909,731 (INR: 214,127,104) as at March 31, 2021 and March 31, 2020, respectively, which if unutilized will begin to expire from the year 2028.

The tax years 2017, 2018, 2019 and 2020 remains subject to examination by the taxing authorities.

NOTE L - RELATED PARTY LOAN

Loan transaction with Mahindra North American Technical Center, Inc.

The Company in 2018, obtained a loan from its subsidiary, Mahindra North American Technical Centre, Inc. at an interest rate of 5.00% per annum. The loan amount payable at March 31, 2021 was USD Nil (INR: Nil) (March 31, 2020: USD 7,442,675 (INR: 547,706,453). During the year, the amount outstanding as of March 31, 2020 amounting to USD 7,442,675 (INR: 547,706,453) was repaid. Interest is calculated based on a 365-day annual term and payable along with the principal. The loan is repayable on demand. Interest payable as at March 31, 2021 was USD Nil (INR: Nil) (March 31, 2020: USD 19,337(INR 1,423,010). Interest expense for the year ended March 31, 2021 and March 31, 2020 amounted to USD 80,196 (INR:5,901,624) and USD 417,742 (INR 30,741,634), respectively.

The Company during the fiscal year 2021, provided a loan to its subsidiary, Mahindra North American Technical Center, Inc. at an interest rate of 5.00% per annum. Interest is calculated based on a 365-day annual term and receivable along with the principal. The loan amount of USD 33,392,729 (INR 2,457,370,927) including accrued interest was converted into an investment. Interest income for the year ended March 31, 2021 and March 31, 2020 amounted to USD 54,931 (INR:4,042,339) and USD NIL (INR NIL), respectively.

Loan transaction with Mahindra Vehicle Sales and Services, Inc.

The Company during the year ended March 31, 2021, provided loan amounting to USD 21,090,000 (INR: 1,552,013,100) to its related party, Mahindra Vehicle Sales and Services, Inc. at an interest rate of 5.00% per annum. The entire loan amount along with interest receivable as at March 31, 2021, was converted into an investment.

During the year ended March 31, 2020, the Company provided a loan of USD 30,629,979 (INR: 2,254,060,155) at an interest rate of 5.00% per annum. Loan balance to the tune of USD 250,000 (INR: 18,397,500) and entire interest was repaid in the previous year. Remaining loan balance amounting to USD 30,379,979 (INR: 2,235,662,655) was converted into an investment.

The loan amount receivable as at March 31, 2021 and March 31, 2020 was USD Nil (INR: Nil) and USD Nil (INR: Nil), respectively. Interest was calculated based on a 365-day annual term and payable along with the principal.

Interest income for the year ended March 31, 2021 and March 31, 2020 amounted to USD 635,244 (INR: 46,747,606) and USD 451,993 (INR: 33,262,165), respectively.

Loan transaction with Mahindra Overseas Investment Company Mauritius Limited

The Company during the fiscal year ended March 31, 2019, obtained multiple loans from its parent company, Mahindra Overseas Investment Company Mauritius Limited with interest rates ranging from 4.51% - 4.87% per annum. The loan amount payable at March 31, 2021 was USD Nil (INR: Nil) (March 31, 2020: USD 9,400,000 (INR: 691,746,000)).

During the year ended March 31, 2021, the outstanding principal balance plus interest totaling to $ 10,793,430 was converted to equity in March 2021.

Interest is calculated based on a 365-day annual term and payable along with the principal. The loan is repayable on demand. Interest payable as at March 31, 2021 was USD Nil (INR Nil) (March 31, 2020: USD: 1,005,722 (INR: 74,011,082)).

Interest expense for the year ended March 31, 2021 was USD 387,708 (INR 28,531,432) (March 31, 2020: USD: 441,861 (INR: 32,516,551)).

NOTE M - RELATED PARTY TRANSACTIONS

Name of related party and nature of relationship:

No.	Name of the party	Nature of relationship
1	Mahindra & Mahindra Limited	Ultimate parent company
2	Mahindra Overseas Investment Company Mauritius Limited	Parent company
3	Mahindra Vehicles Manufactures Limited – US Company	Affiliate company
4	Mahindra North American Technical Center, Inc.	Wholly owned subsidiary
5	Mahindra Vehicle Sales and Services, Inc.	Wholly owned subsidiary
6	Mahindra Tractors Assembly Inc	Affiliate company

Summary of transactions and balances with related parties are as follows:

	USD		INR	
	For the year ended March 31,		For the year ended March 31,	
	2021	2020	2021	2020
Transactions during the year				
Mahindra Overseas Investment Company Mauritius Limited				
Issuance of common stock	65,900,000	49,750,000	5,643,869,514	3,661,102,500
Conversion of loan into equity	10,793,430	–	794,288,514	–
Interest expense	387,708	441,861	28,531,432	32,516,551
Mahindra & Mahindra Limited				
Management service fee	1,099,979	1,338,196	80,947,455	98,477,844
Mahindra Vehicles Manufacturers Limited – US Company				
Management service fee allocation*	4,500,029	8,293,398	331,157,134	610,311,159
Sale of service	1,572,951	6,747,802	115,753,464	496,570,749
Mahindra Integrated Business Solutions				
Management service fee	1,072,355	–	78,914,604	–
Sale of Service	741,168	–	54,542,553	–
Mahindra North American Technical Centre, Inc.				
Management service fee allocation*	4,469,919	5,685,944	328,941,339	418,428,619
Investment	33,392,729	–	2,457,370,927	–
Loan obtained	26,235,000	42,189,979	1,930,633,650	3,104,760,555
Loan repaid	33,677,675	42,920,000	2,478,340,103	3,158,482,800
Loan provided	35,550,000	–	2,616,124,500	–

	USD		INR	
	For the year ended March 31,		For the year ended March 31,	
	2021	2020	2021	2020
Loan repaid	2,200,000	–	161,898,000	–
Interest expense	80,196	417,742	5,901,624	30,741,634
Interest paid	99,533	398,405	7,324,633	29,318,624
Interest income	54,931	–	4,042,372	–
Interest received	12,201	–	897,872	–
Mahindra Vehicle Sales and Services, Inc.				
Management service fee allocation*	986,250	1,019,883	72,578,138	75,053,190
Investment**	21,179,749	30,379,979	1,558,617,729	2,235,662,655
Loan given	21,090,000	30,629,979	1,552,013,100	2,254,060,155
Loan repaid	–	250,000	–	18,397,500
Interest income	635,244	451,993	46,747,606	33,262,165
Interest income received	545,496	451,993	40,143,051	33,262,165
Mahindra Tractors Assembly Inc.				
Purchase of bikes	–	1,600,000	–	117,744,000
Balances at the end of the year				
Accounts receivable, related parties				
Mahindra & Mahindra, Limited	204,777	421,488	15,069,539	31,017,302
Due from related parties				
Mahindra North American Technical Center, Inc.	266,824	2,414,500	19,635,578	177,683,055
Mahindra Vehicle Sales and Services, Inc.	45,072	159,724	3,316,848	11,754,089
Mahindra Tractor Assembly, Inc.	–	254,751	–	18,747,126
Mahindra USA Inc.	44,819	–	3,298,231	–
	561,492	**3,250,463**	**41,320,196**	**239,201,572**
Short-term borrowings, related parties				
Mahindra North American Technical Center, Inc.				
– Loan payable	–	7,442,675	–	547,706,453
– Interest payable	–	19,337	–	1,423,010
	–	**7,462,012**	**–**	**549,129,463**
Mahindra Overseas Investment Company Mauritius Limited				
– Loan payable	–	9,400,000	–	691,746,000
– Interest payable	–	1,005,722	–	74,011,082
	–	**10,405,722**	**–**	**765,757,082**
	–	**17,867,734**	**–**	**1,314,886,545**
Intercompany payable, others				
Mahindra North American Technical Center, Inc.	–	–	–	–
Mahindra Vehicles Manufacturers Limited	–	2,064,702	–	151,941,420
Mahindra Integrated Business Solutions	115,518	–	8,500,970	–
	115,518	**2,064,702**	**8,500,970**	**151,941,420**

* The Company allocates cost to its wholly owned subsidiaries and affiliate company.

** Remaining loan balance has been converted into investment as of March 31, 2021.

NOTE N - COMMITMENTS AND CONTINGENCIES

Litigation

The Company was engaged in litigation over violation of “trade dress” of FCA’s Jeep Wrangler SUV with FCA US, LLC both at the International Trade Commission (ITC) and at the United States District Court, Eastern District of Michigan. “Trade dress” consists of the unique characteristics that make a product stand apart and is generally accepted as identified with that product by the public. The ITC in its ruling dated June 11, 2020, stated that the Company’s ROXOR off-road utility vehicle violated the “trade dress” of FCA’s Jeep Wrangler SUV. The ITC then issued a limited exclusion order prohibiting sale or import of the infringing vehicles and parts, as well as a cease-and desist order to the Company. The cease-and-desist order was effective from August 11, 2020.

In December 2020, the Company received confirmation from that they can proceed with selling the post-2020 ROXOR model. However, the ITC's decision for allowing the Company to sell post-2020 ROXOR is in appeals. There is a federal action as well which remains pending in which FCA US, LLC is seeking disgorgement of profits and a claim for False Advertising relating to one commercial that had a military style vehicle. Both matters are ongoing. The Company believes it has strong defense to violate the claims. At this time no liability has been incurred and the amount of any future loss or award associated with these matters cannot be estimated reasonably. A final determination is yet to be made by the higher authorities.

NOTE O - STOCKHOLDER'S EQUITY

Common stock

The authorized share capital of the Company as of March 31, 2021 and March 31, 2020 was 6,700,000 shares and 4,500,000 share, respectively, of $ 25 each. As at March 31, 2021 and March 31, 2020 total shares issued and outstanding was 6,817,737 and 3,750,000 shares, respectively.

As at March 31, 2021, the Company has issued 117,737 shares in excess of the authorized capital. The Company has at a later date amended the authorized share capital to 8,000,000 shares.

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holder of common stock shall be entitled to receive all the remaining assets of the Company.

NOTE P - RISKS AND UNCERTAINITIES

The Company's future results of operations involve several risks and uncertainties.

Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

NOTE Q - REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue disaggregated by product line:

	USD		INR	
	Year ended March 31, 2021	**Year ended March 31, 2020**	**Year ended March 31, 2021**	**Year ended March 31, 2020**
Service	12,375,177	16,307,686	910,689,275	1,200,082,612
Total revenue by product line	**12,375,177**	**16,307,686**	**910,689,275**	**1,200,082,612**

Revenue disaggregated by timing of recognition:

	USD		INR	
	Year ended March 31, 2021	**Year ended March 31, 2020**	**Year ended March 31, 2021**	**Year ended March 31, 2020**
Products and services transferred at a point in time	–	–	–	–
Products transferred over time	12,375,177	16,307,686	910,689,275	1,200,082,612
Total revenue by timing of recognition	**12,375,177**	**16,307,686**	**910,689,275**	**1,200,082,612**

Revenue disaggregated by geography based on Company's locations:

	USD		INR	
	Year ended March 31, 2021	**Year ended March 31, 2020**	**Year ended March 31, 2021**	**Year ended March 31, 2020**
United States	11,275,198	14,402,273	829,741,821	1,059,863,270
India	1,099,979	1,905,413	80,947,454	140,219,342
Total revenue by geography	**12,375,177**	**16,307,686**	**910,689,275**	**1,200,082,612**

Contract assets

The Company's contracts with customers with dealer agreements and purchase orders. These contracts with customers typically consist of sale of products which represent performance obligations that are satisfied upon transfer of control of the product to the customer at a point in time.

The following table provides information about contract assets as at March 31, 2021 and March 31, 2020:

	USD		INR	
	As at March 31, 2021	**As at March 31, 2020**	**As at March 31, 2021**	**As at March 31, 2020**
Accounts receivable	561,492	3,250,463	41,320,196	239,201,572
Unbilled receivable	316,863	–	23,317,948	–

NOTE R - EMPLOYEE BENEFIT PLANS

The Company has voluntary 401(k) retirement plans. The Company may make annual contributions to the plans equal to a uniform percentage of participant compensation. The cost of the Company's contributions charged to expense related to 401(k) contributions was USD 48,747 (INR: 3,587,292) (March 31, 2020: USD 72,085 (INR: 5,304,735)).

NOTE S - GOVERNMENT INCENTIVE AND CREDITS

Employee retention credit

During the year the Company availed the benefit under the ERC (employee retention credit) scheme, a benefit given by the Federal government under the COVID stimulus package which allows businesses to take credit of the wages paid to employees on furlough and not working. The total ERC credit received by the Company for the year ended March 31, 2021 amounts to $ 570,596 (INR 41,990,160) and $ Nil as at March 31, 2020. The Company is currently evaluating whether it is eligible for such credits and believes that there is reasonable probability that it will have to repay this credit back to the IRS and on a conservative basis, the Company has recorded an accrual to pay back the credits received amounting to USD 570,596 (INR 41,990,160) as of March 31, 2021.

Deferral of employment taxes

Section 2302 of the CARES Act provides that employers may defer the deposit and payment of the employer's portion of social security taxes. The payroll tax deferral period began on March 27, 2020 and ended December 31, 2020. Section 2302(a)(2) of the CARES Act provides that deposits of the employer's share of social security tax that would otherwise be required to be made during the payroll deferral period may be deferred until the "applicable date. The Company has deferred the employment taxes amounting to USD 113,598 (INR 8,359,677) as on March 31, 2021.

NOTE T - ADVERTISING AND MARKETING EXPENSE

Advertising costs are presented as part of selling, general and administrative expenses in the consolidated statement of loss. Advertising costs are expensed as incurred. The amount of advertising and marketing cost incurred by the Company for the year ended March 31, 2021 and March 31, 2020 is USD 87,376 (INR 6,430,000) and USD 351,991 (INR: 25,903,018), respectively.

NOTE U - SUBSEQUENT EVENTS

The Company evaluated all events or transactions that occurred after March 31, 2021 up to the date of the separate parent company financial statements were issued. Based on this evaluation, the Company is not aware of any events or transactions that should require recognition or disclosure in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Mahindra Vehicle Sales and Services, Inc.

We have audited the accompanying balance sheets of Mahindra Vehicle Sales and Services, Inc. ("the Company") as of March 31, 2021 and March 31, 2020, the related statements of loss, stockholder's equity (deficit) and cash flows for the years then ended and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as of March 31, 2021 and March 31, 2020 and the results of its operations and cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

Other matter

The presentation of financial information in Indian rupees in the financial statements is not a required part of the basic financial statements. We have verified the arithmetic accuracy of the presentation based upon exchange rate provided by the Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

Atlanta, Georgia
April 27, 2021

KNAV P.A.

BALANCE SHEETS

	USD As at March 31, 2021	USD As at March 31, 2020	INR As at March 31, 2021	INR As at March 31, 2020
ASSETS				
Current assets				
Cash and cash equivalents	**480,485**	228,932	**35,358,891**	16,847,106
Accounts receivable	**163,869**	1,507,306	**12,059,120**	110,922,649
Accounts receivable, related party	**5,154**	–	**379,283**	–
Inventory	**–**	546,089	**–**	40,186,690
Prepaid expenses	**69,294**	293,045	**5,099,345**	21,565,182
Total current assets	**718,802**	2,575,372	**52,896,639**	189,521,627
Property and equipment, net	**112,929**	226,222	**8,310,445**	16,647,677
Intangible assets, net	**–**	260,128	**–**	19,142,820
Deferred tax assets, net	**–**	15,061,620	**–**	1,108,384,616
Operating lease right-of-use assets, net	**105,717**	661,582	**7,779,714**	48,685,819
Other assets	**103,557**	119,049	**7,620,760**	8,760,816
Total assets	**1,041,005**	18,903,973	**76,607,558**	1,391,143,375
LIABILITIES AND STOCKHOLDER'S (DEFICIT) EQUITY				
Current liabilities				
Accounts payable	**182,430**	2,506,953	**13,425,024**	184,486,675
Operating lease liability	**84,359**	454,539	**6,207,979**	33,449,525
Accrued expenses and other current liabilities	**4,188,874**	7,154,794	**308,259,238**	526,521,290
Intercompany payables	**437,545**	2,431,777	**32,198,937**	178,954,469
Total current liabilities	**4,893,208**	12,548,063	**360,091,178**	923,411,959
Operating lease liability – non-current	**19,639**	194,260	**1,445,234**	14,295,593
Total liabilities	**4,912,847**	12,742,323	**361,536,412**	937,707,552
Stockholder's equity				
Common stock, $ 25 par value 3,000,000 shares authorized, 3,300,631 shares issued and outstanding (March 31, 2020: Common stock, $ 25 par value 3,000,000 shares authorized, 2,453,441 shares issued and outstanding)	**82,515,770**	61,336,021	**6,072,335,514**	4,513,717,785
Accumulated deficit	**(86,387,612)**	(55,174,371)	**(6,357,264,368)**	(4,060,281,962)
Total stockholder's (deficit) equity	**(3,871,842)**	6,161,650	**(284,928,854)**	453,435,823
Total liabilities and stockholder's (deficit) equity	**1,041,005**	18,903,973	**76,607,558**	1,391,143,375

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF LOSS

	USD		INR	
	Year ended March 31,		Year ended March 31,	
	2021	2020	2021	2020
Operating revenues	**11,177,678**	38,572,831	**822,565,324**	2,838,574,633
Cost of revenue	**13,016,288**	48,247,284	**957,868,634**	3,550,517,630
Gross loss	**(1,838,610)**	(9,674,453)	**(135,303,310)**	(711,942,997)
Selling, general and administrative expenses	**13,005,870**	28,904,768	**957,101,973**	2,127,101,877
Depreciation and amortization	**321,432**	448,477	**23,654,181**	33,003,422
Total costs and expenses	**13,327,302**	29,353,245	**980,756,154**	2,160,105,299
Operating loss	**(15,165,912)**	(39,027,698)	**(1,116,059,464)**	(2,872,048,296)
Interest expense	**909,164**	1,520,497	**66,905,379**	111,893,374
Loss on sale of fixed assets	**76,545**	–	**5,632,947**	–
Loss before income taxes	**(16,151,621)**	(40,548,195)	**(1,188,597,790)**	(2,983,941,670)
Income tax expense (benefit)	**15,061,620**	(7,679,663)	**1,108,384,616**	(565,146,400)
Net loss	**(31,213,241)**	(32,868,532)	**(2,296,982,406)**	(2,418,795,270)

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF STOCKHOLDER'S EQUITY (DEFICIT)

(All amounts are stated in United States Dollars, except number of shares)

	Common stock					
	Authorized		Issued & outstanding			
Particulars	**Shares**	**Value ($)**	**Shares**	**Value ($)**	**Accumulated deficit**	**Total stockholder's equity (deficit)**
Balance as of April 1, 2019	1,300,000	32,500,000	1,238,242	30,956,043	(22,305,839)	8,650,204
Common stock issued during the year	1,700,000	42,500,000	1,215,199	30,379,978	–	30,379,978
Net loss for the year	–	–	–	–	(32,868,532)	(32,868,532)
Balance as of March 31, 2020	**3,000,000**	**75,000,000**	**2,453,441**	**61,336,021**	**(55,174,371)**	**6,161,650**
Balance as of April 1, 2020	3,000,000	75,000,000	2,453,441	61,336,021	(55,174,371)	6,161,650
Common stock issued during the year	–	–	847,190	21,179,749	–	21,179,749
Net loss for the year	–	–	–	–	(31,213,241)	(31,213,241)
Balance as of March 31, 2021	**3,000,000**	**75,000,000**	**3,300,631**	**82,515,770**	**(86,387,612)**	**(3,871,842)**

	Common stock					
	Authorized		Issued & outstanding			
Particulars	**Shares**	**Value (INR)**	**Shares**	**Value (INR)**	**Accumulated deficit**	**Total stockholder's equity (deficit)**
Balance as of April 1, 2019	1,300,000	2,391,675,000	1,238,242	2,278,055,204	(1,641,486,692)	636,568,512
Common stock issued during the year	1,700,000	3,127,575,000	1,215,199	2,235,662,581	–	2,235,662,581
Net loss for the year	–	–	–	–	(2,418,795,270)	(2,418,795,270)
Balance as of March 31, 2020	**3,000,000**	**5,519,250,000**	**2,453,441**	**4,513,717,785**	**(4,060,281,962)**	**453,435,823**
Balance as of April 1, 2020	**3,000,000**	**5,519,250,000**	**2,453,441**	**4,513,717,785**	**(4,060,281,962)**	**453,435,823**
Common stock issued during the year	–	–	847,190	1,558,617,729	–	1,558,617,729
Net loss for the year	–	–	–	–	(2,296,982,406)	(2,296,982,406)
Balance as of March 31, 2021	**3,000,000**	**5,519,250,000**	**3,300,631**	**6,072,335,514**	**(6,357,264,368)**	**(284,928,854)**

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CASH FLOWS

	USD		INR	
	Year ended March 31,		Year ended March 31,	
	2021	2020	2021	2020
Cash flow from operating activities				
Net loss	**(31,213,241)**	(32,868,532)	**(2,296,982,406)**	(2,418,795,270)
Adjustments to reconcile net loss to net cash used in operating activities				
Loss on the disposal of fixed assets	**76,545**	–	**5,632,947**	–
Depreciation and amortization	**321,432**	448,477	**23,654,181**	33,003,422
Deferred tax expense (benefit)	**15,061,620**	(7,679,663)	**1,108,384,616**	(565,146,400)
Changes in assets and liabilities				
Decrease in accounts receivable	**1,343,437**	1,747,263	**98,863,529**	128,581,084
(Increase) decrease in accounts receivable, related party	**(5,154)**	2,808,050	**(379,283)**	206,644,400
Decrease in inventory	**546,089**	686,608	**40,186,690**	50,527483
Decrease (increase) in prepaid expenses	**223,751**	(178,888)	**16,465,836**	(13,164,368)
Decrease (increase) in other assets	**15,492**	(100,000)	**1,140,056**	(7,359,000)
Decrease in accounts payable	**(2,324,523)**	(1,151,237)	**(171,061,648)**	(84,719,531)
(Decrease) increase in intercompany payables	**(1,994,232)**	2,431,777	**(146,755,533)**	178,954,469
Decrease (increase) in operating lease right-of-use assets	**555,865**	(488,429)	**40,906,105**	(35,943,490)
(Decrease) increase in operating lease liability	**(544,801)**	475,884	**(40,091,906)**	35,020,304
(Decrease) increase in accrued expenses	**(2,996,461)**	3,688,266	**(220,509,564)**	271,419,495
Net cash used in operating activities	**(20,934,181)**	(30,180,424)	**(1,540,546,380)**	(2,220,977,402)
Cash flow from investing activities				
Proceeds from sale of assets	**5,985**	–	**440,436**	–
Purchase of property, equipment and intangibles	**–**	(60,730)	**–**	(4,469,121)
Net cash provided by (used in) investing activities	**5,985**	(60,730)	**440,436**	(4,469,121)
Cash flows from financing activities				
Short term borrowing – related party	**21,179,749**	30,379,978	**1,558,617,729**	2,235,662,581
Net cash provided by financing activities	**21,179,749**	30,379,978	**1,558,617,729**	2,235,662,581
Net increase in cash and cash equivalents	**251,553**	138,824	**18,511,785**	10,216,058
Cash and cash equivalents at the beginning	**228,932**	90,108	**16,847,106**	6,631,048
Cash and cash equivalents at the end	**480,485**	228,932	**35,358,891**	16,847,106
Supplemental cash flow information				
Conversion of loan to equity	**21,179,749**	30,379,978	**1,558,617,729**	2,235,662,581
Interest paid	**819,415**	1,520,497	**60,300,750**	111,893,374

(The accompanying notes are an integral part of these financial statements)

NOTES TO FINANCIAL STATEMENTS

NOTE A - ORGANIZATION AND NATURE OF OPERATIONS

Mahindra Vehicle Sales and Services, Inc. (hereinafter referred to as the "Company") was incorporated in the state of Delaware on April 19, 2017 and is a wholly owned subsidiary of Mahindra Automotive North America, Inc. ("MANA"). The Company delivers parts and vehicles primarily to the North American automotive market for off-road use.

The Company sells and distributes parts and vehicles to distributors and dealers (collectively "dealerships"), the majority of which are independently owned. As at March 31, 2021, the Company has contractual relationships in North America with approximately 363 dealerships. The only vehicle sold by the Company to dealerships is the ROXOR, an off-road side-by-side vehicle manufactured by Mahindra North American Technical Center, Inc. d/b/a Mahindra Automotive North America Manufacturing ("MANAM"). The Company shipped 669 vehicles during the fiscal year ended March 31, 2021.

The Company was engaged in litigation with FCA US, LLC over FCA's claims relating to unregistered "trade dress" of FCA's Jeep branded vehicles both at the International Trade Commission ("ITC") and at the United States District Court, Eastern District of Michigan. The ITC in its ruling dated June 11, 2020, stated that the Company's ROXOR off-road utility vehicle violated the "trade dress" of FCA's Jeep branded vehicle. The ITC then issued a limited exclusion order prohibiting sale or import of the infringing vehicles and parts, as well as a cease-and desist order to the Company. The cease and desist order was effective from August 11, 2020.

The cease-and desist order relates to the prohibition of marketing, sale, importation and manufacturing of the model year 2018, 2019 and 2020 ROXOR off-road vehicle by the Company in the United States of America ("US"). The impact of the order on the operations of the Company was significant. The Company was unable to market, import, build or sell ROXORs in the US beginning on or about August 11, 2020. However, the Company could sell ROXORs in Canada since the limited exclusion order prohibited the Company from sale of its vehicles only in the US. Given the impact of the ruling on the operations, the Company did not pursue most of the opportunities since the cost incurred to sell the product would have been too high. Due to the pause in the business along with the onset of COVID-19, the Company furloughed employees and also terminated relationships with few other stakeholders. Per the cease-and desist order as the Company could not carry out marketing activities, it had to engage in significant efforts to modify its website and notify its marketing partners for not honoring few contracts.

During the year, the Company performed and prepared expedited proceedings to allow a significantly re-designed ROXOR to be excluded from the cease-and desist order. On October 20, 2020, the Administrative Law Judge ("ALJ") found that the re-designed ROXOR did not violate any trade dress and recommended that the re-designed ROXOR be excluded from the cease-and desist order. On December 22, 2020, the ITC agreed with the ALJ and ruled that the re-designed ROXOR is excluded from the cease-and desist order. The Company is reviving its operations and plans to launch the re-designed ROXOR by the end of October 2021. FCA in February 2021, shared the "notice to appeal" to the court for review of the final determination of the ITC's exclusion of re-designed ROXOR from the cease-and-desist order. The management believes that the chances of FCA prevailing over the appeal against the ITC's exclusion of re-designed ROXOR from the cease-and-desist order are remote.

NOTE B - GOING CONCERN

With effect from August 11, 2020, due to the cease-and-desist order, the Company could not conduct any sale of ROXOR along with its kit and assemblies in the US. This has resulted into the Company incurring further losses during the year ended March 31, 2021. Additionally, the Company has an accumulated deficit of USD 86,387,612 (INR 6,357,264,368) as at March 31, 2021. Although, these events and condition cast significant doubt on the Company's ability to continue as a going concern, in view of the continued support from the ultimate parent company, the management considers that it is appropriate to prepare these financial statements on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The Company has received funding from its parent company amounting to USD 21,090,000 (INR: 1,552,013,100) during the current year in the form of a short-term loan, later converted to equity, for meeting the cash flow requirements. Also, the management has plans to mitigate the adverse effects and management is in the process of the following:

1) Reviving its business operations through organizational restructuring and right sizing.
2) New business development plans for launch of model year 2022 ROXOR and to make the Company business profitable;
3) Obtain capital financing from 'Mahindra Overseas Investment Company Mauritius Limited', the parent company, to meet near term working capital requirements;
4) Obtain a commitment from the parent company to continue to provide financial support and honor the Company's future obligations.

Based on the above mitigating factors, the financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are detailed below:

1. *Basis of preparation*
   a. The accompanying financial statements are prepared on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America ("US GAAP") to reflect the financial position, results of operation and cash flows of the Company.
   b. The financial statements are for the fiscal years ended March 31, 2021 and March 31, 2020.
   c. Financial information in this report is in U.S. dollars ("USD") and in Indian rupees ("INR"). For the fiscal year ended March 31, 2021 and March 31, 2020, dollar amounts are translated for convenience into Indian rupees at an exchange rate of 73.59 INR per dollar on March 31, 2021. Within the notes to the financial statements, Indian rupee amounts are shown parenthetically following the U.S. dollar amounts.
   d. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior year to conform to the classifications used in the current year. These changes had no impact on previously reported net loss or statement of stockholder's equity.
2. *Use of estimates*

   The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, warranties, volume incentives, rebates, and co-operative advertising programs, valuation allowance for deferred tax assets and other contingencies. Management believes that the estimates used in the preparation of the financial statements are reasonable. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the financial statements.
3. *Operating leases*

   Accounting Standard Update ("ASU") 2016-02, Leases. On April 1, 2019, the Company early adopted Accounting Standards Codification ("ASC") 842 and all the related amendments ("new lease standard") using the modified retrospective method. The new lease standard requires all leases to be reported on the balance sheet as operating lease right-of-use assets and lease obligations. The Company elected the practical expedients permitted under the transition guidance of the new standard that retained the lease classification and initial direct costs for any leases that existed prior to adoption of the standard.

   The Company's leases are classified as operating leases, which are included in operating lease right-of-use assets and operating lease liabilities in the balance sheet.

   Right-of-use assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date for leases exceeding 12 months. Minimum lease payments include only the fixed lease component of the agreement, as well as any variable rate payments that depend on an index, initially measured using the index at the lease commencement date. Lease terms may include options to renew when it is reasonably certain that the Company will exercise that option.

   The Company estimates its incremental borrowing rate for each lease based on the respective weighted average term of the agreements. This estimation considers the market rates of the Company's outstanding collateralized borrowings and interpolations of rates outside of the terms of the outstanding borrowings, including comparisons to comparable borrowings of similarly rated companies with longer term borrowings.

   Operating lease expense is recognized on a straight-line basis over the lease term and is included in cost of revenue or general and administrative expense. Amortization expense for finance leases is recognized on a straight-line basis over the lease term and is included in cost of revenue.

NOTES TO THE FINANCIAL STATEMENTS

Interest expense for finance leases is recognized using the effective interest method. Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognized as an expense on a straight-line basis over the lease term.

4. *Revenue recognition*

<u>*Sale of manufactured goods*</u>

The Company recognizes revenues from sale of manufactured ROXOR off-road side by side vehicles and their related accessories.

Revenue is recognized when control of the vehicles, parts or accessories have been transferred and the Company's performance obligation to the customers have been satisfied. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transfer of goods. The timing of when the Company transfers the goods to the customer may differ from the timing of the customer's payment.

When the Company gives the customers the right to return eligible goods, the Company estimates the expected returns based on an analysis of historical experiences.

The Company has determined that the customers from the sale of vehicles and service parts are generally dealers and distributors. Transfer of control, and therefore revenue recognition, generally corresponds to the date when the vehicles or service parts are made available to the customer, or when the vehicles or service parts are released to the carrier responsible for transporting them to the customer. This is also the point at which invoices are issued, with payment terms for vehicles and for service parts vary with the dealers. For component part sales, revenue recognition is consistent with that of service parts.

The Company sponsors certain sales incentive programs and accrues liabilities for estimated sales promotion expenses when products are sold to the dealerships to the extent that it is probable. The cost of incentives, if any, is estimated at the inception of a contract at the expected amount that will ultimately be paid. Sales promotion incentive programs include volume incentives, cash discounts, retail financing programs, and co-operative advertising programs. Sales promotions and incentives are recognized as a reduction to sales at the time of sale to the dealership. If the estimate of the incentive changes following the sale to the customer, the change in estimate is recognized as an adjustment to revenue in the period of the change.

Shipping and handling services

The Company also performs shipping and handling activities for its customers which is treated as a separate performance obligation as these activities are performed after the customer obtains control of the goods. The Company acts as an agent for shipping and handling services and recognize revenue on net basis.

Revenue from contracts with customers

Effective April 1, 2019, the Company adopted Financial Accounting Standards Board ("FASB") issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), with a date of initial application of April 1, 2019 using the modified retrospective method.

5. *Product warranty*

The Company provides a limited warranty for ROXOR for a period of two years or 12,000 miles whichever is lesser. The warranty reserve is established at the time of sale to the distributorship based on management's best estimate using historical rates and trends. These amounts are recorded as a liability in the balance sheet until they are ultimately paid. Accrued warranty liability was USD 1,149,524 (INR: 84,593,471) at March 31, 2021 (March 31, 2020: USD 1,184,095 (INR: 87,137,551)).

6. *Product liability*

The Company is subject to product liability claims in the normal course of business. Adequate insurance coverage is carried for catastrophic product liability claims. The Company self-insures product liability claims up to the purchased catastrophic insurance coverage. The estimated costs resulting from uninsured losses are charged to operating expenses when it is probable a loss has been incurred and the amount of the loss is reasonably determinable.

7. *Cash and cash equivalents*

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate per bank of USD 250,000 (INR: 18,397,500)). The Company believes it is not exposed to any significant risk on cash and cash equivalents.

8. *Inventories*

Inventory comprises of demonstration vehicles placed at dealer locations and with sales representative. Inventories are stated at the lower of cost and market value. Cost is the purchase price of the vehicle and attributable direct costs. Inventories are reviewed on a periodic basis for identification and write-down based on physical condition of the vehicle and considering the historical sales experience.

9. *Property and equipment*

Property and equipment are stated at cost less accumulated depreciation. Cost of items of property and equipment comprises cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use.

The Company depreciates property and equipment over the estimated useful life using the straight-line method. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to operations.

The estimated useful life used to determine depreciation is:

Leasehold improvements	7 years or the lease period
Equipment	5 years
Furniture & fixtures	5 - 7 years
Computers	3 years
Vehicles	5 years

Expenditures for maintenance and repairs are charged to expense. Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value of the asset may not be recoverable.

10. *Intangible assets*

Intangible assets are comprised of computer software which has been recognized at cost and amortized over a period of 3 years or its estimated useful life. Subsequent expenditure is capitalized only when it increases the future economic benefit from the specific assets to which it relates.

11. *Government incentives*

The Company receives incentives from the Michigan Economic Development Corporation in the form of business development grants. These grants are recognized at their fair values in the consolidated statement of loss where there is a reasonable assurance that all grant conditions have been complied with and the grant will be received.

12. *Accounts receivable & allowance for doubtful debts*

Accounts receivable represent amounts due related to sale of goods and services. Accounts receivable are reduced by an estimate of the amount that will ultimately be uncollectible. Management determines the allowance for doubtful accounts by a review of the outstanding amounts on a monthly basis. The allowance is determined by identifying troubled accounts, by using historical experience applied to an aging of accounts. Allowance for doubtful accounts is included in selling, general and administrative expenses in the statement of loss. The Company charges off uncollectable amounts against the reserves in the period in which it determines they are uncollectable.

13. *Income taxes*

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial and tax reporting. The deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled, respectively.

The Company has determined whether any tax positions have met the recognition threshold and has measured the Company's exposure to those tax provisions. Management believes that the Company has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state taxing authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties from federal and state taxing authorities were recorded in the accompanying financial statements.

14. *Fair value measurements and financial instruments*

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs

NOTES TO THE FINANCIAL STATEMENTS

used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

Some of Company's financial instruments, including cash and cash equivalents, accounts receivable and accounts payable are not measured at fair value on a recurring basis but are recorded at amounts that approximate fair value due to their liquid or short-term nature.

15. *Commitments and contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

NOTE D - CASH AND CASH EQUIVALENTS

The cash and cash equivalents of the Company comprise:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2021**	**2020**	**2021**	**2020**
Bank balances	**480,485**	228,932	**35,358,891**	16,847,106
Total	**480,485**	228,932	**35,358,891**	16,847,106

NOTE E - ACCOUNTS RECEIVABLE

Accounts receivable comprise the following:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2021**	**2020**	**2021**	**2020**
Accounts receivable	**133,740**	441,863	**9,841,927**	32,516,699
Dealer financing receivable	**30,129**	1,065,443	**2,217,193**	78,405,950
Total	**163,869**	1,507,306	**12,059,120**	110,922,649

Interest expense on dealer financing receivable for the year ended March 31, 2021 was USD 273,920 (INR: 20,157,773) and the year ended March 31, 2020 was USD 1,068,503 (INR: 78,631,136).

NOTE F - INVENTORIES

Inventories comprise of:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2021**	**2020**	**2021**	**2020**
Demo vehicles	**–**	546,089	**–**	40,186,690
Total	**–**	546,089	**–**	40,186,690

During the year ended March 31, 2021, the Company gave away some of its demonstration vehicle for USD Nil value to its dealerships as a part of its marketing strategy and sold the rest of the demonstration vehicle at discounted value.

NOTE G - PREPAID EXPENSES

Prepaid expenses comprise the following:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2021**	**2020**	**2021**	**2020**
Prepaid software license fee	**34,633**	130,117	**2,548,642**	9,575,311
Prepaid insurance	**34,661**	47,199	**2,550,703**	3,473,374
Others	**–**	115,729	**–**	8,516,497
Total	**69,294**	293,045	**5,099,345**	21,565,182

NOTE H - PROPERTY AND EQUIPMENT, NET

Property and equipment comprise the following:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2021**	**2020**	**2021**	**2020**
Leasehold improvements	–	11,291	–	830,905
Machinery & equipment	–	45,559	–	3,352,687
Furniture	–	26,668	–	1,962,498
Computers	**16,362**	16,362	**1,204,080**	1,204,080
Vehicles	**219,419**	245,885	**16,147,044**	18,094,677
	235,781	345,765	**17,351,124**	25,444,847
Less: Accumulated depreciation	**(122,852)**	(119,543)	**(9,040,679)**	(8,797,170)
Property and equipment, net	**112,929**	226,222	**8,310,445**	16,647,677

Depreciation expense for the year is USD 61,304 (INR: 4,511,361) (March 31, 2020: USD 58,285 (INR: 4,289,193)).

NOTE I - INTANGIBLE ASSETS, NET

Intangible assets comprise the following:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2021**	**2020**	**2021**	**2020**
Software	**1,170,574**	1,170,574	**86,142,541**	86,142,541
Less: Accumulated amortization	**(1,170,574)**	(910,446)	**(86,142,541)**	(66,999,721)
Intangible assets, net	**–**	260,128	**–**	19,142,820

Amortization expense for the year is USD 260,128 (INR: 19,142,820) (March 31, 2020: USD 390,192 (INR: 28,714,229)).

NOTES TO THE FINANCIAL STATEMENTS

NOTE J - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES
Accrued expenses and other current liabilities comprise the following:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	2021	2020	2021	2020
Accrued warranty	**1,149,524**	1,184,095	**84,593,471**	87,137,551
Accrued accounts payable	**878,276**	1,191,250	**64,632,331**	87,664,088
Rebate and incentive liability	**180,000**	2,399,206	**13,246,200**	176,557,570
Accrued merit pay	**187,861**	945,772	**13,824,691**	69,599,361
Accrued vacation	**417,591**	486,631	**30,730,522**	35,811,175
Accrued payroll	**60,700**	148,600	**4,466,913**	10,935,474
Accrued state taxes	**76,867**	536,443	**5,656,643**	39,476,840
Co-op liability	–	208,271	–	15,326,663
Buyback liability*	**338,882**	–	**24,938,326**	–
Dealership closure liability	**262,500**	–	**19,317,375**	–
Withholding payroll taxes	**56,566**	46,126	**4,162,692**	3,394,412
Others	**580,107**	8,400	**42,690,074**	618,156
Total	**4,188,874**	7,154,794	**308,259,238**	526,521,290

*Due to the cease-and desist order (Refer Note A), the Company was unable to carry out business in the United States of America. The Company observed that there are 21 units of unsold ROXORs lying with the dealers. The Company estimates the liability for buy-back and disposal of these units to be USD 338,882 (INR: 24,938,326) as at March 31, 2021.

NOTE K - SHORT TERM BORROWING – RELATED PARTY

The Company during the year ended March 31, 2021, obtained loan amounting to USD 21,090,000 (INR: 1,552,013,100) from its related party, Mahindra Automotive North America, Inc. ("MANA") at an interest rate of 5.00% per annum. The entire loan amount along with interest payable as at March 31, 2021, was converted to equity.

During the year ended March 31, 2020, the Company obtained loan amounting to USD 30,629,979 (INR: 2,254,060,155) from MANA at an interest rate of 5.00% per annum. Loan amount of USD 250,000 (INR: 18,397,500) was repaid and balance outstanding of USD 30,379,979 (INR: 2,235,662,581) was converted to equity.

The loan amount payable at March 31, 2021 and March 31, 2020 was USD Nil (INR: Nil) and USD Nil (INR: Nil). Interest was calculated based on a 365-day annual term and payable along with the principal.

Interest expense for the year is USD 635,244 (INR: 46,747,606) (March 31, 2020: USD 451,994 (INR: 33,262,238)).

NOTE L - LEASES

General description of the lease

The Company has entered into noncancelable operating lease agreements related to facility, office equipment, machinery and equipment and vehicles with varying terms.

Non-lease components: Leases that contain non-lease components are accounted for as a single component and recorded on the balance sheet for certain asset classes including equipment. Non-lease components include, but are not limited to, common area maintenance and service arrangements.

Package of practical expedients: The Company will not reassess whether any expired or existing contracts are leases or contain leases, the lease classification for any expired or existing leases or any initial direct costs for any expired or existing leases as of the transition date.

The Company used the following policies and/or assumptions in evaluating the lease population:

Lease determination: The Company considers a contract to be or to contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.

Discount rate: When the lease contracts do not provide a readily determinable implicit rate, the Company uses the estimated incremental borrowing rate based on information available at the inception of the lease. The discount rate is determined by asset class.

Variable payments: The Company includes payments that are based on an index or rate within the calculation of right of use leased assets and lease liabilities, initially measured at the lease commencement date. There are variable payments in the nature of origination fees for office equipment, machinery and equipment and therefore are not treated as a part of lease payments.

Purchase options: Certain leases include options to purchase the office equipment. The depreciable life of assets are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Renewal options: Most leases include one or more options to renew, with renewal terms that can extend the lease term from one or more years. The exercise of lease renewal options is at the Company's sole discretion.

Residual value guarantees, restrictions, or covenants: The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Short-term leases: Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term and expense the associated operating lease costs to administrative expenses on the statements of income.

The table below presents the classification of leasing assets and liabilities as reported on the balance sheet as of March 31, 2021 and March 31, 2020.

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	2021	2020	2021	2020
Assets				
Operating lease right-of-use assets	**105,717**	661,582	**7,779,714**	48,685,819
Total lease assets	**105,717**	661,582	**7,779,714**	48,685,819
Liabilities				
Current				
Operating lease liabilities	**84,359**	454,539	**6,207,979**	33,449,525
Long term				
Operating lease liabilities	**19,639**	194,260	**1,445,234**	14,295,593
Total lease liabilities	**103,998**	648,799	**7,653,213**	47,745,118

The table below presents the classification of lease related expenses as reported in the statements of income.

	USD		INR	
	Year ended March 31,		Year ended March 31,	
Particulars	2021	2020	2021	2020
Operating lease expense*	**587,201**	646,318	**43,212,122**	47,562,542
Total lease expense	**587,201**	646,318	**43,212,122**	47,562,542

*Operating lease expenses are included in administrative expenses in the statements of loss. Operating lease expense includes short-term leases, variable lease costs and leases which do not meet the capitalization requirement of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Future minimum lease payments as of March 31, 2021, for operating leases having an initial or remaining non-cancellable lease term in excess of one year are as follows.

Year ended March 31	Amount (USD)	Amount (INR)
2022	86,877	6,393,278
2023, 2024 and 2025	20,167	1,484,090
Total minimum lease payments	**107,044**	**7,877,368**
Less: interest imputed	(3,046)	(224,155)
Present value of lease payments	**103,998**	**7,653,213**

The following table presents the weighted-average remaining lease term and discount rates as of March 31, 2021.

Weighted-average remaining lease term (years)	
Operating leases	1.38
Weighted-average discount rate	
Operating leases	4.41%

The following table presents supplemental information for operating leases for the year ended March 31, 2021 and March 31, 2020.

	USD		INR	
	Year ended March 31,		Year ended March 31,	
Particulars	**2021**	**2020**	**2021**	**2020**
Supplemental information				
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	465,889	513,832	34,284,772	37,812,897

NOTE M - REVENUE FROM CONTRACT WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

The following table presents revenue disaggregated by product line:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2021**	**2020**	**2021**	**2020**
Vehicle sales	**8,028,190**	34,153,645	**590,794,502**	2,513,366,735
Parts and accessory sales	**3,149,488**	4,419,186	**231,770,822**	325,207,898
Total revenue by product line	**11,177,678**	38,572,831	**822,565,324**	2,838,574,633

The following table presents revenue disaggregated by timing of recognition:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2021**	**2020**	**2021**	**2020**
Products and services transferred at a point in time	**11,177,678**	38,572,831	**822,565,324**	2,838,574,633
Products transferred over time	–	–	–	–
Total revenue by timing of revenue recognition	**11,177,678**	38,572,831	**822,565,324**	2,838,574,633

The following table presents revenue disaggregated by geography based on Company's locations:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2021**	**2020**	**2021**	**2020**
United States of America	**9,870,522**	37,058,249	**726,371,714**	2,727,116,544
Canada	**1,307,156**	1,295,846	**96,193,610**	95,361,307
Brazil	–	218,736	–	16,096,782
Total revenue by geography	**11,177,678**	38,572,831	**822,565,324**	2,838,574,633

Contract balance

The Company's contracts with customers are comprised of dealer agreements and purchase orders. These contracts with customers typically consist of sale of products which represent performance obligations that are satisfied upon transfer of control of the product to the customer at a point in time.

The following table provides information about contract assets and liability balances as of March 31, 2021 and March 31, 2020:

	USD		INR	
	As at March 31,		As at March 31,	
Particulars	**2021**	**2020**	**2021**	**2020**
Accounts receivable (Refer Note E)	**163,869**	1,507,306	**12,059,120**	110,922,649

NOTE N - INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company is subject to taxation in the United States of America and the State of Michigan. The Company is a member of the federal consolidated tax group of its parent company, MANA.

The provision for income tax expense (benefit) for the current year is as follows:

	USD		INR	
	Year ended March 31,		Year ended March 31,	
	2021	**2020**	**2021**	**2020**
Current tax expense (benefit)	–	–	–	–
Deferred tax expense (benefit)	**15,061,620**	(7,679,663)	**1,108,384,616**	(565,146,400)
Income tax expense (benefit)	**15,061,620**	(7,679,663)	**1,108,384,616**	(565,146,400)

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that create such differences is as follows:

	USD		INR	
	As at March 31,		As at March 31,	
	2021	**2020**	**2021**	**2020**
Deferred tax asset (liability)				
Net operating loss	**17,797,425**	14,112,245	**1,309,712,506**	1,038,520,110
Interest expense limitation	**688,640**	491,101	**50,677,018**	36,140,123
Accrued merit pay	**41,205**	208,242	**3,032,276**	15,324,529

NOTES TO THE FINANCIAL STATEMENTS

	USD		INR	
	As at March 31,		As at March 31,	
	2021	2020	2021	2020
Accrued warranty	**252,139**	260,716	**18,554,907**	19,186,090
Accrued vacation	**91,594**	107,147	**6,740,402**	7,884,948
Accrued payroll taxes	**24,697**	–	**1,817,452**	–
Bad debts	**1,084**	–	**79,772**	–
Contributions	**7,803**	7,833	**574,223**	576,430
Lease assets	**(377)**	(2,814)	**(27,743)**	(207,082)
Inventory capitalization	–	105	–	7,727
Prepaid expenses	**(15,199)**	(38,776)	**(1,118,494)**	(2,853,526)
Property and equipment	**(10,321)**	(84,179)	**(759,522)**	(6,194,733)
Valuation allowance	**(18,878,690)**	–	**(1,389,282,797)**	–
Total	–	15,061,620	–	1,108,384,616

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference becomes deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Due to the cease-and-desist order, the management was prohibited from selling the 2018, 2019 and 2020 ROXOR model, resulting in decline in the current year sales and future projections for future taxable income for which the deferred tax assets were deductible. Thus, the management believes that it is more likely than not that the deferred tax assets may not be realized and accordingly, a valuation allowance of USD 18,878,690 (INR 1,389,282,797) is recognized as at March 31, 2021 (March 31, 2020 USD Nil (INR Nil)).

The Company has federal net operation losses (“NOLs”) carry forwards of USD 81,081,175 (INR: 5,966,763,668) as at March 31, 2021 (March 31, 2020: USD 66,964,131 (INR: 4,927,890,400). Out of the total NOLs of USD 81,081,175 (INR: 5,966,763,668), if unutilized, NOLs of USD 6,721,616 (INR: 494,643,721) will begin to expire from the year 2037, whereas the remaining NOLs will be carried forward indefinitely.

The Company has state net operating losses carry forwards of USD 16,252,705 (INR: 1,196,036,561) as at March 31, 2021 (March 31, 2020: USD 14,131,255 (INR: 1,039,919,055)), which if unutilized will begin to expire from the year 2027.

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination.

The tax years 2017, 2018, 2019 and 2020 remain subject to examination by the taxing authorities.

NOTE O - RELATED PARTY TRANSACTIONS

Name of related party and nature of relationship:

No.	Name of the party	Nature of relationship
1	Mahindra & Mahindra Limited	Ultimate parent company
2	Mahindra Automotive North America, Inc.	Parent company
3	Mahindra Vehicles Manufactures Limited – US Branch	Affiliate company
4	Mahindra North American Technical Center, Inc.	Affiliate company
5	Mahindra Finance USA LLC	Affiliate company

Summary of transactions and balances with related parties are as follows:

	USD		INR	
	Year ended March 31,		Year ended March 31,	
	2021	2020	2021	2020
Transactions during the year				
Mahindra Automotive North America, Inc.				
Capital contribution received (loan converted to equity)	**21,179,749**	30,379,979	**1,558,617,729**	2,235,662,655
Corporate cost allocation	**986,250**	1,019,883	**72,578,138**	75,053,190
Loan obtained	**20,690,000**	30,629,979	**1,522,577,100**	2,254,060,155
Loan repaid	–	30,629,979	–	2,254,060,155
Interest expense	**635,244**	451,993	**46,747,606**	33,262,165
Interest expense payment	**545,496**	451,993	**40,143,051**	33,262,165
Mahindra Vehicles Manufacturers Limited – US Branch				
Engineering services received	**973,365**	3,373,632	**71,629,930**	248,265,579
Mahindra North American Technical Center, Inc.				
ROXOR vehicle purchases	**9,310,150**	44,349,230	**685,133,930**	3,263,659,817
Accessories and service parts purchases	**2,546,466**	3,013,309	**187,394,433**	221,749,409
Mahindra Finance USA LLC				
Dealer financing interest expense	**273,920**	821,814	**20,157,773**	60,477,292
Balances at the end of the year				
Intercompany (receivable) payables, net				
Mahindra North American Technical Center, Inc.	**387,319**	1,247,621	**28,502,806**	91,812,429
Mahindra Automotive North America, Inc.				
Intercompany payable, net	**45,072**	159,725	**3,316,848**	11,754,163
Mahindra Vehicles Manufacturers Limited	–	1,024,431	–	75,387,877
	432,391	2,431,777	**31,819,654**	178,954,469

	USD		INR	
	Year ended March 31,		Year ended March 31,	
	2021	2020	2021	2020
Mahindra Finance USA LLC				
Dealer financing receivables				
(classified under accounts receivable)	**30,129**	1,065,443	**2,217,193**	78,405,950
Interest payable				
(classified under accounts payable)	–	70,074	–	5,156,746

NOTES TO THE FINANCIAL STATEMENTS

NOTE P - COMMITMENT AND CONTINGENCIES

Litigation

The Company was engaged in litigation over violation of "trade dress" of FCA's Jeep branded vehicles with FCA US, LLC both at the International Trade Commission ("ITC") and at the United States District Court, Eastern District of Michigan. The ITC in its ruling dated June 11, 2020, stated that the Company's ROXOR off-road utility vehicle violated the "trade dress" claimed by FCA. The ITC then issued a limited exclusion order prohibiting sale or import of the infringing vehicles and parts, as well as a cease-and desist order to the Company. The cease-and desist order was effective from August 11, 2020.

In December 2020, the Company received confirmation that they can proceed with selling the post-2020 ROXOR model. However, the ITC's decision for allowing the Company to sell post-2020 ROXOR is under appeal. There is also a federal action which remains pending in which FCA US, LLC is seeking disgorgement of profits and also a claim for false advertising relating to one commercial that displayed a military style vehicle. Both matters are ongoing. The Company believes it has strong defense against the claims. At this time no liability has been incurred and the amount of any future loss or award associated with these matters cannot be estimated reasonably. A final determination is yet to be made by the adjudicating authorities.

NOTE Q - RISK AND UNCERTANITIES

The Company's future results of operations involve several risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

NOTE R - ADVERTISING AND MARKETING EXPENSE

Advertising costs are presented as part of selling, general and administrative expenses in the statement of loss. Advertising costs are expensed as incurred. The amount of advertising and marketing cost incurred by the Company for the year ended March 31, 2021 and March 31, 2020 is USD 3,416,071 (INR: 251,388,665) and USD 13,683,291 (INR: 1,006,953,385), respectively.

NOTE S - COMMON STOCK

Common stock

The authorized share capital of the Company as of March 31, 2021 and March 31, 2020 was 3,000,000 shares of $ 25 each. As at March 31, 2021 and March 31, 2020 total shares issued and outstanding was 3,300,631 and 2,453,441 shares, respectively.

As at March 31, 2021, the Company has issued 300,631 shares in excess of the authorized capital. The Company shall at a later date amend the authorized share capital.

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holder of common stock shall be entitled to receive all the remaining assets of the Company.

NOTE T - EMPLOYEE BENEFIT PLANS

The Company has voluntary 401(k) retirement plans covering substantially all employees. The Company may make annual contributions to the plans equal to a uniform percentage of participant compensation. The cost of the Company's contributions charged to expense related to 401(k) contributions was USD 55,351 (INR: 4,073,280) and USD 109,711 (INR: 8,073,632) for the year ended March 31, 2021 and year ended March 31, 2020, respectively.

NOTE U - GOVERNMENT INCENTIVE AND CREDITS

Employee retention credit

During the year the Company availed the benefit under the ERC (employee retention credit) scheme, a benefit given by the Federal government under the COVID stimulus package which allows businesses to take credit of the wages paid to employees on furlough and not working. The total ERC credit received by the Company for the year ended March 31, 2021 amounts to USD 351,982 (INR 25,902,355) and USD Nil (INR: Nil) for the year ended March 31, 2020. The Company is currently evaluating whether it is eligible for such credits and believes that there is reasonable probability that it will have to repay this credit back to the IRS and on a conservative basis, the Company has recorded an accrual to pay back the credits received amounting to USD 351,982 (INR 25,902,355) as of March 31, 2021.

Deferral of employment taxes

Section 2302 of the CARES Act provides that employers may defer the deposit and payment of the employer's portion of Social Security taxes. The payroll tax deferral period begins on March 27, 2020 and ends December 31, 2020. Section 2302(a)(2) of the CARES Act provides that deposits of the employer's share of Social Security tax that would otherwise be required to be made during the payroll deferral period may be deferred until the "applicable date. The Company has deferred the employment taxes amounting to USD 112,587 (INR 8,285,277) as on March 31, 2021.

NOTE V - SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2021 through the date the financial statements were issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

INDEPENDENT AUDITOR'S REPORT

Audit Opinions

We have audited the annual financial statements of Automobili Pininfarina GmbH, Munich, which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss for the financial year from 1 April 2020 to 31 March 2021, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Automobili Pininfarina GmbH, Munich, for the financial year from 1 April 2020 to 31 March 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2021 and of its financial performance for the financial year from 1 April 2020 to 31 March 2021 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to section 322 paragraph 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Responsibilities of the Executive Directors for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Munich, 26 April 2021

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Stephan Mauermeier	Andrea Stoiber-Harant
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

BALANCE SHEET AS AT 31 MARCH 2021

ASSETS

		EUR	31/03/2021 EUR	31/03/2020 EUR
A.	**FIXED ASSETS**			
I.	**Intangible fixed assets**			
1.	Internally generated commercial protective rights and similiar rights and assets	**27,366,600.24**		72,621,475.96
2.	Purchased concessions, industrial property rights and similar rights and assets, and licenses in such assets	**306,501.00**		401,500.00
			27,673,101.24	73,022,975.96
II.	**Property plant and equipment**			
1.	Other equipment, operating and office equipment	**253,356.02**		509,184.41
2.	Prepayments and assets under construction	**8,259,024.21**		4,504,456.34
			8,512,380.23	5,013,640.75
III.	**Financial assets**			
	Shares in affiliated companies	**24,712.31**		24,712.31
			24,712.31	24,712.31
B.	**CURRENT ASSETS**			
I.	**Receivables and other assets**			
	Other assets	**1,555,940.16**		1,474,242.13
			1,555,940.16	1,474,242.13
II.	**Cash-in-hand, bank balances and checks**		**3,393,070.87**	5,406,846.78
C.	**PREPAID EXPENSES**		**329,221.64**	364,991.41
D.	**DEFERRED TAX ASSETS**		**9,024,136.43**	28,863,741.94
			50,512,562.88	114,171,151.28

LIABILITIES

		EUR	31/03/2021 EUR	31/03/2020 EUR
A.	**EQUITY**			
I.	**Subscribed capital**	**119,475,000.00**		64,666,625.00
II.	**Capital reserves**	**20,525,000.00**		20,525,000.00
III.	**Accumulated losses brought forward**	**(28,582,413.80)**		(12,995,382.08)
IV.	**Net loss for the financial year**	**(95,181,146.41)**		(15,587,031.72)
			16,236,439.79	56,609,211.20
B.	**CONTRIBUTIONS MADE FOR THE DECIDED INCREASE IN EQUITY**		**10,825,062.00**	10,000,000.00
C.	**PROVISIONS**			
1.	Provisions for taxes	**66,749.66**		174,525.17
2.	Other provisions	**2,308,237.78**		4,226,028.21
			2,374,987.44	4,400,553.38
D.	**LIABILITIES**			
1.	Trade payables	**9,640,082.44**		16,126,817.18
2.	Other liabilities	**2,408,387.48**		3,597,345.31
	of which tax	**215,345.67**		253,265.98
	of which relating to social security and similar obligations	**159,750.62**		165,857.48
			12,048,469.92	19,724,162.49
E.	**PREPAID EXPENSES**		**3,467.30**	2,125.60
F.	**DEFERRED TAX LIABILITIES**		**9,024,136.43**	23,435,098.61
			50,512,562.88	114,171,151.28

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM 01 APRIL 2020 TO 31 MARCH 2021

			Financial year	Prior year
		EUR	**EUR**	EUR
1.	Gross profit		**4,739,352.02**	4,800,999.78
2.	Personnel expenses:			
	a) Wages and salaries	**(11,229,622.27)**		(9,288,203.52)
	b) Social security, post employment and other employee benefit costs	**(1,940,383.81)**		(1,273,616.83)
			(13,170,006.08)	(10,561,820.35)
3.	Amortization of intangible assets depreciation and write-downs of tangible fixed assets		**(74,845,657.78)**	(352,091.08)
4.	Other operating expenses		**(6,326,290.90)**	(14,152,553.46)
5.	Other interest and similar income		**3,747.24**	51,738.07
6.	Interest and similar expenses		**(11,907.52)**	(3,519.50)
7.	Taxes on income		**(5,570,587.39)**	4,630,418.82
8.	**Result after taxes**		**(95,181,350.41)**	(15,586,827.72)
9.	Other taxes		**204.00**	(204.00)
10.	**Net loss for the financial year**		**(95,181,146.41)**	(15,587,031.72)

CASH FLOW STATEMENT FROM 1 APRIL 2020 TO 31 MARCH 2021

	Financial Year (FY 21)	Previous Year (FY 20)
	EUR	EUR
Net loss for the period	**(95,181,146.41)**	(15,587,031.72)
+ Depreciation, amortisation and write-downs of fixed assets	**74,845,657.78**	352,091.08
+/- Increase/Decrease in provisions	**(257,723.94)**	1,496,003.74
- Other non-cash income	**(14,411,062.18)**	(21,446,445.15)
+ Other non-cash expenses	**19,839,705.51**	16,547,270.32
+/- Interest income	**(3,747.24)**	(51,738.07)
+/- Increase/Decrease in other assets	**(45,928.26)**	(1,079,642.70)
+/- Increase/Decrease in trade payables other liabilities	**(612,193.75)**	697,018.20
Cash flows from operating activities	**(15,826,438.49)**	(19,072,474.30)
- Purchase of intangible fixed assets	**(37,967,122.09)**	(46,044,325.04)
- Purchase of tangible fixed assets	**(4,031,927.29)**	(3,621,438.81)
+ Sale of tangible fixed assets	**174,527.72**	0.00
- Purchase of long-term financial assets	**0.00**	(23,837.57)
Cash flows from investing activities	**(41,824,521.66)**	(49,689,601.42)
+ Cash receipts from issue of capital and funding	**55,633,437.00**	64,666,625.00
+/- Interest received/paid	**3,747.24**	51,738.07
Cash flows from financing activities	**55,637,184.24**	64,718,363.07
Net change in cash fund (total cash flows)	**(2,013,775.91)**	(4,043,712.65)
+/- Cash funds at beginning of period	**5,406,846.78**	9,450,559.43
Cash funds at end of period	**3,393,070.87**	5,406,846.78

NOTES AS OF 31/03/2021

General details relating to the financial statements

The company was formed based on the articles of association dated 05/02/2018.

The financial statements have been prepared in accordance with the provisions of the German Commercial Code [*Handelsgesetzbuch - HGB*] applicable to business corporations and the Limited Liability Companies Act [*GmbH-Gesetz - GmbHG*].

According to the size classes defined in Sec. 267 HGB the company falls into the category of a medium-sized corporation.

As in the prior year, the statement of profit and loss for the financial year 2020/2021 is prepared according to the nature of expense method pursuant to Section 275 (2) HGB.

The exemption options for medium-sized corporations pursuant to Sections 286 and 288 (2) HGB were exercised in part.

Details relating to the identification of the company according to the Court of Registration

Business name acc. to Court of Registration:	Automobili Pininfarina GmbH
Registered office acc. to Court of Registration:	Munich
Register entry:	Commercial Register
Registrar of Companies:	Munich Local Court
Register number:	HRB 239596

Details relating to accounting policies

Accounting policies

Purchased intangible fixed assets are recognised at acquisition cost and, if they have a limited life, are amortized subject to straight-line depreciation.

Internally generated assets are valued at manufacturing cost according to Sec. 255 (2a) HGB, i.e. included as assets in the balance sheet with the expenses incurred as of development. After completion and from the beginning of sales, they are amortised over the expected useful life using the straight-line method. The expected useful life is determined based on the sales period of the developed vehicles. The Company did not make use of the option regarding the capitalisation of costs according to Sec. 255 (2) sentence 3 HGB.

The Company does not engage in basic research. Hence, a separation of research and development is not required. Occasionally, feasibility studies are conducted before the development of a vehicle which are not capitalised. After completion of the feasibility study, development costs recorded if the following criteria are fulfilled:

- It is very probable that the planned intangible asset is created
- The development costs can be attributed reliably to the specific intangible asset
- No prohibition within the sense of Sec. 248 (2) sentence 2 HGB

The Company starts capitalising the development costs as soon as these criteria are met.

Property plant and equipment were recognised at acquisition costs subject to straight-line depreciation. Straight-line regular depreciation was applied pro rata basis in accordance with the expected useful life.

Low-value assets with acquisition costs of up to EUR 800 are expensed as incurred in the year of their acquisition, assuming that it is disposed of in the year of acquisition.

Financial assets were valued at acquisition cost.

If the value of fixed assets as determined based on the principles mentioned above is expected to exceed the fair value as of reporting date permanently, this is taken into account by an impairment.

Receivables and other assets are valued at nominal value and reflect all identifiable risks.

Prepayments and accrued income include expenditures before the reporting date representing costs for a certain time after this date.

The option for recognising an asset for deferred tax assets according to Sec. 274 (1) sentence 2 HGB was exercised.

Deferred tax assets and liabilities are recognised in the balance sheet. They were valued based on the individual tax rate applicable as of time of the reversal of differences.

Other provisions were created for all identifiable risks and contingent liabilities and are recognised at the settlement amount required, according to prudent commercial judgement.

Assets and liabilities denominated in foreign currencies are translated at the closing rate on the reporting date in accordance with Sec. 256a HGB.

Liabilities were reported at the settlement amount.

Notes to the balance sheet

Development of assets for individual fixed assets items

The depreciation applicable to the individual items for the financial year can be derived from the development of assets.

Immediate depreciation of low-value assets is recognised as additions and disposals. Therefore, the depreciation for the financial year does not include these amounts.

Accumulated depreciation includes immediate depreciation in the amount of: EUR 76,135.58.

FIXED ASSETS MOVEMENT TABLE AS OF 31 MARCH 2021, AUTOMOBILI PININFARINA GMBH, MUNICH

	Acquisition costs/ manufacturing costs					Amortization/ Depreciation					Appreciation	Carrying amounts	
	As of 01/04/2020	Additions	Disposals	Reclassifi-cations	**As of 31/03/2021**	As of 01/04/2020	Financial year	Disposals	Reclassifi-cations	**As of 31/03/2021**	Financial year	**As of 31/03/2021**	As of 31/03/2020
	EUR	EUR	EUR	EUR	**EUR**	EUR	EUR	EUR	EUR	**EUR**	EUR	**EUR**	EUR
Fixed Assets													
I. Intangible fixed assets													
1. Internally generated commercial protective rights and similar rights and assets	72,621,475.96	29,345,124.28	0.00	0.00	**101,966,600.24**	0.00	74,600,000.00	0.00	0.00	**74,600,000.00**	0.00	**27,366,600.24**	72,621,475.96
2. Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	494,354.85	19,622.00	0.00	0.00	**513,976.85**	92,854.85	114,621.00	0.00	0.00	**207,475.85**	0.00	**306,501.00**	401,500.00
3 Advance payments made	79,000.00	0.00	0.00	0.00	**79,000.00**	79,000.00	0.00	0.00	0.00	**79,000.00**	0.00	**0.00**	0.00
Total intangible assets	73,194,830.81	29,364,746.28	0.00	0.00	**102,559,577.09**	171,854.85	74,714,621.00	0.00	0.00	**74,886,475.85**	0.00	**27,673,101.24**	73,022,975.96
II, Property plant and equipment													
1 Other equipment. operating and office Equipment	761,379.30	45,051.85	174,527.72	0.00	**631,217.35**	251,508.81	131,036.78	4,684.26	0.00	**377,861.33**	0.00	**253,356.02**	509,184.41
2 Advance payments made and assets under construction	4,504,456.34	3,754,567.87	0.00	0.00	**8,259,024.21**	0.00	0.00	0.00	0.00	**0.00**	0.00	**8,259,024.21**	4,504,456.34
Total property plant and equipment	5,265,835.64	3,799,619.72	174,527.72	0.00	**8,890,241.56**	251,508.81	131,036.78	4,684.26	0.00	**377,861.33**	0.00	**8,512,380.23**	5,013,640.75
III, Financial assets													
Shares	24,712.31	0.00	0.00	0.00	**24,712.31**	0.00	0.00	0.00	0.00	**0.00**	0.00	**24,712.31**	24,712.31
Total financial assets	24,712.31	0.00	0.00	0.00	**24,712.31**	0.00	0.00	0.00	0.00	**0.00**	0.00	**24,712.31**	24,712.31
Total fixed assets	78,485,378.76	33,164,366.00	174,527.72	0.00	**111,474,530.96**	423,363.66	74,845,657.78	4,684.26	0.00	**75,264,337.18**	0.00	**36,210,193.78**	78,061,329.02

NOTES AS OF 31/03/2021

Research and development expenditure

The development expenditure incurred in the financial year was capitalised. It concerns the internally generated intangible assets described in the following. In the financial year, no research costs incurred.

Internally generated intangible assets

Expenses for internally generated intangible assets were capitalised at manufacturing costs. The manufacturing costs amount to a total of EUR 101,966,600.24 (prior year: EUR 72,621,475.96).

Due to a permanent impairment within the sense of Sec. 253 (3) sentence 5 HGB as of reporting date, a extraordinary amortization of internally generated intangible assets in the amount of EUR 74,600,00.00 was recognised.

As of reporting date, capitalised internally generated intangible assets therefore amount to EUR 27,366,600.24 (prior year: EUR 72,621,475.96).

Other liabilities - Customer advances

Repayable contributions by customers are recognised as other liabilities. The contributions do not constitute advances within the sense of German Commercial Law as they do not relate to a binding order. Advances made amount to a total of EUR 1,479,269.13 (prior year: EUR 3,183,177.83). Other liabilities include liabilities to affiliated companies in the amount of EUR 509,966.00 (prior year: EUR 0.00).

Share capital

The Company's share capital registered in the Commercial Register as of 31/03/2021 amounts to EUR 119,475,000.00.

The share capital paid but not yet registered in the Commercial Register amounts to EUR 10,825,062.00.

Authorized capital

The nominal amount of the authorised capital (resolutions of general meeting on 07/07/2020 with addendum dated 08/07/2020) is EUR 37,299,938.00. The authorised capital may be used until 06/11/2025 by issuance of new shares once or multiple times up to the nominal amount.

After partial use, the authorised capital amounts to EUR 19,324,938.00. In the financial year, the management requested an additional EUR 3,324,938.00 of this amount which was not yet paid as of reporting date.

Amount not available for distribution

The total amount not available for distribution in accordance with Sec. 268 (8) HGB is EUR 27,366,600.24.

In detail, the total amount is divided as follows:

Total amount not available for distribution	**EUR**
Capitalisation of internally generated intangible fixed assets	27,366,600.24
Capitalisation of deferred taxes	9,024,136.43
less deferred tax liabilities	(9,024,136.43)
Total amount	**27,366,600.24**

Notes on provisions

Other provisions amount to a total of EUR 2,308,237.78 (prior year: EUR 4,226,028.21). They mainly include provisions for outstanding invoices and provisions for personnel.

Remaining maturities

Payables due within one year amount to EUR 12,048,469.92 (prior year: EUR 19,724,162.49). Trade receivables and other assets have a remaining maturity of up to one year EUR 1,555,940.16, (prior year: EUR 1,474,242.13).

Deferred taxes

Deferred taxes are a result of the following differences:

Deferred taxes for Germany are recorded at a tax rate of 32.975 %. As of end of the financial year, deferred tax assets amounted to EUR 8,884,101.57 (prior year: EUR 28,863,741.94) and are a result of loss carryforwards. As of end of the financial year, deferred tax liabilities amounted to EUR 9,024,136.43 (prior year: EUR 23,422,156.42) and are a result of capitalised development costs.

Deferred taxes for Italy are recorded at a tax rate of 24.00 % for the Italy branch. Deferred tax liabilities for Italy amounted to EUR 0.00 (prior year: EUR 12,942.19). The deferred taxes of the prior year were the result of capitalised development costs. Due to the depreciation of capitalised development costs, no deferred tax liabilities are recorded in the financial year for the branch. Deferred tax assets for Italy in the amount of EUR 140,034.86 (prior year: EUR 0.00) relate to provisions for bonuses.

The decrease in deferred tax liabilities is due to the extraordinary impairment of internally generated intangible assets. Tax income for the financial year from the release of deferred tax liabilities amounts to EUR 14,410,962.18.

The decrease in deferred tax assets is due to the fact that the loss carryforwards can only be used in part in the next five years. Tax expenses for the financial year from the reversal of deferred tax assets amount to EUR 19,839,605.51.

Notes to the income statement

Notes on income and expenses in exceptional amounts or of exceptional significance

Expenses in exceptional amounts or of exceptional significant within the meaning of

Sec. 285 No. 31 HGB include in detail:

- Advertising costs of different service providers in the amount of EUR 824,469.17 (prior year: EUR 1,565,560.73)
- Event expenses in the amount of EUR 797,323.41 (prior year: EUR 4,632,367.98).
- External services in the amount of EUR 713,468.80 (prior year: EUR 2,656,546.24)
- Impairment of internally generated intangible assets in the amount of EUR 74,600,000.00 (prior year: EUR 0.00)
- Other own work capitalised is recorded in the amount of EUR 3,989,679.00 (prior year: EUR 4,405,848.00)

Income from currency translation is recorded in the statement of profit and loss under “Other operating income” in the amount of EUR 75,831.82 (prior year: EUR 52,509.46). Expenses from currency translation are recorded separately under “Other operating expenses” in the amount of EUR 37,779.27 (prior year: EUR 84,586.22).

Other information

Average number of staff employed in the financial year

The average number of staff employed by the company during the financial year was 108.50 (prior year: 68.75).

	2021	2020
DESIGN & ENIGNEERING	**77.75**	35.75
OTHER DEPARTMENTS	**30.75**	33.00
Total	**108.50**	68.75

Other financial obligations

Other financial obligations within the meaning of Section 285 no. 3a HGB result from leasing contracts in the amount of EUR 61,798.29 and rent payments from long-term contracts in the amount of EUR 216,705.31.

Names of the managing directors

In the past financial year, the Company's business was managed by:

Managing director: Svantesson, Per Erland, CEO *19/05/1960

NOTES AS OF 31/03/2021

In accordance with Sec. 286 (4) HGB, the Company did not disclose the information pursuant to section 285 no. 9 characters a) and b) HGB.

Information on shareholding in other companies of at least 20 percent of the shares

In accordance with Sec. 285 No. 11 HGB, the following companies are included:

Company name/ place of business	Share	Profit or loss	Equity
		EUR	EUR
Automobili Pininfarina Americas Inc., Delaware	100 %	539.61	5,560.77

Group affiliation

Automobili Pininfarina GmbH prepares consolidated financial statements for the smallest group of companies.

Mahindra & Mahindra Limited prepares consolidated financial statements for the largest group of companies.

Proposal / resolution on the appropriation of profits

In accordance with the shareholders, the Company proposes the following appropriation of profits:

The net loss for the financial year amounts to EUR 95,181,146.41. It is carried forward to the next year.

Signature of management

Munich, 26th April 2021 Per Svantesson

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Automobili Pininfarina Americas Inc.

We have audited the accompanying balance sheets of Automobili Pininfarina Americas Inc. ('the Company') as at March 31, 2021 and March 31, 2020 and the related statements of profit (loss), changes in stockholder's equity, the cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as of March 31, 2021 and March 31, 2020 and the results of its operations and the cash flow for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

KNAV P.A.

Atlanta, Georgia

April 15, 2021

BALANCE SHEETS

(All amounts are stated in United States Dollars unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	**11,710**	22,620
Receivable from related party *(refer note F)*	**599,960**	–
Total current assets	**611,670**	22,620
Total assets	**611,670**	22,620
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Advance from customer *(refer note F)*	**599,960**	–
Other current liabilities	**5,820**	17,360
Total current liabilities	**605,780**	17,360
Total liabilities	**605,780**	17,360
Stockholder's equity		
Common stock (Authorized, 2,000 common shares of $25 par value; issued and outstanding 1,040 common shares of $ 25 par value)	**26,000**	26,000
Accumulated deficit	**(20,110)**	(20,740)
Total stockholder's equity	**5,890**	5,260
Total liabilities and stockholder's equity	**611,670**	22,620

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF PROFIT (LOSS)

(All amounts are stated in United States Dollars unless otherwise stated)

	For the year ended	
	March 31, 2021	March 31, 2020
Cost and expenses		
Selling, general and administrative expenses	**11,265**	20,740
Total costs and expenses	**11,265**	20,740
Other income		
Provision no longer required *(Refer note C)*	**(13,875)**	–
Profit/(loss) before tax	**2,610**	(20,740)
Income tax expense	**1,980**	–
Net profit/(loss)	**630**	(20,740)

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CASH FLOWS

(All amounts are stated in United States Dollars unless otherwise stated)

	For the year ended	
	March 31, 2021	March 31, 2020
Cash flow from operating activities		
Net Profit/(loss)	**630**	(20,740)
Changes in operating assets and liabilities		
Other current liabilities	**(11,540)**	17,360
Net cash used in operating activities	**(10,910)**	(3,380)
Cash flow from financing activities		
Issuance of common stock	**–**	26,000
Net cash provided by financing activities	**–**	26,000
Net (decrease) increase in cash and cash equivalents	**(10,910)**	22,620
Cash and cash equivalents at the beginning of the year	**22,620**	–
Cash and cash equivalents at the end of the year	**11,710**	22,620
Supplemental cash flow information		
Income taxes paid	**800**	–

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF STOCKHOLDER'S EQUITY

For the years ended March 31, 2021 and March 31, 2020

(All amounts are stated in United States Dollars except number of shares)

Particulars	Common stock					
	Authorized		Issued & outstanding		Accumulated deficit	Total stock-holder's equity
	Shares	Value	Shares	Value		
Balance as on April 1, 2019 *(Refer Note G)*	40	1,000	–	–	–	–
Common stock authorized	1,960	49,000	–	–	–	–
Issuance of common stock			1,040	26,000	–	26,000
Net loss	–	–	–	–	(20,740)	(20,740)
Balance as at March 31, 2020	**2,000**	**50,000**	**1,040**	**26,000**	**(20,740)**	**5,260**
Balance as on April 1, 2020	**2,000**	**50,000**	**1,040**	**26,000**	**(20,740)**	**5,260**
Net Profit	–	–	–	–	630	630
Balance as at March 31, 2021	**2,000**	**50,000**	**1,040**	**26,000**	**(20,110)**	**5,890**

(The accompanying notes are an integral part of these financial statements)

Notes to Financial Statements

NOTE A – NATURE OF OPERATIONS

Automobili Pininfarina Americas Inc. (hereinafter referred to as "APA" or "the Company") was converted to a Delaware corporation on January 23, 2019 through the conversion of a Delaware Limited Liability Company, under the name of Harkey Acquisition, LLC. The Company is a wholly owned subsidiary of Automobili Pininfarina GmbH (hereinafter referred to as "the Parent Company").

The Parent Company acquired 100% membership interest of Harkey Acquisition, LLC (hereinafter referred to as "the LLC") on January 15, 2019 from Oakland Standard Co., LLC ("the Seller"). No capital contribution was made by the Seller in the LLC. Post acquisition, a plan of conversion to a Corporation was adopted and the LLC was converted and renamed as "Automobili Pininfarina Americas Inc.".

The Company is engaged directly or indirectly in designing, developing, manufacturing, selling, distributing, servicing and promoting automobiles globally (including electric vehicles) and spare parts as well as all activites in connection thereto.

The Company is in the start-up phase and is yet to start revenue generating activities. The Parent Company plans to manufacture and distribute, directly or indirectly, to retail customers, a luxury vehicle known as the Battista. Distribution in the United states will be through the Company. In lieu of the above the Company entered into a contract with a buyer/customer pursuant to which the Company will sell to the buyer, a Batistta built to standard specifications, with special customizations ordered by the buyer.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are detailed below:

1. *Basis of preparation*

   a) The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America ('US GAAP') to reflect the financial position, results of operations and cash flows of the Company.

   b) The financial statements are for the year April 1, 2020 to March 31, 2021 and April 1, 2019 to March 31, 2020. All amounts are stated in US Dollars, unless specified otherwise. The LLC and the Company did not conduct any business operations between September 25, 2017, the date the LLC was first formed and March 31, 2019. The Company opened a banking account on June 17, 2019.

2. *Use of estimates*

   The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management's estimates for realization of deferred tax assets and accruals at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revision in accounting estimates are recognized prospectively in the current and future periods.

3. *Cash and cash equivalents*

   Cash equivalents consist of highly liquid investments with a maturity of three months or less on the date of purchase. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to $ 250,000 for each insured bank for each account per depositor.

4. *Leases*

   Lease rent expenses on operating leases are charged to expense over the lease term. Certain operating lease agreements may provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

5. *Income taxes*

   In accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized.

   The Company has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2015-17 Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes. The guidance requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as non-current on the

Notes to Financial Statements

statement of financial position. The guidance however does not change the existing guidance that prohibits offsetting deferred tax liabilities from one jurisdiction against deferred tax assets of another jurisdiction.

6. *Fair value measurements and financial instruments*

   Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, which are directly related to the amount of subjectivity, associated with the inputs to the valuation of these assets or liabilities are as follows:

   Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

   Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

   Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

   This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

   The Company's financial instruments consist of cash and cash equivalents and other current liabilities. The estimated fair value of cash and cash equivalents and other current liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments is held for trading purposes.

7. *Commitments and contingencies*

   Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

8. *Recently issued and adopted accounting standards*

   In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230) - Classification of Certain Cash Receipts and Cash Payments. The new guidance applies to all entities that are required to present a statement of cash flows under Topic 230 and addresses specific cash flow items to provide clarification and reduce the diversity in presentation of these items. The guidance is effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption is permitted. The ASU 2016-15 is effective for the Company beginning April 1, 2019.

9. *Recently issued accounting standard not yet adopted*

   In February 2016, the FASB issued ASU No. 2016-02, Leases. Under the new guidance, lessees are required to recognize a right-of-use asset and a lease liability on the balance sheet for all leases, other than those that meet the definition of a short-term lease. This update will establish a lease asset and lease liability by lessees for those leases classified as operating under current GAAP. Leases will be classified as either operating or finance under the new guidance. Operating leases will result in straight-line expense in the income statement, similar to current operating leases, and finance leases will result in more expense being recognized in the earlier years of the lease term, similar to current capital leases. This ASU is effective for the Company beginning January 1, 2021. The Company is currently evaluating the impact of this standard on its financial statements.

NOTE C – COMMITMENTS AND CONTINGENCIES

Premises

On July 31, 2019, the Company entered into a sub-lease arrangement with Issimi Inc. (hereinafter referred to as "Sub-lessor"). The lease arrangement consisted of approximately 600 square feet of warehouse space and 210 square feet of office space for a period of 2 years commencing from October 1, 2019. In accordance with the agreement, the Company shall share all the common area operating expenses with the Sub-lessor in addition to the lease rentals of $ 2,025 per month. The lease rentals for the year ended March 31, 2020 amounted to $ 12,150. The common area operating expenses for the year ended March 31, 2020 amounted to $ 1,725.

On October 1, 2020, the agreement was terminated with the Sub-lessor and accordingly, the provisions pertaining to the lease obligations and related payments amounting to $ 13,875 were reversed during the year.

NOTE D – OTHER CURRENT LIABILITIES

Other current liabilities include the following:

	As at March 31, 2021	As at March 31, 2020
Accrued rent *(Refer note C)*	**–**	13,875
Professional fees	**4,150**	3,000
Accured taxes	**1,180**	–
Bank service fees	**490**	485
Total	**5,820**	17,360

Notes to Financial Statements

NOTE E – INCOME TAXES

For the year ended March 31, 2021, the Company will file federal and state tax returns as per regulations applicable to Chapter C corporations in the United States.

The components of the provision for income taxes are as follows:

	Year ended March 31, 2021	Year ended March 31, 2020
Current taxes		
Federal tax	**380**	–
State	**1,600**	–
Provision for income taxes	**1,980**	–

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. No deferred tax assets were recorded as at March 31, 2021 and March 31, 2020.

Accounting for uncertain tax position

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at March 31, 2021 and March 31, 2020.

The tax years of 2018 and 2019 remain subject to examination by the taxing authorities.

NOTE F – RELATED PARTY TRANSACTION

Automobili Pininfarina GmbH- Parent Company

Pursuant to the agreement dated March 23, 2021 between the Company and the buyer, the Company will sell a luxury vehicle Batistta to the buyer. The vehicle will be manufactured by the Parent Company and sold to the Company. The Company in turn will sell the vehicle to the buyer through a dealer. Prior to the aforesaid arrangement the customer paid an advance directly to the Parent Company in the year 2019 amounting to $ 599,960 which is recorded as advance from customer as liability, thereby creating corresponding asset as receivable from related party outstanding as of March 31, 2021.

NOTE G – COMMON STOCK

Common stock authorized, issued and outstanding

The authorized share capital of the Company consists of 2,000 common shares of par value $ 25 each as at March 31, 2021.

At March 31, 2020 the Company had issued 1,040 common shares of par value $ 25 each. On January 23, 2019, the Parent Company subscribed to 40 common shares of the Company. The subscription amount of $ 1,000 towards these common shares was paid by the Parent Company on August 28, 2019 on issuance of the share certificate. On September 30, 2019, the Parent Company subscribed and paid $ 25,000 for the issuance of remaining 1,000 common shares of the Company.

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

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

NOTE H – FAIR VALUE MEASUREMENT

Financial assets and liabilities held by the Company are not measured at fair value on a recurring basis but are recorded at amounts that approximate fair value due to their liquid or short-term nature.

NOTE I – RISK AND UNCERTAINTIES

The Company has evaluated the possible effect of COVID – 19 on the financial statement of the Company and believes that the current COVID-19 scenario is not/will not materially impact the Company for the year ended on March 31, 2021. The Company will continue to monitor developments to identify significant uncertainties surrounding COVID-19 and its impact on performance of the Company for future periods.

NOTE J – SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2021 through April 15, 2021, the date the financial statements are issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF

MAHINDRA BANGLADESH PVT. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mahindra Bangladesh Pvt. Ltd.** ("the Company"), which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

(a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and

(c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

M Mehedi Hasan, Partner, Enrolment number: 1000
Rahman Rahman Huq, Chartered Accountants
Firm Registration Number: [N/A]
Dhaka,
DVC: 2105041000AS703012

STATEMENT OF FINANCIAL POSITION

In Taka	Note	31 March 2021	31 March 2020
ASSETS			
Advances, deposits and prepayments	12	**–**	**170,000**
Non-current assets		**–**	**170,000**
Inventories	10	**–**	**4,910,435**
Other receivables	11	**16,471,558**	**290,244**
Cash and cash equivalents	13	**25,615,074**	**35,485,153**
Current assets		**42,086,632**	**40,685,832**
Total assets		**42,086,632**	**40,855,832**
Equity			
Share capital	14	**42,000,100**	**42,000,100**
Accumulated loss	15	**(5,050,461)**	**(2,745,737)**
Total equity		**36,949,639**	**39,254,363**
Liabilities			
Non-current liabilities		**–**	**–**
Current tax liabilities	9(C)	**1,570,930**	**–**
Trade and other payables	16	**28,474**	**312,556**
Provision for expenses	17	**3,537,589**	**1,288,913**
Current liabilities		**5,136,993**	**1,601,469**
Total liabilities		**5,136,993**	**1,601,469**
Total equity and liabilities		**42,086,632**	**40,855,832**

The notes on pages herein are an integral part of these financial statements.

Arvind Mathew
Director

Nikhil Sohoni
Director

As per our report of same date.

Auditor

M Mehedi Hasan, Partner
Enrolment number: 1000
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: [N/A]

Dhaka

DVC: 2105041000AS703012

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In Taka	**Note**	**For the year ended 31 March 2021**	**For the period from 12 September 2019 to 31 March 2020**
Revenue	5	**5,355,000**	**2,808,778**
Cost of sales	6	**(4,942,182)**	**(2,463,426)**
Gross profit		**412,818**	**345,352**
Other income	8	**679,786**	**–**
Administrative expenses	7	**(1,693,392)**	**(2,752,193)**
Profit/(loss) before tax		**(600,788)**	**(2,406,841)**
Income tax expense	9	**(1,703,936)**	**(338,896)**
Profit/(loss) for the period		**(2,304,724)**	**(2,745,737)**
Other comprehensive income		**–**	**–**
Other comprehensive income for the year/ period		**–**	**–**
Total comprehensive income (loss) for the year/ period		**(2,304,724)**	**(2,745,737)**
Earnings per share			
Basic earnings per share	18(A)	**(5.49)**	**(6.54)**
Diluted earnings per share	18(B)	**(5.49)**	**(6.54)**

The notes on pages herein are an integral part of these financial statements.

Arvind Mathew
Director

Nikhil Sohoni
Director

As per our report of same date.

Auditor

M Mehedi Hasan, Partner
Enrolment number: 1000
Rahman Rahman Huq
Chartered Accountants
KPMG in Bangladesh
Firm Registration Number: [N/A]

Dhaka

DVC: 2105041000AS703012

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to owners of the Company		
In Taka	**Share capital**	**Retained earnings (Accumulated losses)**	**Total equity**
Balance at 12 September 2019	**2,000,100**	**–**	2,000,100
Total comprehensive income for the period			
Profit/(loss) for the period	**–**	**(2,745,737)**	**(2,745,737)**
Other comprehensive income for the period	**–**	**–**	**–**
Total comprehensive income (loss) for the period	**–**	**(2,745,737)**	**(2,745,737)**
Transaction with owners of the Company			
Contributions and distributions			
Issue of ordinary shares	**40,000,000**	**–**	**40,000,000**
Total contribution and distributions	**40,000,000**	**–**	**40,000,000**
Total transactions with owners of the Company	**40,000,000**	**–**	**40,000,000**
Balance at 31 March 2020	**42,000,100**	**(2,745,737)**	**39,254,363**
Balance at 1 April 2020	**42,000,100**	**(2,745,737)**	39,254,363
Total comprehensive income for the year			
Profit/(loss) for the year	**–**	**(2,304,724)**	**(2,304,724)**
Other comprehensive income for the year	**–**	**–**	**–**
Total comprehensive income (loss) for the year	**–**	**(2,304,724)**	**(2,304,724)**
Transaction with owners of the Company			
Contributions and distributions			
Issue of ordinary shares	**–**	**–**	**–**
Total contribution and distributions	**–**	**–**	**–**
Total transactions with owners of the Company	**–**	**–**	**–**
Balance at 31 March 2021	**42,000,100**	**(5,050,461)**	**36,949,639**

The notes on pages herein are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

In Taka	Note	For the year ended 31 March 2021	For the period from 12 September 2019 to 31 March 2020
Cash flows from operating activities			
Profit/(loss) for the year/ period		**(2,304,724)**	**(2,745,737)**
Adjustments for:			
– Income tax expense	9	**1,703,936**	**338,896**
Changes in:			
– Inventories	10	**4,910,435**	**(4,910,435)**
– Other receivables	11	**(16,181,314)**	**(290,244)**
– Advances, deposits and prepayments	12	**170,000**	**(170,000)**
– Trade and other payables	16	**(284,082)**	**312,556**
– Provision for expenses	17	**2,248,676**	**1,288,913**
Cash generated from operating activities		**(9,737,073)**	**(6,176,051)**
Income tax paid	9(C)	**(133,006)**	**(338,896)**
Net cash used in operating activities		**(9,870,079)**	**(6,514,947)**
Cash flows from investing activities			
Acquisition of property, plant and equipment		**–**	**–**
Net cash from investing activities		**–**	**–**
Cash flows from financing activities		**–**	**42,000,100**
Net cash from financing activities		**–**	**42,000,100**
Net increase/(decrease) in cash and cash equivalents		**(9,870,079)**	**35,485,153**
Cash and cash equivalents at the beginning of year/ period		**35,485,153**	**–**
Cash and cash equivalents at the ending of year/ period	13	**25,615,074**	**35,485,153**

The notes on pages herein are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

Mahindra Bangladesh Pvt. Ltd. ("the Company") was incorporated as a private limited Company on 12 September 2019 under the Companies Act, 1994. It is a subsidiary of Mahindra & Mahindra Ltd, a Company registered in India. The registered office of the company is at 4th Floor, Taj Casilina, SW (1) 4, 25 Gulshan Avenue Dhaka - 1212 Bangladesh.

The principal activities of the Company are to carry on the businesses of trading, distributing, supplying, storing, exporting, importing, servicing, repairing, manufacturing, developing, assembling, leasing, selling on hire-purchase or instalment systems, research & development, of all kinds of passenger, transportation and utility vehicles including but not limited to tankers, tractors, agricultural machinery, multi-utility vehicles, trailers, lorries, trucks, buses, motor cars, motor cycles, three-wheelers or other motor vehicles of all kinds and descriptions.

2. Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). They were authorised for issue by the Company's board of directors on 29 April 2021.

The title and format of financial statements follow the requirements of IFRSs which are to some extent different from the requirement of Companies Act 1994. However, such differences are not material and, IFRSs format as mentioned in IAS 1 gives a better presentation to the shareholders.

Details of the company's accounting policies are included in Notes 24, 25 and 28.

3. Functional and presentation currency

These financial statements are presented in Bangladesh Taka (Taka/Tk), which is the company's functional currency. All amounts have been rounded to the nearest taka, unless otherwise indicated.

4. Use of estimates and judgments

In preparing financial statements, management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. However, no material revisions to accounting estimates took place during the reporting period.

A. Judgements

Management has made no such judgement in applying accounting policies that have significant effects on the amounts recognised in the financial statements of this period.

B. Assumptions and estimation uncertainties

No significant assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2021 made by management of the Company.

5. Revenue

See accounting policies in note 25(A)

In Taka	2021	2020
Gross Sales	**5,622,750**	3,230,095
Value Added Tax (VAT)	**(267,750)**	(421,317)
	5,355,000	2,808,778

6. Cost of sales

In Taka	Note	2021	2020
Opening stock in trade		**4,910,435**	–
Purchase of stock in trade		**–**	7,373,861
Closing stock in trade		**–**	(4,910,435)
Warehouse expenses	6(A)	**31,747**	
		4,942,182	2,463,426

A. Warehouse expenses

In Taka	2021	2020
Fuel expenses	**1,369**	–
Security guard bill	**30,378**	–
	31,747	–

7. Administrative expenses

In Taka	Note	2021	2020
Bank charges		**48,825**	17,130
Salary and allowance of expatriate employees		**–**	879,653
Salary and allowance of local employees		**–**	322,580
Rent expenses		**–**	505,621
Professional fees	7(A)	**1,560,802**	1,015,738
Membership fees		**35,842**	11,472
Renewal of registration expenses		**47,923**	–
		1,693,392	2,752,193

The Company has entered into an intercompany administrative expenses chargeback agreement effective from 1 April 2020 to 31 August 2021 with Bangladesh Liaison Office of Mahindra and Mahindra Limited (M&M), in order to charge back certain administrative expenses incurred by the Company on behalf of M&M, to facilitate business of M&M in Bangladesh. During FY 2020-2021, the Company raised debit notes on M&M to take reimbursement of actual administrative expenses incurred by the Company on behalf of M&M. The recovery of expenses incurred 'on behalf of' does not have any element of mark-up. The same does not fall within the ambit of revenue under IFRS 15. Hence, the charge back of the expenses has been netted off against respective heads of expenses.

A. Professional fees

In Taka	2021	2020
Audit fee	**171,063**	171,063
Tax services	**931,400**	810,175
Other consulting fees	**458,339**	34,500
	1,560,802	1,015,738

8. Other income

In Taka	2021	2020
Interest on Fixed Deposit Receipt (FDR)	**679,786**	–
	679,786	–

9. Income tax expenses

See accounting policies in note 25(D)

NOTES TO THE FINANCIAL STATEMENTS

A. Amount recognised in profit or loss

In Taka	2021	2020
Current tax expense		
Current year	**1,636,100**	338,896
Adjustment for prior year	**67,836**	–
	1,703,936	338,896
Deferred tax expense (income)		
Origination from temporary differences	**–**	–
	–	–
Tax expense	**1,703,936**	338,896

B. Reconciliation of effective tax rate

In Taka	2021	2021	2020	2020
Profit/(loss) before tax		**(600,788)**		(2,406,841)
Applicable tax rate		**32.50%**		35.00%
Income tax using applicable tax rate		**–**		–
Tax using the Company's applicable tax rate				
Minimum tax: Business income	**(5.35)%**	**32,130**	(14.08)%	338,896
Tax on other income	**(36.77)%**	**220,931**		–
Tax on inadmissible expenses as per 30B	**(230.20)%**	**1,383,039**		–
Changes in estimates related to prior years	**(11.29)%**	**67,836**		–
Tax expense	**(283.62)%**	**1,703,936**	(14.08)%	338,896

C. Current tax liabilities (assets)

In Taka	Note	2021	2020
Provision for income tax	9(C)i	**2,042,832**	338,896
Advance income tax	9(C)ii	**(471,902)**	(338,896)
		1,570,930	–

i. Provision for income tax

In Taka	Note	2021	2020
Opening balance		**338,896**	–
Provision made during the year	9(A)	**1,636,100**	338,896
		1,974,996	338,896
Adjustment for prior years		**67,836**	–
Closing balance		**2,042,832**	**338,896**

ii. Advance income tax

In Taka	2021	2020
Opening balance	**338,896**	–
Paid during the year	**133,006**	338,896
Closing balance	**471,902**	338,896

10. Inventories

See accounting policies in note 25(E)

In Taka	2021	2020
Stock in trade	**–**	4,910,435
	–	4,910,435

11. Other receivables

See accounting policies in note 25(F)

In Taka	2021	2020
Intercompany receivable	**16,443,476**	–
Interest on Fixed Deposit Receipt (FDR) receivables	**28,082**	–
VAT receivables	**–**	290,244
	16,471,558	290,244

12. Advances, deposits and prepayments

In Taka	2021	2020
Deposits		
Deposit for house rent of expatriate employees	**–**	170,000
	–	170,000

13. Cash and cash equivalents

See accounting policies in note 25(F)

In Taka	Note	2021	2020
Cash at bank	13(A)	**25,615,074**	35,485,153
		25,615,074	35,485,153

A. Cash at bank

In Taka	Note	2021	2020
Citibank, N.A.		**5,345,074**	35,485,153
Fixed Deposit with State Bank of India	13(B)	**20,270,000**	–
		25,615,074	35,485,153

NOTES TO THE FINANCIAL STATEMENTS

B. Fixed Deposit with State Bank of India

In Taka	2021	2020
FDR -SBI-0001	**5,067,500**	–
FDR -SBI-0002	**5,067,500**	–
FDR -SBI-0003	**5,067,500**	–
FDR -SBI-0005	**5,067,500**	–
	20,270,000	–

14. Share capital

See accounting policies in note 25(H)

In Taka	% of holding	2021	2020
Authorised:			
5,000,000 ordinary shares of Tk 100 each		**500,000,000**	500,000,000
Issued, subscribed and paid up:			
4,20,001 ordinary shares of Tk 100 each		**42,000,100**	42,000,100

Status of shareholdings:

		Number of shares	
Mahindra & Mahindra Ltd.	**99.9998%**	**420,000**	420,000
Sanjay Jadhav	**0.00024%**	**1**	1
	100%	**420,001**	420,001

15. Accumulated loss

In Taka	2021	2020
Opening balance	**(2,745,737)**	–
Profit/(loss) for the year/ period	**(2,304,724)**	(2,745,737)
	(5,050,461)	(2,745,737)

16. Trade and other payables

See accounting policies in note 25(F)

In Taka	Note	2021	2020
Trade payables	16(A)	**–**	85,915
Other payables	16(B)	**28,474**	226,641
		28,474	312,556

A. Trade payables

In Taka	2021	2020
Payable to C&F Agent	**–**	85,915
	–	85,915

B. Other payables

In Taka	2021	2020
Withholding tax	**24,349**	226,641
VAT payables	**4,125**	–
	28,474	226,641

17. Provision for expenses

See accounting policies in note 25(G)

In Taka	2021	2020
Salary of expatriate	**–**	393,000
Professional fees	**3,452,589**	895,913
House Rent	**85,000**	–
	3,537,589	1,288,913

18. Earnings per share

A. Basic earnings per share

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

i. Profit (loss) attributable to ordinary shareholders (basic)

In Taka	Note	2021	2020
Net profit (loss) after tax for the year/ period		**(2,304,724)**	(2,745,737)
Profit (loss) attributable to ordinary shareholders		**(2,304,724)**	(2,745,737)

ii. Weighted-average number of ordinary shares (basic)

In Taka	Note	2021	2020
Issued ordinary shares at 31 March	14	**420,001**	420,001
Weighted-average number of ordinary shares at 31 March		**420,001**	420,001
Basic earnings per share (BEPS)		**(5.49)**	(6.54)

B. Diluted earnings per share

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

i. Profit (loss) attributable to ordinary shareholders (basic)

In Taka	Note	2021	2020
Net profit (loss) after tax for the year/ period		**(2,304,724)**	(2,745,737)
Profit (loss) attributable to ordinary shareholders		**(2,304,724)**	(2,745,737)

ii. Weighted-average number of ordinary shares (diluted)

In Taka	Note	2021	2020
Issued ordinary shares at 31 March	14	**420,001**	420,001
Weighted-average number of ordinary shares at 31 March		**420,001**	420,001
Diluted earnings per share (DEPS)		**(5.49)**	(6.54)

NOTES TO THE FINANCIAL STATEMENTS

19. Financial instruments - Fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount						
In Taka	**Note**	**Fair value - hedging instruments**	**Mandatorily at FVTPL - Others**	**FVOCI - debt instruments**	**FVOCI - equity instruments**	**Financial assets at amortised cost**	**Other financial liabilities**	**Total**
31 March 2021								
Financial assets measured at fair value								
Other receivables	**11**	**–**	**–**	**–**	**–**	**16,471,558**	**–**	**16,471,558**
Cash and cash equivalents	**13**	**–**	**–**	**–**	**–**	**25,615,074**	**–**	**25,615,074**
		–	**–**	**–**	**–**	**42,086,632**	**–**	**42,086,632**
Financial liabilities not measured at fair value								
Trade payables	**16(A)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
		–	**–**	**–**	**–**	**–**	**–**	**–**
31 March 2020								
Financial assets not measured at fair value								
Other receivables	11	–	–	–	–	–	–	–
Cash and cash equivalents	13	–	–	–	–	35,485,153	–	35,485,153
		–	–	–	–	35,485,153	–	35,485,153
Financial liabilities not measured at fair value								
Trade payables	16(A)	–	–	–	–	–	85,915	85,915
		–	–	–	–	–	85,915	85,915

B. Financial risk management

The Company has exposure to the following risks arising from financial instrument:

- Credit risks (See (B)(ii))
- Liquidity risks (See (B)(iii))
- Market risks (See (B)(iv))

i. Risk management framework

A risk management framework is the structured process used to identify potential threats to the company and to define the strategy for eliminating or minimising the impact of these risks, as well as the mechanisms to effectively monitor and evaluate this strategy. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

ii. Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from its customers and investments in bank deposits.

The maximum exposure to credit risk (note (a)) is represented by the carrying amount of each financial asset in the statement of financial position.

(a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

Financial assets

In Taka	**Note**	**2021**	2020
Intercompany receivable	11	**16,443,476**	–
Interest on Fixed Deposit Receipt (FDR) receivables	11	**28,082**	–
Cash at bank	13	**25,615,074**	35,485,153
		42,086,632	35,485,153

(b) Ageing of financial assets

In Taka	**Note**	**2021**	2020
Intercompany receivable	11	**16,443,476**	–
Interest on Fixed Deposit Receipt (FDR) receivables	11	**28,082**	–
		16,471,558	–

The ageing of intercompany receivable and interest on Fixed Deposit Receipt (FDR) receivables at 31 March is zero to thirty days.

(c) Impairment losses

There is no impairment loss to be recognised on the any financial assets during the year.

iii. Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

NOTES TO THE FINANCIAL STATEMENTS

Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of the financial obligation and accordingly arranging for sufficient liquidity/ fund to make the expected payment within due date.

The followings are the contractual maturities of non-derivative financial liabilities:

				Contractual cash flows				
In Taka	**Note**	**Carrying amount**	**Total**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
At 31 March 2021								
Trade payables	16(A)	–	–	–	–	–	–	–
		–	–	–	–	–	–	–

				Contractual cash flows				
In Taka	**Note**	**Carrying amount**	**Total**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
At 31 March 2020								
Trade payables	16(A)	85,915	85,915	85,915	–	–	–	–
		85,915	85,915	85,915	–	–	–	–

iv. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

iv(a) Currency risk

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated. The company's foreign currency transactions are denominated in USD.

20. Commitments

There is no outstanding commitments as at 31 March 2021 for the Company.

21. Contingencies

There is no contingent liabilities as at 31 March 2021 for the Company.

22. Related party disclosures

During the year, the Company carried out transactions with related parties in the normal course of business. The name of the related party and nature of the transactions have been set out below in accordance with the provisions of IAS 24 Related party disclosures.

			Transaction values for the year ended 31 March		Balance outstanding as at 31 January	
In Taka	**Country**	**Relationship**	**2021**	**2020**	**2021**	2020
Administrative expenses chargeback						
Mahindra & Mahindra Ltd.	India	Parent company	**16,443,476**	**–**	**16,443,476**	–
Purchase of goods						
Mahindra & Mahindra Ltd.	India	Parent company		**6,644,364**		
			16,443,476	**6,644,364**	**16,443,476**	–

NOTES TO THE FINANCIAL STATEMENTS

23. Number of employees

The number of employees engaged for the whole year/ period or part thereof who received a total remuneration of Taka 36,000 and above was 6 (2020: 6).

24. Basis of measurement

These financial statements have been prepared on accrual basis following going concern concept under historical cost convention.

25. Significant accounting policies

The Company has applied the following accounting policies to be presented in these financial statements.

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow.

A. Revenue from contract with customer

General information

The Company recognises as revenue the amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services when (or as) it transfers control to the customer. To achieve that core principle, the Company follows the five-step model as below :

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Considering the five steps model, the Company recognises revenue when (or as) the Company satisfies a performance obligation by transferring a promised good to a customer. Goods is considered as transfer when (or as) the customer obtains control of that goods. Then the Company recognises the net revenue from sale of goods in its financial statement.

Net Revenue is defined as the amount invoiced to external customers during the year and comprises, as required by IFRS 15, gross sales net of trade spend, customer allowances for credit notes, returns and consumer coupons. The methodology and assumptions used to estimate credit notes, returns and consumer coupons are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Value-added tax and other sales taxes are also excluded from revenue.

Certain recovery of costs incurred on behalf of M&M Liaison office has been netted off against administrative expenses. The same does not fall within the ambit of revenue under IFRS 15.

Methods of revenue recognition

Sale of goods

The Company recognizes revenue from sale of goods upon satisfaction of performance obligation which is at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Depending on the terms of the contract, which differs from contract to contract, the goods are sold on a reasonable credit term. As per the terms of the contract, consideration that is variable, according to IFRS 15, is estimated at contract inception and updated thereafter at each reporting date or until crystallisation of the amount.

Sale of services

Sale of services are recognised on satisfaction of performance obligation towards rendering of such services.

B. Foreign currency

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Foreign currency differences are generally recognised in profit or loss and presented other expense.

C. Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

D. Income tax

Income tax expenses comprises current and deferred tax. It is recognised in profit or loss except to the extent that its relates to an item recognised directly in equity or in other comprehensive income (OCI).

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

a) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that effects neither accounting nor taxable profit or loss.

b) Temporary differences related to investment in subsidiaries and joint arrangements to the extent that it is probable that they will not reverse in the foreseeable future, and

c) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are

NOTES TO THE FINANCIAL STATEMENTS

reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it becomes probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the consequences that would follow from the manner in which the Company expects, at reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

E. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the above and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost to completion and selling expenses.

F. Financial instruments

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

a. Financial assets

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

Financial assets comprise trade and other receivables, cash and cash equivalents.

i. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and all cash deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

ii. Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Bad debts are written off on consideration of the status of individual debtors.

b. Financial liabilities

Financial liability includes trade and other payables.

i. Trade and other payables

The Company recognises financial liabilities when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

G. Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditures expected to be required to settle the obligation.

H. Share capital

Only ordinary shares are classified as equity. Incremental cost directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Holders of ordinary shares are entitled to receive dividends as declared by the Company.

I. Reporting period

The financial period covers one year from 1 April to 31 March (2021) and for the comparative 12 September to 31 March (2020) as it was the first period.

J. Going concern

The financial statements of the Company are prepared on a going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon Company's ability to continue as a going concern.

K. Contingencies

i. Contingent liability

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liability should not be recognised in the financial statements, but may require disclosure. A provision should be recognised in the period in which the recognition criteria of provision have been met.

ii. Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset must not be recognised. Only when the realisation of the related economic benefits is virtually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

L. Statement of cash flows

Cash flows from operating activities are presented under indirect method as per IAS 7: *Statement of Cash Flows*.

On 11 March 2020, COVID-19 has been declared a pandemic by the World Health Organization. Subsequent The global economy is still going through the outbreak of coronavirus disease (COVID-19). Likewise many countries of the world, in recent weeks, Bangladesh Government has enacted protection measures against the outbreak of COVID-19, with a significant impact on the daily life, production and supply chain of goods. The evolution of COVID-19 as well as its impact on the global economy, and more specifically, on the Company's activities, is hard to estimate at this stage. The Company is monitoring the situation to ensure the safety of its staff as well as to adapt its services and operations.

There is no any other significant events after balance sheet date that may affect financial statements of the Company for the year ended 31 March 2021.

NOTES TO THE FINANCIAL STATEMENTS

27. Comparative information

The Company has been incorporated at 12 September 2019. Therefore, the comparative is the first year of the financial statements which is from 12 September 2019 to 31 March 2020. The comparative has been presented consistently.

28. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

A. Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Company has no such onerous contract.

B. Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

– changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and

– hedge accounting.

i. Change in basis for determining cash flows

The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

ii. Hedge accounting

The amendments provide exceptions to the hedge accounting requirements. The Company has no such hedging item, so the changes requirements are not applicable for the entity.

iii. Disclosure

The amendments will require the Company to disclose additional information about the entity's exposure to risks arising from interest rate benchmark reform and related risk management activities.

iv. Transition

The entity plans to apply the amendments from 1 April 2021. Application will not impact amounts reported for 2020.

C. Other standards

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

– COVID-19-Related Rent Concessions (Amendment to IFRS 16).b

– Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

– Reference to Conceptual Framework (Amendments to IFRS 3).

– Classification of Liabilities as Current or Non-current (Amendments to IAS 1).

– IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.

INDEPENDENT AUDITORS' REPORT

To

The Members of

GROMAX AGRI EQUIPMENT LIMITED

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Gromax Agri Equipment Limited** ("the Company"), which comprise the Balance Sheet as at March 31 2021, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the Financial Statements").

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

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Information Other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report and the related annexures, but does not include the Financial Statements and our Auditors' Report thereon.

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

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

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

Responsibilities of management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Financial Statements

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

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

We also:

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this report are in agreement with the relevant books of account.
   (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls with reference to the Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to the Financial Statements.

(g) The Company has not paid any remuneration to managerial personnel as defined in the Act. Accordingly, the provisions of Section 197 of the Act related to the managerial remuneration are not applicable. Also refer paragraph (xi) of Annexure B to the Independent Auditors' Report.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company does not have any pending litigations which would impact its financial position;

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B.K. Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Himanshu Goradia
Partner
Membership No. 045668
UDIN: 21045668AAAAEA6179

Place: Mumbai
Date: April 23, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of sub section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **Gromax Agri Equipment Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

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

For B.K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Himanshu Goradia
Partner
Membership No. 045668
UDIN: 21045668AAAAEA6179

Place: Mumbai
Date: April 23, 2021

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

i. (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Company has a regular program for physical verification of its property, plant and equipment by which the property, plant and equipment are verified by the management according to a phased program designed to cover all the items over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment. In accordance with the program, the Company has physically verified certain property, plant and equipment during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.

ii. According to the information and explanations given to us, the inventory comprising of raw materials, work-in-progress and finished goods has been physically verified at reasonable intervals by the management during the year. In our opinion, coverage and procedure of such verification is appropriate and no material discrepancies for each class of inventory were noticed on such verification between the physical inventory and the book records. We have relied on confirmations and representations from third parties in case of inventory lying in their locations, wherever applicable.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting under Clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.

iv. According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

vi. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed statutory dues payable in respect of Sales tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax.

According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no arrears of undisputed statutory dues in respect of Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues as on the last day of the year for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no statutory dues in respect of Goods and Services Tax, Sales tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax as at March 31, 2021, which have not been deposited with the appropriate authorities on account of any dispute. The statutory dues in respect of Income-tax as at March 31, 2021, which have not been deposited with the appropriate authorities on account of a dispute, are as under:

Name of the statute	Nature of the dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax	66.73	Assessment Year 2014-2015	Commissioner of Income Tax (Appeals)

viii. According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has neither taken any loans or borrowings from financial institutions and Government nor issued any debentures.

ix. According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the reporting under Clause 3(ix) of the Order is not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

xi. According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act. Accordingly, the reporting under Clause 3(xi) of the Order is not applicable to the Company. Also refer paragraph 2(g) of Independent Auditors' Report.

xii. According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting under Clause 3(xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi) of the Order is not applicable to the Company.

For B.K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Himanshu Goradia
Partner
Membership No. 045668
UDIN: 21045668AAAAEA6179

Place: Mumbai
Date: April 23, 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

	Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	3	**1,974.81**	1,940.55
	(b) Capital Work-in-Progress		**14.70**	–
	(c) Other Intangible Assets	4	**8.36**	–
	(d) Financial Assets			
	(i) Investments	5	**–**	–
	(ii) Loans	7	**153.08**	106.70
	(e) Non-Current Tax Assets (Net)	9	**89.15**	104.44
	(f) Other Non-current Assets	10	**–**	1.29
	SUB-TOTAL		**2,240.10**	2,152.98
	CURRENT ASSETS			
	(a) Inventories	11	**2,032.40**	2,547.63
	(b) Financial Assets			
	(i) Trade Receivables	6	**2,668.72**	3,977.64
	(ii) Cash and Cash Equivalents	12a	**0.77**	1.30
	(iii) Other Bank Balances	12b	**120.22**	353.90
	(iv) Loans	7	**63.97**	56.10
	(v) Other Financial Assets	8	**6.89**	5.12
	(c) Current Tax Assets (Net)	9	**–**	–
	(d) Other Current Assets	10	**1,728.60**	1,694.06
	SUB-TOTAL		**6,621.57**	8,635.75
	TOTAL ASSETS		**8,861.67**	10,788.73
II	**EQUITY AND LIABILITIES**			
	EQUITY			
	(a) Equity Share Capital	13	**5,430.20**	5,430.20
	(b) Other Equity	14	**(3,127.47)**	(3,047.89)
	SUB-TOTAL		**2,302.73**	2,382.31
	LIABILITIES			
	NON-CURRENT LIABILITIES			
	(a) Provisions	17	**162.32**	191.09
	(b) Financial Liabilities			
	(i) Borrowings	19	**5.37**	1.63
	(ii) Other Financial Liabilities	16	**56.87**	213.35
	(c) Non-Current Tax Liabilities (Net)	9	**–**	–
	SUB-TOTAL		**224.56**	406.07
	CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Borrowings	19	**166.92**	1,217.36
	(ii) Trade Payables	15		
	– Total outstanding dues of micro and small enterprises		**79.80**	47.90
	– Total outstanding dues of creditors other than micro and small enterprises		**3,596.40**	4,580.14
	(iii) Other Financial Liabilities	16	**2,342.59**	1,971.25
	(b) Provisions	17	**105.69**	142.62
	(c) Current Tax Liabilities	9	**–**	–
	(d) Other Current Liabilities	18	**42.99**	41.08
	SUB-TOTAL		**6,334.39**	8,000.35
	TOTAL LIABILITIES		**8,861.67**	10,788.73
Summary of Significant Accounting Policies		1 and 2		

In terms of our report attached
For **B.K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Himanshu Goradia
Partner
Membership No. 045668
Place : Mumbai
Date : 23rd April 2021

For and on behalf of the Board of Directors

Harish Namdeo Chavan DIN: 06890989 — Director
Harishkumar Prakashchandra Gupta DIN: 08400763 — Director
Manish Arora — Manager
Avdhesh Rathi — Chief Financial Officer
Sumeet Maheshwari — Company Secretary

Place : Mumbai
Date : 23rd April 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

	Particulars	Note No.	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
I	**Revenue from operations**	20	**14,754.91**	13,694.15
II	**Other Income**	21	**154.18**	280.00
III	**Total Revenue (I + II)**		**14,909.09**	13,974.15
IV	**EXPENSES**			
	(a) Cost of materials consumed	22(a)	**9,617.90**	9,805.61
	(b) Purchases of Stock-in-trade		**458.75**	268.79
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22(b)	**685.31**	(282.28)
	(d) Employee benefits expense	23	**1,449.68**	1,346.30
	(e) Finance costs	24	**90.64**	142.83
	(f) Depreciation and amortisation expense	3 and 4	**229.72**	210.13
	(g) Other expenses	25	**2,435.18**	2,702.14
	Total Expenses (IV)		**14,967.17**	14,193.52
	Profit/(loss) before exceptional items and tax (III - IV)		**(58.08)**	(219.37)
	Exceptional Items		**–**	–
V	**Profit/(loss) before tax**		**(58.08)**	(219.37)
VI	**Tax Expense**			
	(1) Current tax under MAT	9	**26.55**	–
	(2) Deferred tax	9	**–**	–
	Less: MAT Credit entitlement		**8.24**	–
	Total tax expense		**18.31**	–
VII	**Profit/(loss) after tax (V - VI)**		**(76.39)**	(219.37)
VIII	**Other comprehensive income**			
	a. Will not be reclassified subsequently to profit or loss			
	Actuarial Gain/(Loss) of as per Actuarial valuation		**(3.20)**	1.61
	b. Will be reclassified subsequently to profit or loss when specific conditions are met		**–**	–
IX	**Total comprehensive income for the period (VII + VIII)**		**(79.59)**	(217.76)
X	**Earnings/(loss) per equity share**			
	(1) Basic	27	**(0.14)**	(0.40)
	(2) Diluted	27	**(0.14)**	(0.40)
	Summary of Significant Accounting Policies	1 and 2		

In terms of our report attached
For **B.K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Himanshu Goradia
Partner
Membership No. 045668
Place : Mumbai
Date : 23rd April 2021

For and on behalf of the Board of Directors

Harish Namdeo Chavan DIN: 06890989 — Director
Harishkumar Prakashchandra Gupta DIN: 08400763 — Director
Manish Arora — Manager
Avdhesh Rathi — Chief Financial Officer
Sumeet Maheshwari — Company Secretary

Place : Mumbai
Date : 23rd April 2021

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

	Particulars	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
I	**Cash flows from operating activities**		
	Profit / (loss) before tax for the year and OCI	**(61.28)**	(217.76)
	Finance costs	**86.52**	139.90
	(Gain)/loss on disposal of property, plant and equipment	**(2.24)**	3.80
	Depreciation and amortisation expense	**229.72**	210.13
	Provision for doubtful debts and advances	**624.79**	677.00
	Write back of credit balances	**(74.44)**	(199.73)
	GL balances written back	**–**	(1.84)
	Stale cheques written back	**–**	(1.05)
		803.07	610.45
	Movements in working capital:		
	(Increase)/decrease in trade and other receivables	**594.88**	(665.12)
	(Increase)/decrease in inventories	**515.23**	9.62
	(Decrease)/increase in liabilities	**(765.08)**	(347.39)
	Cash generated from/(used in) operations	**1,148.10**	(392.44)
	Income taxes refunded/(paid)	**15.30**	(74.94)
	Net cash from/(used in) operating activities	**1,163.40**	(467.38)
II	**Cash flows from investing activities**		
	Payments for property, plant and equipment	**(287.55)**	(237.00)
	Proceeds from disposal of property, plant and equipment	**6.89**	(0.01)
	Net cash used in investing activities	**(280.66)**	(237.01)
III	**Cash flows from financing activities**		
	Proceeding from borrowings	**(1,050.44)**	335.06
	Repayment of borrowings	**(1.63)**	
	Repayment of Lease Liability	**(20.86)**	(21.46)
	Interest paid	**(44.02)**	(97.40)
	Net cash (used in)/from financing activities	**(1,116.95)**	216.20
IV	**Net decrease in cash and cash equivalents**	**(234.21)**	(488.19)
	Cash and cash equivalents at the beginning of the year	**355.20**	843.39
	Effects of exchange rate changes on the balance of cash held in foreign currencies	**–**	–
V	**Cash and cash equivalents at the end of the year**	**121.00**	355.20

Note:
The Cash and Cash Equivalents consist of cash on hand, cheques on hand and bank balances.

In terms of our report attached
For **B.K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Himanshu Goradia
Partner
Membership No. 045668
Place : Mumbai
Date : 23rd April 2021

For and on behalf of the Board of Directors

Harish Namdeo Chavan DIN: 06890989 — Director
Harishkumar Prakashchandra Gupta DIN: 08400763 — Director
Manish Arora — Manager
Avdhesh Rathi — Chief Financial Officer
Sumeet Maheshwari — Company Secretary

Place : Mumbai
Date : 23rd April 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

Note Nos. 1 and 2 : Summary of Significant Accounting Policies

1. Corporate Information

"Gujarat Tractor Corporation Limited (GTCL) a Public Limited Company domiciled in India and incorporated on 31st March, 1978 under the provisions of the Companies Act, 1956 (CIN : U34100GJ1978PLC003127) and a Government of Gujarat Undertaking. As a part of Disinvestment by Government of Gujarat, the Mahindra & Mahindra Limited. acquired 60% stake in Equity Shares of the Company in 1999-2000. The name of the Company changed to Mahindra Gujarat Tractor Limited (MGTL / the Company) in the year 2000. The name of company further changed to Gromax Agri Equipment Limited with effect from 24th August, 2017.

Currently Mahindra Group holds 60% and Government of Gujarat holds 40% Equity in the Company. The Company is mainly engaged in the Manufacture and Sale of Tractors under the brand name "Shaktimaan"", ""Hindustan"", ""Farm Plus"", "Trakstar" and spares of the same. The Company carries out its business activities in India and Nepal. The Factory and Registered Office of the Company is located at Vishwamitri, Vadodara, Gujarat and Sales and Distribution Offices and Yards in major States of India."

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements have been prepared taking into consideration all material aspects with Indian Accounting Standards (Ind-AS) notified under section 133 of the Companies Act, 2013 (the "Act") [Companies (Indian Accounting Standards) Rules, 2015,as amended] and the other relevant provisions of the Act.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the value paid for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

The financial statements have been prepared on historical convention except Defined benefit plans.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

2.3 Revenue recognition

The Company has applied Ind AS 115 – 'Revenue from Contracts with customers' ("hereinafter referred to as Ind AS 115"), using modified retrospective approach for the purpose of transition. The application of Ind AS 115 did not have any material impact on the financial results of the Company.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Upon satisfaction of performance obligation which is at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Depending on the terms of the contract, which differs from contract to contract, the goods are sold on a reasonable credit term. The Revenue is excluding taxes and after deducting various Dealer Incentives and Discounts.

2.3.1. Sale of goods

1) Timing of recognition- Sales are recognized when control parameters as laid down in IND AS 115 are satisfied. Control means customer has accepted the product, legal title has been transferred, transfer of significant risk and rewards, right to receive the payment and transfer of physical possession. Sales are recognised at a point in time based on the revenue recognition standard.

2) Measurement of revenue:-

A) Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product.

B) Any change resulting in increase or decrease in estimated revenue or cost are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by Management.

C) Transaction price is the amount of consideration expected to be entitled to in exchange for transferring of goods and services excluding the amount collected from third party.

D) Revenue from sales is based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases

2.3.2 Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

2.3.3 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

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

2.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.5 Employee benefits

2.5.1 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.5.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.5.3 Contributions from employees or third parties to defined benefit plans

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).

If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Company reduces service cost by attributing the contributions to periods of service using the attribution method required by Ind AS 19.70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Company reduces service cost in the period in which the related service is rendered / reduces service cost by attributing contributions to the employees' periods of service in accordance with Ind AS 19.70.

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.6.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.6.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.6.4 Minimum Alternate Tax

Minimum alternate tax is recognised only when and to the extent there is convincing evidence that Company will pay normal Income-Tax during the specified period. The carrying amount of MAT Credit asset is reviewed at each Balance Sheet date.

2.7 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under lease are depreciated over the lease term of the ROU (Right of use).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

On transition to Ind AS, the company has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment which will be depreciated over its remaining useful life.

2.7.1 Useful lives of tangible assets

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as prescribed in Part C of Schedule II of the Companies Act, 2013

Particulars	Life (Years)
Building -Non Factory	60
Building - Factory	30
Plant & Machineries, Jig& Fixtures and Pattern & Moulds	15
Furniture & Fixtures, Electrical Installation	10
Motor Vehicles- Cars & Tractors	8
Computer-Servers and Network	6
Office Equipment	5
Computer-End-use devices (Desktop, Laptop, Printer etc.)	3
Assets Value < Rs.5000	1

2.8 Intangible assets

2.8.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Under IND AS First time adoption Exemptions company has adopted historical cost as carrying amount for various tangible assets

2.8.2 Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.8.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Particulars	Life (Years)
Development Expenditure	5
Software	3

2.9 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost of raw material and traded goods comprises of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of Inventories also include all other cost incurred in bringing the inventories to their present location and condition. Cost of purchase inventory are determined after deducting rebates and discounts.

2.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are not recognised for future operating losses.

2.11.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.11.2 Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Company's obligation.

2.11.3 Contingent liabilities acquired in a business combination

A disclosure for a contingent liability is made where there is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

2.12 Financial instruments

Financial assets and financial liabilities are recognised when a entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.12.1 Cash and cash equivalents:-

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

2.13 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.13.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

2.13.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

2.13.3 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.13.4 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.14 Financial Liabilities

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.14.1 Classification of financial liabilities

The company classifies all financial liabilities as subsequently measured at amortised cost.

2.14.2 Initial recignition of financial liabilities

Financial liabilities are carried at amortised cost using the effective interest method.

2.14.3 Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification (Refer Note 29)

2.15 Leases

The Company has applied IND AS 116 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

2.15.1 Initial Recognition:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to April 1, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

2.15.2 Company as a lessee:

Leases, other than short term lease and low value assets, of property, plant and equipment are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.16 EPS

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all years presented for any share splits and bonus shares issues including for changes effected prior to the authorization for issue of the financial statements by the Board of Directors.

2.17 Cash flow statement

The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

2.18 Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

2.19 Current v/s Non-Current classification:-

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

a) Expected to be realized or intended to be sold or consumed in normal operating cycle

b) Held primarily for the purpose of trading

c) Expected to be realized within twelve months after the reporting period, or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

a) It is expected to be settled in normal operating cycle

b) It is held primarily for the purpose of trading

c) It is due to be settled within twelve months after the reporting period, or

d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

The Company has identified twelve months as its operating cycle for the purpose of current and non-current classification of assets and liabilities

2.20 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2.1 to 2.18, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Detailed information about each of these estimates and judgements included in relevant notes together with information about the basis of calculation of each different line item in the financial statements.

Areas involving judgements and estimations:

1) Provision for warranty and service coupon

2) Provision for ECL

3) Provision for Employee Benefits

Statement of changes in Equity for the year ended 31st March 2021

All amounts are in Rupees Lakhs unless otherwise stated

A. Equity share capital

Particulars	**Amount**
As at 1st April, 2019	**5,430.20**
Changes in equity share capital during the year	–
As at 31st March, 2020	**5,430.20**
Changes in equity share capital during the year	–
As at 31st March, 2021	**5,430.20**

Note:

During the Financial Year 2016-2017, Company has raised fund through right issue of equity shares 3,90,00,000 of Rs. 10 each to existing equity shareholders in their shareholding ratio.

Utilisation of proceeds from right equity issue:

Particulars	**FY 2016-17**	**FY 2017-18**	**FY 2018-19**	**FY 2019-20**	**FY 2020-21**
Capex (on the basis of actual outflow)	615.96	545.17	385.33	274.38	287.55
Repayment of shareholders' loan	1,749.00	–	–	–	–
Total	**2,364.96**	**545.17**	**385.33**	**274.38**	**287.55**

Balance amount of Rs 42.61 lakhs has been invested in fixed deposit. Refer Note No. 12(b).

B. Other Equity

	Reserves and Surplus		
Particulars	**Capital Reserve**	**Retained Earnings**	**Total**
As at 1st April, 2019	**217.13**	**(3,047.26)**	**(2,830.13)**
Profit / (Loss) for the year	–	(219.37)	**(219.37)**
Other Comprehensive Income / (Loss)	–	1.61	**1.61**
Total Comprehensive Income/ (Loss) for the year	–	(217.76)	**(217.76)**
Any other changes	–	–	**–**
As at 31st March, 2020	**217.13**	**(3,265.02)**	**(3,047.89)**
Profit / (Loss) for the year	–	(76.39)	**(76.39)**
Other Comprehensive Income / (Loss)	–	(3.20)	**(3.20)**
Total Comprehensive Income/ (Loss) for the year	–	(79.59)	**(79.59)**
Any other changes	–	–	**–**
As at 31st March, 2021	**217.13**	**(3,344.60)**	**(3,127.47)**

Note No. 3 - Property, Plant and Equipment

	Particulars	**As at 31st March, 2021**	As at 31st March, 2020
a.	Property, plant and equipment owned	**1,964.48**	1,916.05
b.	Right of use assets	**10.33**	24.50
		1,974.81	1,940.55

a. Property, plant and equipment owned

	Description of Assets	**Land - Freehold**	**Buildings - Freehold**	**Plant and Equipment**	**Office Equipment**	**Furniture and Fixtures**	**Vehicles**	**Total**
I.	**Gross Carrying Amount**							
	Balance as at 1 April 2020	1.03	508.67	2,132.43	69.99	80.50	125.29	2,917.90
	Additions	–	36.08	114.07	6.20	0.96	105.84	263.15
	Disposals		–	–	–	–	(4.78)	(4.78)
	Balance as at 31st March 2021	**1.03**	**544.74**	**2,246.50**	**76.19**	**81.46**	**226.35**	**3,176.27**
II.	**Accumulated depreciation and impairment**							
	Balance as at 1 April 2020	–	115.27	755.27	48.76	32.72	49.84	1,001.87
	Depreciation expense for the year		21.30	155.86	7.56	7.38	17.96	210.06
	Eliminated on disposal of assets	–	–	–	–	–	(0.14)	(0.14)
	Balance as at 31st March 2021	**–**	**136.57**	**911.13**	**56.32**	**40.10**	**67.67**	**1,211.79**
III.	**Net carrying amount (I-II)**	**1.03**	**408.17**	**1,335.37**	**19.87**	**41.36**	**158.68**	**1,964.48**

	Description of Assets	**Land - Freehold**	**Buildings - Freehold**	**Plant and Equipment**	**Office Equipment**	**Furniture and Fixtures**	**Vehicles**	**Total**
I.	**Gross Carrying Amount**							
	Balance as at 1 April 2019	1.03	497.19	1,676.05	72.17	81.24	130.11	**2,457.79**
	Additions	–	12.66	505.41	1.84	–	–	**519.91**
	Disposals	–	(1.18)	(49.03)	(4.02)	(0.74)	(4.82)	**(59.79)**
	Balance as at 31st March, 2020	**1.03**	**508.67**	**2,132.43**	**69.99**	**80.50**	**125.29**	**2,917.91**
II.	**Accumulated depreciation and impairment**							
	Balance as at 1 April 2019	–	99.36	660.63	44.04	25.81	40.97	**870.81**
	Depreciation expense for the year	–	16.58	141.00	8.51	7.50	13.46	**187.05**
	Eliminated on disposal of assets	–	(0.67)	(46.36)	(3.79)	(0.59)	(4.59)	**(56.00)**
	Balance as at 31st March, 2020	**–**	**115.27**	**755.27**	**48.76**	**32.72**	**49.84**	**1,001.86**
III.	**Net carrying amount (I-II)**	**1.03**	**393.40**	**1,377.16**	**21.23**	**47.78**	**75.45**	**1,916.05**

b. Right of use assets

Description of Assets	**Buildings-Leasehold**	Total
I. Gross Carrying Amount		
Balance as at 1 April 2020	**47.57**	47.57
Additions	**–**	–
Deletions	**34.80**	34.80
Balance as at 31 March 2021	**12.77**	12.77
II. Accumulated depreciation and impairment		
Balance as at 1 April 2020	**23.07**	23.07
Additions	**18.31**	18.31
Deletions	**38.94**	38.94
Balance as at 31 March 2021	**2.44**	2.44
III. Net carrying amount (I-II)	**10.33**	10.33

Description of Assets	**Buildings-Leasehold**	Total
I. Gross Carrying Amount		
Recognised on initial application of Ind AS 116 as at 1 April 2019	**47.57**	47.57
Additions	**–**	–
Deletions	**–**	–
Balance as at 31 March 2020	**47.57**	47.57
II. Accumulated depreciation and impairment		
Recognised on initial application of Ind AS 116 as at 1 April 2019	**23.07**	23.07
Additions	**–**	–
Deletions	**–**	–
Balance as at 31 March 2020	**23.07**	23.07
III. Net carrying amount (I-II)	**24.50**	24.50

Notes:

Property, plant and equipment comprise of owned and leased assets that do not meet the definition of Investment property.

Impairment losses not recognised in the year:

During the year ended on 31 March 2021, there were no impairment indicators. Hence, impairment loss has not been recognised.

Depreciation Method and Useful Life

The depreciation methods used and the useful lives or the depreciation rates used are mentioned in Note on Significant Accounting Policies.

Tangible Asset given to Co-operative Society on Hire Purchase

Certain fixed assets were transferred to various Industrial Co-operative Societies on hire purchase basis, had been reduced from the Gross Block of Fixed Assets of the Company in the year of actual transactions in past, but they still remain the property of this Company till the last instalment is paid.

Secured Loans repayable on demand from Bank

Cash Credit facilities from Banks are secured by hypothecation of entire current assets, present and future, and first charge over movable machinery.

The leases that the Company has entered with lessors towards properties used as sales offices are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

Note No. 4 - Other Intangible Assets

	Description of Assets	Development Expenditure	Computer Software	Total
I.	**Gross Carrying Amount**			
	Balance as at 1st April, 2020	–	47.87	47.87
	Additions from acquisitions	–	9.70	9.70
	Eliminated from Books of Accounts (Refer Note)	–	–	–
	Balance as at 31st March, 2021	**–**	**57.57**	**57.57**
II.	**Accumulated depreciation and impairment**			
	Balance as at 1st April, 2020	–	47.86	47.86
	Amortisation expense for the year	–	1.35	1.35
	Eliminated from Books of Accounts (Refer Note)	–	–	–
	Balance as at 31st March, 2021	**–**	**49.21**	**49.21**
III.	**Net carrying amount (I-II)**	**–**	**8.36**	**8.36**

	Description of Assets	Development Expenditure	Computer Software	Total
I.	**Gross Carrying Amount**			
	Balance as at 1st April, 2019	55.51	47.87	**103.38**
	Additions from acquisitions	–	–	–
	Eliminated from Books of Accounts (Refer Note)	(55.51)	–	(55.51)
	Balance as at 31st March, 2020	–	47.87	47.87
II.	**Accumulated depreciation and impairment**			
	Balance as at 1st April, 2019	55.51	47.86	103.37
	Amortisation expense for the year	–	0.01	0.01
	Eliminated from Books of Accounts (Refer Note)	(55.51)	–	(55.51)
	Balance as at 31st March, 2020	–	47.87	47.87
III.	**Net carrying amount (I-II)**	–	–	–

Note:

The asset is already amortised fully over the years . Elimination from Intangible asset when useful life is over.

Note No. 5 - Investments (Non-Current)

	As at 31st March, 2021		As at 31st March, 2020	
Particular	**QTY**	**Amount Rs.**	QTY	Amount Rs.
Investments Carried at:				
Designated as Fair Value Through Profit and Loss				
I. Unquoted Investments (all fully paid)				
Other Non-Current Investments	**–**	**4.45**	–	4.45
Total Unquoted Investments	**–**	**4.45**	–	4.45
TOTAL INVESTMENTS CARRIED AT FAIR VALUE	**–**	**4.45**	–	4.45
TOTAL INVESTMENTS	**–**	**4.45**	–	4.45
Total Impairment value for investment carried at FVTPL	**–**	**(4.45)**	–	(4.45)
TOTAL INVESTMENTS CARRYING VALUE	**–**	**–**	–	–

Note:

Details of Investments in the Shares of Industrial Co-Operative Societies within Gromax Premises

Sr.	**Name of Industrial Co-Operative Societies**	**% of Holding of Company**	**No. of shares held by Company**	**As at 31st March, 2021**	As at 31st March, 2020
1	Pragati Industrial Co-operative Society Limited	41.61%	228	1.14	1.14
2	Sarvoday Industrial Co-operative Society Limited	40.00%	140	0.70	0.70
3	Parishram Industrial Co-operative Society Limited	37.93%	154	0.77	0.77
4	Adarsh Industrial Co-operative Society Limited	36.84%	140	0.70	0.70
5	Akshay Industrial Co-operative Society Limited	40.04%	227	1.14	1.14
	TOTAL			**4.45**	4.45

Note No. 6 - Trade receivables

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade receivables		
1) Secured, considered good	**562.24**	652.52
2) Unsecured, considered good	**2,106.48**	3,325.12
3) Which have significant increase in Credit Risk	**–**	71.32
4) Credit impaired	**1,066.02**	821.00
Less: Allowance for expected credit loss	**(1,066.02)**	(892.32)
TOTAL	**2,668.72**	3,977.64

Note:

The Company has Bank Guarantees as security as on 31 March 2021: INR 359.10 Lakhs, (31 March 2020: INR. 490.40 Lakhs), where appropriate, as a means of mitigating the risk of financial loss from defaults. Other than these, the Company also has Security Deposits of various dealers as necessary amount, classified under Note No. 16.

Note No. 7 - Loans

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non-Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current
a) Security Deposits				
Utility Deposits and others	**2.07**	**108.02**	4.47	106.70
Total (a)	**2.07**	**108.02**	4.47	106.70
b) Other Loans				
Other Advances	**54.10**	**45.06**	37.45	–
Advances to Employees	**7.80**	**–**	14.18	–
Total (b)	**61.90**	**45.06**	51.63	–
Grand total	**63.97**	**153.08**	56.10	106.70

Note No. 8 - Other Financial assets - Current

Particulars	As at 31st March, 2021	As at 31st March, 2020
Interest accrued on Deposits	**0.64**	3.12
Other Receivables	**6.25**	2.00
Total	**6.89**	5.12

Note No. 9 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	As at 31st March, 2021	As at 31st March, 2020
Advance Payment of Income Tax	**490.00**	478.74
Provisions for Income Tax	**(400.85)**	(374.30)
Total	**89.15**	104.44

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current Tax:		
In respect of current year	**18.31**	–
In respect of prior years	**–**	–
Total income tax expense on continuing operations	**18.31**	–

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Profit before tax from continuing operations and OCI	**(61.28)**	(217.76)
Income tax expense calculated at 27.82% (Previous year - 26%)	**(17.05)**	(56.62)
Effect of expenses that is non-deductible in determining taxable profit	**11.84**	12.28
Effect of Expenses on which deferred tax asset is not created	**47.68**	68.40
Effect of current year losses for which no deferred tax asset is recognised	**0**	(24.06)
Others	**(24.17)**	
Income tax expense recognised In profit or loss from continuing operations	**18.31**	(0.00)

The tax rate used for 31 March 2021 and 31 March 2020 reconciliations above is the corporate tax rate of 27.82% and 26% respectively payable by the Company on taxable profit under Indian Income Tax Laws.

(c) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred Tax Asset (DTA)		
Gratuity and Leave Encashment	**57.09**	35.27
Provision for Doubtful Debts and Advances	**185.06**	242.92
Unabsorbed Depreciation [As per IT Return for the Financial Year 2019-2020]	**24.17**	27.09
Current Tax Loss	**–**	13.33
	266.32	318.62
Deferred Tax Liability (DTL)		
Depreciation	**(205.66)**	(202.88)
Bonus	**(0.40)**	(2.88)
	(206.06)	(205.76)
Total DTA/(DTL)	**60.26**	112.85

Note No. 10 - Other assets

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non-Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current
1 Capital advances				
(i) For Capital work in progress	**–**	**–**	–	1.29
2 Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	**1,710.77**	**–**	1,680.12	–
(ii) Prepaid Expenses	**17.83**	**–**	13.94	–
Total	**1,728.60**	**–**	1,694.06	1.29

Note:

Details of Balances with Government Authorities (other than Income Tax) by Category

	Particulars	As at 31st March, 2021	As at 31st March, 2020
1	Balances with VAT/GST Authorities	**1,710.77**	1,680.12
	Total	**1,710.77**	1,680.12

Note No. 11 - Inventories

	Particulars	As at 31st March, 2021	As at 31st March, 2020
1	Raw materials	**1,158.86**	989.56
2	Work-in-progress	**35.56**	40.93
3	Finished and semi-finished goods	**800.44**	1,453.16
4	Stores and spares	**–**	–
5	Loose Tools	**30.38**	29.60
6	Stock-in-trade	**7.16**	34.38
	Total Inventories (at lower of cost and net realisable value)	**2,032.40**	2,547.63

Note:

There is no inventory in transit as on 31 March 2021.

The carrying amount of inventories pledged as security for Cash Credit Facility from Bank is Rs. 2032.40 as on 31 March 2021 (31 March 2020: Rs. 2547.63).

Mode of valuation of inventories is at lower of cost and net realisable value.

Note No. 12a - Cash and cash equivalents

	Particulars	As at 31st March, 2021	As at 31st March, 2020
	Cash and cash equivalents		
1	Balances with banks	**0.08**	0.39
2	Cheques, drafts on hand	**–**	–
3	Cash on hand	**0.69**	0.91
4	Cash Credit Account	**–**	–
	Total Cash and cash equivalents	**0.77**	1.30

Note No. 12b - Other Bank Balances

	Particulars	As at 31st March, 2021	As at 31st March, 2020
	Other Bank Balances		
1	Balances with Banks:		
	(i) On Margin Accounts	**18.65**	352.47
	(ii) Fixed Deposits with maturity greater than 3 months	**101.57**	1.43
	Total Other Bank balances	**120.22**	353.90

Note:

Margin Money Deposits are against the Company's Cash Credit Limit, Letter of Credit and Bank Guarantee issued.

Cash and cash equivalents include cash in hand and balance in banks.

Note No. 13 - Equity Share Capital

Particulars	**As at 31st March, 2021**		As at 31st March, 2020	
	No. of shares	**Amount**	No. of shares	Amount
Authorised:				
Equity Shares of Rs. 10 each	**550,00,000**	**5,500.00**	550,00,000	5,500.00
Issued, Subscribed and Fully Paid:				
Equity Shares of Rs. 10 each	**543,01,979**	**5,430.20**	543,01,979	5,430.20
Total	**543,01,979**	**5,430.20**	543,01,979	5,430.20

Note:

(i) Issued and Subscribed Capital includes -

a. 15,00,000 Equity Shares of Rs. 10 each issued to Government of Gujarat in Financial Year 1979-1980 as fully paid up, without receiving payment in cash, being the consideration for transfer of the undertaking of Hindustan Tractors Limited to the Company.

b. 9,00,000 Equity Shares of Rs. 10 each issued to Government of Gujarat in Financial Year 1981-1982 consequent upon conversion of loan of Rs. 90,00,000 into Equity Share Capital.

c. 11,979 Equity Shares of Rs. 10 each issued to Government of Gujarat in Financial Year 1981-1982 as fully paid up, being the reimbursement of preliminary expenses incurred by them on the formation of the Company.

d. 20,90,000 Equity Shares of Rs. 10 each issued to Government of Gujarat in Financial Year 1985-1986 consequent upon conversion of loan of Rs. 2,09,00,000 into Equity Share Capital.

e. 1,08,00,000 Equity Shares of Rs. 10 each issued to Government of Gujarat in Financial Year 1992-1993 consequent upon conversion of loan of Rs. 10,80,00,000 into Equity Share Capital.

f. Out of 1,53,01,979 Equity Shares, as stated above held by the Government of Gujarat, 91,81,188 Equity Shares were divested by sale to Mahindra Group. The holding by Mahindra Group is as follows. 16,83,218 Equity Shares are held by Mahindra & Mahindra Limited, the holding Company, including 7 Equity Shares jointly with its nominees and 74,97,970 Equity shares are held by Mahindra Holdings Limited.

g. During the financial year Financial Year 2016-2017, the Company has raised fund through right issue of equity shares 3,90,00,000 of Rs. 10 each to existing equity shareholders in their shareholding ratio.

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Closing Balance
(a) Equity Shares of Rs. 10 each			
Year ended 31 March 2021			
No. of Shares	543,01,979	–	543,01,979
Amount	5,430.20	–	5,430.20
Year ended 31 March 2020			
No. of Shares	543,01,979	–	543,01,979
Amount	5,430.20	–	5,430.20

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares
As at 31st March, 2021	
Mahindra Holdings Limited, the Holding Company	**266,07,970**
Mahindra & Mahindra Limited, the Ultimate Holding Company	**59,73,218**
As at 31st March, 2020	
Mahindra Holdings Limited, the Holding Company	266,07,970
Mahindra & Mahindra Limited, the Ultimate Holding Company	59,73,218

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

Class of shares/ Name of shareholder	As at 31st March 2021 Number of shares held	% holding in that class of shares	As at 31st March 2020 Number of shares held	% holding in that class of shares
Equity Shares of Rs. 10 each				
Mahindra Holdings Limited, the Holding Company	**266,07,970**	**49%**	266,07,970	49%
Mahindra & Mahindra Limited, the Ultimate Holding Company	**59,73,218**	**11%**	59,73,218	11%
Government of Gujarat	**217,20,791**	**40%**	217,20,791	40%

Preference Share Capital

Particulars	As at 31st March 2021 No. of shares	Amount	As at 31st March 2020 No. of shares	Amount
Authorised:				
8.5% Cumulative Redeemable Preference Shares of Rs. 10 each	**50,00,000**	**500.00**	50,00,000	500.00
Issued, Subscribed and Fully Paid:				
8.5% Cumulative Redeemable Preference Shares of Rs. 10 each	**50,00,000**	**500.00**	50,00,000	500.00
Total	**50,00,000**	**500.00**	50,00,000	500.00

As per IND AS preference share capital is excluded from Share Capital of the Company and disclosed as Other Financial Liability as "Unpaid Matured Preference Shares.

Note No. 14 - Other Equity

Particulars	As at 31st March, 2021	As at 31st March, 2020
Capital Reserve	217.13	217.13
Retained Earning	(3,344.60)	(3,265.02)
Total	**(3,127.47)**	(3,047.89)

Movement in Reserves

Particulars	As at 31st March, 2021	As at 31st March, 2020
(I) Capital Reserve		
Balance as at the beginning of the year	**217.13**	217.13
Add / Less: Additions/ Utilised during the year	**–**	–
Balance as at the end of the year	**217.13**	217.13
(II) Retained Earnings		
Balance as at the beginning of the year	**(3,265.02)**	(3,047.26)
Add :		
Profit / (Loss) for the period	**(76.39)**	(219.37)
Other Comprehensive Income / (Loss)	**(3.20)**	1.61
Balance as at the end of the year	**(3,344.60)**	(3,265.02)

Note No. 15 - Trade Payables

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade payable - Micro and small enterprises	**79.80**	47.90
Trade payable - Other than micro and small enterprises	**3,596.40**	4,580.14
Total trade payables	**3,676.20**	4,628.04

Note:

1. Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.
2. There are some Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than the stipulated period. The information regarding micro and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures required to be made as per the Micro, Small and Medium Enterprises Development Act, 2006 are as follows:

	Particulars	31st March, 2021	31st March, 2020
I.	Dues remaining unpaid		
	Principal	**–**	–
	Interest	**–**	–
II.	Interest paid in terms of Section 16 of the Act	**–**	–
III.	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**0.07**	0.94
IV.	Amount of interest accrued and remaining unpaid	**0.07**	0.94
V.	Amount of interest due and payable on previous year's outstanding amount	–	–

Note No. 16 - Other Financial Liabilities

	Particulars	As at 31st March, 2021	As at 31st March, 2020
	Other Financial Liabilities Measured at Amortised Cost		
A	**Non Current**		
1	Trade and Security Deposits	**56.87**	213.35
	Total Other Non Current Financial Liabilities	**56.87**	213.35
B	**Current**		
1	Unpaid dividends (Preference dividend, considered as interest)	**886.45**	843.95
2	Trade and Security Deposits	**332.25**	189.18
3	Unpaid matured preference shares	**500.00**	500.00
4	Other liabilities		
	a) Payables for purchase of fixed assets	**23.68**	4.31
	b) Contract Liabilities	**325.27**	226.60
	c) Dealers Incentives	**–**	–
	d) Expenses accruals	**240.62**	151.87
	e) Lease Liability	**4.96**	24.48
	f) Others	**29.36**	30.86
	Total Other Current Financial Liabilities	**2,342.59**	**1,971.25**

Note:

5,000,000 8.5% Cumulative Redeemable Preference Shares of Rs. 10 each issued solely to Government of Gujarat (GOG) as fully paid up on 23rd May, 2000 consequent upon conversion of loan of Rs. 50,000,000.

These shares were redeemable at par at the end of fours years from the date of allotment i.e. 22nd May, 2004 and the terms of the issue of the shares can be varied with the express consent of the Company and the holders of the shares at any time during the period the shares are outstanding.

The Preference Shares issued have right to receive dividend from year to year as decided by terms of Issue i.e. 8.5% per annum from the date of allotment.

The Preference share holders will not be entitled to any of the rights and privileges available to the members of the company including right to receive notice of or to attend and vote at general meeting or to receive annual reports of the company. If, however any resolution affecting the rights attached to the share is placed before the member of the Company , such resolution will first be placed before the Preference shareholders for their consideration.

Considering book losses, the Board of Directors had not declared dividend on preference share since allotment. Thus no provision was made for 8.5% dividend, amounting to Rs. 631.46 lakhs on preference shares for the period from 23rd May, 2000 (being the date of allotment) to the year ended 31st March, 2015 and additional tax thereon as per the accounting treatment under IGAAP.

Under IND AS, accrued Dividend on Preference Shares is defined as Other Current Financial Liabilities under Unpaid Dividends and are currently excluding taxes.

Note No. 17 - Provisions

	As at 31st March, 2021		As at 31st March, 2020	
Particulars	**Current**	**Non-Current**	Current	Non-Current
1. Provision for employee benefits				
a) Employee Benefits	**19.86**	**162.32**	40.66	191.09
2. Other Provisions				
a) Provision for Warranty	**52.97**	–	55.92	–
b) Provision for Service Coupon	**32.86**	–	46.04	–
Total Provisions	**105.69**	**162.32**	142.62	191.09

Note:

Movement of Warranty Provision

Provision for Warranties	**Balance at the beginning of the year**	**Provision made during the period**	**Provision used during the period**	**Provision written back during the period**	**Balance at the end of the period**
Financial Year 2020-2021	**55.92**	**26.83**	**9.99**	**19.79**	**52.97**
Financial Year 2019-2020	38.43	41.71	24.22	–	55.92

Provision for warranty has been recognised for expected warranty claims on products sold during the last two financial years. It is expected that the majority of this expenditure will be incurred in the next financial year.

Movement of Service Coupon Provision

Provision for Service Coupon	**Balance at the beginning of the year**	**Provision made during the period**	**Provision used during the period**	**Provision written back during the period**	**Balance at the end of the period**
Financial Year 2020-2021	**46.04**	**30.66**	**17.89**	**25.95**	**32.86**
Financial Year 2019-2020	83.31	47.19	21.02	63.44	46.04

Note No. 18 - Other Current Liabilities

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
1. Other Current Liabilities		
a) Statutory dues	**30.65**	27.87
b) Interest Payable	**12.34**	13.21
Total Other Liabilities	**42.99**	41.08

Note No. 19 - Borrowings

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
A. Non Current Borrowings		
1. Unsecured Borrowings		
a. Lease Liability	**5.37**	1.63
Total Non Current Borrowings	**5.37**	1.63
B. Current Borrowings		
1. Secured Borrowings		
a. Loans repayable on demand		
– From Banks	**166.92**	1,217.36
Total Current Borrowings	**166.92**	1,217.36

Note:

Secured Loans repayable on demand from Bank

Cash Credit facilities from Banks are secured by hypothecation of entire current assets, present and future, and first charge over movable machinery.

Note No. 20 – Revenue from Operations

	Particulars	**Year Ended on 31st March, 2021**	Year Ended on 31st March, 2020
1	Revenue from sale of products	**14,733.73**	13,683.64
2	Other operating revenue	**21.18**	10.51
Total Revenue from Operations		**14,754.91**	13,694.15

Note:
Breakup of Revenue into contracts entered in previous year and in current year as per IND AS 115

	Particulars	**Year Ended on 31st March, 2021**	Year Ended on 31st March, 2020
1	Revenue from PO/ contract/agreement entered into in previous year	–	–
2	Revenue from New PO/ contract/ agreement entered into in current year	14,754.91	13,694.15
Total		**14,754.91**	13,694.15

Note No. 21 – Other Income

Particulars		**Year Ended on 31st March, 2021**	Year Ended on 31st March, 2020
(a)	Interest Income		
	1. Bank Deposits	**14.57**	32.98
	2. Others	**13.51**	4.71
(b)	Royalties income	**49.42**	43.49

	Particulars	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
(c)	Profit on sale of capital assets (net of loss on assets sold)	**2.24**	(3.80)
(d)	Write back of credit balances	**74.44**	199.73
(e)	GL balances written back	–	1.84
(f)	Stale cheques written back	**–**	1.05
Total Other Income		**154.18**	280.00

Note No. 22(a) - Cost of materials consumed

Particulars	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
Opening stock	**989.57**	1,282.21
Add: Purchases	**9,787.18**	9,512.97
	10,776.76	10,795.18
Less: Closing stock	**1,158.86**	989.57
Cost of materials consumed	**9,617.90**	9,805.61

Note No. 22(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
Inventories at the end of the year:		
Finished goods	**800.44**	1,453.16
Work-in-progress	**35.56**	40.93
Stock-in-trade	**7.16**	34.38
	843.16	1,528.47
Inventories at the beginning of the year:		
Finished goods	**1,453.16**	1,058.49
Work-in-progress	**40.93**	105.76
Stock-in-trade	**34.38**	81.94
	1,528.47	1,246.19
Net (increase) / decrease	**685.31**	(282.28)

Note No. 23 - Employee Benefits Expense

	Particulars	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
1	Salaries, wages and bonus	**1,303.45**	1,183.82
2	Contribution to provident and other funds	**80.74**	81.43
3	Staff welfare expenses	**65.49**	81.05
Total Employee Benefits Expense		**1,449.68**	1,346.30

Note:

Analysis of Contribution to provident and other funds by Category

	Particulars	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
1	Contribution to Provident Fund	**71.44**	71.36
2	Contribution to Group Insurance	**9.30**	10.07
Total		**80.74**	81.43

Analysis of Staff welfare expenses by Category

	Particulars	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
1	Contribution to Employees State Insurance	**6.26**	6.58
2	Contribution to Labour Welfare Fund	**0.02**	0.02
3	Gratuity Provisions	**26.53**	24.17
4	Other Welfare Expenses	**35.88**	48.67
5	Defined Benefit Obligation Recognised as Other Comprehensive Income	**(3.20)**	1.61
Total		**65.49**	81.05

Note No. 24 – Finance Costs

	Particulars	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
1	Interest expense	**44.02**	97.40
2	Dividend on redeemable preference shares	**42.50**	42.50
3	Other borrowing costs	**4.12**	2.93
Total finance costs		**90.64**	142.83

Note:

Analysis of Interest Expenses by Category

	Particulars	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
Interest Expenses			
(a)	On Secured Borrowings - Loan from Banks	**40.96**	85.14
(b)	On Others (Including Interest unwinding on Lease Liability)	**3.06**	12.26
Total		**44.02**	97.40

Analysis of Other Borrowing Costs by Category

	Particulars	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
Other borrowing cost			
(a)	Bank Charges	**4.12**	2.93
Total		**4.12**	2.93

Note No. 25 - Other Expenses

	Particulars	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
1	Stores consumed	**18.89**	24.37
2	Tools consumed	**1.42**	2.47
3	Power and fuel	**60.11**	66.98
4	Rent including lease rentals	**13.77**	6.66
5	Rates and taxes	**15.51**	36.72
6	Insurance	**21.62**	19.35
7	Repairs and maintenance		
	– Buildings	**2.55**	3.46
	– Machinery	**16.14**	30.22
	– Others	**12.61**	13.78
8	Postage, Telephone and Communication	**14.33**	12.58

	Particulars	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
9	Legal and Professional Charges	**481.32**	377.58
10	Freight outward	**451.74**	522.05
11	Sales promotion expense	**97.59**	59.35
12	Travelling and Conveyance Expenses	**181.02**	381.65
13	Subcontracting, Hire and Service Charges	**248.77**	248.09
14	Provision for doubtful trade and other receivables, loans and advances	**624.79**	677.00
15	Auditors' remuneration	**4.35**	3.60
16	Miscellaneous expenses	**161.61**	174.52
17	Provision for warranty	**7.04**	41.71
18	Bad Debts Written off	**446.94**	311.94
	Less: Provision for Doubtful Debts written back	**(446.94)**	(311.94)
19	Bad Advances Written off	**–**	–
	Less: Provision for Doubtful Advances written back	**–**	–
Total Other Expenses		**2,435.18**	**2,702.14**

Note:

Details of Payment to Statutory Auditor for Various purpose

	Particulars	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
1	Provision for Statutory Audit Fees	**3.00**	2.75
2	Tax Audit Fees	**1.10**	0.85
3	Other Services (Certification)	**0.25**	–
Total		**4.35**	3.60

Note No. 26 - Disclosures under Ind AS 105

Particulars	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
Cash flows from Continued operations		
Net Cash inflows/outflows from operating activities	**1,163.40**	(467.38)
Net cash inflows/outflows from investing activities	**(280.66)**	(237.01)
Net cash inflows/outflows from financing activities	**(1,116.95)**	216.20
Net Cash inflows	**(234.21)**	(488.19)

Note No. 27 - Earnings/(loss) per Share

Particulars	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
Basic Earnings/(loss) per share		
From continuing operations	**(0.14)**	(0.40)
Total basic earnings/(loss) per share	**(0.14)**	(0.40)
Diluted Earnings/(loss) per share		
From continuing operations	**(0.14)**	(0.40)
Total diluted earnings/(loss) per share	**(0.14)**	(0.40)

Basic earnings/(loss) per share

The earnings/(loss) and weighted average number of ordinary shares used in the calculation of basic earnings/(loss) per share are as follows:

Particulars	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
Profit / (loss) for the year attributable to owners of the Company	**(76.39)**	(219.37)
Profit/(loss) used in the calculation of basic earnings/(loss) per share	**(76.39)**	(219.37)
Weighted average number of equity shares	**543.02**	543.02
Nominal value of Shares	**10.00**	10.00
Earnings/(loss) per share from continuing operations - Basic	**(0.14)**	(0.40)

Diluted earnings/(loss) per share

Particulars	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
Profit / (loss) for the year used in the calculation of basic earnings per share	**(76.39)**	(219.37)
Add: Interest expense and exchange fluctuation on convertible securities	**–**	–
Profit/(loss) used in the calculation of diluted earnings per share	**(76.39)**	(219.37)

The weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings/(loss) per share as follows:

Particulars	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
Weighted average number of equity shares used in the calculation of Basic EPS	**543.02**	543.02
Add:		
ESOPs	**–**	–
Convertible bonds	**–**	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**543.02**	543.02

Note:

The Company reports basic and diluted earnings/(loss) per share in accordance with Ind AS 33 on Earnings per share. Basic earnings/(loss) per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings/(loss) per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all years presented for any share splits and bonus shares issues including for changes effected prior to the authorization for issue of the financial statements by the Board of Directors.

Note No. 28 - Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio is as follows:

	As at 31st March, 2021	As at 31st March, 2020
Debt (A)	**1,553.37**	2,561.31
Equity (B)	**2,302.73**	2,382.31
Debt Ratio (A / B)	**0.67**	1.08

Categories of financial assets and financial liabilities

As at 31st March 2021

Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments	–	–	–	–
Loans	**153.08**	–	–	**153.08**
Current Assets				
Trade Receivables	**2,668.72**	–	–	**2,668.72**
Other Bank Balances	**120.99**	–	–	**120.99**
Loans	**63.97**	–	–	**63.97**
Other Financial Assets	**6.89**	–	–	**6.89**
Non-current Liabilities				
Borrowings	**5.37**	–	–	**5.37**
Other Financial Liabilities	**56.87**	–	–	**56.87**
Current Liabilities				
Borrowings	**166.92**	–	–	**166.92**
Trade Payables	**3,676.20**	–	–	**3,676.20**
Other Financial Liabilities	**2,342.59**	–	–	**2,342.59**

As at 31st March 2020

Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments	–	–	–	–
Loans	106.70	–	–	106.70
Current Assets				
Trade Receivables	3,977.64	–	–	3,977.64
Other Bank Balances	355.21	–	–	355.21
Loans	56.10	–	–	56.10
Other Financial Assets	5.12	–	–	5.12
Non-current Liabilities				
Borrowings	1.63	–	–	1.63
Other Financial Liabilities	213.35	–	–	213.35
Current Liabilities				
Borrowings	1,217.36	–	–	1,217.36
Trade Payables	4,628.04	–	–	4,628.04
Other Financial Liabilities	1,971.25	–	–	1,971.25

Financial Risk Management Framework

The Company's activities expose it to credit risk. In order to manage the aforementioned risk, the Company operates a risk management policy and a program that performs close monitoring of and responding to risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral (As on 31 March 2021: INR 359.10 Lakhs, 31 March 2020: INR 490.40 Lakhs), where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee periodically.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. In case of Exports to Nepal credit guarantee insurance cover is purchased.

In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on. As at 31 march 2021, an amount of INR 266.77 Lakhs (31 March 2020: INR 181.54 Lakhs) has been recognised as contingent.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses. The Company has taken dealer deposit and bank guarantees of Dealer which is considered as collateral and these are considered in determination of expected credit losses, where applicable.

The financial instruments of the company mainly consist of trade receivables carried at amortised cost after providing for expected credit loss based on historical credit loss experience and adjusted for forward looking information. None of the assets are marked to active market thereby relieving the company from market uncertainties arising out of COVID-19

In calculating expected credit loss, the Company has also considered other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

		As at 31st March 2021	
	Less than 6 months past due	**More than 6 months past due**	**Total**
Expected loss rate	**–**	**0.67**	**0.29**
Gross carrying amount (Unsecured)	**2,154.32**	**1,580.42**	**3,734.74**
Loss allowance provision	–	**1,066.02**	**1,066.02**

		As at 31st March 2020	
	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	–	0.45	0.18
Gross carrying amount (Unsecured)	2,884.13	1,985.83	4,869.96
Loss allowance provision	–	892.32	892.32

Reconciliation of loss allowance provision for Trade Receivables

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance as at beginning of the year	**892.32**	560.07
As per ECL in Opening Provisions	**–**	–
Impairment losses recognised in the year based on lifetime expected credit losses		
- On receivables originated in the year	**620.64**	644.20
Amounts written off during the year as uncollectible	**(446.94)**	(311.94)
Balance at end of the year	**1,066.02**	892.32

The loss allowance provision has changed during the period due to amounts written off as uncollectible.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
As at 31st March, 2021				
Non-interest bearing	**4,799.27**	–	–	–
Fixed interest rate instruments	**1,386.45**	–	–	–
Total	**6,185.72**	–	–	–
As at 31st March, 2020				
Non-interest bearing	6,472.70	–	–	–
Fixed interest rate instruments	1,343.95	–	–	–
Total	7,816.65	–	–	–

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Secured Cash Credit facility		
- Expiring within one year	**2,000.00**	2,100.00
Secured Letter of Credit facility		
- Expiring within one year	**–**	50.00
Secured Bank Guarantee facility		
- Expiring within one year	**–**	50.00
Working Capital Facilities with Bank	**2,000.00**	2,200.00
Commercial Card Facility		
Continuing Agreement till Termination	**–**	–
Credit Card Facility	**–**	–

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
As at 31st March, 2021				
Non-interest bearing	**3,013.65**	–	–	–
Total	**3,013.65**	–	–	–
As at 31st March, 2020				
Non-interest bearing	4,500.77	–	–	–
Total	4,500.77	–	–	–

(v) Unhedged Foreign Currency Exposure

Pursuant to the RBI guidelines on "Capital and Provisioning Requirements for Exposures to entities with Unhedged Foreign Currency Exposure" issued vide circular DBOD.No.BP.BC.85/21.06.200/2013-14 dated January 15, 2014, clarifications issued by RBI subsequently vide circular DBOD.No.BP.BC.116/21.06.200/2013-14 dated June 3, 2014 and RBI circular RBI/15-16/431 permitting writing of options dated June 23, 2016 The Company, as on March 31, 2021, does not have any Unhedged Foreign Currency Exposure (UFCE), as defined in the above mentioned RBI circulars. Further company does not have any foreign currency transactions during financial year 2020-21.

Note No. 29 – Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value:

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Financial assets carried at Amortised Cost:				
1) Trade and other receivables	**2,668.72**	**2,668.72**	3,977.64	3,977.64
2) Loans	**217.06**	**217.06**	162.81	162.81
3) Deposits and similar assets	**1,735.49**	**1,735.49**	1,700.48	1,700.48
Financial liabilities				
Financial liabilities held at amortised cost:				
1) Bank loans	**166.92**	**166.92**	1,217.36	1,217.36
2) Loans from Related Party	**–**	**–**	–	–

Note No. 30 - Segment information

Revenue from Major Geographic Location

Particulars	Year Ended on 31st March, 2021	Year Ended on 31st March, 2020
Revenue from India		
Revenue from External Customers	**13,536.06**	13,190.74
Revenue from Related Parties	**554.88**	215.11
	14,090.94	13,405.85
Outside India		
Nepal	**663.97**	288.30
Total revenue as per profit or loss	**14,754.91**	13,694.15

Revenue from major products and services

The following is an analysis of the company's revenue from continuing operations from its major products and services:

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Manufactured Goods	**14,238.56**	13,339.26
Traded Goods	**516.35**	354.89
Total	**14,754.91**	13,694.15

Extent of the reliance on its major customers:

There is no Dealer whose revenue is more then 10% as against the total turnover of the company for the Financial Year 2020-2021.

Note No. 31 - Employee benefits

(a) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation as at 31-Mar-21	31-Mar-20
Discount rate	**6.90%**	6.88%
Expected rate of salary increase	**5.00%**	5.00%
Average Longevity	**20**	19

Defined benefit plans – as per actuarial valuation on 31st March, 2021

Particulars	Unfunded Plan Gratuity 2021	2020
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost:		
Current Service Cost	**14.47**	14.60
Net interest expense	**8.87**	11.18
Components of defined benefit costs recognised in profit or loss	**23.33**	25.78
Remeasurement on the net defined benefit liability:		
Actuarial gains and loss arising from changes in Demographic Assumptions	**–**	–
Actuarial gains and loss arising from changes in financial assumptions	**(0.20)**	7.97
Actuarial gains and loss arising from experience adjustments	**3.40**	(9.58)
Components of defined benefit costs recognised in other comprehensive income	**3.20**	(1.61)
Total	**26.53**	**24.17**
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March 2020		
1. Present value of defined benefit obligation as at 31st March 2020	**130.97**	153.31
2. Fair value of plan assets as at 31st March 2020	**–**	–
3. Surplus/(Deficit)	**130.97**	153.31
4. Current portion of the above	**15.49**	24.81
5. Non current portion of the above	**115.48**	128.50
II. Change in the obligation during the year ended 31st March 2020		
1. Present value of defined benefit obligation at the beginning of the year	**153.31**	162.82
2. *Expenses Recognised in Profit and Loss Account*		
– Current Service Cost	**14.47**	14.60
– Interest Expense (Income)	**8.87**	11.18
3. *Recognised in Other Comprehensive Income*		
Remeasurement gains/(losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**–**	–
ii. Financial Assumptions	**(0.20)**	7.97
iii. Experience Adjustments	**3.40**	(9.58)
4. Benefit payments	**(48.86)**	(33.68)
5. Present value of defined benefit obligation at the end of the year	**130.97**	153.31
III. Actuarial assumptions		
1. Discount rate	**6.90%**	6.88%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	**2021**	**1.00%**	**-6.60%**	**7.70%**
	2020	1.00%	-5.50%	6.40%
Salary growth rate	**2021**	**1.00%**	**8.30%**	**-7.20%**
	2020	1.00%	7.10%	-6.30%
Withdrawal Rate	**2021**	**1.00%**	**0.90%**	**-1.00%**
	2020	1.00%	1.10%	-1.30%

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

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

Particulars	2021	2020
Within 1 year	**15.49**	24.81
1 - 2 year	**19.49**	15.41
2 - 3 year	**15.85**	23.07
3 - 4 year	**15.91**	15.69
4 - 5 year	**14.82**	15.73
5 - 10 years	**27.78**	45.15

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

The weighted average duration of the defined benefit obligation as at 31 March 2021 is 13.66 years (2020: 12.76 years)

Experience Adjustments :

Particulars	Gratuity Period Ended 2021	2020	2019	2018	2017
1. Defined Benefit Obligation	**130.97**	153.31	162.82	199.11	227.53
2. Fair value of plan assets	**–**	–	–	–	–
3. Surplus/(Deficit)	**130.97**	153.31	162.82	199.11	227.53
4. Experience adjustment on plan liabilities [(Gain)/ Loss]	**3.20**	(1.61)	(24.44)	(2.60)	11.86
5. Experience adjustment on plan assets [Gain/(Loss)]	**–**	–	–	–	–

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

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

Note No. 32 - Related Party Transactions

Analysis of Related Parties:

Sr.	Name of Company	Relationship	Parent
1	Mahindra & Mahindra Limited (M & M)	Ultimate Holding Company	-
2	Mahindra Holdings Limited	Holding Company	M & M
3	Mahindra Logistics Limited	Fellow Subsidiary Company	M & M
4	Mahindra CIE Automotive Limited	Associates Company of Parent Company	M & M
5	Mahindra Integrated Business Solutions Limited	Fellow Subsidiary Company	M & M
6	Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary Company	M & M
7	Government of Gujarat	Significant Influence over the Company	-

Details of transaction between the Company and its related parties are disclosed below:

Nature of transactions with Related Parties	For the year ended	Parent Company	Entities having significant influence over Company	Other related parties
Sale of goods	**31-Mar-21**	**652.45**	**-**	
	31-Mar-20	317.73	-	-
Purchase of Tractors	**31-Mar-21**	**-**	**-**	**-**
	31-Mar-20	-	-	-
Receiving of services	**31-Mar-21**	**437.99**	**-**	**-**
	31-Mar-20	356.05	-	-
Royalty	**31-Mar-21**	**11.17**	**-**	**-**
	31-Mar-20	12.49	-	-
Purchase of Other Components	**31-Mar-21**	**3,655.55**	**-**	**564.01**
	31-Mar-20	3,950.17	-	509.66
Purchase of Assets	**31-Mar-21**	**77.07**	**-**	**-**
	31-Mar-20	-	-	-
Expenses Reimbursed (Receipt)	**31-Mar-21**	**0.28**	**-**	**-**
	31-Mar-20	0.19	-	-
Expenses Reimbursed (Payment)	**31-Mar-21**	**46.78**	**-**	**225.73**
	31-Mar-20	65.18	-	123.99

Nature of transactions with Related Parties	Balance as on	Parent Company	Entities having significant influence over Company	Other related parties
Trade payables	**31-Mar-21**	**2,042.17**	**–**	**159.22**
	31-Mar-20	3,507.75	–	122.83
Loans and advances taken	**31-Mar-21**	**–**	**–**	**–**
	31-Mar-20	–	–	–

Note:

Related Party Transactions are made on arm's length basis.

Note No. 33 - IND AS 115

1 Movement of Contract Assets

Sr. No.	Particulars	As at 31st March, 2021
	Opening Balance	–
i)	Additions during the year	–
ii)	*Reclassification Adjustments:*	–
	- Reclass of opening balances of contract assets to trade receivables	–
	- Reclass of contract assets (out of additions during the year) to trade receivables	–
iii)	Cumulative catch up adjustment recognised during the year	–
iv)	Adjustments due to contract modification	–
v)	Impairment losses of contract asset	–
vi)	Addition on account of merger / acquisition of subsidiary	–
vii)	Deletion on account of demerger / sale of subsidiary	–
viii)	Currency Translation Adjustments	–
	Closing Balance	**–**

2 Movement of Contract Liabilities

Sr. No.	Particulars	As at 31st March, 2021
i)	Opening Balance	**226.60**
ii)	Addition during the year	**333.96**
iii)	*Reclassification Adjustments: -*	
	– Reclass of opening balances of contract liabilities to revenue	**(226.60)**
	– Reclass of contract liabilities (out of additions during the year) to revenue	**(8.69)**
iv)	Cumulative catch up adjustment recognised during the year	
v)	Adjustments due to contract modification	
vi)	Addition on account of merger / acquisition of subsidiary	
vii)	Deletion on account of demerger / sale of subsidiary	
viii)	Currency Translation adjustments	
	Closing Balance	**325.27**

Note No. 34 - Effect of COVID-19 on Financial Statements

From December 2019, COVID-19, has spread globally, including India. This event has significantly affected economic activity globally and in India and as a result could / would impact the operations and financial results of the Company. The Company has performed an assessment of the likely impact this would have on the operations of the Company and its financial performance in the coming year.

For Financial Year 20-21 financial reporting, the Company has used the principles of prudence in applying judgments, estimates and assumptions in significant areas like inventory valuation, estimating the remaining useful life of the tangible and intangible assets, cost to complete provision for long term contracts, evaluating the long term contracts for any onerous elements, recoverability of receivables including unbilled receivables, provision for receivables under ECL model, provision for warranties, recoverability of contract assets and contract costs, projection used to test goodwill and investments for impairment, evaluation of financial implications of probable cancellations of any long term commitments, impact of cancellation or modifications to the terms of the revenue contracts, cancellation or deferment of revenue contracts, penalties due to non-fulfillment of service legal obligations, fair valuation of financial assets and liabilities etc.

The Company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

The Company has also evaluated the cash flows for Financial Year 21-22 and based on the present estimate of the management, the Company does not foresee any impact on its ability to meet the statutory dues and creditors payment on due dates and honouring its loan repayment and forward contract contractual commitments. There has been no downgrade in ratings of the existing borrowing facilities of the Company. The Company also has undrawn sanctioned limits and this could be availed to meet the obligations. Accordingly based on the projected cash flows for the next twelve months, the management is of the view that the use of going concern assumption in preparing these financial statements is appropriate.

Note No. 35 - Contingent liabilities and commitments

Contingent liabilities (to the extent not provided for)

	Particulars	As at 31st March, 2021	As at 31st March, 2020
	Contingent liabilities		
1	Bank guarantees	**113.40**	113.50
2	Bills discounted but not matured	**153.37**	68.04
3	Claims against the company not acknowledged as debt	**42.25**	42.25
4	Outstanding Demand of Income Tax Against Company		
(i)	Assessment Year 2014-2015	**66.73**	66.73
	Note: Already filed with CIT Appeals for further assessment being aggrieved with the disallowance of right bad debts claimed in the year		
(ii)	TDS mismatch	**10.17**	10.17

5 The Company is anticipating to enter into an agreement / MoU for Settlement with various non Hire Purchase Industrial Co-Operative Societies and Ancillaries within Company's Premises, therefore may require to pay Compensation to Co-Operative Societies or its members. Amount of such Compensation is not yet quantified.

6 The Company has entered into an agreement/MoU with Private Sector Banks and NBFCs for retail funding for providing loan to customer who buy company's Tractors. The said MOU also contains a clause on loss sharing in case of default in repayment by customer or loss incurred in case of repossession of asset and its resale. Anticipated loss from these agreements/ MoUs are not quantified as of now. The Company is obtaining undertaking from its dealers to ensure no default in terms of these agreements.

Commitments

	Particulars	As at 31st March, 2021	As at 31st March, 2020
	Commitments		
1	Estimated amount of contracts remaining to be executed for capital expenditure	**4.67**	20.55

Note No. 36 - Note No. Previous Year Figures

Previous year's figures have been regrouped / reclassified where necessary.

In terms of our report attached
For **B.K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Himanshu Goradia
Partner
Membership No. 045668
Place : Mumbai
Date : 23rd April 2021

For and on behalf of the Board of Directors

Harish Namdeo Chavan DIN: 06890989 — Director
Harishkumar Prakashchandra Gupta DIN: 08400763 — Director
Manish Arora — Manager
Avdhesh Rathi — Chief Financial Officer
Sumeet Maheshwari — Company Secretary

Place : Mumbai
Date : 23rd April 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Trringo.com Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of **Trringo.Com Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 (the Act) (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Information Other than the Ind AS Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report, but does not include the Ind AS Financial Statements and our Auditors' Report thereon.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Ind AS Financial Statements

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

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
   (g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors.
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The company does not have any pending litigations which will impact its financial positions.
      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 21040852AAAABF8724

Mumbai, April 30, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of **Trringo.Com Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 21040852AAAABF8724

Mumbai, April 30, 2021

ANNEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Trringo.Com Limited** for the year ended March 31, 2021

<u>Annexure to the Auditor's Report referred to in our report of even date:</u>

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The Company does not have immovable property.

2) According to the information and explanations given to us, the Company does not have inventory, therefore the provisions of para 3(ii) of the Order are not applicable to the Company.

3) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other related parties covered in the register maintained under section 189 of the Act.

4) The Company has not granted any loan, made investments or given guarantees during the year. Hence, the provisions of section 185 and section 186 of the Act are not applicable to the Company. We are informed that the company has not given any security during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2021 for a period of more than 6 months from the date they become payable.

   ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the money raised by the Company by the way of term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the provisions of para 3(xii) of the Order are not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 21040852AAAABF8724

Mumbai, April 30, 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

				Rupees in Lakhs
	Particulars	**Note No.**	**As at 31st March, 2021**	As at 31st March, 2020
I	**ASSETS**			
	1 NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	**3**	**53.45**	78.39
	(b) Income tax Assets (Net)	**4**	**5.45**	8.53
	SUB-TOTAL		**58.90**	86.92
	2 CURRENT ASSETS			
	(a) Financial Assets			
	(i) Trade Receivables	**6**	**5.08**	6.94
	(ii) Cash and Cash Equivalents	**7**	**64.03**	61.64
	(iii) Loans	**8**	**8.89**	8.39
	(iv) Other Financial Assets	**9**	**–**	0.28
	(b) Other Current Assets	**5**	**174.06**	175.99
	SUB-TOTAL		**252.06**	253.24
	TOTAL ASSETS		**310.96**	340.16
II	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	(a) Equity Share Capital	**10**	**2,746.00**	2,746.00
	(b) Other Equity	**SOCE - B**	**(2,503.57)**	(2,489.73)
	SUB-TOTAL		**242.43**	256.27
	LIABILITIES			
	2 NON-CURRENT LIABILITIES			
	(a) Other Non-current Liabilities	**13**	**19.47**	32.27
	SUB-TOTAL		**19.47**	32.27
	3 CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Trade Payables	**11**		
	- Total outstanding dues of creditors other than micro and small enterprise (including acceptances)		**15.38**	19.15
	(ii) Other Financial Liabilities	**12**	**20.37**	16.81
	(b) Other Current Liabilities	**13**	**13.31**	15.66
	SUB-TOTAL		**49.06**	51.62
	TOTAL		**310.96**	340.16

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
FRN: 105102W

Aniruddha Joshi
Partner
Membership No: 040852

For Trringo.com Limited

Nikhil Madgavkar
Chairman

Subandhu Arya
Director

Nikhil Pai
Chief Financial Officer

Gadadhar Jalad Baran Roy
Wholetime Director

Gaurav Juwatkar
Company Secretary

Place: Mumbai
Date: 30th April, 2021

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2021

Rupees in Lakhs

	Particulars	Note No.	Period ended 31st March, 2021	Period ended 31st March, 2020
	Continuing Operations			
I	Revenue from operations	**14**	**52.07**	56.22
II	Other Income	**15**	**19.52**	77.86
III	**Total Revenue (I + II)**		**71.59**	134.08
IV	**EXPENSES**			
	(a) Employee benefit expense	**16**	**2.64**	3.16
	(b) Depreciation and amortisation expense	**17**	**22.11**	35.06
	(c) Other expenses	**18**	**60.68**	84.31
	Total Expenses (IV)		**85.43**	122.52
V	**Profit/(loss) before tax (III - IV)**		**(13.84)**	11.55
VI	**Tax Expense**			
	(1) Current tax		**–**	–
	(2) Deferred tax		**–**	–
	Total tax expense		**–**	–
VII	**Profit/(loss) after tax for the period (V - VI)**		**(13.84)**	11.55
VIII	**Other comprehensive income/(Loss):**			
	(A) (i) Items that will not be reclassified to profit and loss:			
	(a) Remeasurement gains on defined benefit obligations		**–**	–
IX	**Total comprehensive income for the period**		**(13.84)**	11.56
X	**Earnings per equity share:**	**19**		
	(1) Basic		**(0.05)**	0.04
	(2) Diluted		**(0.05)**	0.04

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
FRN: 105102W

Aniruddha Joshi
Partner
Membership No: 040852

For Trringo.com Limited

Nikhil Madgavkar
Chairman

Subandhu Arya
Director

Nikhil Pai
Chief Financial Officer

Gadadhar Jalad Baran Roy
Wholetime Director

Gaurav Juwatkar
Company Secretary

Place: Mumbai
Date: 30th April, 2021

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31ST MARCH, 2021

Rupees in Lakhs

	Particulars	Note No.	**Period ended 31st March, 2021**	Period ended 31st March, 2020
A	**Cash flows from operating activities**			
	Profit before tax for the year	**PL**	**(13.84)**	11.55
	Adjustments for:			
	Investment income recognised in profit or loss		**(1.54)**	(2.90)
	Loss/(Profit) on Property, Plant and Equipment sold		**–**	(0.99)
	Depreciation, amortisation and Impairment expenses	**3 & 4**	**22.11**	35.06
			6.73	42.73
	Movements in working capital:			
	Increase in trade and other receivables		**1.36**	11.53
	(Increase)/decrease in other assets		**2.21**	40.77
	Decrease in trade and other payables		**(18.08)**	(143.36)
	Income taxes paid		**3.08**	(2.51)
	Net cash generated by operating activities		**(4.70)**	(50.84)
B	**Cash flows from investing activities**			
	Payments for property, plant and equipment		**(2.88)**	(2.82)
	Payments for intangible assets		**–**	–
	Proceeds from tangible assets		**8.43**	10.47
	Proceeds from intangible assets		**–**	–
	Net cash (used in)/generated by investing activities		**5.55**	7.66
C	**Cash flows from financing activities**			
	Proceeds from issue of equity instruments of the Company		**–**	–
	Interest Received		**1.54**	2.90
	Acceptance of ICDs/Short Term Borrowing from M&M		**–**	–
	Repayments of borrowings		**–**	–
	Net cash used in financing activities		**1.54**	2.90
	Net increase in cash and cash equivalents		**2.39**	(40.29)
	Cash and cash equivalents at the beginning of the year		**61.64**	101.94
	Cash and cash equivalents at the end of the year		**64.03**	61.64

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
FRN: 105102W

Aniruddha Joshi
Partner
Membership No: 040852

For Trringo.com Limited

Nikhil Madgavkar
Chairman

Subandhu Arya
Director

Nikhil Pai
Chief Financial Officer

Gadadhar Jalad Baran Roy
Wholetime Director

Gaurav Juwatkar
Company Secretary

Place: Mumbai
Date: 30th April, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2021

A. Equity share capital

Particulars	As at 31st March, 2021 No of Shares	As at 31st March, 2021 Rupees in Lakhs	As at 31st March, 2020 No of Shares	As at 31st March, 2020 Rupees in Lakhs
Balance as at the beginning of the year	**2,74,60,000**	**2,746.00**	**2,74,60,000**	**2,746.00**
Equity shares issued during the year	–	–	–	–
Balance as at the end of the year	**2,74,60,000**	**2,746.00**	**2,74,60,000**	**2,746.00**

B. Other Equity

Rupees in Lakhs

Particulars	Other Comprehensive Income	Reserves & Surplus	
Particulars	**Remeasurements of the defined benefit liabilities/(assets)**	**Retained Earnings**	**Total**
Balance as at 31st March 2019	2.75	(2,504.03)	(2,501.28)
Profit/(Loss) for the period	–	11.55	11.55
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	2.75	(2,492.48)	(2,489.73)
Balance as at 31st March 2020	**2.75**	**(2,492.48)**	**(2,489.73)**
Balance as at 31st March 2020	2.75	(2,492.48)	(2,489.73)
Profit/(Loss) for the period	–	(13.84)	(13.84)
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	2.75	(2,506.32)	(2,503.57)
Balance as at 31st March 2021	**2.75**	**(2,506.32)**	**(2,503.57)**

In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
FRN: 105102W

Aniruddha Joshi
Partner
Membership No: 040852

For Trringo.com Limited

Nikhil Madgavkar
Chairman

Subandhu Arya
Director

Nikhil Pai
Chief Financial Officer

Gadadhar Jalad Baran Roy
Wholetime Director

Gaurav Juwatkar
Company Secretary

Place: Mumbai
Date : 30th April, 2021

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

1. **Corporate Information**

Trringo.com Limited is a 100% subsidiary of Mahindra and Mahindra Limited and incorporated on 23rd May, 2016 under the provisions of the Companies Act, 2013 (CIN: U01409MH2016PLC281449). The Company is in the business of organized farm equipment rentals through a franchisee based model.

2. **Significant accounting policies**

(A) Statement of compliance

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

(B) Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis, presented in Indian rupees and rounded off to nearest lacs.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(C) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

(D) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(E) Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

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

Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

IT Software 3 to 6 years

(F) Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(G) Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

(H) Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash and other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls).

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

(I) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Sale of Services

Revenue from the rental services is recognised when the service is delivered and completed, all the following conditions are satisfied:

- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the services rendered;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

(J) Government Grants

The Company directly or indirectly is entitled to incentives from government authorities in respect of custom hiring and service centers. The Company accounts for its entitlement as income on accrual basis.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. When the grants relates to an asset, it is recognized as income in equal amounts over the useful life of the related asset.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(K) Employee benefits

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

(L) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(M) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(N) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks & rewards of ownership to the leases. All other leases are classified as operating leases.

The Company as lessee:

The assets held under finance leases are initially recongnised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expense and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policies on borrowing cost. Contingent rentals are recognized as expense in the period in which they are incurred.

Rental expense from the operating lease is generally recognized on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessors expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

(O) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 3 – Property, Plant and Equipment

Rupees in Lakhs

Description of Assets	Plant & Machinery	Vehicles	Computers & Edp Equipments	Office Equipment	Furniture & Fixtures	Total
I. Gross Carrying Amount						
Balance as at 1st April 2020	141.93	–	–	0.60	2.16	144.69
Additions during the year	5.59	–	–	–	–	5.59
Disposals during the year	15.18	–	–	–	–	15.18
Balance as at 31st March 2021	**132.34**	**–**	**–**	**0.60**	**2.16**	**135.10**
Balance as at 1st April 2019	149.72	12.23	5.47	0.60	2.36	170.38
Additions during the year	–	–	2.82	–	–	2.82
Disposals during the year	7.79	12.23	8.30	–	0.20	28.52
Balance as at 31st March 2020	141.93	–	–	0.60	2.16	144.69
II. Accumulated depreciation						
Balance as at 1st April 2020	65.16	–	–	0.56	0.57	66.29
Depreciation expense for the year	21.90	–	–	–	0.21	22.11
Eliminated on disposal of assets	6.75	–	–	–	–	6.75
Balance as at 31st March 2021	**80.31**	**–**	**–**	**0.56**	**0.78**	**81.65**
Balance as at 1st April 2019	37.07	5.45	2.67	0.56	0.39	46.15
Depreciation expense for the year	30.55	2.12	2.18	–	0.21	35.06
Eliminated on disposal of assets	2.45	7.57	4.85	–	0.03	14.91
Balance as at 31st March 2020	65.16	–	–	0.56	0.57	66.30
III. Net carrying amount (I-II)						
Balance as at 31st March 2021	**52.03**	**–**	**–**	**0.04**	**1.38**	**53.45**
Balance as at 31st March 2020	76.77	–	–	0.03	1.59	78.39

Note No. 4 - Current Tax and Deferred Tax

Rupees in Lakhs

Particulars / **Description of Assets**	**Period ended 31st March 2021**	**Period ended 31st March 2020**
Income tax Assets (Net)	5.45	8.53
TOTAL	**5.45**	**8.53**

Following deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items, because it is not certain that future taxable profit will be available against which the Company can use the benefit therefrom.

Rs in Lakhs

Particulars	**As at 31st March 2021**	**As at 31st March 2020**
Excess depreciation as per book vs. Income Tax Act	**0.09**	(3.43)
Provision for doubtful debts	**3.06**	5.59
Section 43B items	**–**	–
Unabsorbed loss and depreciation	**555.07**	558.92
Others	**0.04**	0.04
Total	**558.27**	561.12

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 5 Other assets (Non financials)

Rs in Lakhs

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non- Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current
(a) Advances other than capital advances				
(i) Balances with government authorities	**173.54**	**–**	174.94	–
(ii) Other advances				
Advance to suppliers	**–**	**–**	0.02	–
Advance to employees	**–**	**–**	0.01	–
Prepaid Expenses	**0.51**	**–**	0.95	–
Other current Assets	**–**	**–**	0.07	–
TOTAL OTHER ASSETS	**174.06**	**–**	175.99	–

Note No. 6 – Trade receivables

Rs in Lakhs

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non- Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current
(a) Trade Receivable considered good - Unsecured	**5.08**	**–**	6.94	–
(b) Trade Receivable which have significant increase in Credit Risk	**78.41**	**–**	66.63	–
(c) Trade Receivables credit impaired	**–**	**–**	–	–
Less: Allowance for expected credit loss	**78.41**	**–**	66.63	–
TOTAL TRADE RECEIVABLES	**5.08**	**–**	6.94	–

Note No. 7 – Cash and Cash Equivalent

Rs in Lakhs

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Balances with banks	**13.70**	11.68
(b) Fixed Deposits with maturity less than 3 months	**49.18**	47.97
(c) Cash on hand	**1.14**	1.99
TOTAL CASH AND CASH EQUIVALENT	**64.03**	61.64

Note No. 8 – Loans

Rs in Lakhs

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non-Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current
Security Deposits				
a) Unsecured, Considered good	**8.89**	**–**	8.39	–
TOTAL LOANS	**8.89**	**–**	8.39	–

Note No. 9 – Other financial assets

Rs in Lakhs

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non- Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current
Financial Assets at amortised cost				
– Government grants receivable	**–**	**–**	0.28	–
TOTAL OTHER FINANCIAL ASSETS	**–**	**–**	0.28	–

Note No. 10 – Equity Share Capital

Particulars	As at 31st March, 2021 No of Shares	As at 31st March, 2021 Rupees in Lakhs	As at 31st March, 2020 No of Shares	As at 31st March, 2020 Rupees in Lakhs
Authorised:				
Equity shares of Rs 10 each with voting rights	**2,80,00,000**	**2,800.00**	2,80,00,000	2,800.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs 10 each with voting rights	**2,74,60,000**	**2,746.00**	2,74,60,000	2,746.00
Total	**2,74,60,000**	**2,746.00**	2,74,60,000	2,746.00

Terms/Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of Rs 10/- per share. Each holder of equity shares is entitled to one vote. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

(i) Reconciliation of the number of Ordinary (Equity) Shares and amount outstanding:

Particulars	2021 No. of Shares	2021 Rupees Lakhs	2020 No. of Shares	2020 Rupees Lakhs
Balance as at the beginning of the year	**2,74,60,000**	**2,746.00**	2,74,60,000	2,746.00
Add: Issue of Shares during the year	**–**	**–**	–	–
Balance as at the end of the year	**2,74,60,000**	**2,746.00**	2,74,60,000	2,746.00

(ii) Details of Ordinary (Equity) Shares held shareholders holding more than 5% of the aggregate shares in the Company:

Name of the Shareholder	As at 31st March, 2021 No. of Shares	As at 31st March, 2021 % Shareholding	As at 31st March, 2020 No. of Shares	As at 31st March, 2020 % Shareholding
Equity shares with voting rights				
Mahindra and Mahindra Limited	**2,74,60,000**	**100%**	2,74,60,000	100%

Note No. 11 – Trade Payables

Rs in Lakhs

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non- Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current
Trade payable - Micro and small enterprises	**–**	**–**	–	–
Trade payable - Other than micro and small enterprises	**15.38**	**–**	19.15	–
TOTAL TRADE PAYABLES	**15.38**	**–**	19.15	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 12 – Other financial liabilities

Rs in Lakhs

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non-Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current
a) Other Financial liabilities				
Capital Creditors	**9.12**	**–**	5.56	–
Others	**11.25**	**–**	11.25	–
TOTAL OTHER FINANCIAL LIABILITIES	**20.37**	**–**	16.81	–

Note No. 13 – Other Liabilities (Non financial)

Rs in Lakhs

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non-Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current
a. Advances received from customers	**–**	**–**	–	–
b. Employee related payables	**–**	**–**	–	–
c. Statutory dues	**0.50**	**–**	0.45	–
d. Deferred Government Grants	**12.81**	**19.47**	15.21	32.27
e. Other	**–**	**–**	0.01	–
TOTAL OTHER LIABILITIES	**13.31**	**19.47**	15.66	32.27

Note No. 14 – Revenue from Operations

Rs in Lakhs

Particulars	For the Period ended 31st March, 2021	For the Period ended 31st March, 2020
Revenue from rendering of services	**52.07**	56.22
TOTAL REVENUE FROM OPERATIONS	**52.07**	56.22

Note No. 15 – Other Income

Rs in Lakhs

Particulars	For the Period ended 31st March, 2021	For the Period ended 31st March, 2020
Interest Income from Fixed Deposits	**1.33**	2.72
Deferred Government Grants Income	**15.21**	22.59
Interest Income on Income Tax Refund	**0.21**	0.18
Miscellaneous Income	**2.78**	52.37
TOTAL OTHER INCOME	**19.52**	77.86

Note No. 16 - Employee Benefit Expense

Rs in Lakhs

Particulars	For the Period ended 31st March, 2021	For the Period ended 31st March, 2020
(a) Salaries and wages, including bonus	**2.60**	1.28
(b) Contribution to provident and other funds	**0.01**	1.60
(c) Staff welfare expenses	**0.03**	0.28
TOTAL EMPLOYEE BENEFIT EXPENSE	**2.64**	3.16

Note No. 17 – Depreciation and amortisation expense

Particulars	For the Period ended 31st March, 2021	For the Period ended 31st March, 2020
(a) Depreciation	**22.11**	35.06
(b) Amortisation expense	**–**	–
TOTAL DEPRECIATION AND AMORTISATION EXPENSE	**22.11**	35.06

Note No. 18 – Other Expenses

Rs in Lakhs

Particulars	For the Period ended 31st March, 2021	For the Period ended 31st March, 2020
(a) Rent expenses	**6.63**	6.57
(b) Rates and taxes	**0.02**	0.03
(c) Repairs and maintenance - Others	**8.93**	7.55
(d) Stores consumed	**17.84**	18.52
(e) Travelling and Conveyance Expenses	**0.00**	5.21
(f) Hire and Service Charges	**5.96**	8.39
(g) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	**1.50**	1.50
(ii) For Taxation matters	**0.50**	0.50
(h) Legal and other professional costs	**5.67**	11.19
(i) Provision for doubtful debts	**11.79**	21.49
(j) Other expenses	**1.85**	3.37
TOTAL OTHER EXPENSES	**60.68**	84.31

Note No. 19 – Earnings per Share

Rs in Lakhs

Particulars	For the Period ended 31st March, 2021 Rs per Share	For the Period ended 31st March, 2020 Rs per Share
Basic Earnings per share		
From continuing operations	(0.05)	0.04
Diluted Earnings per share		
From continuing operations	(0.05)	0.04

Basic & Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Rs in Lakhs

Particulars	For the Period ended 31st March, 2021	For the Period ended 31st March, 2020
Profit/(loss) for the year attributable to owners of the Company	**(13.84)**	11.55

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Rs in Lakhs

Particulars	For the Period ended 31st March, 2021	For the Period ended 31st March, 2020
Profits used in the calculation of basic earnings per share	**(13.84)**	11.55
Weighted average number of equity shares	**2,74,60,000**	**2,75,35,233**
Earnings per share - Basic & Diluted	**(0.05)**	**0.04**

Note No. 20 – Capital commitments

(a) The estimated amounts of contracts remaining to be executed on capital account and not provided for as at 31 March 2021 is Rs 9.12 lakhs (2020 - Rs.5.56 lakhs).

Note No. 21 – Financial Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

The capital structure is monitored on the basis of debt to equity and maturity profile of overall debt portfolio of the Company.

Rs in Lakhs

	31st March, 2021	31st March, 2020
Equity	**2,746.00**	2,746.00
Debt	–	–
Total Capital	**2,746.00**	2,746.00

Categories of financial assets and financial liabilities

Rs in Lakhs

	As at 31st March, 2021			
	Amortised Costs	FVTPL	FVOCI	Total
As at 31st March, 2021				
Current Assets				
Trade Receivables	**5.08**	–	–	**5.08**
Loans	**8.89**	–	–	**8.89**
Other Financial Assets	–	–	–	–
Current Liabilities				
Trade Payables	**15.38**	–	–	**15.38**
Other Financial Liabilities	**20.37**	–	–	**20.37**
As at 31st March, 2020				
Current Assets				
Trade Receivables	**6.94**	–	–	**6.94**
Loans	**8.39**	–	–	**8.39**
Other Financial Assets	**0.28**	–	–	**0.28**
Current Liabilities				
Trade Payables	**19.15**	–	–	**19.15**
Other Financial Liabilities	**16.81**	–	–	**16.81**

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factor.

CREDIT RISK

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents, investments carried at amortised cost, deposits with banks and financial institutions as well as credit exposures to customers including outstanding receivables.

Trade Receivables:

The Companys trade receivables include receivables on sale of residential flats. As per the Company's flat handover policy, a flat is handed over to a customer only upon payment of entire amount of consideration. Thus, the Company is not exposed to any credit risk on receivables from sale of residential flats.

Balances with Banks, mutual funds and other financial assets:

For banks and financial institutions, only high rated banks/institutions are accepted. The Company holds cash and cash equivalents with bank and financial institution counterparties, which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

For other financial assets, the Company assesses and manages credit risk based on reasonable and supportive forward looking information. The Company does not have significant credit risk exposure for these items.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years
31 March, 2021			
Current Liabilities			
Trade Payables	**15.38**	–	–
Other Financial Liabilities	**20.37**	–	–
Total	**35.75**	–	–
31 March, 2020			
Current Liabilities			
Trade Payables	19.15	–	–
Other Financial Liabilities	16.81	–	–
Total	35.96	–	–

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Rs in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years
31 March, 2021			
Current Assets			
Trade Receivables	**5.08**	–	–
Loans	**8.89**	–	–
Other Financial Assets	**–**	–	–
Total	**13.97**	–	–
31 March, 2020			
Current Assets			
Trade Receivables	**6.94**	–	–
Loans	**8.39**	–	–
Other Financial Assets	**0.28**	–	–
Total	**15.61**	–	–

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

Note No. 22 – Fair Value Measurement

Fair Valuation Techniques and Inputs used – recurring Items

Rs in Lakhs

Fair value hierarchy as at 31st March, 2021

Financial assets	Carrying Value	Fair value*	Level 1	Level 2	Level 3	Total
Financial assets carried at Amortised Cost						
– trade and other receivables	**5.08**	**5.08**	**–**	**5.08**	**–**	**5.08**
– deposits and similar assets	**8.89**	**8.89**	**–**	**8.89**	**–**	**8.89**
– Other Financial Assets	**–**	**–**	**–**	**–**	**–**	**–**
Total	**13.97**	**13.97**	**–**	**13.97**	**–**	**13.97**
Financial liabilities						
Financial Instruments not carried at Fair Value						
– trade and other payables	**15.38**	**15.38**	**–**	**15.38**	**–**	**15.38**
– other liabilities	**20.37**	**20.37**	**–**	**20.37**	**–**	**20.37**
Total	**35.75**	**35.75**	**–**	**35.75**	**–**	**35.75**

Rs in Lakhs

Fair value hierarchy as at 31st March, 2020

Financial assets	Carrying Value	Fair value*	Level 1	Level 2	Level 3	Total
Financial assets carried at Amortised Cost						
– trade and other receivables	6.94	6.94	–	6.94	–	6.94
– deposits and similar assets	8.39	8.39	–	8.39	–	8.39
– others Financial Assets	0.28	0.28	–	0.28	–	0.28
Total	15.61	15.61	–	15.61	–	15.61
Financial liabilities						
Financial Instruments not carried at Fair Value						
– trade and other payables	19.15	19.15	–	19.15	–	19.15
– other liabilities	16.81	16.81	–	16.81	–	16.81
Total	35.96	35.96	–	35.96	–	35.96

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 23 – Related Party Transactions

Name of the Parent Company	Mahindra & Mahindra Limited
Name of KMP of the Company	Mr Atindriya Bose (Chief Executive Officer)*
	Mr. Gadadhar Jalad Roy (Whole Time Director)#
	Mr Nikhil Pai (Chief Financial Officer)

*resigned w.e.f. 31st October, 2019
w.e.f. 01st November, 2019

Details of transaction between the Company and its related parties are disclosed below:

Rs in Lakhs

Particulars	**For the year ended**	**Parent Company**
Nature of transactions with Related Parties		
Sale of Assets	31-Mar-21	9.34
	31-Mar-20	8.91
Purchase of property and other assets	31-Mar-21	2.83
	31-Mar-20	–
Lease expenses	31-Mar-21	–
	31-Mar-20	–
Receiving of services	31-Mar-21	5.42
	31-Mar-20	12.97
Providing of services	31-Mar-21	–
	31-Mar-20	52.11

Rs in Lakhs

Nature of Balances with Related Parties	**Balance as on**	**Parent Company**
Trade receivables	31-Mar-21	13.38
	31-Mar-20	14.28

Note No. 24 – Micro Small and Medium Enterprises Development Act 2006

The amount due to Micro and Small Enterprises as defined in the "Micro, Small and Medium Enterprises Development, Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure relating to Micro and Small Enterprises as at 31 March 2021 are as under:

Disclosures required under Section22 of the Micro Small and Medium Enterprises Development Act 2006"

Rs in Lakhs

	Particulars	**31st March, 2021**	31st March, 2020
(i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
	– Principal amount due to micro and small enterprises	–	–
	– Interest due on above	–	–
(ii)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	–	–
(iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	–	–
(iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	–	–
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	–	–

Note No. 25 – Segment Reporting

The Company operates in one segment namely renting of organised farm equipments, hence separate segment reporting has not been made under Indian Accounting Standard (Ind- AS 108)-"Operating Segment". The operation of company comprises a single geographical segment, India.

Note No. 26 – Comparitives

The figures for previous year have been regrouped wherever necessary to conform to current year's classification.

In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
FRN: 105102W

Aniruddha Joshi
Partner
Membership No: 040852

For Trringo.com Limited

Nikhil Madgavkar
Chairman

Gadadhar Jalad Baran Roy
Wholetime Director

Subandhu Arya
Director

Gaurav Juwatkar
Company Secretary

Nikhil Pai
Chief Financial Officer

Place: Mumbai
Date: 30th April, 2021

INDEPENDENT AUDITOR'S REPORT

To the Stockholder and the Board of Directors,

Mahindra USA, Inc.

We have audited the accompanying separate parent company financial statements of Mahindra USA, Inc. ('the Company); a Texas corporation, which comprise the balance sheets as at March 31, 2021 and March 31, 2020, and the related statements of comprehensive loss, changes in stockholder's equity (deficit) and cash flows for the years then ended and the related notes to the separate parent company financial statements.

Management's responsibility for the separate parent company financial statements

Management is responsible for the preparation and fair presentation of these separate parent company financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of separate parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these separate parent company financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate parent company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the separate parent company financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the separate parent company financial statements.

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

Basis for qualified opinion

As discussed in Note B.1 to the separate parent company financial statements, the Company reports its investment in its wholly owned subsidiary at cost. In our opinion, accounting principles generally accepted in the United States of America require that all majority-owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of the subsidiary had been consolidated with those of Mahindra USA, Inc., total assets and liabilities would have increased by $2,385,442 as at March 31, 2021 (March 31, 2020: $4,892,884) and net loss would have increased by $1,139,530 (March 31, 2020: $6,016,021), for the year ended March 31, 2021 (March 31, 2020).

Qualified opinion

In our opinion, except for the effects of not consolidating the wholly-owned subsidiary as discussed in the basis for qualified opinion paragraph, the separate parent company financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Mahindra USA, Inc. as at March 31, 2021 and March 31, 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Atlanta, Georgia
April 23, 2021

KNAV P.A.

BALANCE SHEETS

(All amounts are stated in United States Dollars, unless otherwise stated)

		As at	
ASSETS	**Note**	**March 31, 2021**	**March 31, 2020**
Current assets			
Cash and cash equivalents	C	**12,262,930**	12,546,519
Accounts receivable, net	D	**18,069,370**	33,281,900
Inventories, net	E	**128,170,881**	213,274,736
Accounts and other receivable from related parties	O	**1,064,585**	8,563,450
Receivable from employees		**12,559**	35,181
Other current assets		**1,533,408**	2,488,629
Total current assets		**161,113,733**	270,190,415
Property, plant and equipment, net	F	**9,361,810**	11,852,890
Deferred tax asset	M	**37,365,938**	37,365,938
Operating lease - right of use asset		**22,914,756**	–
Investment in wholly owned subsidiary		**–**	2,004,330
Total assets		**230,756,237**	321,413,573
LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)			
Current liabilities			
Accounts payable	H	**26,701,216**	54,907,438
Accounts and other payable to related parties	O	**52,920,929**	78,206,384
Notes payable, current portion	G	**52,999,292**	172,041,658
Other current liabilities	I	**52,232,286**	74,830,449
Operating lease - current lease liability		**2,450,434**	–
Total current liabilities		**187,304,157**	379,985,929
Non-current liabilities			
Operating lease – non-current lease liability		**20,850,112**	–
Other liabilities	L	**–**	10,450
Total liabilities		**208,154,269**	379,996,379
Commitments & contingencies *(Refer note U)*			
Stockholder's equity (deficit)			
Common stock [Class A - $ 0.25 par value and Class B - $0.16 par value, aggregate authorized 1,153,750,000 (March 31, 2020: 460,000,000) shares, aggregate issued and outstanding 1,128,500,000 (March 31, 2020: 456,000,000) shares]	S	**221,600,000**	114,000,000
Accumulated other comprehensive loss		**(404,256)**	(533,910)
Accumulated deficit		**(198,593,776)**	(172,048,896)
Total stockholder's equity (deficit)		**22,601,968**	(58,582,806)
Total liabilities and stockholder's equity (deficit)		**230,756,237**	321,413,573

(The accompanying notes are an integral part of these separate parent company financial statements)

STATEMENTS OF COMPREHENSIVE LOSS

(All amounts are stated in United States Dollars, unless otherwise stated)

	For the year ended	
	March 31, 2021	March 31, 2020
Operating revenues		
Sale of tractors and parts	**405,702,227**	403,051,111
Less: sales incentives	**(47,590,302)**	(61,046,622)
Total revenue	**358,111,925**	342,004,489
Less: cost of sales (excluding depreciation)	**(295,124,141)**	(305,643,367)
Gross profit	**62,987,784**	36,361,122
Cost and expenses		
Advertising and marketing expenses	**2,203,482**	9,734,389
Other selling, general and administrative expenses	**74,138,203**	86,984,708
Total cost and expenses	**76,341,685**	96,719,097
Operating loss	**(13,353,901)**	(60,357,975)
Finance cost	**(3,608,947)**	(6,583,947)
Other income	**125,083**	15,470
Loss on disposal of assets	**(205)**	(9,019)
Net loss before impairment and income tax expense	**(16,837,970)**	(66,935,471)
Impairment for investment in subsidiary	**(9,604,330)**	–
Net loss before income tax expense	**(26,442,300)**	–
Income tax expense		
Current tax expense	**102,580**	369,052
Net loss after income tax	**(26,544,880)**	(67,304,523)
Other comprehensive loss, net of income taxes		
Cash flow hedge reserve, net of tax	**(129,654)**	533,910
Total net comprehensive loss	**(26,415,225)**	(67,838,433)

(The accompanying notes are an integral part of these separate parent company financial statements)

STATEMENTS OF STOCKHOLDER'S EQUITY (DEFICIT)
For the years April 01, 2020 to March 31, 2021 and April 01, 2019 to March 31, 2020

(All amounts are stated in United States Dollars, except number of shares)

Particulars	Common stock – Class A (All shares and US$ in 000's)				Common stock – Class B (All shares and US$ in 000's)				Other comprehensive loss	Accumulated deficit	Total stockholder's equity (deficit)
	Authorized		Issued and outstanding		Authorized		Issued and outstanding				
	Shares	Value US$	Shares	Value US$	Shares	Value US$	Shares	Value US$			
As at April 01, 2019	**460,000**	**115,000**	**456,000**	**114,000**	**–**	**–**	**–**	**–**	–	**(104,744,373)**	**9,255,627**
Hedging reserve, net of tax position of $0 included in accumulated other comprehensive loss	–	–	–	–	–	–	–	–	(533,910)	–	(533,910)
Net loss for the year	–	–	–	–	–	–	–	–	–	(67,304,523)	(67,304,523)
As at March 31, 2020	**460,000**	**115,000**	**456,000**	**114,000**	**–**	**–**	**–**	**–**	**(533,910)**	**(172,048,896)**	**(58,582,806)**
As at April 01, 2020	**460,000**	**115,000**	**456,000**	**114,000**	**–**	**–**	**–**	**–**	**(533,910)**	**(172,048,896)**	**(58,582,806)**
Issuance of Class B common stock	–	–	–	–	693,750	111,000	672,500	107,600	–	–	107,600,000
Hedging reserve, net of tax position of $0 included in accumulated other comprehensive income	–	–	–	–	–	–	–	–	129,654	–	129,654
Net loss for the year	–	–	–	–	–	–	–	–	–	(26,544,880)	(26,544,880)
As at March 31, 2021	**460,000**	**115,000**	**456,000**	**114,000**	**693,750**	**111,000**	**672,500**	**107,600**	**(404,256)**	**(198,593,776)**	**22,601,968**

(The accompanying notes are an integral part of these separate parent company financial statements)

STATEMENTS OF CASH FLOWS

(All amounts are stated in United States Dollars, unless otherwise stated)

	For the year ended March 31, 2021	March 31, 2020
Cash flows from operating activities		
Net loss after income tax	**(26,544,880)**	(67,304,523)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	**3,242,711**	2,368,801
Unrealized foreign exchange loss (gain)	**1,515,458**	(323,168)
Impairment for investment in wholly owned subsidiary	**9,604,330**	–
Changes in net operating assets and liabilities		
Accounts receivable	**21,778,996**	607,187
Inventories	**85,103,854**	37,604,952
Other current assets	**955,221**	(567,798)
Accounts payable	**(53,242,722)**	49,249,483
Operating lease-right of use assets	**2,436,440**	–
Operating lease-lease liability	**(2,050,650)**	–
Other current liabilities	**(22,057,884)**	(725,606)
Net cash provided by operating activities	**20,740,874**	20,909,328
Cash flows from investing activities		
Investment in wholly owned subsidiary	**(7,600,000)**	–
Purchase of property, plant, and equipment	**(1,403,398)**	(2,404,759)
Net cash used in investing activities	**(9,003,398)**	(2,404,759)
Cash flows from financing activities		
Payment of capital lease obligation	**(421,074)**	(554,790)
Note payable obtained from related party repaid	**–**	(25,000,000)
Additional issue of share capital	**107,600,000**	–
Other notes payable, net	**(119,042,366)**	(12,489,344)
Net cash used in financing activities	**(11,863,440)**	(38,044,134)
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	**(157,625)**	1,489,379
Net decrease in cash and cash equivalents	**(283,589)**	(18,050,186)
Cash and cash equivalents at the beginning of the year	**12,546,519**	30,596,705
Cash and cash equivalents at the end of the year	**12,262,930**	12,546,519
Supplemental cash flow information		
Income taxes paid	**227,286**	412,277
Interest paid	**3,811,779**	6,774,314

Supplemental non-cash flow information

Capital work-in-progress written down by netting against accounts payable amounted to $651,767.

(The accompanying notes are an integral part of these separate parent company financial statements)

NOTES TO SEPARATE PARENT COMPANY FINANCIAL STATEMENTS

NOTE A – NATURE OF OPERATIONS

Mahindra USA, Inc. (the "Company") ("MUSA") was incorporated on June 8, 1994 in the State of Texas and commenced business on March 15, 1995. The Company is owned by Mahindra and Mahindra Ltd. ("M&M"). M&M is a publicly traded corporation, headquartered in Mumbai, India, which, among other activities, manufactures farming equipment and automobiles. The Company sells tractors, parts, attachments, and accessories in North America under wholesale distribution agreements.

The Company formed a subsidiary on August 9, 2016, Mahindra Mexico S de. R.L. de. C.V. ("MML"), to assemble and sell tractors, parts, attachments and accessories in Mexico and Latin America. MML commenced commercial operations in July 2018.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are detailed below:

1. Basis of preparation

a. The accompanying separate parent company financial statements (or "financial statements") are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America ('US GAAP'), except for investments in its wholly owned subsidiary. The Company reported its investment in Mahindra Mexico S de. R.L. de. C.V. ("MML") using the cost basis for the reporting requirements of its ultimate parent company and shareholder; Mahindra and Mahindra Ltd.

b. All amounts are stated in United States Dollars (USD), except as otherwise specified.

c. The financial statements are presented for the years ended March 31, 2021 and March 31, 2020.

d. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior periods to conform to the classifications used in the current year. These changes had no impact on previously reported net loss or stockholder's deficit.

2. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management's estimates for determination of useful lives for property, plant & equipment, and long-lived assets for impairment, revenue recognition, allowance for incentives and warranties, legal and tax contingencies, provision for doubtful debts, accounting for leases and inventory valuation at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates prospectively in the current and future periods.

3. Cash and cash equivalents

The Company's cash and cash equivalents comprise of cash and bank balances. The Company does not have any cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash balances in US bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate of $ 250,000. The Company believes it is not exposed to any significant risk on cash and cash equivalents.

4. Revenue recognition

Adoption of ASC 606

Financial Accounting Standards Board ('FASB') issued Accounting Standards Codification ('ASC') 606 – Revenue from Contracts with Customers in May 2014. The Company early adopted the standard during the year ended March 31, 2019 using modified retrospective method of transition to change its accounting policies.

Revenue from sale of tractors, parts, attachments and accessories is recognized when each of the following criteria is met:

1. The Company and an independent dealer approve a contract with commercial substance.
2. The sales price is determinable, and collectability of the payment is probable based on the terms outlined in the contract
3. Control of the goods is transferred to the dealer when the ordered goods are invoiced to the dealer after credit approval and when the ordered items are ready for shipment.

Transfer of control, and therefore revenue recognition is recorded at a point in time on the date when the tractors, parts, attachments or accessories are made available to the dealers.

The Company participates in various retail sales incentives with its dealers. The Company records the estimated retail sales incentive programs offered to dealers as a reduction to revenue at the time of sale to the dealer. The estimate is based on historical data, announced incentive programs, field inventory levels, and retail sales volumes.

Product warranties

The Company establishes reserves for product warranties at the time the related sale is recognized. The Company issues product warranties under which the performance of products delivered is generally guaranteed for a certain term. The accrual for product warranties includes the expected costs of warranty obligations imposed by law or contract, as well as the expected costs for policy coverage.

5. Accounts receivable and allowance for doubtful debts

Accounts receivable are stated at the amount invoiced to the dealers. The Company follows the specific identification method for recognizing allowance for doubtful debts. All amounts deemed to be uncollectible are charged against the allowance for doubtful debts in the period that determination is made. The Company charges off uncollectable amounts against the allowance for doubtful debts in the period in which it determines they are uncollectable. Allowance for doubtful debts is included in other selling, general and administrative expenses in the statements of comprehensive loss.

6. Inventories

Inventories are stated at moving average price or net realizable value whichever is lower. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price less applicable selling expenses. The Company writes-down obsolete or otherwise unmarketable inventory to its estimated realizable value.

7. Investment in subsidiary

The Company accounts for its investment in subsidiary using the cost method. During the year ended March 31, 2021, the Company has fully impaired the value of investment in the wholly owned subsidiary considering the series of operating losses of the subsidiary, thereby resulting in absence of an ability to recover the carrying amount of the investment.

8. Property, plant and equipment, net

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost of items of property, plant and equipment comprise cost of purchase, improvements and other costs necessarily incurred to bring it to the condition and location necessary for its intended use. Depreciation is provided over the useful lives of the related assets using the straight-line method for financial reporting and the modified accelerated cost recovery method for tax purposes. Leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives.

The estimated useful life used to determine depreciation is:

Buildings and building improvements	7-10 Years
Furniture and fixtures	3-7 Years
Office equipment	3-7 Years
Computer and software	3-5 Years
Vehicles	5 Years

Deposits paid towards the acquisition of property, plant and equipment outstanding as of each balance sheet date and the cost of property, plant and equipment not ready for use before such date are disclosed under capital work-in-progress. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is a part of net operating loss.

Development costs related to internally generated software are capitalized once a project has progressed beyond a conceptual, preliminary stage to that of the application development stage. Costs of significant improvements on existing software for internal use, both internally developed and purchased, are also capitalized. Costs related to the preliminary project stage, data conversion and post-implementation/operation stage of an internal use software development project are expensed as incurred.

9. Leases

Accounting Standard Update ("ASU") 2016-02, Leases. On April 1, 2020, the Company early adopted Accounting Standards Codification 842 and all the related amendments ("new lease standard") using the modified retrospective method. The comparative information has not been restated and continues to be reported under the lease accounting standard in effect of those periods. The Company does not expect the adoption of the new lease standard to have a material impact to net income on an ongoing basis. The new lease standard requires all leases to be reported on the balance sheet as operating lease right-of-use assets and lease obligations. The Company elected the practical expedients permitted under the transition guidance of the new standard that retained the lease classification and initial direct costs for any leases that existed prior to adoption of the standard. The Company has not applied the recognition and measurement requirements of ASC 842 to certain assets on lease where the Management believes it to be immaterial.

The Company's leases are classified as operating leases, which are included in operating lease right-of-use assets and operating lease liabilities in the Company's balance sheet.

Right-of-use ("ROU") assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date for leases exceeding 12 months. Minimum lease payments include only the fixed lease component of the agreement, as well as any variable rate payments that depend on an index, initially measured using the index at the lease commencement date. Lease terms may include options to renew when it is reasonably certain that the Company will exercise that option.

The Company estimates its incremental borrowing rate for each lease based on the respective weighted average term of the agreements. This estimation considers the market rates of the Company's outstanding collateralized borrowings and interpolations of rates outside of the terms of the outstanding borrowings, including comparisons to comparable borrowings of similarly rated companies with longer term borrowings.

Operating lease expense is recognized on a straight-line basis over the lease term and is included in cost of revenue or general and administrative expense. Amortization expense for finance leases is recognized on a straight-line basis over the lease term and is included in cost of revenue. Interest expense for finance leases is recognized using the effective interest method. Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognized as an expense on a straight-line basis over the lease term.

As a result of the Company's adoption of ASC 842, the Company recognized operating lease right-of-use of assets and lease liabilities amounting to $ 25,351,196.

<u>Operating leases as per old standard - ASC 840</u>

The Company leases certain facilities and equipment. Lease rent expenses on operating leases are charged to statement of income over the lease term. Certain of the Company's leases contain renewal options, rent escalation clauses, and/or landlord incentives. Renewal terms generally reflect market rates at the time of renewal. Rent expense for non-cancelable operating leases with scheduled rent increases and/or landlord incentives is recognized on a straight-line basis over the lease term, including any applicable rent holidays, beginning with the lease commencement date, or the date the Company takes control of the leased space, whichever is sooner. The excess of straight-line rent expense over scheduled payment amounts, and landlord incentives is recorded as a deferred rent liability. The company followed the accounting policy to account for leases for the year ended March 31, 2020.

<u>Capital leases</u>

Capital leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return.

10. Income taxes

In accordance with the provisions of FASB ASC Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the assets will not be realized.

11. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the date of the transaction. Monetary items denominated in foreign currency remaining unsettled at the end of the year are translated at the closing rates as at the last day of the year. Gains or losses, if any, on account of exchange difference either on settlement or translation are recognized in statements of comprehensive loss, except those relating to acquisition of fixed assets which are adjusted to the cost of the respective asset.

12. Fair value measurements and financial instruments

The fair value hierarchy requires the use of observable market data when available. In instances where the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability. The following table sets forth by level within the fair value hierarchy, the Company's financial assets and liabilities that are accounted for at fair value on a recurring basis at March 31, 2021 and 2020, according to the valuation techniques the Company used to determine their fair values.

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted prices include in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs that are support by little or no market activity. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The fair value of the interest rate swaps is the estimated amount that the Company would receive or pay to terminate such agreements, taking into account market interest rates and the remaining time to maturities or using market inputs with mid-market pricing as a practical expedient for bid-ask spread.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and related party dues. The estimated fair value of cash, accounts receivable, accounts payable and related party dues approximate their carrying amounts due to the short-term nature of these instruments. The Company has entered into cash flow hedge so as to protect the variability of the cash flow stemming from the floating rate interest payments on facility arrangement. None of these instruments are held for trading purposes.

13. Interest rate swaps

The Company has interest rate swaps with counterparties to reduce its exposure to variability in cash flows relating to interest payments on portion of its notes payable in an aggregate principal amount of $ 25 million. The Company applies hedge accounting and has designated these instruments as cash flow hedges of the risk associated with floating interest rates on designated future monthly interest payments. Management assumes the hedge is highly effective and therefore changes in the value of the hedging instrument are recorded in accumulated other comprehensive loss in the balance sheets. Any ineffectiveness is recorded in earnings. Amounts in accumulated other comprehensive loss are reclassified into earnings in the same period during which the hedged transactions affect earnings, or upon termination of the hedging relationship.

14. Derivative financial instruments

The Company has obtained floating rate borrowings which are linked to 1 months revolving LIBOR. For managing the interest rate risk arising from changes in LIBOR on such borrowings, the Company has entered into interest rate swap (IRS) for the loan liability amounting to $ 25 million. The Company has designated the IRS (hedging instrument) and the floating rate financial liability (hedged item) into a hedging relationship and applies hedge accounting.

Under the terms of the IRS, the Company pays interest at the fixed rate to the swap counterparty in USD and receives the floating interest payments based on LIBOR in USD. As the critical terms of the hedged item and the hedging instrument (notional, interest periods, underlying and fixed rates) are matching and the interest cashflows are off setting, an economic relationship exists between the two. This ensures that the hedging instrument and hedged item have values that generally move in the opposite direction.

Hedge effectiveness testing is assessed at designation date of the hedging relationship, and on an ongoing basis. The ongoing assessment is performed at a minimum at each reporting date or upon a significant change in circumstances affecting the hedge effectiveness requirements, whichever comes first.

15. Advertising and marketing expenses

The Company subsidizes product advertising carried on by dealers within each dealer's local market and conducts dealer conferences. The Company also advertises in trade magazines, at trade shows and uses various other means of promotion, including product brochures and digital media to increase brand awareness and sale of products in the market. Expenditures without extended advertising value are expensed in the year accrued. The amount of advertising and marketing costs incurred by the Company for the year ended March 31, 2021 amounts to $2,203,482 (March 31, 2020: $9,734,389).

16. Shipping and handling cost

The Company generally classifies freight billed to dealers as sales revenue, which is generally included in the list price to the dealer. Shipping and handling activities are fulfillment activities and are not considered to be a separate performance obligation.

17. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

18. Liquidity

As on March 31, 2021, the Company has positive net worth of $22,601,969, pursuant to additional equity funding received from the parent company during the year amounting to $107,600,000. The Company believes that cash flow from operations and the current credit line from the banks will be sufficient to meet the Company's current anticipated cash needs for at least the next twelve months, including working capital needs and various contractual obligations.

NOTE C – CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	As at	
	March 31, 2021	March 31, 2020
Balances with banks	**12,262,369**	12,545,874
Cash in hand	**561**	645
Total	**12,262,930**	12,546,519

NOTE D – ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, include the following:

	As at	
	March 31, 2021	March 31, 2020
Accounts receivable	**21,745,766**	35,665,724
Less: allowance for doubtful debts	**(3,676,396)**	(2,383,824)
Accounts receivable, net of allowances	**18,069,370**	33,281,900

Accounts receivable as at March 31, 2021 and March 31, 2020 are stated net of provision for doubtful debt and other allowances. The Company follows the specific identification method for recognizing allowance for doubtful debts. Accordingly, the Company maintains an allowance for doubtful debts on accounts receivable, based on present and prospective financial condition of the dealer and ageing of accounts receivable after considering historical experience and the current economic environment.

NOTE E – INVENTORIES, NET

Major classes of inventory include the following:

	As at	
	March 31, 2021	March 31, 2020
Tractors	**56,560,664**	123,665,402
Parts, accessories, and others	**71,610,217**	89,609,334
Total	**128,170,881**	213,274,736

NOTE F – PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, and intangibles include the following:

	As at	
	March 31, 2021	March 31, 2020
Building and building improvements	**5,321,012**	4,937,549
Vehicles	**63,467**	28,132
Furniture and fixtures	**1,891,122**	1,752,497
Office equipment	**1,329,112**	1,103,598
Computers and software	**10,107,224**	8,911,579
Less: accumulated depreciation and amortization	**(9,405,319)**	(6,163,472)
Property, plant and equipment, and intangible assets	**9,306,618**	10,569,883
Capital work-in-progress	**55,192**	1,283,007
Property, plant and equipment, and intangible assets net	**9,361,810**	11,852,890

Depreciation expense for the year ended March 31, 2021 is $3,242,711 and for the year ended March 31, 2020 is $ 2,368,801.

During the year ended March 31, 2021 and March 31, 2020, capital work-in-progress of $1,979,651 and $ 5,929,642, respectively, was completed and capitalized to computer and software, building and building improvements and the other property, plant and equipment.

NOTE G – NOTES PAYABLE

As at March 31, 2021 the total loan outstanding amounts to $52,999,292 from Bank of America N.A., J. P. Morgan Chase Bank N.A. and HDFC Bank. The Company has fund based and non-fund-based facilities from Bank of America N.A., J P Morgan Chase Bank N.A and HDFC Bank. The average interest rate during the year on these loans was 2.7%. The maturity dates for all the loans are in April 2021 and June 2021. Neither of the facilities from banks carry any restrictive covenants. The Company has a line of credit of $85,000,000 from Bank of America N.A, $40,000,000 from JP Morgan Chase Bank N.A. and $25,000,000 from HDFC Bank.

As at March 31, 2020 the total loan outstanding amounts to $172,041,658 from Bank of America N.A. and J. P. Morgan Chase Bank N.A. The Company has fund based and non-fund-based facilities from Bank of America N.A. and J P Morgan Chase Bank N.A. The average interest rate during the year on these loans was 3.92%. The maturity dates for all the loans are in April 2020. Neither of the facilities from Bank of America N.A. or JP Morgan Chase Bank N.A. carry any restrictive covenants. The Company has a line of credit of $110,000,000 from Bank of America N.A and $65,000,000 from JP Morgan Chase Bank N.A.

As at March 31, 2021, Bank of America N.A. has issued an irrevocable standby letter of credit for $12,000,000 on behalf of the Company as a credit enhancement to De Lage Landen Financial Services, Inc., an organization that offers financing to the Company's dealers in USA, Canada and also to dealers of related entities in Mexico and Brazil

As at March 31, 2020, Bank of America N.A. has issued an irrevocable standby letter of credit for $20,000,000 on behalf of the Company as a credit enhancement to De Lage Landen Financial Services, Inc., an organization that offers financing to the Company's dealers in USA, Canada and also to dealers of related entities in Mexico and Brazil.

	As at	
	March 31, 2021	March 31, 2020
Current portion		
Notes payable	**52,999,292**	172,041,658
Total	**52,999,292**	172,041,658

NOTE H – ACCOUNTS PAYABLE

	As at	
	March 31, 2021	March 31, 2020
Trade payables	**26,701,216**	54,907,438
Total	**26,701,216**	54,907,438

NOTE I – OTHER CURRENT LIABILITIES

Other current liabilities comprise of:

	As at	
	March 31, 2021	March 31, 2020
Accrued payables	**52,221,836**	74,409,375
Current obligations under capital leases	**10,450**	421,074
Total	**52,232,286**	74,830,449

Expenses accrued for the years ending March 31, 2021 and March 31, 2020 include advertising, marketing program costs, retail rate buy-downs, cash discounts, state franchise taxes, payroll and payroll taxes, employee bonuses, salesmen and customer bonuses, legal fees, property taxes, insurance deductibles and warranty reserves. The Company participates in various retail incentives with its dealers and has accrued for the costs of these programs in effect as of the date of these separate parent company financial statements.

NOTE J – DERIVATIVE FINANCIAL INSTRUMENTS

The following tables summarize the gross fair values of the financial instruments as of March 31, 2021 and March 31, 2020:

	As at	
	March 31, 2021	March 31, 2020
Derivatives designated as hedging instruments		
Interest rate swap	**404,256**	533,910
Total derivatives designated as hedging instruments	**404,256**	533,910
Total derivatives not designated as hedging instruments	**–**	–
Total derivative fair value	**404,256**	533,910

The fair value of the derivative instruments and their location in the financial statements of the Company is summarized in the table below:

	As at	
	March 31, 2021	March 31, 2020
Other current liabilities	**404,256**	533,910
Total	**404,256**	533,910

Gain (loss) recognition

There was no gain recognized with respect to fair value of derivative instruments not designated as hedges and ineffectiveness of designated derivative recognized in other income, net.

The following table summarizes the impact on accumulated other comprehensive income and earnings of derivative instruments designated as cash flow hedges and the amount of gain recognised in other comprehensive income for the year ended March 31, 2021 and March 31, 2020.

	Before-tax amount	**Tax (expense) or benefit**	**Net of tax Amount**
Opening balance as of March 31, 2020	533,910	–	533,910
Net losses reclassified into statement of income on completion of hedged transactions	(129,654)	–	(129,654)
Loss on cash flow hedging derivatives, net	–	–	–
Closing balance as of March 31, 2021	**404,256**	**–**	**404,256**

NOTE K – FAIR VALUE MEASUREMENT

The following table presents liabilities as of March 31, 2021 and March 31, 2020 that are measured and recognized at fair value on a recurring basis:

	Quoted price in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)
Balance as on March 31, 2020	–	533,910	–
Interest rate swap	–	(129,654)	–
Balance as of March 31, 2021	**–**	**404,256**	**–**

The fair value of the interest rate swaps is the estimated amount that the Company would receive or pay to terminate such agreements, taking into account market interest rates and the remaining time to maturities or using market inputs with mid-market pricing as a practical expedient for bid-ask spread.

NOTE L – LEASES

General description of the lease

The Company has entered into noncancelable operating lease agreements related to facility, office equipment, and vehicles with varying terms.

Non-lease components: Leases that contain non-lease components are accounted for as a single component and recorded on the balance sheet for certain asset classes including equipment. Non-lease components include, but are not limited to, common area maintenance and service arrangements.

Package of practical expedients: The Company will not reassess whether any expired or existing contracts are leases or contain leases, the lease classification for any expired or existing leases or any initial direct costs for any expired or existing leases as of the transition date. The Company has not applied the recognition and measurement requirements of ASC 842 to certain assets on lease where the Management believes it to be immaterial.

Additional transition method: The Company adopted the standard using a modified retrospective approach, applying the standard's transition provisions at the beginning of the period of adoption and maintain previous disclosure requirements for comparative periods.

The Company used the following policies and/or assumptions in evaluating the lease population:

Lease determination: The Company considers a contract to be or to contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.

Discount rate: When the lease contracts do not provide a readily determinable implicit rate, the Company uses the estimated incremental borrowing rate based on information available at the inception of the lease. The discount rate is determined by asset class.

Variable payments: The Company includes payments that are based on an index or rate within the calculation of right of use leased assets and lease liabilities, initially measured at the lease commencement date. There are variable payments in the nature of origination fees for office equipment, machinery and equipment and therefore are not treated as a part of lease payments.

Purchase options: Certain leases include options to purchase the office equipment. The depreciable life of assets are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Renewal options: Most leases include one or more options to renew, with renewal terms that can extend the lease term from one or more years. The exercise of lease renewal options is at the Company's sole discretion.

Residual value guarantees, restrictions, or covenants: The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Short-term leases: Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term and expense the associated operating lease costs to administrative expenses on the statements of income.

Right of use (ROU) asset relating to capital lease of $ 661,656 as of March 31, 2021 is included in "property, plant and equipment, net" and lease liability relating to capital lease of $10,450 is included in "other current liabilities".

The table below presents the classification of lease related expenses as reported in the statements of comprehensive loss.

	For the year ended	
Particulars	**March 31, 2021**	March 31, 2020
Amortization of ROU asset on capital lease (a)	**370,869**	–
Interest on capital lease liability (b)	**6,522**	–
Operating lease expense (c)	**3,714,098**	–
Total lease expense	**4,091,489**	–

(a) Amortization of ROU asset relating to capital lease is included in 'other selling, general and administrative expenses' in the statement of comprehensive loss.

(b) Interest on capital lease liability is included in 'finance cost' in the statement of comprehensive loss.

(c) Operating lease expenses are included in 'other selling, general and administrative expenses' in the statements of comprehensive loss. Operating lease expense include short-term leases, variable lease costs and leases which did not meet the capitalization requirement of the Company.

Future minimum lease payments as of March 31, 2021, for operating and capital leases having an initial or remaining non-cancelable lease term in excess of one year are as follows.

Year ended March 31,	Operating lease	Capital lease
2022, 2023 and 2024	9,286,239	10,659
2025 and 2026	6,104,967	–
2027 onwards	13,037,221	–
Total minimum lease payments	**28,428,427**	**10,659**
Less: Interest	5,127,881	209
Present value of lease payments	**23,300,546**	10,450

The following table presents the weighted-average remaining lease term and discount rates as of March 31, 2021.

Weighted-average remaining lease term (years)	
Operating leases	8.66
Capital leases	0.5
Weighted-average discount rate	
Operating leases	4.5%
Capital leases	6.8%

The following table presents supplemental information for operating leases for the year ended March 31, 2021.

Supplemental cash flow information	Amount (USD)
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	3,522,389
Financing cash flows from capital leases	421,074
Operating cash flows from capital leases	6,522
Non-cash lease assets obtained in exchange for new lease liabilities	
Operating leases	25,351,196

Long term capital lease obligation is calculated as:

	As at	
	March 31, 2021	March 31, 2020
Total capital lease obligation	**10,450**	431,524
Less: Current portion	**(10,450)**	(421,074)
Long term capital lease obligation	**–**	10,450

Disclosure related to year prior to adoption of the new lease standard

The Company entered into a lease covering a 98-month period for an office and warehouse on August 30, 2017. Total rent expense for all operating leases for the year ended March 31, 2020 was $3,607,857. The Company entered into a master lease agreement for their vehicle fleet.

Future minimum lease payments under the non-cancelable operating leases with initial or remaining terms of one year or more are as follows:

Year ending March 31,	Equipment and others
2021	3,739,438
2022	3,424,234
2023	2,852,738
2024	2,919,770
2025	3,007,373
Thereafter	1,791,075
Total	**17,734,628**

Future minimum lease payments under the finance lease with initial or remaining terms of one year or more are as follows:

Year ending March 31,	Others
2021	442,823
2022	10,659
Total	**453,482**
Less: imputed interest	(21,958)
Total capital lease obligation	**431,524**

NOTE M – INCOME TAXES

The Company files state tax returns and federal tax returns at the standalone level. The components of the provision for income tax expense are as follows:

	For the year ended	
	March 31, 2021	March 31, 2020
Current income tax expense		
State	**102,580**	369,052
Total	**102,580**	369,052

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

As of March 31, 2021, the Company has net deferred tax assets of $59,525,437. This is mainly attributable to two components, deferred tax on accrued dealer incentive of $7,022,320 and on net operating losses $42,076,331. Other components refer to deferred taxes on various expenses, including slow moving inventory, warranty reserves, allowance for uncollectible accounts receivable and other comprehensive loss related items such as cash flow hedge reserve. Out of total deferred tax assets, the Company has recognized deferred tax assets of $37,365,938 and created valuation allowance on the remaining balance of $22,159,498.

As of March 31, 2020, the Company has net deferred tax assets of $55,108,252. This is mainly attributable to two components, deferred tax on accrued dealer incentive of $11,285,453 and on net operating losses $36,535,064. Other components refer to deferred taxes on various expenses, including slow moving inventory, warranty reserves, allowance for uncollectible accounts receivable and other comprehensive loss related items such as cash flow hedge reserve. Out of total deferred tax assets, the Company has recognized deferred tax assets of $37,365,938 and created valuation allowance on the remaining balance of $17,742,313.

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

Based on the evaluation of positive and negative evidences, the Company has determined that the entire amount of deferred tax assets may not be realizable in near future and accordingly created a valuation allowance of $ 22,159,498 and $17,742,313 as of March 31, 2021 and March 31, 2020, respectively.

The Company has federal net operating losses of $168,862,581 and $ 131,980,852 as at March 31, 2021 and March 31, 2020, respectively. These net operating losses generated will be carried forward indefinitely and are also available for carryback to five preceding years. The Company has state net operating loss carryforwards of approximately $ 107,138,742 and $ 84,726,666 as at March 31, 2021 and March 31, 2020, which if unutilized will expire based on the statutes of various states.

Accounting for uncertain tax position

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at March 31, 2021 and March 31, 2020.

The tax years 2017 to 2019 remain subject to examination by the taxing authorities.

NOTE N – EMPLOYEE BENEFIT PLANS

The Company adopted a 401(k)-retirement plan effective April 1, 1998. All of the Company's employees who are at least 18 years of age are eligible at the beginning of the following month upon completion of 6 months of employment after their hire date to participate in a 401(k)-profit sharing plan (the "Plan"). In most cases, qualified rollovers are accepted before an employee reaches eligibility. Eligible employees may make annual contributions up to the maximum limit prescribed by the Internal Revenue Service (IRS). The Plan provides for matching contributions by the Company in an amount equal to the employee contributions for the first 3% of eligible contributions and 50% for the percentages 4 and 5 for a maximum of 4% employer matching. Employee contributions and employer matching contributions are invested in mutual funds. The total expense for employee retirement contribution plans for the year ended March 31, 2021 was $788,076 (March 31, 2020 – $838,241). The amounts have been included in other selling, general and administrative expenses.

NOTE O – RELATED PARTY TRANSACTIONS

The Company had transactions relating to loans, advances, issue of shares and investments with following related parties:

A. Parent Company

1. Mahindra and Mahindra Ltd.

B. Fellow Subsidiaries

1. Mahindra Integrated Business Solution Limited
2. Bristlecone India Limited
3. Bristlecone Inc.
4. Mahindra and Mahindra Financial Services Ltd
5. Mahindra Automotive Australia Pty Ltd.
6. Hisarlar Makina Sanayi Ve Ticaret A.S
7. Mahindra Vehicle Manufacturers Limited
8. Mahindra do Brasil Industrial Ltd.
9. Mahindra Overseas Investment Company Mauritius Limited
10. Mahindra Automotive North America Inc.
11. Hisarlar Makina Sanayi Ve Ticaret A.S

C. Associates

1. Mitsubishi Mahindra Agricultural Machinery Co., Ltd
2. Mahindra Finance USA, LLC

D. Subsidiary of the Company

1. Mahindra Mexico S de RL de CV

The Company purchases tractors and parts from related parties, including M&M and Mitsubishi Mahindra Agricultural Machinery Co. Ltd., on an open account, which is paid when due. Accounts payable are net of amounts the Company has paid for warranty claims and legal fees.

The Company has the following payables:

	As at	
	March 31, 2021	March 31, 2020
Mahindra and Mahindra Ltd., Farm Equipment Sector	**21,082,793**	27,561,741
Mitsubishi Mahindra Agricultural Machinery Co., Ltd	**31,695,701**	49,314,157
Mahindra and Mahindra Ltd., Head Office	**56,551**	580,896
Mahindra Integrated Business Solution Limited	**9,750**	3,761
Bristlecone India Limited	**31,314**	94,158
Bristlecone Inc.	**–**	651,671
Mahindra Automotive North America Inc.	**44,820**	–
Total	**52,920,929**	78,206,384

In addition, the Company conducts business and records transactions with related parties for goods and services. As a result, the Company has the following receivables:

	As at	
	March 31, 2021	March 31, 2020
Mahindra and Mahindra Ltd., Farm Equipment Sector	**832,584**	3,945,189
Mahindra Mexico S de RL de CV	**4,374**	3,360,199
Mitsubishi Mahindra Agricultural Machinery Co., Ltd	**–**	285,429
Mahindra and Mahindra Financial Services Ltd.	**34,401**	214,203
Mahindra and Mahindra Ltd., Auto Sector	**12,709**	43,277
Mahindra Automotive Australia Pty Ltd.	**146,726**	373,621
Hisarlar Makina Sanayi Ve Ticaret A.S	**6,036**	11,275
Mahindra Vehicle Manufacturers Limited	**–**	308,528
Mahindra do Brasil Industrial Ltd.	**27,757**	21,729
Total	**1,064,585**	8,563,450

The Company entered into transactions with its related parties in the normal course of business and all transactions were at an arms' length. The Company's purchases of tractors and parts from M&M Ltd. and Mitsubishi Mahindra Agricultural Machinery Co. Ltd. for the years ended March 31, 2021 and March 31, 2020 were $ 84,826,880 and $ 111,336,054, respectively. The dealers of Mahindra USA, Inc. avail financing facility from Mahindra Finance USA LLC.

NOTE P – FINANCIAL INSTRUMENTS AND CONCENTEATION OF CREDIT RISK

Financial instruments that potentially subject the Company to significant credit risk consist principally of cash and accounts receivable. Risks associated with cash are mitigated by banking with financial institutions that management believes to be of high credit quality. The Company performs ongoing credit evaluations of its dealers and maintains reserves for potential credit losses. To date, such losses have been within management's expectations.

NOTE Q – RISK AND UNCERTAINTIES

The Company's future results of operations involve several risks and uncertainties.

Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

The effects of coronavirus (COVID) and the related actions of governments and other authorities to contain COVID continue to affect the Company's operations, results, cash flows, and forecasts. The future financial effects of COVID are unknown due to many factors. The extent of the impact of coronavirus (COVID 19) outbreak on operations of the Company will depend on future developments, including the duration and spread of the outbreak, related advisories and restrictions, government actions, the impact on financial markets and the overall economy, all of which are highly uncertain and cannot be predicted.

NOTE R – ASSEMBLY AND SERVICE AGREEMENT

The Company has entered into agreements with third party assemblers in Bloomsburg and Olivehurst. (collectively the "Assemblers") for the final assembly of tractors imported from various manufacturers overseas, including M&M. These agreements stipulate that assemblers are to assemble the tractors in accordance with procedures provided by the Company so that the tractors are ready for sale to dealers. The assemblers store inventory owned by the Company in a secure location.

The assemblers are paid based on a piecemeal basis at various rates depending on the respective model and related accessories. These rates are reviewed and negotiated at regular intervals.

The Company has closed its assembly facility in Lyons and Kansas during the fiscal year ended March 31, 2020. Additionally, the Company has closed its assembly facility in Chattanooga and Adstock during the fiscal year ended March 31, 2021.

NOTE S – STOCKHOLDER'S EQUITY

Authorized common stock

The authorized Class A common stock is 460,000,000 shares with a par value of $ 0.25 as at March 31, 2020.

During the year ended March 31, 2021, the Company authorized additional Class B common stock of 693,750,000 shares with a par value of $ 0.16 per share.

Common stock issued

Class A common stock issued and outstanding as at March 31, 2021 and March 31, 2020 was 456,000,000 shares at $ 0.25 par value each.

During the year ended March 31, 2021, the Company issued additional 672,500,000 Class B common shares at $0.16 par value each amounting to $107,600,000.

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

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

NOTE T – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date at which financial statements were issued. There are no material effects of the same on the financial statements as on March 31, 2021.

NOTE U – COMMITMENTS AND CONTINGENT LIABILITIES

The Company is involved in various proceedings which are considered ordinary litigation incident to its business. In management's opinion, adequate provisions have been made for the contingencies and none of the current litigation will have a materially adverse effect on the Company's financial position.

As of March 31, 2021, and March 31, 2020, the Company did not have any capital commitment outstanding.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of

Mahindra México, S. de R. L. de C. V

(A 99.99 % wholly owned Subsidiary of Mahindra USA Inc.)

Opinion

1. We have audited the financial statements of **Mahindra Mexico, S. de R. L. de C. V.** , (the Company), which comprise the statements of financial position as of March 31, 2021, and 2020 the statements of income, statements of changes in Stockholders' equity and the related statements of cash flows for the years then ended as well the notes to the financial statements, including a summary of significant accounting policies.

2. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Mahindra Mexico, S. de R. L. de C. V** as of March 31, 2021, and 2020, and its financial performance and its cash flows for the years then ended in accordance with Mexican Financial Reporting Standards (MFRS).

Basis for Opinion

3. We have conducted our audits in accordance with International Standards on Auditing (ISA). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of this report. We are independent from the Company in accordance with the "Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants" (Code of Ethics of the "IESBA"), together with the ethical requirements that are applicable to our audits. of the financial statements in Mexico by the "Code of Professional Ethics of the Mexican Institute of Public Accountants" ("Code of Ethics of the IMCP") and we have complied with the other ethical responsibilities in accordance with those requirements and with the Code of Ethics of the IESBA. We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern.

4. As mentioned in Note 13 to the accompanying financial statements, as of March 31, 2021, the Company has suffered annually losses, the cumulative net losses until March 31, 2021 hare more than 240 million pesos. Furthermore, the Company has lost more than two of the third parts of the total of its capital stock and, in accordance with Mexican law this may be cause for its dissolution, at the legal request of any interested. Furthermore, Administration considers the probability to do not continue the Mexican operation and close activities or transfer the activities to third part. Probable this will made in a short time. Therefore, Mahindra Mexico, S. de R. L. de C. V. financial statements have included some adjustments for the outcome of this uncertainty. This adjustment was made principally to the inventory value, account receivables and intercompany operations.

   These situations generate uncertainty about the Company's ability to continue operating as a going concern.

Other Matters.

5. As mention Note 2 g) These financial statements are issued for legal and statutory purposes only seems they are stated in the recording currency of the Company, which is the Mexican Peso and have not been translated to its functional currency which is the USD in accordance with MFRS B-15 "Conversion of Foreign Currency's".

6. As mention Note 3 g) as of March 31, 2021 and 2020, the principal purchases was made by the Company with their related parties, which demonstrates a dependence on the supply of the products that Company commercialize, our opinion has not been modified in relation to this situation.

Responsibilities of the Administration and those charged with governance in relation to the financial statements.

7. Management is responsible for the preparation and fair presentation of the financial statements in accordance with MFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

9. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

WITT RGA Consultores, S.C.

C.P.C. Eduardo Garcia Zamarripa
Partner

Mexico City,
April 30, 2021.

STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2021, AND 2020

	Note	2021	2020
			(In Mexican pesos)
Assets			
Current assets			
Cash and cash equivalents		$ **30,356,174**	$ 20,742,487
Trade receivables, net		**–**	14,482,601
Other current Assets		**184,984**	**614,287**
Inventory		**659,232**	61,132,897
Recoverable Value Added Tax		**5,362,038**	5,230,442
Total current assets		**36,562,428**	102,202,714
Non-current assets			
Furniture and equipment, net	(5)	**531**	208,156
Other long-term assets		**737,199**	1,074,002
Tax in favor		**14,637,790**	11,556,612
Deferred income asset tax	(10)	**–**	–
		15,375,520	12,838,770
Total Assets		$ **51,937,948**	$ 115,041,484
Liabilities			
Current liabilities			
Suppliers	(6)	$ **851,228**	$ 7,213,206
Bank loans	(7)	**–**	64,776,986
Due to related parties	(8)	**18,821,231**	173,841,122
Other payables	(13)	**63,705,805**	48,734,501
Total liabilities		$ **83,378,264**	$ 294,565,815
Stockholders' deficit			
Common stock	(12)	$ **210,112,800**	$ 38,732,800
Accumulated deficit		**(218,257,131)**	(76,808,455)
Net loss for the year		**(23,295,985)**	(141,448,676)
Total Stockholders' equity		**(31,440,316)**	(179,524,331)
Total liabilities and Stockholders' deficit		$ **51,937,948**	$ 115,041,484

See notes to the financial statements.

STATEMENT OF INCOME FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

	Note	2021	(In Mexican pesos) 2020
Net sales		**$ 143,162,963**	$ 96,298,211
Cost of sales		**(126,211,843)**	(110,264,875)
Gross profit		**16,951,120**	(13,966,664
Expenses:			
Administrative expenses		**(38,731,672)**	(16,137,844)
Selling expenses		**1,023,414**	(61,457,122)
		(37,708,258)	(77,594,966)
Integral result financing			
Foreign exchange gain, net		**(2,538,847)**	(40,066,610)
		(2,538,847)	(40,066,610)
Loss before income taxes		**(23,295,985)**	(131,628,240)
Income Tax	**(10)**	**–**	(9,820,436)
Net loss of the year		**$ (23,295,985)**	$ (141,448,676)

See notes to the financial statements.

STATEMENT OF CHANGES IN STOCKHOLDERS' FOR THE YEAR ENDED MARCH 31, 2021 AND 2020

(In Mexican pesos)

	Common stock	Accumulated losses	Stockholder´s total
Balances as of March 31, 2019	38,732,800	(76,808,455)	(38,075,655)
Loss of the year		(141,448,676)	(141,448,676)
Balances as of March 31, 2020	**$ 38,732,800**	**$ (218,257,131)**	**$ (179,524,331)**
Common stock increase	**171,380,000**		**171,380,000**
Loss of the year		**(23,295,985)**	**(23,295,985)**
Balances as of March 31, 2021	**$ 210,112,800**	**$ (241,553,116)**	**$ (31,440,316)**

See notes to the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR THEN ENDED MARCH 31, 2021 AND 2020

				(In Mexican pesos $)
		2021		2020
Loss before income taxes	**$**	**(23,295,985)**	$	(131,628,240)
Items to reconcile to cash flow in operating activities				
Depreciation		**4,349**		177,601
Amortization		**130,278**		60,334
Total		**(23,161,358)**		(131,390,305)
(Increase) decrease in:				
Income taxes Deferred income asset tax				
Accounts Receivable		**14,482,601**		51,914,501
Inventory		**60,473,665**		51,814,342
Recoverable VAT		**(131,597)**		1,129,688
Due from related parties				241,501
Taxes in favor		**(3,081,178)**		(6,316,875)
Other current Assets		**429,303**		(614,287)
Increase (decrease) in:				
Suppliers		**(6,361,978)**		(1,337,595)
Due to Related Parties		**(155,019,891)**		30,994,823
Other payables		**11,771,243**		19,344,498
Doubtful Accounts		**3,200,062**		–
Deferred income asset tax		**–**		–
Net cash used in operating activities		**(97,399,128)**		**15,780,291**
Investment activities				
Machinery and equipment, net		**409,801**		(39,412)
Other long-term assets				–
Net cash flows from investment activities		**409,801**		(39,314)
Excess cash to apply in financing activities		**(96,989,327)**		15,740,879
FINANCING ACTIVITIES:				
Bank loans and interests				93,935,945
Bank loans and interests paid		**(64,776,986)**		(91,837,299)
Common stock		**171,380,000**		–
		106,603,014		2,098,646
Increase in cash and cash equivalents		**9,613,687**		17,839,525
Cash at the beginning of the period		**20,742,487**		2,902,962
Cash at the end of the period	**$**	**30,356,174**	$	20,742,487

See notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR THEN ENDED AT MARCH 31, 2021 AND 2020

NOTE 1.- ACTIVITY OF THE COMPANY

Mahindra Mexico, S. de R. L. de C. V., (the Company) was incorporated on August 8, 2016 in accordance with Mexican law by public deed number 128,847 in México City, the Company's activities, among others: purchase and sale of all types of tractors, distribution, sale tools for transverse vehicles, as well as accessories and components. The main sales point is in the City of Aguascalientes, Mexico.

Mahindra Mexico, S. de R. L. de C. V., is a 99.99% wholly owned subsidiary of Mahindra USA Inc. a company incorporated in the United States of America (USA).

NOTE 2.- BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

a) The Authorization - On April 30, 2021, C.P. Juan Eduardo Mendez Enguilo, Accounting Manager, approved the issuance of the accompanying financial statements and related notes thereto. In accordance with the General Corporations Law and the bylaws of the Company the stockholders´ are empowered to modify the financial statements after issuance. The accompanying financial statements will be submitted to the next Stockholders' Meeting for approval. a) The Company prepares its financial statements in accordance with Mexican Financial Reporting Standards (MFRS) which are mandatory for all for-profitable entities. These financial reporting standards are issued by the Mexican Council of Financial Information Standards, A.C. (CINIF for its acronym in Spanish).

b) Monetary unit of the financial statements – financial statements and notes as of 31 March 2021 and 2020 and for the years then ended, include balances and transactions in Mexican pesos of different purchasing power.

c) The accumulated inflation of the three previous years at March 31, 2021 has been less than 26%, so in accordance with the Mexican Financial Reporting Standards, corresponds to a non-inflationary economic environment in both years and consequently, the effects of inflation are not recognized in the financial statements.

d) Use of estimates and judgments. - The preparation of financial statements requires Management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

e) Statement of comprehensive income presentation

The Company presents comprehensive income in a single statement of net income entitled "Statement of Income" given that the Company did not generate Other Comprehensive Income (OCI) during the current year or the preceding year, which is presented for comparative purposes.

f) Statement of cash flows. The Company prepares this financial statement using the indirect method, the operating activities cash flows are determined based on utility or loss before tax income; This amount increased or decreased by the effects of the items associated with investment activities, financing activities and changes that have occurred in the period related to the working capital.

g) Functional and reporting currency. The aforementioned financial statements are presented in Mexican pesos reporting currency, which is the same as the local currency but different from the functional currency and were not remeasured or translated into the functional currency because, such financial statements are issued only for legal and tax purposes.

NOTE 3. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed the Company in the preparation of these pre-operating stage financial statements, are in accordance with NIF, and are as follows:

a) Cash and cash equivalents -

Cash in banking accounts in Mexican pesos are expressed at their nominal value. The amounts of cash equivalents denominated in foreign currency are expressed at the current exchange rate.

b) Financial risk management -

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Financial risk management policies

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Accounts receivable, other accounts receivable and accounts receivable with related parties. The Company's exposure to credit risk maybe significant, however the credit policies do not permit ensure the costumers can pay.

Company has a credit policy this apply for each customer this establishing purchase limits, which represent the maximum open amount that does not require special approval. The Company has established criteria based on customer collection expectations to determine the creation of reserves for uncollectible accounts. Personnel from the Corporate Offices take part in the determination of the reservation.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing its liquidity consists of ensuring, insofar as possible, that it will have sufficient liquidity to settle its liabilities at the date of maturity, both in normal situations and in extraordinary conditions, without incurring unacceptable losses or jeopardize the reputation of the Company. The principal liabilities are with related parties. The corporative administration reviews the behavior of the operation in Mexico and determine if it should support liquidity.

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates will can affect the Company's income. Prices are determined by Corporate Administration and special discounts too. The corporative administration reviews the behavior of the operation in Mexico and determine if it should support liquidity.

Currency risk

The exchange rate risk arises when the Company carries out operations and maintains monetary assets and liabilities in currencies other than its functional currency. Corporate Administration periodically evaluate the effects and take action if its necessary.

Interest rate risk

Fluctuations in interest rates mainly impact the loans contracted by the Company, as well as long term Accounts Receivable. Management does not have a formal policy to determine how much of the Company's exposure should be at a fixed or variable rate. The principal issue is the interest rate associate with related with related parties' loans, "thin capitalization".

c) Accounts receivable and revenue recognition -

Sale of tractors and spare parts. The Company recognizes enforceable rights derived from the sale and transfer of the risks and benefits of products, which regularly happens to the delivery or shipment them to customers or related parties.

Revenue and receivables are recorded net of estimates for returns and doubtful accounts, respectively.

The Company have a politics to establish an estimate for credit losses in order to cover the balances of the accounts that are considered of doubtful collection taking into account the historical experience and the specific identification of the balances.

The Management in the main offices has evaluated the need to recognize and register a reservation on the discounts that are granted to the costumers when selling tractors used for the demonstration or those that are returned by the clients.

d) Inventories and cost of sales.

Inventories are stated at lower of cost and net realizable value. Cost is comprised of acquisition cost, import duties, transport, handling and storage cost. Cost of inventories (tractors) are determinate by using the identified cost method.

The Company have a politics to establish an estimate for obsolete inventory or damaged inventory. The basis for determine the estimate consider physical condition of the tractors and considering the historical sales experience.

e) Furniture equipment and depreciation.

Depreciation and amortization are calculated by the straight-line method based on estimated the useful lives of the assets, estimated by the Company:

	%
Equipment	10
Office equipment	10
Computer equipment	30

f) Lease. -

The classification of leases as financial or operating depends on the substance of the transaction rather than the form of the contract.

Accounting policy that applies from January 1, 2019

The Company considers a lease to be operational when it does not transfer substantially all the risks and benefits inherent in the ownership of the underlying asset (asset subject to a lease, whose right of use has been granted by a lessor to a tenant).

Short-term leases and low-value asset leases

The Company has decided not to recognize right-of-use assets and lease liabilities for low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense during the lease term.

g) Business concentration. -

As of March 31, 2021 and 2020, the principal purchases was made by the Company with their related parties, which demonstrates a dependence on the supply of the products that Company commercialize, our opinion has not been modified in relation to this situation.

h) Accruals. -

Are determined and recorded when the Company has a present obligation as a result of a past event, which is likely to result in the outflow of economic resources and which can reasonably be estimated.

i) Income Taxes. -

Income Tax (ISR for its acronym in Spanish) is recorded in results in the year incurred. The deferred income tax is recognized under the asset and liability method.

Deferred tax is calculated by applying the corresponding rate to the temporary differences resulting from comparing the accounting and tax values of assets and liabilities, and if applicable, benefits from tax loss carryforwards and certain tax credits are included.

The deferred tax assets is recorded only when there is a high probability of recovery.

j) Prepaid expenses. -

Mainly includes advances for the purchase of services that are received after the date of the statement of financial position and in the ordinary course of operations.

k) Foreign currency transactions. -

Foreign currency transactions are recorded at the exchange rate at the date on which they are carried out. Foreign currency denominated assets and liabilities are stated in local currency at the current exchange rate at the closing date.

Foreign exchange differences resulting from exchange rate fluctuations between the dates on which transactions are carried out and the dates on which they are liquidated or valued at the balance sheet date are charged as income of the year.

NOTE 4.- FOREIGN CURRENCY POSITION

As of March 31, 2021, the exchange rate was $ 20.6047 Mexican pesos per USD dollar. As of April 30, 2021, the exchange rate was $ 19.9712, Mexican pesos per USD dollar.

The figures shown below are expressed in US dollar (USD), as the foreign currency of predominant use for the company:

		2021	2020
Liabilities			
Due to Related parties	**USD**	**4,375**	USD 3,945,447
Suppliers		**28,945**	170,681
Monetary positions, Net	**USD**	**33,320**	USD 4,116,128

The figures for significant transactions are summarized below in foreign currency:

		2021	2020
Tractor purchases	**USD**	**304,597**	USD 2,421,954

NOTE 5.- FURNITURE AND EQUIPMENT, NET

As of March 31, 2021, and 2020 is as follows:

		2021		2020
Office equipment	**$**	**1**	$	134,038
Computer equipment		**445,528**		482,580
Others		**2,886**		24,933
		448,415		641,551
Accumulated depreciation		**(447,884)**		(433,395)
	$	**531**	$	208,156

NOTE 6.- SUPPLIERS

As of March 31, 2021 and 2020 is as follows:

National Suppliers		**2021**		2020
Tecnología y Manufactura, S.A de C.V.	**$**	**(43,038)**	$	517,808
Randolph Manufacturing S de R.L..		**109,944**		745,637
Others suppliers		**187,977**		1,936,684
		254,883		3,200,129
Suppliers in foreign currency				
Meridian IQ Logistics S.A. de R.L. de C.V.		**405,250**		3,228,697
Other suppliers in foreign currency		**191,095**		784,380
		596,345		4,013,077
	$	**851,228**	$	7,213,206

The main suppliers correspond to service providers.

NOTE 7.- BANK LOANS

As of March 31, 2021, 2020 is as follows:

	2021	2020
Banco Nacional de México (Citibanamex)		
Promissory note, conclude on Jun 24, 2020. The agreed annual interest rate was 10.92%	$ –	$ 25,021,490
Promissory note, conclude on October 16, 2020. The agreed annual interest rate was 10.92%	–	38,721,154
Interest accrual		1,034,342
	$ –	$ 64,776,986

On September 28, 2020, the Company paid off the entire loan it had contracted.

NOTE 8.- DUE TO RELATED PARTIES

As of March 31, 2021, 2020 the Company hade balances payable with related parties. The following is information is on the balances payable:

I) Due to related parties:

	2021	2020
Mahindra loan	$ –	$ 13,760,479
Mahindra U.S.A.	**90,126**	79,005,671
Mahindra And Mahindra Ltd	**18,731,105**	81,074,972
	$ 18,821,231	$ 173,841,122

II) Loans whit related parties (short term):

A) For the period April 2020 to March 2021:

	Initial loan	Payments	Final balance	Currency
Mahindra loan U.S. dollars	585,248	585,248	–	USD
Mahindra loan (complement)	13,175,231	13,175,231	–	
			–	
Mahindra U.S.A. Inc dollars	3,360,199	3,360,199	–	USD
Mahindra U.S.A. Inc (complement)	75,635,471	75,635,471	–	
			–	

B) For the period April 2019 to March 2020:

	Initial loan	Payments	Final balance	Currency
Mahindra loan U.S. dollars	585,248	–	585,248	USD
* Mahindra loan (complement)	13,175,231	–	13,175,231	
			$ 13,760,479	
Mahindra U.S.A. Inc dollars	3,360,199	–	3,360,199	USD
Mahindra U.S.A. Inc (complement)	75,645,472	–	75,645,472	
			$ 79,005,671	

Regarding the liability from Mahindra Mexico to Mahindra USA, this balance will not incur interest until the moment Mahindra Mexico generates profitability. At such time interest will be incurred based on the existing market rates.

III) The principal operations carried out with its related parties in the period April 2020 to March 2021, were as follows:

	2021	2020
Mahindra U.S.A. Inc		
Other expenses	**$ 774,963**	2,131,315
Inventory purchase	**628,341**	11,814,226
Mahindra And Mahindra Ltd		
Other income	**$ –**	3,600
Inventory purchase	**44,114,130**	43,350,198
Merchandise in transit	**–**	6,116,516
Mahindra Australia		
Inventory purchase	**$ –**	459,391
Mahindra Do Brasil Industrial LTDA		
Inventory purchase	**$ 6,233,430**	–

In order to facilitate the Company operations, has established a "Reimbursement agreement" with Mahindra USA Inc. (MUSA). Reimbursement agreement was agreed to facilitate the operations of the Company, on occasions which arise and which may be difficult to predict, it may be necessary or expeditious for MUSA to make financial expenditures on behalf of the Company.

On presentation by MUSA of a claim in this regard, presented with appropriate supporting documents, the Company have to pay such claim within 90 days of receipt of such claim. This transaction will not cause interest. Contracts between related parties are controlled from the Company's Corporate. Quotas between related parties are negotiated at the corporate level.

NOTE 9.- BENEFITS TO EMPLOYEES

The administrative and operational personnel services required by the Company are provided by a third party, consequently, it has no contingencies of labor order, social security contributions, or profit sharing to workers.

NOTE 10.- INCOME TAXES

Among the accounting and tax criteria there are items that cause that the real rate of income tax for the year is affected in relation to the rate that tax provisions are setting (30% 2021 and 2020).

The main differences between tax and accounting results are mainly due to different treatment of the effects of inflation for accounting and tax purposes, to the difference between the tax and book depreciation purposes. Reconciliation of the legal Income

Tax rate and the effective income tax rate is shown below:

Deferred Income Tax as of March 31, 2021 and 2020 is as follows:

	2021	2020
Payable sales commissions	**$ 3,769,914**	$ 16,805,002
Extended Warranty	**8,660,401**	7,406,670
Carryforward Tax Loss (NOL)	**17,035,169**	23,135,779
Bad Debts	**–**	32,305,883
Liabilities	**170,422**	244,263
Passive temporary provisions	**48,019,463**	–
	77,655,369	79,897,597
	30%	30%
Deferred Income Tax (assets)	**23,296,610**	23,969,279
Deferred reservation of Income Tax (ISR)	**(23,296,610)**	(23,969,279)
Deferred income tax (assets) net	**–**	–

The deferred tax assets is recorded only when there is a high probability of recovery.

Income tax as of March 31, 2021 and 2020 is as follows:

		2021		2020
Gross Loss	$	**(23,295,985)**	$	(141,448,676)
Annual adjustment for inflation		**3,180,695**		6,986,699
Accumulating interest		**11,208,608**		25,482,874
Accounting sale cost		**126,211,843**		98,521,970
Accounting depreciation		**342,683**		237,936
Expenses that do not meet requirements		**29,198,296**		63,549,514
Accrued interest		**13,637,100**		45,801,763
Exchange loss		**2,428,492**		–
Cost of tax sale		**(126,211,843)**		(98,521,970)
Deductible accrued interest		**(13,637,100)**		(45,801,763)
Fiscal depreciation		**(888)**		(371,216)
Accounting interest		**(11,208,608)**		(25,482,874)
Other non-tax accounting deduction		**–**		19,700,986
Taxable income		**11,853,293**		(51,344,757)
Amortization of fiscal losses		**(11,853,293)**		–
Income tax for the year	$	**–**	$	(51,344,757)

Tax loss carryforwards:

As of December 31, 2020, the company has losses for tax purposes for an amount of $17,035,170, which may be amortized as follows (Information of Annual Tax Return):

Year the loss was generated	**Historical amount**	**Maximum term for amortization**
2018	607,742	2028
2019	16,427,428	2029
	$ 17,035,170	

NOTE 11. - COMMITMENTS AND CONTINGENT LIABILITIES

a). The Company entered into an operating lease agreement for the property located at Autopista Aguascalientes -Zacatecas Kilometer 7, Colonia Constitucion, of the city of Aguascalientes, which has an measurements / distribution:

i) 2,391.16 m2 corresponding an industrial building type property, and

ii) 265.12 m2 Offices next to the industrial warehouse

iii) 7,774.92 m2; courtyard for maneuver and storage.

The contract was made with RANDOLPH MANUFACTURING, S. DE R.L. MY. DE C.V. for a compulsory term of 3 years, counted as of February 1, 2017. The initial amount of the agreed rent amounted to $ 13,360.

b). The Company has entered into a contract for the provision of administrative and personnel services (Outsourcing) with Tecnologia y Manufactura, SA de CV. The contract started on August 21, 2017, does not indicate the date of completion. The amount of the payment depends on the assigned personnel to the Company plus the agreed commissions.

c). In accordance with the Income Tax Law, companies that carry out transactions with related parties are subject to fiscal limitations and obligations, in terms of determining agreed prices, since they must be comparable to those that would be used with or between independent parties. in comparable operations.

d). In accordance with the current tax legislation, the authorities are able to review up to five fiscal years prior to the last income tax return filed.

e). According to the Income Tax Law, companies that carry out operations with related parties are subject to limitations and tax obligations, regarding the determination of the agreed prices, since these must be comparable to those they would use with or between independent parties in comparable transactions. As of March 31, 2021, the transfer pricing study is in process to made.

NOTE 12.- COMMON STOCK

At March 31, 2020 and 2019 the subscribed and paid-in capital stock is composed of a fixed minimum portion of $10,000 (figure nominal), and is represented by 2 social parts. The variable capital is represented by one social part of $ 38,722,800.

	Membership Interests		**Value of contribution**				
Members	**Series "B-1"**	**Series "B-2"**		**Series "B-1"**		**Series "B-2"**	**Votes**
Mahindra USA, Inc.	**1**	**1**	**$**	**9,900**	**$**	**38,722,800**	**38,732,700**
Other	**1**	**–**		**100**		**–**	**100**
Increase in June 2020 Mahindra USA, Inc.						**171,380,000**	**171,380,000**
	2	**1**	**$**	**10,000**	**$**	**210,102,800**	**$ 210,112,800**

The Ordinary General Shareholders' Meeting on June 19, 2020, increase in the Company's capital stock, in its variable part for $ 171,380,000, through the cash contribution of USD $ 7,600,000 paid by Mahindra USA, Inc.

NOTE 13.- GOING CONCERN

As of March 31, 2021, the Company has suffered annually losses, the cumulative net losses until March 31, 2021 hare more than 240 million pesos. Furthermore, the Company has lost two of the third parts of the total of its capital stock and, in accordance with Mexican law this may be cause for its dissolution, at the legal request of any interested party with outstanding credits.

At the date of this report, Administration has considered high possibility do not continue the Mexican operation and probably to close activities or transfer the activities to third part. The Corporative Management considers probable to occur this will made in a short time.

Therefore, Mahindra Mexico, S. de R. L. de C. V. financial statements have included some adjustments for the outcome of this uncertainty. These adjustments were made principally to the inventory value, account receivables and intercompany operations, as March 31, 2021, and 2020 is as follows:

		2021		2020
Provision for liquidation of inventory	$	**13,896,796**	$	24,558,083
Sales commission pending to pay		**3,769,914**		16,805,002
Extended warranty		**8,660,401**		7,406,670
Others		**55,966**		(35,256)
Other payable		**3,200,062**		–
Provision for VAT Write-off (1)		**20,001,711**		–
Provision for transition expenses (2)		**9,534,186**		–
Provision for Repurchase obligation of DLL Tractor (3)		**4,586,769**		–
	$	**63,705,805**	$	48,734,499

1) Provision for VAT write-off – this is a provision made to take a write-off of the entire VAT Receivable balance that the Company has in its books in March 2021. This is because the Company doesn't expect to get a refund of this amount before the liquidation of the company.

2) Provision for Transition expenses – This is a provision made for all estimated expenses that the Company will have to incur on account of transition and liquidation of the company.

3) Provision for Repurchase obligation of DLL Tractor – This is a provision for buyback of dealer stocks that are under Wholesale Financing of DLL when the Company terminates its contract with the dealers and DLL as part of liquidation.

NOTE 14.- COVID - 19 EFFECTS TO THE COMPANY

The duration and impact of the COVID-19 pandemic on the Company, as well as the effectiveness of the responses of the Federal Government and the Bank of Mexico, remain uncertain as of the date of this report as of April 30, 2021. It is not It is possible to reliably estimate the duration and severity of these consequences, nor their impact on the financial position and results of the Company for future periods.

NOTE 15.- NEW ACCOUNTING PRONOUNCEMENTS FOR THE YEAR ENDED MARCH 31, 2021:

The CINIF has promulgated the following FRS that could have an impact on the Company's financial statements as of December 31, 2020:

Improvements to NIF 2020:

Effective as of January 1, 2020, the following changes have been made to the Improvements to FRS:

Improvements to FRS that generate accounting changes

- NIF D-4, Income taxes.
- NIF D-5, Leases.

Improvements to FRS that do not generate accounting changes

- NIF B-1, Accounting changes and correction of errors.
- NIF C-3, Accounts receivable.
- NIF D-2, Costs for contracts with clients.
- NIF D-5, Leases.

NOTE 16.- NEW ACCOUNTING PRONOUNCEMENTS FOR SUBSEQUENT YEARS

The CINIF has promulgated the following NIF that could have an impact on the Company's financial statements as of January 1, 2021 and subsequent:

Improvements to NIF 2021:

Effective as of January 1, 2021, the following changes are made to the Improvements to FRS:

Improvements to FRS that generate accounting changes

- NIF B-1, Accounting changes and correction of errors.
- NIF B-3, Statement of comprehensive income.
- NIF D-5 Leases.

Improvements to FRS that do not generate accounting changes

- NIF B-6, Statement of financial position.
- NIF C-4, Inventories.
- NIF D-5, Leases.

As of the date of issuance of these financial statements, the Company is in the process of determining the effects of these new standards on its financial information. In the case of leases - the Company applied the improvements in advance.

The company considers that these provisions will not have material effects in the presentation of its financial statements and disclosures in the explanatory notes.

These notes are an integral part of the financial statements.

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the
Officers of
Mahindra do Brasil Industrial Ltda.
Dois Irmãos – RS

Opinion

We have verified the financial statements of **Mahindra do Brasil Industrial Ltda**., which comprise the balance sheet as of March 31st, 2020 and the related income statements, statements of changes in stockholders' equity and cash flows for the year then ended, as well as the summary of the main accounting practices and other explanatory notes.

In our opinion, the financial statements referred above present properly, in all material respects, the equity and financial position of **Mahindra do Brasil Industrial Ltda.** on March 31st, 2021, the performance of its operations and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Basis for opinion

Our audit was conducted in accordance with Brazilian and international audit standards. Our liabilities, in accordance with such standards, are described in the following section named "Auditor's Liabilities for an audit of financial statements." We are independent of the company, in accordance with the relevant ethical principles set forth in the Professional Code of Ethics of the Accountant and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical liabilities in accordance with such standards. We believe that the audit evidence obtained is enough and proper to substantiate our opinion.

Another Subjects

Prior year audit

The financial statements of Mahindra do Brasil Industrial Ltda. for the year ended March 31st, 2020 were verified by us and our report was issued on April 15th, 2020 without modifications and emphasis.

Board and governance liabilities as to the financial statements

The board is liable for the preparation and proper presentation of the financial statements in accordance with the accounting practices adopted in Brazil, and for the internal controls that it has determined as required to enable the preparation of financial statements free of material misstatement, whether caused by fraud or error.

In preparing the financial statements, the board is liable for assessing the Company's ability to remain operating, disclosing, as applicable, the matters related to its operational continuity and the use of this accounting basis in the financial statements preparation, unless the board intends to liquidate the Company or cease its operations, or has no practical alternative to avoid closing the operations.

The people in charge of the Company's governance are those liable for supervising the financial statements preparation process.

Liabilities of the auditor for the financial statements audit

Our purposes are to obtain a reasonable security that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error, and to issue an audit report containing our opinion. Reasonable security is a high level of security, but not a guarantee that the audit carried out in accordance with Brazilian and international audit standards will always find any relevant material misstatements. Distortions may occur due to fraud or error, and are considered relevant when, jointly or severally, might influence, within a reasonable perspective, the economic decisions of the users taken based on the said financial statements.

As part of the audit carried out in accordance with Brazilian and international audit standards, we exercise a professional judgment and keep a professional skepticism during the audit. In addition:

- We identify and assess the risks of material misstatement in the financial statements, whether caused by fraud or error, plan and perform audit procedures in response to such risks, and obtain a proper and enough audit evidence to substantiate our opinion. The risk to fail to find a material misstatement resulting from fraud is higher than the risk resulting from error, since fraud may involve the circumvent of internal controls, collusion, falsification, omission or false intentional representations.
- We obtain an understanding of the relevant internal controls to the audit, in order to plan the proper audit procedures to the circumstances, but not for the purpose to express an opinion on the efficiency of the Company's internal controls.
- We assess the adequacy of the accounting policies used and the reasonability of the accounting estimates and respective disclosures carried out by the board.
- We conclude on the adequacy of the use, by the board, of the accounting basis for operational continuity and, based on the audit evidence obtained, that there is a material uncertainty regarding events or conditions that may raise significant doubts regarding the Company's operational continuity ability. If we conclude that there is material uncertainty, we should emphasize in our audit report the respective disclosures in the financial statements or include any change in our opinion, in case the disclosures are proper. Our conclusions are based on the audit evidence obtained until the date of our report. However, future events or conditions may cause the Company to refrain to continue its operations.
- We assess the overall presentation, structure and contents of financial statements, including disclosures, and that the financial statements represent the related transactions and events in a manner consistent with the proper purpose of the presentation.

We communicate with the people in charge of the governance about, among others, the planned scope, audit timing and significant audit findings, including any significant weaknesses in the internal controls identified by us during our work.

Porto Alegre, RS, April 23, 2021.

Sérgio Laurimar Fioravanti
Accountant – CRCRS No. 48.601

Viviane Barcelos Cangussu Machado
Accountant – CRCRS No. 68.068

Baker Tilly Brasil RS Auditores Independentes S/S
CRCRS No. 006706/O
CVM 12.360

MAHINDRA DO BRASIL INDUSTRIAL LTDA.
CNPJ 23.972.590/0001-10

BALANCE SHEET

FOR THE YEARS ENDED ON MARCH 31ST, 2021 AND 2020

IN THOUSANDS OF BRAZILIAN REAIS

Assets	**03/31/2021**	03/31/2020
Current assets		
Cash and cash equivalents (Note 3)	**4,074**	1,146
Accounts receivables from customers (Note 4)	**12,450**	12,662
Payments in advance to suppliers	**284**	353
Taxes to recover (Note 6)	**7,804**	5,038
Inventories (Note 5)	**26,234**	16,132
Other credits (Note 7)	**939**	1,224
Goods held for sale	**968**	968
	52,753	37,523
Non-current assets		
Financial investment	**140**	240
Fixed assets (Note 8)	**2,986**	1,915
Intangible assets (Note 9)	**62**	72
Total Non-current assets	**3,188**	2,227
Total assets	**55,941**	39,750

The explanatory notes are part of these financial statements.

BALANCE SHEET

FOR THE YEARS ENDED ON MARCH 31ST, 2021 AND 2020

IN THOUSANDS OF BRAZILIAN REAIS

Liabilities	03/31/2021	03/31/2020
Current liabilities		
Suppliers (Note 10)	**33,471**	29,000
Loans and Financing (Note 11)	**17,246**	39,838
Taxes payable and payments in installments (Note 12)	**1,464**	899
Wages and vacation payable	**1,060**	878
Payments in advance from Customers	**1**	198
Other Provisions	**1,791**	1,805
Other accounts payables	**4**	1,380
Non-current liabilities		
Tax Payments in Installments	**251**	458
Warranty provisions	**2,314**	2,018
Long-term provisions	**1,145**	510
Non-current Total	**3,710**	2,986
Total liabilities	**58,747**	76,984
Equity (Note 15)		
Equity capital	**60,975**	24,038
Adjustments of equity assessment	**(2,618)**	(2,619)
Cumulative losses	**(61,163)**	(58,653)
	(2,806)	(37,233)
Total liabilities and equity	**55,941**	39,750

The explanatory notes are part of these financial statements.

MAHINDRA DO BRASIL INDUSTRIAL LTDA.
CNPJ 23.972.590/0001-10

INCOME STATEMENT

FOR THE YEARS ENDED ON MARCH 31ST, 2021 AND 2020

IN THOUSANDS OF BRAZILIAN REAIS

	03/31/2021	03/31/2020
Revenues (Note 16)	**72,878**	48,893
Cost of sales (Note 17)	**(62,245)**	(48,284)
Gross profit	**10,633**	609
Sales expenses (Note 18)	**(5,291)**	(11,005)
General administrative and tax expenses (Note 19)	**(3,952)**	(5,569)
Other revenues and Operational Expenses	**(16)**	9,295
Operating profit (loss)	**1,374**	(25,260)
Financial Result (note 20)		
Financial expenses	**(3,777)**	(5,439)
Financial revenues	**205**	553
	(3,572)	(4,886)
Losses of the year before withholding tax and social contribution	**(2,198)**	(30,146)
Income tax and Social contribution		
Current taxes	**(312)**	–
Deferred taxes	**–**	(4,966)
	(312)	(4,966)
Loss of the year	**(2,510)**	(35,112)
Number of shares in the end of the year	**60,975,100**	24,037,600
Result by share in BRL	**60,975,100**	24,037,600

The explanatory notes are part of these financial statements.

STATEMENT OF OWNERS' EQUITY

FOR THE YEARS ENDED ON MARCH 31ST, 2021 AND 2020

IN THOUSANDS OF BRAZILIAN REAIS

	Equity capital	Equity assessment adjustments	Cumulative losses	Total
Balance on March 31, 2019	24,038	(2,619)	(23,541)	(2,122)
Equity assessment adjustment	–	1	–	1
Loss of the year	–	–	(35,112)	(35,112)
Balance on March 31, 2020	**24,038**	**(2,618)**	**(58,653)**	**(37,233)**
Increase in equity capital	**36,937**	**–**	**–**	**36,937**
Loss of the year	**–**	**–**	**(2,510)**	**(2,510)**
Balance on March 31, 2021	**60,975**	**(2,618)**	**(61,163)**	**(2,806)**

The explanatory notes are part of these financial statements.

STATEMENT OF CASH FLOW – INDIRECT METHOD

FOR THE YEARS ENDED ON MARCH 31ST, 2021 AND 2020

IN THOUSANDS OF BRAZILIAN REAIS

Indirect Method	**03/31/2021**	03/31/2020
Cash flow from operational activities	**(2,510)**	(35,112)
Loss of the year:		
Adjustments for:		
Assessment Adjustments	**–**	(23)
Deferred Taxes on Assets	**–**	4,966
Depreciation and amortization	**225**	1,165
Premium write-off for lack of expectation or future recoverability	**–**	6,085
	(2,285)	(22,919)
Variations on assets and liabilities		
(Increase) decrease in Accounts receivables from customers	**212**	(5,135)
(Increase) decrease in Inventories	**(10,102)**	(7,770)
(Increase) decrease in Payments in Advance	**69**	565
(Increase) decrease in Taxes to recover	**(2,766)**	(1,671)
(Increase) decrease in Other credits	**285**	(202)
(Increase) decrease in Goods held for Sale	**–**	2,208
Increase (decrease) in Suppliers and stakeholders	**4,471**	14,148
Increase (decrease) in Taxes payable and payments in installments	**358**	422
Increase (decrease) in Wages and vacation payable	**182**	(717)
Increase (decrease) in Payments in advance from customers	**(197)**	(1,090)
Increase (decrease) in Other Provisions	**917**	1,875
Increase (decrease) in Other accounts payables	**(1,375)**	1,339
Cash flow applied in operating activities	**(7,946)**	3,972
Cash flow from investment activities		
Acquisition of fixed and intangible assets	**(1,286)**	(1,051)
Cash flow applied in investment activities	**(1,286)**	(1,051)
Cash flow from financing activities		
Pay-in of Capital Stock		
Loans and financing	**36,937**	–
Long-term Investments	**(22,592)**	20,528
Cash arising from (used in) financing activities	**100**	(75)
	14,445	20,453
Net increase in cash and cash equivalents	**2,928**	455
Cash and cash equivalents on April 1st	**1,146**	691
Cash and cash equivalents on March 31st	**4,074**	1,146

The explanatory notes are part of these financial statements.

BOARD'S EXPLANATORY NOTES FOR THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED ON MARCH 31ST, 2021 AND 2020

IN THOUSANDS OF BRAZILIAN REAIS

1. Operational Context

Mahindra do Brasil Industrial Ltda is a Brazilian company with principal place of business in Dois Irmãos, RS, at Rua 10 de Setembro, 1097, Downtown. The company was incorporated on January 14th, 2016.

The company's main purpose is the Manufacture of Agricultural Tractors, Parts and Accessories, as well as the wholesale of new and used automobiles, vans and utility vehicles; retail trade of new automobiles, vans and utility vehicles; retail trade of parts and accessories used for motor vehicles; wholesale of machinery, devices and equipment for agricultural use; parts and pieces; maintenance and mechanical repair services of motor vehicles; installation of industrial machinery; manufacture of other equipment and devices not specified before; wholesale of new parts and accessories for motor vehicles; other private-equity firms, except holding companies; Other service activities rendered mainly to companies not specified above; Motor vehicle headlamp and hopper and painting services.

2. Summary of main accounting policies

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in all years presented, unless otherwise stated.

These financial statements were approved by the board of directors on March 31st, 2021.

2.1 Basis for preparation

The preparation of financial statements requires the use of certain critical accounting estimates and the judgment by the board in the process of applying the Company's accounting policies. Those areas requiring a higher level of judgment and more complex areas, as well as the areas in which assumptions and estimates are significant for the financial statements, are disclosed in Note 2.15.

(a) Financial Statements

The financial statements were prepared in accordance with accounting practices adopted in Brazil, including pronouncements, guidelines and interpretations issued by NBC TG in accordance with Laws 6.404/1976 and 11.638/2007.

2.2 Exchange of foreign currency

Functional currency and presentation currency

The items included in the Company's financial statements are measured using the currency of the main economic environment where the Company operates ("the functional currency"). The financial statements are presented in Reais (BRL, which is the Company's functional currency.

Foreign currency transactions

Foreign currency transactions are exchanged to Brazilian Real by the exchange rates of the transaction dates. Monetary assets and liabilities denominated and assessed in foreign currencies in the presentation date are exchanged to the functional currency in the exchange rate calculated on that date. The exchange gain or loss on monetary items is the difference between the amortized cost of the functional currency at the beginning of the period, adjusted for interest and actual payments during the period, and the amortized cost in foreign currency in the exchange rate at the end of the presentation period. Foreign currency differences resulting from the new exchange are recognized in income.

2.3 Income assessment

The income of operations is assessed in accordance with the accounting method basis.

2.4 Cash and cash equivalents

They are comprised of the financial resources held in cash, banks, current accounts and financial investments. The financial investments are assessed at cost, plus earnings obtained until the balance sheet date. These financial instruments are used for trading and recorded in realizable values (Note 4).

2.5 Financial instruments

Classification and measurement

The Company classifies its financial assets under the following categories: loans and receivables are measured in the fair value through the income. The classification depends on the purpose for which the financial assets were acquired. The board determines the classification of its financial assets in the initial recognition.

Loans and receivables

Included in this category are the receivables that are non-derivative financial assets with fixed or determinable payments not quoted in an active market. They are included in current assets, except for those with a maturity higher than 12 months as of the balance sheet base date (these are classified in non-current assets). The Company's receivables comprise accounts receivable from customers, other accounts receivable and cash and cash equivalents, except for short-term investments. The receivables are recorded on the amortized cost using the effective interest rate method.

Financial assets measured in the fair value through the income

The financial assets measured in the fair value through the income are financial assets held for an active and frequent trading. The assets of this category are classified in current assets. Gains or losses arising from variations in the fair value of financial assets measured in the fair value through the income are presented in the income statement under "Financial income" in the period in which they occur. They refer primarily to short-term financial investments.

2.6 Non-derivative financial liabilities

The Company recognizes debt securities issued and subordinated liabilities initially on the date that they are originated. All other financial liabilities are initially recognized on the trade date on which the Company becomes a party to the contract provisions of the instrument. The Company writes-off a financial liability when it has its contract obligations are withdrawn, canceled or expired.

Financial assets and liabilities are offset, and the net amount is presented in the balance sheet only when the Company is legally entitled to offset the value and intends to settle on a net basis or to realize the asset and pay the liability simultaneously. The Company has the following non-derivative financial liabilities: loans with related parties, suppliers, loans and other accounts payable.

Such financial liabilities are initially recognized in the fair value plus any attributable transaction costs. After the initial recognition, such financial liabilities are measured on the amortized cost using the effective interest method.

2.7 Inventory

The cost of inventories is based on the weighted average principle and includes expenses incurred in the acquisition of inventories, production and transformation costs and other costs incurred in bringing them to their existing locations and conditions.

Net realizable value is the estimated sale price in the ordinary course of business, less estimated costs of completion and sale expenses.

BOARD'S EXPLANATORY NOTES FOR THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED ON MARCH 31ST, 2021 AND 2020

IN THOUSANDS OF BRAZILIAN REAIS

2.8 Fixed Assets

(a) Recognition and measurement

The Company chose to reassess the fixed assets in the deemed cost on October 31st, 2016. The effects of the attributed cost decreased the fixed assets corresponding to the net equity, net of tax effects (Note 10).

After the transition of the NBC TG's, the items of fixed asset are measured according to the history cost of acquisition or construction, less accumulated depreciation and accumulated impairment losses.

The cost includes expenses that are directly attributable to the acquisition of an asset. The purchased software that is an integral part of the functionality of an equipment is capitalized as part of that equipment.

Gains and losses on the sale of an item of the fixed asset are determined by comparing the proceeds from the sale with the book value of fixed asset and are recognized net of other revenues in the statement of income.

(b) Subsequent costs

The replacement cost of a component of the fixed asset is recognized in the book value of the item if it is probable that the economic benefits incorporated into the component will flow to the Company and that its cost can be reliably measured. The book value of the component been replaced by a third party is write-off. The maintenance costs of the fixed asset are recognized in the income statement as incurred.

(c) Depreciation

The depreciation is recognized in the statement of income based on the straight-line method concerning the estimated useful lives of each part of an item of the fixed asset, since this method is the one that closely reflects the consumption pattern of future economic benefits incorporated in the asset.

2.9 Impairment

The Company analyzes the existence of evidence that the book value of an asset will not be recovered. If any evidence is identified, the Company estimates the recoverable amount of the asset. The recoverable value of an asset is the higher between: (a) its fair value less costs that would be incurred to sell it, and (b) its use value. The use value is equivalent to the discounted cash flows (before taxes) derived from the continuous use of the asset until the end of its useful life.

When the remaining book value of the asset exceeds its recoverable amount, the Company recognizes a reduction in the book value of this asset (impairment). For the assets recorded on cost, the impairment is recorded in the income statement for the period. If the recoverable amount of an asset is not determined individually, it is carried out the analysis of the recoverable value of the cash-generating unit to which the asset belongs.

2.10 Provisions

A provision is recognized based on a past event and whether the Company has a legal or constructive obligation that can be reliably estimated, and it is probable that an economic resource is required to settle the obligation. Provisions are cleared by discounting expected future cash flows in a pre-tax rate reflecting current market assessments as to the value of money in time and specific risks for liabilities.

Financial liabilities are classified as financial liabilities in a fair value through the income, as the case may be. The Company determines the classification of its financial liabilities at the time of its initial recognition. The Company's financial liabilities include accounts payable to suppliers, tax and labor obligations.

2.11 Stock capital

All shares are paid-in and classified as net equity. The mandatory minimum dividends, as applicable, as defined in the articles of organization are recognized as liabilities.

2.12 Operational revenue

The operational revenue from the sale of goods in the ordinary course of business is measured in the fair value of the consideration received or receivable. The operational revenue is recognized when there is a convincing evidence that: i) the most significant risks and benefits inherent to the ownership of the assets have been transferred to the buyer, which, in the case of the Company, is at the time that the products are delivered to its customers; ii) it is probable that the financial economic benefits will flow to the Company; iii) that the associated costs and possible return of goods can be reliably estimated, iv) that there is no continuous involvement with the goods sold, v) and that the operational revenue value can be reliably measured. If it is probable that discounts will be granted and the amount can be reliably measured, then the discount is recognized as an operational revenue decrease as the sales are recognized.

2.13 Revenues and financial expenses

The financial revenues basically comprise the revenues of income, discounts, earnings from financial investments and gains from exchange variation.

The financial expenses include interest expenses, financial expenses and loans and financing, as well as the respective exchange variations in liabilities.

2.14 Income tax and social contribution

The current and deferred income tax and social contribution are calculated based on the rates of 15%, plus an additional 10% on exceeding taxable profit of BRL 240 thousand for income tax and 9% on taxable income for social contribution. Their calculation considers the offset of tax losses and negative basis of social contribution, limited to 30% of the actual profit.

2.15 Critical accounting estimates and judgments

The accounting estimates and judgments are continuously assessed and are based on the history experience and other factors, including expectations of future events, which are considered reasonable for the circumstances.

Based on such assumptions, the Company carries out estimates on the future. By definition, the resulting accounting estimates will rarely be equal to their actual incomes. Estimates and assumptions presenting a significant risk, with a probability of causing a material adjustment in the book values of assets and liabilities for the next fiscal year, are contemplated below.

3. Cash and Cash Equivalents

	03/31/2021	03/31/2020
Cash	**1**	5
Current account	**38**	83
Financial investments	**4,035**	1,058
	4,074	1,146

The Company carries out financial investments in large financial institutions aiming at creating financial earnings while resources are not used. The investments in Brazilian Real are carried out in CDB's issued by the bank and buyback operations; the buyback is an investment in debentures of the bank leasing with daily liquidity, and guarantees the repurchase by the bank.

BOARD'S EXPLANATORY NOTES FOR THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED ON MARCH 31ST, 2021 AND 2020

IN THOUSANDS OF BRAZILIAN REAIS

4. Accounts receivables from customers

	03/31/2021	03/31/2020
Brazilian customers	**13,796**	14,008
(-) Bad debt reserve	**(1,346)**	(1,346)
	12,450	12,662

The Company sells its products directly to its dealers through its commercial department. In the year concerned; it was accrued as bad debts 100% of the bonds expired for more than 180 days.

5. Inventories

	03/31/2021	03/31/2020
Raw materials	**13,458**	6,336
Inventory in transit	**8,326**	8,252
Finished products	**3,684**	1,982
Inventory of third parties held by us	**–**	263
Goods for resale	**25**	9
Tractors Demo Inventory	**582**	272
(-) Provision For Inventory Loss – Others	**(2,730)**	(2,535)
Tractors Inventory in Third Parties – General Warehouse	**1,719**	667
Third party's products held by us	**24**	283
Third party's good held by us	**1,146**	603
	26,234	16,132

6. Taxes to Recover

	03/31/2021	03/31/2020
ICMS to recover	**2,006**	432
PIS to recover	**1,031**	766
COFINS to recover	**4,716**	3,586
Other taxes	**51**	254
	7,804	5,038

7. Other Credits

	03/31/2021	03/31/2020
Receivable accounts	**522**	298
Amount to be appropriate	**369**	359
Wages paid in advance	**34**	18
Advance payment of imports	**–**	453
Advance payment to brokers	**14**	96
	939	1.224

The values of Receivable Values refer to the controller reimbursement, in addition to consortium shares, waiting for contemplation.

8. Fixed Assets

		03/31/2020	**03/31/2021**		
	Depreciation Rate	**Net**	**Cost**	**Accumulated Amortization**	**Net**
Machines and equipment	10% per year	723	132	**(105)**	**750**
Vehicles	20% per year	12	–	**–**	**12**
Furniture and fixtures	10% per year	487	–	**(73)**	**414**
Computers – equipment	20% per year	155	–	**(39)**	**116**
Facilities	10% per year	180	–	**(25)**	**155**
Fixed Assets in Progress		–	526	**–**	**526**
Tools		–	1	**–**	**1**
Improvements in third party's goods		397	118	**(1)**	**514**
Tractors in Test			4	**–**	**4**
Machines and equipment on evaluation adjustment		442	–	**(67)**	**375**
(-) Vehicles on evaluation adjustment		4	–	**(3)**	**1**
(-) Furniture and fixtures on evaluation adjustment		(421)	–	**59**	**(362)**
(-) Computer equipment on evaluation adjustment		(8)	–	**5**	**(3)**
(-) Facilities on evaluation adjustment		(162)	–	**25**	**(137)**
Development/prototype		–	**515**	**–**	**515**
Fixed assets held by third parties		33	**–**	**–**	**33**
Tractors used in exhibitions/fairs		73	**–**	**–**	**73**
		1.915	1.296	**(225)**	**2.986**

9. Intangible

		03/31/2020	**03/31/2021**		
	Amortization Rate	**Net**	**Cost**	**Accumulated Amortization**	**Net**
Computers - Software and Licenses	20% per year	86	3	**(26)**	**63**
Acquisition premium of assets		(14)		**13**	**(1)**
		72	3	**(13)**	**62**

BOARD'S EXPLANATORY NOTES FOR THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED ON MARCH 31ST, 2021 AND 2020

IN THOUSANDS OF BRAZILIAN REAIS

10. Suppliers

The Company has suppliers abroad that are stakeholder: Mahindra USA and Mahindra Mumbai.

	03/31/2021	03/31/2020
Raw materials	**3,893**	2,067
Mahindra & Mahindra Intercompany	**27,969**	26,652
International Suppliers	**1,609**	281
	33,471	29,000

The obligations with the controller refer to the purchase of supplies and finished products without exchange, which payment term is 180 days as of the shipping.

11. Loans and financing

	03/31/2021	03/31/2020
Discounted Bills	**–**	7,043
Citibank S.A.	**17,246**	32,793
Banco Daycoval	**–**	2
	17,246	39,838

The recorded rates variate between 7.85% per year and 8.05% per year. The loans are guaranteed by the controller.

12. Payable taxes and payment in installments

	03/31/2021	03/31/2020
IRRF	**45**	47
CSRF	**7**	27
ICMS ST	**977**	36
IRPJ/CSLL	**269**	–
Others	**11**	42
RFB Simplified Payment in Installments	**200**	804
(-) Interest to incur	**(45)**	(57)
Current total	**1,464**	899
RFB Simplified Payment in Installments	**299**	562
(-) Interest to incur	**(48)**	(104)
Non-current total	**251**	458

13. Contingency

The Company is part of labor and civil procedures. For those actions which loss was considered as probable, if applicable, the respective provision for losses was fully registered. For a possible loss, 50% of the estimated value was provisioned.

The civil provisions refer mainly to the causes with representatives, while the labor provisions refer substantially to labor procedures of several former employees of the Company.

On March 31st, 2021, the company has the amount of BRL 723.2 in actions of labor and civil nature, involving the risk of a possible loss, as classified by the board and its legal advisors.

The company holds the process No. 5016813-20.2019.4.04.7108 against the Brazilian National Revenue Service, concerning the exclusion of ICMS of the PIS/COFINS tax base. In 2018, its appeal was judged in December, with the action applicability, upon publication of the Appellate Decision on January 2019, the action did not become final yet. The board is not using the right to use such credits, since there is still points to be clarified on the calculation manner.

14. Tax Losses and Negative Basis

The company's balance is BRL 53.254 for tax loss and negative basis of social contribution, such credits represent the right to constitute the differed tax credits in the amount of BRL 18.106, which are activated, based on the expectation to create a future tax income. Such credits are realized by the compensation of its basis, limited to 30% of the taxable profits in the subsequent years. Taxable credits were not constituted on the temporary tax differences, and those are the provision for losses in inventory, provision for guarantees, several provisions and long-term provisions.

On an annual basis, the board assesses such expectation of future taxable profits and, when it identifies its recoverability, it shall proceed with the adjustments required to bring the value of the said credits registered to their probable realization value. The deductible temporary differences do not prescribe the agreement with the current tax legislation.

15. Net equity

a) Stock Capital

On March 31st, 2021, the paid-in capital was represented by 60,975,100 stocks, with a par value of BRL 1.00 (one Brazilian Real) each, shared between the partners as follows:

	03/31/2021	03/31/2020
Mahindra & Mahindra Ltd.	**60,911**	23,974
Mahindra Overseas Investment Company (Mauritius)	**64**	64
	60,975	24,038

b) Adjustments to the equity valuation

The reserve for adjustments to the equity valuation includes adjustments for the adoption of the attributed cost of assets at the transition date.

c) Dividends

The Company's Articles of Organization determine the distribution of dividends in the proportion approved by the partners holding the majority of the capital stock. The Company had no dividends payable in the year, because it had losses.

16. Revenues

	03/31/2021	03/31/2020
Product sales	**82,516**	56,264
Other revenues	**–**	32
(-) Taxes on sales	**(9,321)**	(6,532)
(-) Returns and rebates	**(317)**	(870)
Net Revenue	**72,878**	48,894

17. Cost of Sales

	03/31/2021	03/31/2020
Direct costs - tractors	**232**	8
Cost of sold products	**60,564**	46,973
Cost of sold goods	**1,454**	1,063
Cost of adjustments to the inventory	**(5)**	240
	62,245	48,284

BOARD'S EXPLANATORY NOTES FOR THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED ON MARCH 31ST, 2021 AND 2020

IN THOUSANDS OF BRAZILIAN REAIS

18. Sales Expenses

	03/31/2021	03/31/2020
Wages, benefits and social charges	**2,357**	3,258
Third-party services	**715**	1,885
Advertising and publicity	**437**	1,064
Vehicle expenses	**9**	(95)
Traves and accommodations	**225**	1,033
Fairs, congresses and symposia	**56**	1,932
Expenses with promotions and events	**17**	25
Extended warranties	**1,450**	1,217
Other sales expenses	**25**	658
Provision for indemnity	**–**	28
	5,291	11,005

19. Administrative and tax expenses

	03/31/2021	03/31/2020
Wages, benefits and social charges	**2,303**	2,326
Third-party services	**273**	657
Communications and electricity	**227**	242
Traves and accommodations	**34**	373
Rents and condominiums	**–**	(37)
Depreciation and amortization	**923**	1,155
Maintenance and conservation	**–**	6
Vehicle expenses	**14**	2
Insurances	**6**	7
Office supplies	**20**	27
Tax expenses	**66**	140
Import expenses	**14**	449
Project expenses	**4**	146
Others	**68**	76
	3,952	5,569

20. Financial income

	03/31/2021	03/31/2020
Financial Expenses		
Exchange variations in liabilities	**303**	300
Interests expenses	**3,091**	2,306
IOF	**154**	422
Others	**229**	2,411
	3,777	5,439
Financial revenues		
Earnings w/o financial investments	**78**	–
Exchange variations in assets	**94**	148
Others	**33**	405
	205	553

21. Insurances

The board of the companies adopts the policy to execute insurance contracts for your the headquarters of the Companies, which coverage are considered enough by Board and insurance agents to deal with the competition of insurance claims, and the board is liable for defining the risk assumptions adopted.

22. Financial risk management

(a) Overview

The Company is exposed to the following risks arising from the use of financial instruments:

- Credit risks
- Liquidity risks
- Market risks
- Currency risk
- Operational risks

We present information on the Company's exposure to each of the risks mentioned above, the Company's purposes, policies and processes for measurement and risk management, and the Company's capital management. Additional quantitative disclosures are included over these financial statements.

(b) Risk management structure

The board is globally liable for the establishment and supervision of the Company's risk management structure. The risk management policies are established to identify and analyze the risks faced by the Company, to define proper risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are often reviewed to reflect the changes in market conditions and in the Company's activities. The Company, through its training and management standards and procedures, has the purpose to develop a disciplined and constructive control environment where all employees understand their roles and obligations.

(c) Credit risks

Credit risk is the risk of the Company's financial loss if a customer or counterparty of a financial instrument fails to comply with its contract obligations, which arise mainly from customer receivables and investment bonds.

Receivables accounts from customers and other credits

The Company's exposure to the credit risk is mainly influenced by the individual characteristics of each customer. However, board also considers the demographics of the customer base, including the credit risk of the region where clients operate, since these factors may influence the credit risk.

The Board has established a credit policy in which all new customers have their credit capacity individually analyzed before the Company's terms and conditions of payment and delivery are provided. The analysis includes external evaluations, when available, including prior analysis of the bank registration carried out by the financial institutions. The purchase limits are set for each customer, guaranteed by the financial institutions, which represent the maximum outstanding amount without requiring prior approval, these limits are periodically reviewed. Customers who fail to meet the established credit limit may only operate with the Company on an advanced payment basis. Once the transaction is approved by the financial institution, the sale is carried out and the risk becomes entirely on the financial institution.

In the Customers' credit risk monitoring, they are grouped according to their credit characteristics, including geographic location, maturity and previous financial difficulties.

(d) Liquidity risks

Liquidity risks is the Company's risk to find difficulties to comply with its obligations associated with its financial liabilities that are settled with payments on demand or another financial asset. The Company's approach as to the liquidity management is to ensure as much as possible that it always has enough liquidity to meet its obligations to mature, under normal and stressful conditions, without causing unacceptable losses or risks to damage the Company's reputation.

BOARD'S EXPLANATORY NOTES FOR THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED ON MARCH 31ST, 2021 AND 2020

IN THOUSANDS OF BRAZILIAN REAIS

Based on the calculation of the Liquidity indexes, the current liquidity index corresponds to 0.96 on March 31st, 2021, and such result shows a balance in a possible liquidation on short-term obligations.

(e) Market risks

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and stock prices, may impact the Company's gain or the value of its ownerships in financial instruments. The purpose of the market risk management is to manage and control exposures to market risks, within acceptable parameters, while the return is optimized.

The Company complies with financial obligations to manage market risks. All these operations are conducted within the guidelines established by the Board.

(f) Currency risks

The Company is subject to currency risk in purchases and loans and financing denominated in a currency other than its functional currency, the Brazilian Real (BRL). The currency in which these transactions are primarily denominated is the US dollar.

With respect to other monetary assets and liabilities denominated in foreign currency, the Company guarantees that its net exposure is maintained within an acceptable level to handle with short-term instabilities.

(g) Operational risks

Operational risks are the risks of direct or indirect losses arising from a variety of causes associated with processes, staff, technology and infrastructure of the Company, as well as external factors, except for credit, market and liquidity risks, such as those arising from legal and regulating requirements and generally accepted standards of business behavior. Operating risks arise from all operations of the Company.

The Company's purpose is to manage operational risks, in order to avoid the occurrence of financial losses and damages to its reputation, as well as to seek cost efficiency and to avoid control procedures that restrict the initiative and creativity.

The main liability for the development and implementation of controls to handle with operational risks is assigned to senior management. The liability is supported by the development of the Company's general standards for the management of operational risks in the following areas:

- Requirements for proper segregation of duties, including independent authorization of operations;
- Requirements for the reconciliation and monitoring of operations;
- Compliance with regulating and legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to handle with identified risks;
- Requirements to report operational losses and corrective actions proposed;
- Development of contingency plans;
- Professional training and development;
- Ethical and commercial standards;
- Risk mitigation, including insurance when effective.

(h) Capital management

The Board has been monitoring the loss created by the operation, in order to mitigate its causes and to create returns on capital, which the Company defines as results of operational activities divided by total net equity.

The shareholders provide payments in advance for future capital increases when necessary and/or contributions to maintain the cash flow and keep the investments, whichever is more profitable for the Company.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Hisarlar Makina Sanayi ve Ticaret A.Ş.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Hisarlar Makina Sanayi ve Ticaret A.Ş. ("the Company") and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, as described in Note 2.3 to the consolidated financial statements, we draw attention to the fact that the Group has completed the period ended 31 December 2020 with a net loss of TL 46.198.063 (31 December 2019: TL 57.089.186), accumulated losses has reached TL 148.008.701 (31 December 2019: TL 250.919.518. The actions taken by the management in 2020, regarding the aforementioned fact and the plans for the future periods are explained in detail in Note 2.3.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Issues	How the Issues Dealt with in the Audit
Recording Revenue Revenue is accounted under the 5-stage model defined by IFRS 15. The main element in recording the revenue is the invoicing according to the contract and all performance obligations determined by the Group. In accordance with the periodicity of sales principle, it has been determined as a key audit issue that the revenues of product sales that have not yet been sold are not recorded in the correct period. The Group's revenue for 2020 is TL 238.704.539 (2019: TL 197.133.387). Explanations on the Group's accounting policies and amounts regarding revenue are included in Footnote 2 and Footnote 17.	During our audit, the following audit procedures have been applied regarding the recording of revenue: - The design and implementation of the controls applied by the Management in the process of recording the revenue in the correct period and the risk of correct invoicing has been tested. - Provisions regarding product delivery in sales transactions with customers have been examined and the timing of the revenue to be included in the financial statements has been evaluated. - Substantive verification procedures focused on the assessment of whether the income was billed correctly and whether it was recorded in the correct period. The list of the customers to whom the Group sells products has been obtained from the relevant departments. Tests have been completed to check the completeness and accuracy of these lists. - In addition, within the scope of the above-mentioned special accounting, we evaluated the appropriateness of the information provided in the financial statements and the explanatory footnotes regarding this issue, and the adequacy of the explanations made.

Other Matters

The audit of the financial statements of the Group, prepared in accordance with TAS for the accounting period of 1 January-31 December 2019, was conducted by another independent audit firm and positive opinion was given in the independent audit report dated 30 September 2020.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ
DENETİM HİZMETLERİ A.Ş.

An Independent Member of
BAKER TILLY INTERNATIONAL

Metin ETKİN
Responsible Auditor
İstanbul, 20 May 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

Amounts are expressed in Turkish Lira (TL)

	Notes	Current Period 31 December 2020	Prior Period 31 December 2019
ASSETS			
Current Assets		**154.538.139**	89.121.479
Cash and Cash Equivalent	27	**46.733.520**	2.070.344
Trade Receivables	5	**57.202.795**	28.823.211
Trade receivables from related parties	4	**11.125.777**	2.562.957
Trade receivables from third parties		**46.077.018**	26.260.254
Other Receivables	6	**4.005.136**	3.243.791
Other receivables from third parties		**4.005.136**	3.243.791
Inventory	7	**40.438.209**	43.415.241
Prepaid Expenses	8	**1.561.174**	3.666.775
Assets Related to Current Tax	22	**385.265**	236.923
Other Current Assets	14	**4.212.040**	7.665.194
Non-Current Assets		**75.805.978**	105.710.611
Other Receivables	6	**67.133**	61.216
Other receivables from third parties		**67.133**	61.216
Investment Property	11	**1.643.000**	1.643.000
Property, Plant and Equipment	9	**73.591.290**	91.564.869
Intangible Assets	10	**141.415**	5.785.424
Prepaid Expenses	8	**–**	17.700
Deferred Tax Assets	22	**363.140**	6.638.402
TOTAL ASSETS		**230.344.117**	194.832.090

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

Amounts are expressed in Turkish Lira (TL)

	Notes	Current Period 31 December 2020	Prior Period 31 December 2019
LIABILITIES			
Current Liabilities		**134.901.369**	178.861.539
Financial Borrowings	23	**63.036.014**	132.953.363
Trade Payables	5	**37.689.871**	31.298.774
Trade payables to related parties	4	**176.530**	329.403
Trade payables to third parties		**37.513.341**	30.969.371
Other Payables	6	**345.849**	–
Other payables to related parties		**345.849**	–
Other payables to third parties		**–**	–
Payables Related to Employee Benefits	13	**5.578.234**	4.946.929
Deferred Income	8	**22.898.129**	5.270.637
Short-term Provisions		**5.059.319**	2.400.966
Short-term provisions for employee benefits	13	**2.687.349**	1.426.678
Other short-term provisions	15	**2.371.970**	974.288
Other Current Liabilities	14	**293.953**	1.990.870
Non-Current Liabilities		**11.081.853**	8.813.847
Obligations Under Financial Leases	23	**4.363.174**	–
Long-term Provisions	13	**6.718.679**	8.813.847
Long-term provisions for employee benefits		**6.718.679**	8.813.847
EQUITY		**84.360.895**	7.156.704
Paid-in Capital	16	**243.240.345**	283.240.345
Accumulated Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss		**32.737.385**	29.335.131
Properties Revaluation Reserves		**31.651.523**	31.651.523
Accumulated Gain/Loss on Remeasurement of Defined Benefit Plans		**1.085.862**	(2.316.392)
Restricted Profit Reserves	16	**2.589.932**	2.589.932
Accumulated Losses		**(148.008.704)**	(250.919.518)
Net Loss for the Period		**(46.198.063)**	(57.089.186)
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**230.344.117**	194.832.090

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE 1 JANUARY - 31 DECEMBER 2020 PERIOD

Amounts are expressed in Turkish Lira (TL)

	Notes	Current Period 1 January- 31 December 2020	Prior Period 1 January 31 December 2019
Revenue	17	**238.704.539**	197.133.387
Cost of Sales (-)	17	**(209.305.129)**	(186.927.168)
Gross Profit/Loss		**29.399.410**	10.206.219
General Administrative Expenses (-)	18	**(16.926.751)**	(24.756.876)
Marketing Expenses (-)	18	**(10.694.706)**	(16.858.023)
Research and Development Expenses (-)	18	**(16.950.299)**	(5.710.421)
Other Income From Operating Activities	19	**16.623.801**	7.628.408
Other Loss From Operating Activities (-)	19	**(11.646.699)**	(4.281.132)
Operating Loss		**(10.195.244)**	(33.771.825)
Investment Revenue	20	**4.086.064**	1.267.613
Expenses from Investing Activities (-)	20	**(17.194.195)**	–
OPERATING LOSS BEFORE FINANCE EXPENSE		**(23.303.375)**	(32.504.212)
Finance Income/Expenses (-) - net	21	**(16.619.426)**	(26.709.395)
LOSS BEFORE TAX		**(39.922.801)**	(59.213.607)
Tax Income/(Expense)	22	**(6.275.262)**	2.124.421
Current Tax Expense (-)	22	**–**	–
Deferred Tax Income/(Expense)	22	**(6.275.262)**	2.124.421
LOSS FOR THE PERIOD		**(46.198.063)**	(57.089.186)
Loss from the period attributable to:			
Non- controlling interest		**–**	–
Owners of the Company		**(46.198.063)**	(57.089.186)
		(46.198.063)	(57.089.186)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE 1 JANUARY - 31 DECEMBER 2020 PERIOD

Amounts are expressed in Turkish Lira (TL)

	Notes	**Current Period 1 January- 31 December 2020**	Prior Period 1 January 31 December 2019
LOSS FOR THE PERIOD		**(46.198.063)**	(57.089.186)
OTHER COMPREHENSIVE INCOME			
Items that will not be Reclassified Subsequently to Profit/(Loss)		**3.402.254**	(1.307.884)
Gain/(Loss) on remeasurement of defined benefit plans	13	**3.402.254**	(1.634.856)
Deferred tax expenses (-)/income	22	**–**	326.972
OTHER COMPREHENSIVE INCOME/(LOSS)		**3.402.254**	(1.307.884)
TOTAL COMPREHENSIVE LOSS		**(42.795.809)**	(58.397.070)
Total Comprehensive (Loss)/Income for the Period Attributable to:		**(42.795.809)**	(58.397.070)
Non-controlling interest		**–**	–
Owners of Company		**(42.795.809)**	(58.397.070)
		(42.795.809)	(58.397.070)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 1 JANUARY - 31 DECEMBER 2020 PERIOD

Amounts are expressed in Turkish Lira (TL)

				Accumulated Other Comprehensive Income or Expense that will not be Reclassified to Profit or Loss		Retained Earnings		
	Share capital	Capital advances	Legal reserves	Properties revaluation reserve (*)	Actuarial gain/loss	Accumulated losses	Net loss for the year	Total
Balance at 1 January 2019	**163.240.345**	**–**	**2.589.932**	**32.323.056**	**(1.008.508)**	**(185.479.652)**	**(66.111.399)**	**(54.446.226)**
Increase in capital	120.000.000	–	–	–	–	–	–	120.000.000
Transfers	–	–	–	–	–	(66.111.399)	66.111.399	–
Transfer of fixed asset revaluation reserve upon disposal in equity instruments	–	–	–	(671.533)	–	671.533	–	–
Total comprehensive loss	–	–	–	–	(1.307.884)	–	(57.089.186)	(58.397.070)
Balance at 31 December 2019	**283.240.345**	**–**	**2.589.932**	**31.651.523**	**(2.316.392)**	**(250.919.518)**	**(57.089.186)**	**7.156.704**
Increase in share capital	120.000.000	–	–	–	–	120.000.000	–	–
Decrease in share capital	(160.000.000)	–	–	–	–	–	–	(160.000.000)
Transfers	–	–	–	–	–	(57.089.186)	57.089.186	–
Total comprehensive loss	–	–	–	–	3.402.254	–	(46.198.063)	(42.795.809)
Transfer of fixed asset revaluation reserve upon disposal in equity instruments	–	–	–	–	–	–	–	–
Balance at 31 December 2020	**243.240.345**	**–**	**2.589.932**	**31.651.523**	**1.085.862**	**(148.008.704)**	**(46.198.063)**	**84.360.895**

(*) As explained in Note 22, in accordance with law numbered 7061, an additional deferred tax charge is recognized over the properties revaluation reserve in 2017.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 1 JANUARY - 31 DECEMBER 2020 PERIOD

Amounts are expressed in Turkish Lira (TL)

	Notes	**Current Period 1 January- 31 December 2020**	Prior Period 1 January 31 December 2019
Cash flows from operating activities			
Loss for the period		**(46.198.063)**	(57.089.186)
– Adjustments related to tax expense/income	22	**6.275.262**	(2.124.421)
– Adjustments related to interest expense	21	**15.433.786**	25.100.349
– Adjustments related to interest income	20	**(624.632)**	(992.670)
– Adjustments related to expected credit losses	5	**–**	526.206
– Adjustments related to provision for doubtful trade receivables	5	**(3.881.772)**	3.318.142
– Adjustments related to (gain) on sale or disposal of property, plant and equipment and intangible assets	20	**(1.749.508)**	(274.943)
– Adjustments related to depreciation and amortization of property, plant and equipment and intangible assets	9,10	**7.359.937**	10.460.748
– Adjustments related to provision for employment termination benefits	13	**(1.487.016)**	4.675.184
– Adjustments related to impairment on property, plant and equipment		**15.482.271**	–
– Adjustments related to provisions for legal claims	15	**1.397.682**	117.947
– Adjustments related to impairment on inventories	7	**(888.956)**	260.713
– Adjustment related to change in unused vacation provision	13	**1.260.671**	112.340
– Adjustments related to discount expense	19	**3.461.304**	(1.094.982)
– Unrealized foreign exchange differences related to borrowings –net		**–**	1.140.783
Movements in working capital		**7.455.281**	(15.863.790)
Adjustments for (increase)/decrease in trade receivables		**(27.959.116)**	18.255.698
Adjustments for (increase)/decrease in inventories		**3.865.988**	(6.121.827)
Adjustments for (increase)/decrease in other receivables and other assets		**8.249.585**	(1.249.746)
Adjustments for increase/(decrease) in trade payables		**6.391.097**	(4.938.385)
Adjustments for increase/(decrease) in other payables and expense accruals		**16.907.727**	2.381.460
		3.296.247	(7.536.590)
Income taxes paid	22	**(148.342)**	(75.902)
Employment termination benefits paid	13	**(608.152)**	(5.386.716)
Net cash generated by/(used in) operating activities		**2.539.753**	(12.999.208)
Cash flow from investing activities			
Payments for purchase of property, plant and equipment	9	**(26.133.182)**	(18.451.853)
Proceeds from sale of property, plant and equipment and intangible assets	9,10,20	**28.658.069**	1.883.036
Interest received	20	**(14.809.153)**	992.670
Net cash used in investing activities		**(12.284.266)**	(15.576.147)
Cash flow from financing activities			
Increase in capital		**120.000.000**	120.000.000
Proceeds from borrowings		**–**	949.735.945
Repayments of borrowings		**(72.769.951)**	(1.015.140.339)
Repayments of leasing payables		**7.177.640**	(2.255.297)
Interest paid		**–**	(22.309.874)
Net cash (used in)/generated by financing activities		**54.407.689**	30.030.435
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**44.663.176**	1.455.080
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	27	**2.070.344**	615.264
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	27	**46.733.520**	2.070.344

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Amounts are expressed in Turkish Lira (TL)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Hisarlar Makina Sanayi ve Ticaret A.Ş. (the “Company” or “Hisarlar Makina”) was established in 1973. The address of Hisarlar Makina’s registered office is: Eskişehir - Bursa Yolu 20. km. 26550 M. Çukurhisar, Eskişehir, Turkey.

Following the production of the tractor safety cab in Turkey in 1974, the first serial production has started in 1977. Hisarlar Makina started its first export activities of safety cabs to Netherlands in 1985 and to Austria in 1987. Hisarlar Makina realizes export sales over Hisarlar Pazarlama. In 2006, shareholders established Hisarlar Kabin in order to carry out production of tractor safety cabs and agricultural machines within the newly established company. After this demerge, Hisarlar Makina started to specialize in the production of welded components. As of 2 January 2012, Hisarlar Makina has been remerged with Hisarlar Kabin. Hisarlar Makina’s customers include manufacturers operating mainly in agriculture, construction, textile and automotive sectors. Additionally, Hisarlar Makina provides engineering support, design, prototyping, serial production, painting and final assembly to its customers.

As of 18 December 2012 the Company and its shareholders signed a loan agreement with European Bank for Reconstruction and Development (“EBRD”) and Nakina Finance S.A.R.L. (“Nakina”) (together the “Investors”). Depending upon this loan agreement, the shareholders of the Company has transferred 15.7% of their shares in the Company to EBRD and Nakina. According to the shareholders agreement signed between the parties, Investors have put option in order to transfer back the shares in the period starting from 1 January 2020 to 31 May 2020 when the repayments of the loans are finalized and the annual financial statements for the year ending 31 December 2019 are delivered to the Investors. The Group was experiencing liquidity problems due to the delays on its collections. Accordingly, as of 31 August 2016, the Group was unable to pay its cheques. Subsequently, some banks have recalled their loans commencing September 8th, 2016. Together with the recall of the loans, notification has been sent to all suppliers and customer in accordance with Article 89/1 of the Execution and Bankruptcy Law. Some suppliers have started to apply legal follow-up. Following all these developments, the Group was involved in the strategic partnership process and signed a Letter of Interest. During 2017, the Group has completed strategic partnership agreement with Mahindra Overseas Investment (“Mahindra”). Following the completion of this agreement, all borrowings including EBRD and Nakina loans that were subject to covenants are paid on 30 March 2017. Also Mahindra became new ultimate controlling party for the Group with 75% shares.

The Company has acquired 90% of the shares of Hisarlar Pazarlama İthalat ve İhracat A.Ş. (“Hisarlar Pazarlama”) from the shareholders of the Company on 14 August 2012. Hisarlar Pazarlama was under common control by the Company since the beginning of its operations until March 2017. In March 2017, the Company has acquired remaining 10% of Hisarlar Pazarlama shares. In addition, Hisarlar Kabin has been merged with Hisarlar Makina on 2 January 2012 as stated above.

Hisarlar Pazarlama started its operations in 2003 and operates in the import and export, marketing and market research activities of the products of Hisarlar Makina. Hisarlar Pazarlama mainly makes exports of different vehicles, machines and components to Europe and other continents of the world. Hisarlar Pazarlama’s customers include firms producing agricultural machines, construction machines, material handling equipments, special purpose vehicles, textile machines, medical equipment and automotives manufacturers. The address of the Hisarlar Pazarlama’s registered office is: Eskişehir - Bursa Yolu 20. km. 26550 M.Çukurhisar, Eskişehir, Turkey.

As of 31 December 2020, the Group employed 578 people (31 December 2019: 575).

The financial statements for the period January 01 - December 31, 2020 were signed Board of Directors on May 20, 2021. The General Assembly has the authority to change financial statements.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The consolidated financial statements have been prepared on the historical cost basis except for the fair measurement of certain non-current assets.

In order to determine the historical cost, the fair values paid for assets are considered.

2.2 Statement of Compliance

The consolidated financial statements have been prepared in accordance International Financial Reporting Standards (“IFRS”).

2.3 Going Concern Assumptions and Management Plans

The consolidated financial statements of the Group are prepared on a going concern basis, which presumes the realization of assets and settlement of liabilities in the normal course of operations and in the foreseeable future. As of 31 December 2020, the Group’s short-term liabilities has not exceed its current assets (31 December 2019: TL 89.740.060) based on the accompanying consolidated financial statements. In addition, the Group has completed the period ended 31 December 2020 with a net loss of TL 46.198.063 (31 December 2019: TL 57.089.186), total accumulated losses has reached TL 148.008.701 (31 December 2019: TL 250.919.518). Together with the effect of the accumulated losses and period loss, total of capital and restricted profit reserves is unsecured in accordance with Article 376 of Turkish Commercial Law. As of 31 December 2016, the Group had experienced liquidity problems due to the negative impact of the increase in foreign exchange rates on its loans and the negative operating income due to the maturity increases in sales transactions. Meanwhile, some loans of the Group were subject to certain covenants due to the contracts. According to these covenants, Group shall achieve some performance criterion and shall satisfy spesific qualitative and quantitative criterion. As of 31 December 2016, the Group was in breach regarding certain loan covenants and no waiver letter had been provided regarding these breaches. Some creditors also had recalled their loans since the Group could not fulfill its payment obligations. The Group was involved in the strategic partnership process and signed a Letter of Interest. During 2017, the Group has completed strategic partnership agreement with Mahindra Overseas Investment (“Mahindra”). Following the completion of this agreement, all borrowings including EBRD and Nakina loans that were subject to covenants are closed on 30 March 2017. Mahindra became new ultimate controlling party for the Group with 75,1% ownership. Also, in 2018, the Group’s paid-in capital has increased by TL 70.000.000 (2017: TL 63.732.770) and Mahindra’s ownership has increased to 77,18%. Meanwhile there was an increase in paid-in capital of the Group amounting to TL 120.000.000 during 2019 and Mahindra’s ownership has increased to 86,8%. In addition, there was an increase of TL 120.000.000 simultaneously with the reduction of the Group’s capital by TL 160.000.000 in 2020, and the share of Mahindra reached 93.28%. The revenues of the Group was TL 177.726.620 in 2018, TL 197.133.387 in 2019 and TL 227.467.451 in 2020. The group has increasing orders from customers in Metal Fabrication and Agriculture Machinery. As a results of these developments, the Group Management believes that the financial indicators of the Group will be positive and it can continue for the forseable future. The Group foresees an increase of 70% in exports and 30% in the domestic market with new countries and projects added to its portfolio in the 2021 sales budget.

2.4 Functional Currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira, which is the functional, and presentation currency of the Company and the reporting currency for the consolidated financial statements.

2.5 Comparative Information and Restatement of Prior Period Consolidated Financial Statements

Consolidated financial statements of the Group have been prepared comparatively with prior period in order to give information about financial position and performance trends. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes. The Group do not have any material reclassifications and corrections in current year.

2.6 Basis of Consolidation

As of 31 December 2020 and 31 December 2019, details of the Company's subsidiary are as follows:

Subsidiary	Group's proportion of ownership and voting power held (%) 2020	2019	Place of incorporation and operation	Principle activity
Hisarlar Pazarlama	100	100	Eskişehir	Trading

The accompanying consolidated financial statements include the financial statements of the Company and entity controlled by the Company (its subsidiary). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with those used by other members of the Group.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.7 Changes in the Accounting Policies

The signficant changes that were made on accounting policies applied retrospectively and the financial statements of preceding period are restated. No changes has been observed at the accounting policies of the Group in the current year.

2.8 Changes in Accounting Estimates and Errors

If changes in accounting estimates are related to only one period, the changes are applied prospectively in the current period in which changes are made. If changes in accounting estimates are related to future periods, the changes are applied prospectively both in the current period in which changes are made and also in future periods. No changes has been observed at the accounting estimates of the Group in the current year.

The accounting misstatements which are identified are applied retrospectively and consolidated financial statements of preceding period are restated. No material misstatement has been observed in order to restate the financial statements of the Group in the current year.

2.9 New and Amended International Financial Reporting Standards

a) Standards, amendments and interpretations applicable as at 31 December 2020:

Amendments to IAS 1 and IAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;

ii) clarify the explanation of the definition of material; and

iii) incorporate some of the guidance in IAS 1 about immaterial information.

Amendments to IFRS 3 - definition of a business; effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform; effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions; effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2020:

IFRS 17, 'Insurance contracts'; effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities; effective from 1 January 2022. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16; effective from Annual periods beginning on or after 1 January 2022.

Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

2.10 Summary of Significant Accounting Policies

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements

a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Revenue

The core principle of revenue recognition is that the Group should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Accordingly, Revenue is recognized when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

The Group evaluates the agricultural machinery, welded components and cabins that it has committed in each contract with the customers and determines each commitment to transfer the said products or services as a separate performance obligation. For each performance obligation, it is determined at the beginning of the contract that the performance of the performance obligation will be satisfied in time or at a point of time. If the Group transfers the control of a goods or service over time and thus fulfills the performance obligations related to the related sales over time, it measures the progress of the satisfaction of the performance obligations in full and takes the proceeds to the financial statements.

The Group, as it satisfies the performance obligation by transferring a committed product or service to its customer, records the transaction price corresponding to this performance obligation as revenue in consolidated financial statements. The goods or services are transferred when the goods or services are checked (or passed) by the customers. The Group evaluates the transfer of control of the goods or services sold to the customer,

- ownership of the Group's right to collect goods or services,
- the ownership of the property of the customer,
- transfer of the ownership of the goods or services,
- the ownership of significant risks and rewards arising from the ownership of the property of the customer,
- takes into account the customer's acceptance of goods or services.

Rent Income

Rental income is recognized in the financial statements on a monthly basis.

Dividend and interest income

Dividend income from equity investments is recognized when the shareholders' right to receive dividends is established (as long as the Company can obtain economic benefits and the revenue can be measured reliably).

Interest income from financial assets is recognized when it is probable that the Company will obtain economic benefits and that the revenue can be measured reliably. Interest income is accrued in the relevant period at the effective interest rate that reduces the estimated cash inflows from the financial asset to the carrying amount of the asset during the expected life of the remaining principal amount.

Inventories

Inventories are stated at the lower of cost or net realizable value. The cost of inventories is determined on a weighted average basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Property, plant and equipment

Land, buildings, plant, machinery and equipment are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value at the date of revaluation is the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction. Fair value determination is based on the market and cost approaches using quoted market prices for similar items when available and in some cases, using replacement cost when appropriate.

Any revaluation increase arising on the revaluation of such land, buildings and plant, machinery and equipment is credited in equity to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land, buildings and plant, machinery and equipment is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings and plant, machinery and equipment is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the related revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognized.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated. Motor vehicles, furniture and fixtures, and leasehold improvements are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Leasing

The Group has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Policies applicable from 1 January 2019

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The Group did not make any such adjustments during the periods presented.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group also rents equipment to retailers necessary for the presentation and customer fitting and testing of footwear and equipment manufactured by the Group.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Leasing Policy Applied Until 31 December 2018

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Intangible assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3-5 years).

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Financial assets

At initial recognition, Group measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, *transaction costs* that are directly attributable to the acquisition or issue of the financial asset. When the Group uses settlement date accounting for an asset that is subsequently measured at amortised cost, the asset is recognised initially at its fair value on the trade date.

The Group reclassifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

a) the Group's business model for managing the financial assets and

b) the contractual cash flow characteristics of the financial asset.

When, and only when, the Group changes its business model for managing financial assets, it reclassifies all affected financial assets. The Group applies the reclassification prospectively from the reclassification date. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

<u>Financial assets measured at amortised cost</u>

A financial asset is measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest revenue of financial assets measured at amortised cost is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

(b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become *credit-impaired financial assets*. For those financial assets, the Group applies the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset and recognises a *modification gain or loss* in profit or loss.

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

IAS 39 and IFRS 9 comparison based on the classification for financial assets and liabilities are given in Note 2.9

<u>Financial assets measured at fair value through other comprehensive income</u>

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. If the financial asset is reclassified out of the fair value through other comprehensive income measurement category, the Group accounts for the cumulative gain or loss that was previously recognised in other comprehensive income in consolidated financial statements. Interest calculated using the effective interest method is recognised in profit or loss.

At initial recognition, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

<u>Financial assets measured at fair value through profit or loss</u>

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

<u>Impairment</u>

The Group recognises a loss allowance for *expected credit losses* on financial assets that are measured at amortized cost or fair value through other comprehensive income.

The Group applies the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income. However, the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

At each reporting date, the Group measures the loss allowance for a financial instrument at an amount equal to the *lifetime expected credit losses* if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses except for purchased or originated credit impaired financial assets. For purchased or originated credit-impaired financial assets, the Group only recognises the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance at the reporting date.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables and other receivables that do not contain a significant financing component, which is referred as simplified approach.

<u>Measurement and recognition of expected credit losses</u>

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date. For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks with foreign exchange forward contracts.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Financial liabilities

At initial recognition, the Group measures a financial liability at its fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, *transaction costs* that are directly attributable to the issue of the financial liability.

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for:

(a) financial liabilities at fair value through profit or loss: Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

(b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. In subsequent periods, the Group recognises any income on the transferred asset and any expense incurred on the financial liability.

(c) contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration is subsequently be measured at fair value with changes recognised in profit or loss.

The Group does not reclassify any financial liability.

Foreign currency transactions

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses arising on settlement and translation of foreign currency items are included in the consolidated statement of comprehensive income.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

Events after the reporting period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

The Group's investment properties are valued by external, independent valuation companies on a periodic basis. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction and discounted cash flows expected to be received. In arriving at an estimate of cash flows, the Group considers its occupancy rate, lease commitment factors and the economic life of the investment property.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, Plant and Equipment" up to the date of change in use.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal. Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. No assets held under operating lease have been classified as investment properties.

Taxation and deferred income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the comprehensive income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

Employment benefits

Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognized in the consolidated financial statements represents the present value of the defined benefit obligation. Calculated whole actuarial gains and loses are recognized in other comprehensive income.

Statement of cash flows

Current period statement of cash flows is categorized and reported as operating, investing and financing.

Share capital and dividends

Common shares are classified as equity. Dividends on common shares are recognised in equity in the period in which they are approved and declared.

2.11 Critical accounting judgments and key sources of estimation uncertainty

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below:

Useful lives of property, plant and equipment and intangible assets

The Group reviews the estimated useful lives of its property, plant and equipment and intangible assets at the end of each reporting period. The Group takes into consideration the intended use of the property, plant and equipment and intangible assets, the advancement in technology related to the particular type of property, plant and equipment as well as other factors that may require management to extend or shorten the useful lives and the assets' related depreciation.

The Group considers the useful lives of property, plant and equipment and intangible assets as described in Note 9 and 10.

Determination of fair values of property, plant and equipment

The fair values of property, plant and equipment are based on valuations, performed by independent valuers, who hold recognized and relevant professional qualifications. The valuations are based primarily on comparable fair market value of lands and, estimating costs to rebuild the building in the new economic conditions.

Calculation for loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Judgements in determining the timing of satisfaction of performance obligations

Management takes into account the detailed conditions stated in IFRS 15, in particular the control of goods and services, to the customer regarding the fulfillment of the performance obligations and the recording of the allocated transaction costs as revenue.

Internally-generated intangible assets

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized only if the technical feasibility and the intention to complete the intangible asset, the ability to use or sell the intangible asset are demonstrated, how the intangible asset will generate probable future economic benefits is determined, adequate technical, financial and other resources to complete the development and to use or sell the intangible asset is available and the expenditure attributable to the intangible asset during its development can be reliably measured. Other development expenditures that do not meet these criteria are recognized as expense when incurred. The Group Management considers that the internally-generated intangible assets will generate economic benefits and management is confident that the carrying amount of the assets will be recovered in full.

Deferred taxes

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets is not recognized.

3. INTERESTS IN OTHER ENTITIES

Subsidiaries

Details of the Group's material subsidiaries as of 31 December 2020 and 2019 are as follows:

Name of subsidiary	Operation	Place of incorporation and operation	Proportion of ownership interest and (%) 31 December 2020	31 December 2019
Hisarlar Pazarlama	Trade	Eskişehir	**100**	100

The summarised financial information below represents amounts before intragroup eliminations.

	2020 Hisarlar Pazarlama	2019 Hisarlar Pazarlama
Current assets	**21.486.705**	19.437.023
Non current assets	**363.140**	93.466
Current liabilities	**(5.241.039)**	(4.302.612)
Equity attributable to owners of the Company	**(16.608.806)**	(15.227.877)
Revenue	**115.481.627**	123.083.218
Expenses	**(114.100.693)**	(123.909.378)
Profit/loss for the year	**1.380.934**	(826.160)

4. RELATED PARTY TRANSACTIONS

The non-trade receivables from related parties arise mainly from financial needs of the related parties and are due in 60 days. The receivables are unsecured in nature and bear no interest.

The trade payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest and are payable under normal terms.

The non-trade payables to related parties arise mainly from financial needs of the Group and are due in 120 days. The payables are unsecured in nature and bear no interest.

	31 December 2020		31 December 2019	
	Receivables	**Payables**	Receivables	Payables
	Short Term		Short Term	
Balances with related parties	**Trade**	**Trade**	Trade	Trade
<u>Other companies managed by the main partner</u>				
Sampo Rosenlew Ltd	**482.937**	**–**		
Mahindra South Africa	**1.250.034**	**–**		
Mahindra USA	**–**	**(65.498)**	–	(216.571)
Mahindra & Mahindra	**122.461**	**–**	–	(65.498)
Erkunt Traktör Sanayii A.Ş.	**4.819.090**	**–**	589.084	–
Mahindra Mitsubishi	**4.451.255**	**–**	1.973.873	–
Mahindra AG & Auto AU	**–**	**(111.032)**		
Other	**–**	**–**	–	(47.334)
	11.125.777	**(176.530)**	2.562.957	(329.403)

Compensation of key management personnel during the period as follows:

	1 January-31 December 2020	1 January-31 December 2019
Salaries and other short term benefits	**230.100**	1.102.098
	230.100	1.102.098

1 January - 31 December 2020

Transactions with related parties	**Purchases**	**Sales**	**Other Income**	**Other expense**
Mahindra South Africa	**–**	**1.250.034**	**–**	**–**
Mahindra & Mahindra Ltd. Auto Secto	**73.180**	**15.055**	**–**	**529.384**
Mahindra USA	**–**	**11.702**	**–**	**–**
Mahindra & Mahindra	**139.853**	**827.869**	**4.815.860**	**–**
Mahindra&Mahindra LTD. AFS	**–**	**–**	**–**	**–**
Mahindra Mitsubishi	**–**	**11.387.035**	**–**	**–**
Erkunt Traktör Sanayii A.Ş.	**367.543**	**5.663.569**	**–**	**367.543**
	580.576	**19.155.264**	**4.815.860**	**896.927**

1 January - 31 December 2019

Transactions with related parties	Purchases	Sales	Other expense
Mahindra USA	65.408	847.117	–
Mahindra & Mahindra	385.671	4.383.459	–
Mahindra&Mahindra LTD. AFS	–	775.466	–
Mahindra Mitsubishi	–	3.172.146	–
Erkunt Traktör Sanayii A.Ş.	94.758	1.874.064	–
	545.837	11.052.252	–

5. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

As at the balance sheet date, trade receivables of the Group are summarized below:

	31 December 2020	31 December 2019
Current trade receivables		
Trade receivables	**18.985.717**	15.678.105
Notes receivable	**32.199.991**	12.178.576
Rediscount from notes receivable (-)	**(5.108.690)**	(1.070.221)
Trade receivables from related parties (Note 4)	**11.422.954**	2.562.957
Expected credit losses (-)	**–**	(526.206)
Doubful receivables	**13.199.097**	17.080.870
Allowance for doubtful receivables (-)	**(13.199.097)**	(17.080.870)
	57.499.972	28.823.211

The average credit period is 75 days (31 December 2019: 122 days). No interest is charged for the overdue trade receivables. No collateral is received for trade receivables.

As of 31 December 2020, trade receivables of TL 13.199.097 (31 December 2019: TL 17.080.870) were considered as impaired and a provision was provided for these trade receivables.

Movement in the allowance for doubtful receivables are as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Balance at beginning of the year, 1 January	**17.080.870**	13.770.495
Period charge (Note: 18)	**103.615**	3.318.142
Collections	**(2.947.638)**	(7.767)
Waived receivables	**(1.037.750)**	–
Closing balance, 31 December	**13.199.097**	17.080.870

Explanations on nature and level of risks of trade receivables are disclosed in Note 24.

b) Trade Payables:

As of balance sheet date, the details of the Group's trade payables are as follows:

Short term trade payables	**31 December 2020**	31 December 2019
Trade payables	**37.513.341**	28.626.620
Notes payables	**–**	–
Trade payables to related parties (Note: 4)	**473.707**	329.403
Expense accruals	**–**	2.342.751
	37.987.048	31.298.774

The average credit period on purchases of goods and services is 74 days and no interest is charged by vendors on the outstanding balance (31 December 2019: 77 days).

6. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables:

Other Current Receivables	**31 December 2020**	31 December 2019
Deposits and guarantees given	**627.237**	540.975
Due from personnel	**269.327**	73.064
Receivables from tax office	**3.106.685**	–
Other current receivables	**1.887**	2.629.752
	4.005.136	3.243.791

Other Non-current Receivables	**31 December 2020**	31 December 2019
Deposits and guarantees given	**67.133**	61.216
	67.133	61.216

b) Other Payables:

Other Current Payables	**31 December 2020**	31 December 2019
Tax and funds payable	**278.133**	–
Other current payables	**67.716**	–
	345.849	–

7. INVENTORIES

	31 December 2020	31 December 2019
Raw materials	**15.780.463**	20.296.011
Work in process	**8.033.503**	7.101.089
Finished goods	**11.829.515**	11.521.842
Trade goods	**5.253.837**	7.169.513
Other inventory	**2.056.963**	731.814
Impairment on inventories (-)	**(2.516.072)**	(3.405.028)
	40.438.209	43.415.241

The movement of the provision for stock impairment during the period are as follows:

	31 December 2020	31 December 2019
Beginning of the period	**(3.405.028)**	(3.144.315)
Increase/ decrease	**888.956**	(260.713)
End of the period	**(2.516.072)**	(3.405.028)

8. PREPAID EXPENSES AND DEFERRED INCOME

a) Prepaid expenses:

Short Term Prepaid Expenses	**31 December 2020**	31 December 2019
Advances given for purchasing of inventories	**626.243**	3.345.180
Prepaid expenses	**934.931**	315.536
Advances given for business purposes	**-**	6.059
	1.561.174	3.666.775

Long Term Prepaid Expenses	**31 December 2020**	31 December 2019
Prepaid expenses	**–**	17.700
	–	17.700

b) Deferred Income:

Short Term Deferred Income	**31 December 2020**	31 December 2019
Order advances received	**22.898.129**	5.270.637
	22.898.129	5.270.637

9. PROPERTY, PLANT AND EQUIPMENT

	Land	**Buildings**	**Plant, Machinery and Equipment (*)**	**Motor Vehicles**	**Furniture and Fixture**	**Leasehold Improvements**	**Construction in Progress (“CIP”)**	**Total**
Cost Value								
Opening balance as of 1 January 2020	**15.693.167**	**44.306.369**	**82.348.206**	**1.829.500**	**11.763.372**	**259.454**	**11.927.377**	**168.127.445**
Additions	**–**	**721.839**	**12.144.856**	**–**	**1.198.225**	**–**	**12.068.262**	**26.133.182**
Disposals	**(1.314.167)**	**(6.104.147)**	**(1.409.250)**	**(37.776)**	**(32.686)**	**–**	**(23.995.639)**	**(32.893.665)**
Transfers from CIP	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Closing balance as of 31 December 2020	**14.379.000**	**38.924.061**	**93.083.812**	**1.791.724**	**12.928.911**	**259.454**	**–**	**161.366.962**
Accumulated Depreciation								
Opening balance as of 1 January 2020	**–**	**(7.839.516)**	**(61.365.447)**	**(1.120.079)**	**(6.027.956)**	**(209.576)**	**–**	**(76.562.574)**
Charge for the year	**–**	**(1.088.319)**	**(7.168.087)**	**(144.221)**	**(1.546.265)**	**(17.588)**	**–**	**(9.964.480)**
Disposals	**–**	**412.317**	**965.457**	**37.776**	**26.356**	**–**	**–**	**1.441.906**
Impairment	**–**	**–**	**–**	**–**	**(2.690.524)**	**–**		**(2.690.524)**
Closing balance as of 31 December 2020	**–**	**(8.515.518)**	**(67.568.077)**	**(1.226.524)**	**(10.238.389)**	**(227.164)**	**–**	**(87.775.672)**
Carrying value as of 31 December 2020	**14.379.000**	**30.408.543**	**25.515.735**	**565.200**	**2.690.522**	**32.290**	**–**	**73.591.290**

(*) Cost of machinery acquired through finance lease agreements amount to TL 12.106.816. No machinery acquisition through finance lease agreements exists in 2020.

	Land	Buildings	Plant, Machinery and Equipment (*)	Motor Vehicles	Furniture and Fixture	Leasehold Improvements	Construction in Progress (“CIP”)	Total
Cost Value								
Opening balance as of 1 January 2019	15.693.167	43.091.505	76.638.250	1.421.550	9.838.725	259.454	8.328.783	155.271.434
Additions	–	1.214.864	6.685.667	407.950	1.942.350	–	8.201.022	18.451.853
Disposals	–	–	(975.711)	–	(17.703)	–	(1.602.880)	(2.596.294)
Transfers from CIP	–	–	–	–	–	–	(2.999.548)	(2.999.548)
Closing balance as of 31 December 2019	15.693.167	44.306.369	82.348.206	1.829.500	11.763.372	259.454	11.927.377	168.127.445
Accumulated Depreciation								
Opening balance as of 1 January 2019	–	(6.670.253)	(56.150.808)	(970.309)	(4.734.668)	(192.007)	–	(68.718.045)
Charge for the year	–	(1.169.263)	(6.193.102)	(149.771)	(1.308.858)	(17.569)	–	(8.838.563)
Disposals	–	–	978.463	–	15.569	–	–	994.032
Closing balance as of 31 December 2018	–	(7.839.516)	(61.365.447)	(1.120.080)	(6.027.957)	(209.576)	–	(76.562.576)
Carrying value as of 31 December 2019	15.693.167	36.466.853	20.982.759	709.420	5.735.415	49.878	11.927.377	91.564.869

(*) Cost of machinery acquired through finance lease agreements amount to TL 26.736.059. No machinery acquisition through finance lease agreements exists in 2019.

The following useful lives are used in the calculation of depreciation:

	Useful Life
Buildings	50 years
Plant, machinery and equipment	5-12 years
Motor vehicles	5 years
Furniture and fixtures	3-10 years
Leasehold improvements	12-15 years

Depreciation expense of TL 5.289.875 has been charged to cost of sales (31 December 2019: TL 6.427.711), TL 91.119 to selling and marketing expenses (31 December 2019: TL 110.718), TL 1.620.561 to general administrative expenses (31 December 2019: TL 1.969.139) and TL 272.402 to the research and development expenses (31 December 2019: TL 330.995).

An independent valuation on the Group's land, buildings and machinery was done by Vera Gayrimenkul Değerleme ve Danışmanlık A.Ş..Vera Gayrimenkul Değerleme ve Danışmanlık A.Ş., independent valuers not connected with the Group, on 8 December 2016. Vera Gayrimenkul Değerleme ve Danışmanlık A.Ş. is one of the accredited independent valuers by the Capital Markets Board of Turkey. Fair values of the Group's land were estimated based on valuation techniques which conform to International Valuation Standards in main principles which take into account comparable fair market value of land that share similar characteristics to the Group's assets. For the determination of fair value of buildings, cost method has been applied. Cost method includes estimating the costs to rebuild the building in the new economic conditions. Physical condition, maintenance, performance, position in the sector and storage capacity factors which may effect the fair value are considered, detailed market research is performed and current economic conditions for the country is considered for property, plant and equipment. The fair value hierarchy level of these lands and buildings are level 2.

10. INTANGIBLE ASSETS

	Capitalized development costs	**Rights**	**Total**
Cost Value			
Opening balance as of 1 January 2020	**9.499.782**	**1.178.548**	**10.678.330**
Additions	**–**	**–**	**–**
Disposals	**(9.499.782)**	**–**	**(9.499.782)**
Transfers from constructions in progress	**–**	**–**	**–**
Closing balance as of 31 December 2020	**–**	**1.178.548**	**1.178.548**
Accumulated Amortization			
Opening balance as of 1 January 2020	**(3.941.753)**	**(951.153)**	**(4.892.906)**
Charge for the year		**(85.980)**	**(85.980)**
Disposals	**3.941.753**	**–**	**3.941.753**
Closing balance as of 31 December 2020	**–**	**(1.037.133)**	**(1.037.133)**
Carrying value as of 31 December 2020	**–**	**141.415**	**141.415**

	Capitalized development costs	**Rights**	**Total**
Cost Value			
Opening balance as of 1 January 2019	6.507.231	1.178.548	7.685.779
Additions	–	–	–
Disposals	(6.997)	–	(6.997)
Transfers from constructions in progress	2.999.548	–	2.999.548
Closing balance as of 31 December 2019	9.499.782	1.178.548	10.678.330
Accumulated Amortization			
Opening balance as of 1 January 2019	(2.429.103)	(842.784)	(3.271.887)
Charge for the year	(1.513.816)	(108.369)	(1.622.185)
Disposals	1.166	–	1.166
Closing balance as of 31 December 2019	(3.941.753)	(951.153)	(4.892.906)
Carrying value as of 31 December 2019	5.558.029	227.395	5.785.424

The following useful lives are used in the calculation of depreciation:

	Useful life
Capitalised development costs	5 years
Other intangible assets	3-5 years

Amortization expense of TL 62.528 has been charged to cost of sales (31 December 2019: TL 1.179.708), TL 1.077 to selling and marketing expenses (31 December 2019: TL 20.321), TL 19.155 to administrative expenses (31 December 2019: TL 361.407) and TL 3.220 to the research and development expenses (31 December 2019: TL 60.749).

11. INVESTMENT PROPERTY

	1 January-31 December 2020	1 January-31 December 2019
Opening value	**1.643.000**	1.643.000
Closing value	**1.643.000**	1.643.000

Investment properties of the Group are composed of several lands located in Eskişehir.

The fair value of the Group's investment property has been arrived at on the basis of a valuation carried out by Vera Gayrimenkul Değerleme ve Danışmanlık A.Ş., independent valuers not connected with the Group, on 8 December 2016. Vera Gayrimenkul Değerleme ve Danışmanlık A.Ş. is one of the accredited independent valuers by the Capital Markets Board of Turkey. The valuation, which conforms to International Valuation Standards in main principles, was arrived at by reference to market evidence of transaction prices for similar properties. The fair value hierarchy level of these assets are level 2.

12. COMMITMENTS AND CONTINGENCIES

Guarantees, Pledges and Mortgages ("GPM") position of the Company as of 31 December 2020 and 31 December 2019 are as follows:

31 December 2020	**TL equivalent**
A. Total Amount of GPM given on behalf of the legal entity	
– *Letters of guarantee*	**4.668.216**
– *Mortgages*	**–**
Total	**4.668.216**

31 December 2019	TL equivalent
A. Total Amount of GPM given on behalf of the legal entity	
– *Letters of guarantee*	9.711.216
– *Mortgages*	–
Total	9.711.216

13. EMPLOYEE BENEFITS

Payables related to employee benefits

	31 December 2020	31 December 2019
Due to personnel	**2.191.657**	3.036.109
Social security premiums payable	**1.671.553**	1.910.820
Taxes and funds payable	**1.715.024**	–
	5.578.234	4.946.929

Short-term provisions for employee benefits

	31 December 2020	31 December 2019
Provision for unused vacation	**2.687.349**	1.426.678
Defined benefit obligations	**–**	–
	2.687.349	1.426.678

Long-term provisions for employee benefits

	31 December 2020	31 December 2019
Defined benefit obligations	**6.718.679**	8.813.847
	6.718.679	8.813.847

Defined Benefit Obligations

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 7.117,17 (2019: TL 6.379,86) for each period of service at 31 December 2020.

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. IAS 19 *Employee Benefits* stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2020, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of an annual inflation rate of 14,6% and a discount rate of 17%, resulting in a real discount rate of approximately 2,09% (31 December 2019: discount rate of approximately 4,17%). Estimated amount of retirement pay not paid due to voluntary leaves and retained in the Company is also taken into consideration. The rate of voluntary leaves and retained in the Company is taken between %7,73 for 0-15 years employee and %0 for more than 16 years employees. Ceiling for retirement pay is revised semi-annually. Ceiling amount of TL 7.638,69 (1 January 2019: 6.730,15) which is in effect since 1 January 2021 is used in the calculation of Group's provision for retirement pay liability.

Movement of provisions for employee benefits

	1 January-31 December 2020	1 January-31 December 2019
Provision at 1 January	**8.813.847**	7.890.523
Service cost	**684.183**	4.244.793
Interest cost	**1.048.528**	430.391
Termination benefits paid	**(608.152)**	(5.386.716)
Actuarial gain/(loss)	**(3.402.254)**	1.634.856
Loss due to payment/benefits/dismissal	**182.527**	–
Provision at 31 December	**6.718.679**	8.813.847

14. OTHER ASSETS AND LIABILITIES

a) Other Assets:

Other Current Assets	31 December 2020	31 December 2019
VAT carried forward	**4.077.602**	7.502.548
Other	**134.438**	162.646
	4.212.040	7.665.194

b) Other Liabilities:

Other Current Liabilities	31 December 2020	31 December 2019
Taxes and dues payable	**–**	1.860.051
Expense accruals	**293.953**	–
Other current liabilities	**–**	130.819
	293.953	1.990.870

15. PROVISIONS

Provisions	31 December 2020	31 December 2019
Provision for employee litigation	**961.004**	974.288
	961.004	974.288

16. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

As of 31 December 2020 and 31 December 2019 the share capital held is as follows:

Shareholders	%	31 December 2020	%	31 December 2019
Mahindra Overseas Investment	**93,28**	**228.135.007**	86,8	247.020.025
European Bank For Reconstruction and Development	**5,67**	**13.876.164**	11,14	31.698.250
Zafer Türker	**–**	**–**	2,06	5.856.725
Erkunt Traktor Sanayi A. S.	**1,05**	**2.563.829**		
Nominal capital	**100**	**244.575.000**	100	284.575.000
Inflation Adjustment		**(1.334.655)**		(1.334.655)
Adjustment capital		**243.240.345**		283.240.345

The total number of ordinary shares authorized is 5.691.500.000 (2019: 5.691.500.000 shares) with a par value of TL 0,05 per share (2019: TL 0,05 per share).

Restricted profit reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

	31 December 2020	31 December 2019
Legal reserves	**2.589.932**	2.589.932
	2.589.932	2.589.932

17. REVENUE AND COST OF SALES

a) Sales	1 January- 31 December 2020	1 January- 31 December 2019
Domestic Sales	**117.016.025**	73.374.380
Export Sales	**121.541.244**	123.740.498
Other income	**147.270**	18.509
	238.704.539	197.133.387

The Group derives its revenue from recognition of performance obligation through transfer of goods at a point in time.

b) Cost of Sales	1 January- 31 December 2020	1 January- 31 December 2019
Cost of goods sold	**(166.005.406)**	(153.487.169)
Cost of merchandises sold	**(43.299.723)**	(33.439.999)
	(209.305.129)	(186.927.168)

18. GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

	1 January- 31 December 2020	1 January- 31 December 2019
General administrative expenses (-)	**(16.926.751)**	(24.756.876)
Marketing, selling and distribution expenses (-)	**(10.694.706)**	(16.858.023)
Research and development expenses (-)	**(16.950.299)**	(5.710.421)
	(44.571.756)	(47.325.320)

a) Details of General Administrative Expenses	1 January- 31 December 2020	1 January- 31 December 2019
Expense from doubtful receivable provision (Note: 5)	**–**	(3.318.142)
Employee benefit expenses	**(7.773.003)**	(12.060.641)
Depreciation and amortization expenses	**(3.673.916)**	(2.330.546)
Rent expenses	**(803.458)**	(876.748)
Transportation expenses	**(122.503)**	(149.526)
Consulting expenses	**(1.083.942)**	(960.719)
Cleaning expenses	**(138.066)**	(125.305)
Maintanence expenses	**(534.442)**	(367.067)
Communication expenses	**(97.010)**	(121.289)
Travel expenses	**(73.629)**	(400.247)
Taxes, dues and payables	**(427.725)**	(392.392)
Outsourcing expenses	**(343.096)**	(1.010.231)
Severance payment expenses	**(1.307.086)**	–
Other administrative expenses	**(548.875)**	(2.526.076)
Provision for employee litigation	**–**	(117.947)
	(16.926.751)	(24.756.876)

b) Details of Marketing Expenses	1 January- 31 December 2020	1 January- 31 December 2019
Employee benefit expenses	**(5.725.711)**	(6.755.089)
Depreciation and amortization expenses	**(175.517)**	(131.039)
Rent expenses	**(437.011)**	(564.228)
Consulting expenses	**–**	(11.439)
Advertisement expenses	**(170.890)**	(592.203)
Insurance expenses	**(319.896)**	(143.013)
Travel expenses	**(281.325)**	(3.074.015)
Custom and tax expenses	**(259.319)**	(405.412)
Maintanence expenses	**(4.604)**	(1.064.612)
Outsourcing expenses	**(70.349)**	(192.284)
Dealership expenses	**(593.505)**	(2.270.949)
Other marketing and sales expenses	**(2.656.579)**	(1.653.740)
	(10.694.706)	(16.858.023)

c) Research and Development Expenses	1 January- 31 December 2020	1 January- 31 December 2019
Employee benefit expenses	**(11.101.512)**	(3.355.986)
Depreciation and amortization expenses	**(1.023.227)**	(391.744)
Rent expenses	**(101.386)**	(99.577)
Transportation expenses	**(423.470)**	(31.826)
Consulting expenses	**–**	(7.058)
Travel expenses	**(123.630)**	(273.807)
Maintanence expenses	**(877.591)**	(645.189)
Outsourcing expenses	**(106.350)**	(352.789)
Material expenses	**(1.293.429)**	–
Advertising expenses	**(277.773)**	–
Tse certification expenses	**(231.643)**	–
Donation and aid expenses	**(550.016)**	–
Other research and development expenses	**(840.272)**	(552.445)
	(16.950.299)	(5.710.421)

19. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2020 and 2019 are as follows:

Income/Profit from Other Operations	1 January- 31 December 2020	1 January- 31 December 2019
Non-contingent provisions (litigation)	**114.384**	–
Non-contingent provisions (doubful receivables)	**2.899.869**	–
Rent income	**21.135**	–
Insurance compensation income	**49.487**	–
Income from Exchange difference	**2.984.005**	–
Discount income	**–**	1.094.982
Unrealized warranty provisions	**1.293.525**	1.335.983
Premium and incentive income	**3.274.288**	4.151.700
Maturity difference income	**25.060**	992.065
Other income	**5.962.048**	53.678
	16.623.801	7.628.408

Expense/Loss from Other Operations	**1 January-31 December 2020**	1 January-31 December 2019
Net foreign exchange losses from operations	**–**	(7.717)
Provision for unused vacation	**(1.260.671)**	–
Tax base increase	**(20.592)**	–
Rent expense	**(13.212)**	–
Litigation provision	**(101.100)**	–
Discount expense	**(3.461.304)**	–
Provision expenses	**(1.920.096)**	(1.374.939)
Closed projects expenses	**(580.234)**	(1.715.829)
Maturity difference expense	**(116.991)**	(417.550)
Expected credit loss (Note: 5)	**(103.615)**	(290.658)
Other expenses	**(4.068.884)**	(474.439)
	(11.646.699)	(4.281.132)

20. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

a) Investment Revenue

	1 January-31 December 2020	1 January-31 December 2019
Gain on disposal of property, plant and equipment	**3.461.432**	274.943
Interest income from bank deposits	**624.632**	992.670
	4.086.064	1.267.613

b) Expenses from Investing Activities

	1 January-31 December 2020	1 January-31 December 2019
Loss on disposal of property, plant and equipment	**(1.711.924)**	–
Impairment of Tangible and Intangible Fixed Assets	**(15.482.271)**	–
	(17.194.195)	–

21. FINANCE INCOME/EXPENSES -NET

	1 January-31 December 2020	1 January-31 December 2019
Interest on bank overdrafts and loans	**(15.308.301)**	(24.786.501)
Interest on obligations under finance leases	**(88.853)**	(313.848)
Net foreign exchange gains/(losses) on borrowings	**(992.179)**	(1.140.783)
Letter of guarantee expense	**(29.751)**	–
Other interest expenses	**(200.342)**	(468.263)
	(16.619.426)	(26.709.395)

22. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Assets related with current taxes:	**31 December 2020**	31 December 2019
Prepaid taxes and funds	**385.265**	236.923
	385.265	236.923

Income tax recognized in profit or loss:

Tax expense/income comprises:	**1 January-31 December 2020**	1 January-31 December 2019
Current tax expense/(income)	**–**	–
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	**(6.275.262)**	(2.124.421)
Total tax expense/(income)	**(6.275.262)**	(2.124.421)

Income tax recognised directly in equity

	1 January-31 December 2020	1 January-31 December 2019
Deferred tax		
Arising on income and expense taken directly to equity:		
– Actuarial gains and losses	**(680.451)**	(326.972)
Total deferred tax recognised directly in equity	**(680.451)**	(326.972)

Corporate Tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and deducting exempt income, non-taxable income and other incentives (previous years losses, if any, and investment incentives utilized, if preferred).

The effective tax rate in 2020 is 22% (2019: 22%).

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2020 is 22% (2019: 22%). Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated December 5, 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

Income Witholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 22 July 2006, this rate has been changed to 15% upon the Council of Minister's' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

Deferred tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

Tax rate used in the calculation of deferred tax assets and liabilities was %22 over temporary timing differences expected to be reversed in 2018, 2019 and 2020, and %20 over temporary timing differences expected to be reversed in 2021 and the following years (2019: 22%). The management does not expect to recover the deferred tax amount of TL 16.377.658.

Deferred tax assets/(liabilities):	**31 December 2020**	31 December 2019
Restatement and depreciation/ amortization differences of property, plant and equipment and other intangible assets	**–**	3.297.583
Provision for employment termination benefits	**–**	1.762.769
Provisions for legal cases	**–**	194.858
Provision for doubtful receivables	**–**	574.796
Unused vacation liabilities	**–**	285.336
Discount of notes receivable/payable (net)	**84.678**	100.425
Accruals for loans	**–**	24.019
Inventories	**(505.369)**	–
Customers	**783.831**	
Other	**–**	398.616
	363.140	6.638.402

Movement of deferred tax assets/(liabilities) for year ended 31 December 2020 and 31 December 2019 are as follows:

Movement of deferred tax (asset)/ liabilities:	**1 January- 31 December 2020**	1 January- 31 December 2019
Opening balance as of 1 January	**6.638.402**	4.187.009
Charged to income	**(6.275.262)**	2.124.421
Charged to equity	**–**	326.972
Closing balance at 31 December	**363.140**	6.638.402

Current period tax reconciliation is as follows:

Tax Reconciliation:	**1 January- 31 December 2020**	1 January- 31 December 2019
Profit/(loss) for the period	**(39.922.801)**	(59.213.607)
Tax at the domestic income tax rate of 22% (2019:22%)	**(8.783.016)**	(13.026.994)
Tax effects of:		
– expenses that are not deductible	**939.158**	2.091.194
– unrecognized deferred tax assets over tax losses	**12.456.663**	12.530.340
– other	**1.662.457**	(471.896)
– non taxable adjustments	**–**	(3.247.065)
	(6.275.262)	(2.124.421)

Expiration schedule of carry forward tax losses is as follows:

	31 December 2020	31 December 2019
Expiring in 2020	**4.385.057**	–
Expiring in 2021	**32.781.718**	32.781.718
Expiring in 2022	**28.444.091**	29.145.507
Expiring in 2023	**64.202.778**	65.064.698
Expiring in 2024	**56.621.195**	56.956.091
	186.434.839	183.948.014

23. FINANCIAL INSTRUMENTS

Financial Liabilities

The detail of borrowings of the Group as of 31 December 2020 and 31 December 2019 is as follows:

Financial Liabilities	**31 December 2020**	31 December 2019
a) Bank Borrowings	**59.509.488**	132.279.439
b) Obligations Under Finance Leases	**7.851.564**	673.924
c) Other Financial Liabilities	**38.136**	–
	67.399.188	132.953.363

a) Bank Borrowings:

The detail of borrowings is as follows:

		31 December 2020	
Currency Type	Weighted Average Effective Interest Rate	**Current**	**Non-current**
TL	16,49%	**59.509.488**	**–**
		59.509.488	**–**

		31 December 2019	
Currency Type	Weighted Average Effective Interest Rate	Current	Non-current
TL	13,09%	132.279.439	–
		132.279.439	–

The redemption schedule of the borrowings as of 31 December 2020 and 31 December 2019 is as follows:

The borrowings are repayable as follows:

	31 December 2020	31 December 2019
To be paid within 1 year	**59.509.488**	132.279.439
	59.509.488	132.279.439

As of 31 December 2020 and 31 December 2019, the movement of bank borrowings is as follows:

			Non-Cash Changes			
	1 January 2020	**Net Cash Flow**	**Change in Interest Accrual**	**Foreign exchange differences**	**Debt conversion into capital**	**31 December 2020**
Bank Borrowings	**132.279.439**	**(74.403.263)**	**1.633.312**	**–**	**–**	**59.509.488**
	132.279.439	**(74.403.263)**	**1.633.312**	**–**	**–**	**59.509.488**

			Non-Cash Changes			
	1 January 2019	Net Cash Flow	Change in Interest Accrual	Foreign exchange differences	Debt conversion into capital	31 December 2019
Bank Borrowings	193.752.574	(65.404.394)	2.790.476	1.140.783	–	132.279.439
	193.752.574	(65.404.394)	2.790.476	1.140.783	–	132.279.439

b) a) Obligations Under Finance Leases:

	Minimum lease payments		**Present value of minimum lease payments**	
	31 December 2020	31 December 2019	**31 December 2020**	31 December 2019
<u>Finance Lease Payables</u>				
Amounts payable under finance leases	**7.851.564**	696.421	**7.851.564**	673.924
Within one year	**3.488.390**	696.421	**3.488.390**	673.924
In the second to fifth years	**4.363.174**	–	**4.363.174**	–
Less : Future finance charges	**–**	(22.497)	**–**	–
Present value of finance lease obligations	**7.851.564**	673.924	**7.851.564**	673.924
Less: Amounts due to settlement within twelve months (shown under current liabilities)			**(3.488.390)**	(673.924)
Amounts due for settlement after 12 months			**(4.363.174)**	–

The interest rates of the finance leases are fixed for all lease periods at the contract date. The weighted average effective contractual interest rate is approximately 6% for TL and 8% for EUR (31 December 2019: 6% for TL and 13% for EUR)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

<u>a) Capital risk management</u>

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Group controls its capital using the net debt/total capital ratio. This ratio is calculated as net debt divided by the total capital amount. Net debt is calculated as total liability amount less cash and cash equivalents. Total capital is calculated as shareholders' equity plus the net debt amount as presented in the balance sheet.

As of 31 December 2020 and 31 December 2019 net debt/total capital ratio is as follows:

	1 January-31 December 2020	1 January-31 December 2019
Total Debts (Note: 23)	**67.399.188**	132.953.363
Less: Cash and Cash Equivalents (Note: 27)	**(46.733.520)**	(2.070.344)
Net Debt	**20.665.668**	130.883.019
Total Equity	**84.360.895**	7.156.704
Total Capital	**105.026.563**	138.039.723
Total Debt/Total Capital Ratio	**20%**	96%

b) Financial risk factors

The risks of the Group, resulted from operations, include market risk, credit risk and liquidity risk. The Group's risk management program generally seeks to minimize the effects of uncertainty in financial market on financial performance of the Group.

b.1) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments of the Group that will result in concentration of credit risk mainly include cash and cash equivalents and trade receivables. The Group's maximum exposure to credit risk is the same as the amounts recognized in the consolidated financial statements.

The Group has cash and cash equivalents at several financial institutions. The Group manages this risk by continuously evaluating the reliability of these financial institutions.

Credit risk arising from trade receivables is limited due to the large number of customers and the policy of the Group to limit the credit amount of customers. The Group generally prefers to collect cheques to increse the credit limits of its customers except its dealers.

Credit risk of financial instruments			**Receivables**		
	Trade Receivables		**Other Receivables**		
31 December 2020	**Third Party**	**Related Party**	**Third Party**	**Related Party**	**Bank Deposits**
Maximum net credit risk as of the balance date (A+B+C+D) (*)	**46.077.018**	**11.125.777**	**4.072.269**	**–**	**46.619.340**
– The part of maximum risk under guarantee with collateral etc. (**)	**33.799.991**	**–**			
A. Net book value of financial assets that are neither past due nor impaired	**11.326.802**	**11.125.777**	**4.072.269**	**–**	**46.619.340**
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	**950.225**	**–**	**–**	**–**	**–**
C. Net book value of impaired assets	**–**	**–**	**–**	**–**	**–**
– Overdue (gross carrying amount)	**(13.199.097)**	**–**	**–**	**–**	**–**
– Impairment (-)	**13.199.097**	**–**	**–**	**–**	**–**
– The part of net value under guarantee with collateral etc.					
D. Off-balance sheet items with credit risk	**–**	**–**	**–**	**–**	**–**

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.
(**) Guarantees consists of guarantee letters, guarantee notes and mortgages obtained from the customers.

Credit risk of financial instruments			**Receivables**		
	Trade Receivables			**Other Receivables**	
31 December 2019	**Third Party**	**Related Party**	**Third Party**	**Related Party**	**Bank Deposits**
Maximum net credit risk as of the balance date (A+B+C+D) (*)	26.260.254	2.562.957	3.305.007	–	2.044.503
– The part of maximum risk under guarantee with collateral etc. (**)	1.500.000	–			
A. Net book value of financial assets that are neither past due nor impaired	22.927.877	2.562.957	3.305.007	–	2.044.503
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	3.332.377	–	–	–	–
C. Net book value of impaired assets	–	–	–	–	–
– Overdue (gross carrying amount)	(17.080.870)	–	–	–	–
– Impairment (-)	17.080.870	–	–	–	–
– The part of net value under guarantee with collateral etc.					
D. Off-balance sheet items with credit risk	–	–	–	–	–

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.
(**) Guarantees consists of guarantee letters, guarantee notes and mortgages obtained from the customers.

Explanations on the credit quality of financial assets

Credit quality of financial assets that are past due but not impaired, which is evaluated based on external evaluations and retrospective internal evaluations, is as follows:

Aging of overdue receivables is as follows:

31 December 2020		**Receivables**	
	Trade receivables	**Other receivables**	**Total**
Up to 1 year	**52.810**	**–**	**52.810**
Past due 1-5 year	**20.805**	**–**	**20.805**
Total past due receivables	**73.615**	**–**	**73.615**
Secured portion of receivables by gurantees, etc.	**–**	**–**	**–**

31 December 2019	**Receivables**		
	Trade receivables	**Other receivables**	**Total**
Up to 1 year	3.288.534	–	3.288.534
Past due 1-5 year	43.843	–	43.843
Total past due receivables	3.332.377	–	3.332.377
Secured portion of receivables by gurantees, etc.	–	–	–

b.2) Liquidity risk management

Ultimate control for liquidity risk management rests with the Board of Directors, which aims to maintain an appropriate liquidity risk management framework for the Company's short, medium and long-term funding and liquidity management requirements.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

The maturities of the financial liabilities determined with respect to the contracts including the expected interest payments as of 31 December 2020 and 2019 is as follows:

31 December 2020

Contructual maturity analysis	**Net book value**	**Net cash outflows (I+II+III)**	**1-3 months (I)**	**3 months-1 year (II)**	**1-5 years (III)**
Non- derivative					
Financial liabilities					
Bank loans	**59.509.488**	**60.095.771**	**60.095.771**	**–**	**–**
Obligations under finance leases	**7.851.564**	**8.676.526**	**909.394**	**2.728.181**	**5.038.951**
Trade payables	**37.689.871**	**39.045.211**	**39.045.211**	**–**	**–**
Total liabilities	**105.050.923**	**107.817.508**	**100.050.376**	**2.728.181**	**5.038.951**

31 December 2019

Contructual maturity analysis	**Net book value**	**Net cash outflows (I+II+III)**	**1-3 months (I)**	**3 months-1 year (II)**	**1-5 years (III)**
Non- derivative					
Financial liabilities					
Bank loans	132.279.439	133.373.726	128.207.365	5.166.361	–
Obligations under finance leases	673.924	696.421	446.742	249.679	–
Trade payables	31.298.774	31.450.369	29.179.492	2.270.877	–
Total liabilities	164.252.137	165.520.516	157.833.599	7.686.917	–

b.3.1) Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Foreign currency risk is managed through balancing the liabilities and receivables in foreign currencies.

Market risk exposures of the Group are measured using sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

b.3.2) Foreign currency risk management

Transactions in foreign currencies expose the Group to foreign currency risk. Foreign currency risk is managed by balancing the liabilities and receivables in foreign currencies.

As of 31 December 2020 and 2019 the foreign currency denominated assets and liabilities of monetary and non-monetary items are as follows:

	31 December 2020			
	USD	**Euro**	**Gbp**	**Total TL Equivalent**
Cash and Cash Equipment	**278**	**2.074**	**5**	**20.773**
Trade Receivable	**848.299**	**1.828.401**	**–**	**22.696.992**
Bank Borrowings	**–**	**–**	**–**	**–**
Obligation Under Finance Leases	**–**	**(866.913)**	**–**	**(7.809.069)**
Trade Payables	**(457.490)**	**(537.860)**	**(6.744)**	**(8.270.255)**
Net Foreign Currency Position	**391.087**	**425.702**	**(6.739)**	**6.638.441**

31 December 2019

	USD	**Euro**	**Total TL Equivalent**
Cash and Cash Equivalents	754	153.688	1.026.595
Trade Receivables	399.680	1.904.958	15.043.291
Bank Borrowings	4.915	527.340	3.536.322
Obligation Under Finance Leases	–	(42.616)	(283.419)
Trade Payables	(1.719.000)	(458.498)	(13.260.492)
Net Foreign Currency Position	(1.313.651)	2.084.872	6.062.297

The following table details the Group's sensitivity to a 20% increase and decrease in USD, and EURO. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. A negative number indicates an decrease in profit or loss.

	USD Effect		**EUR Effect**		**Gbp Effect**	
	2020	2019	**2020**	2019	**2020**	2019
Profit or Loss	**574.155**	(1.560.670)	**766.936**	2.773.130	**(13.402)**	–

b.3.3) Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The related risks are managed through natural methods which are resulting from the netting of receivables and liabilities dependent to interest rates. The interest rates of financial assets and liabilities are stated in the related notes.

Interest rate sensitivity

The sensitivity analysis of financial instruments is presented below:

Interest Position Table

	31 December 2020	31 December 2019
Financial Instruments with Fixed Interest Rate		
Financial Borrowings	**59.509.488**	103.679.439
Other Financial Liabilities	**7.889.700**	673.924
Financial Instruments with Floating Interest Rate		
Financial Borrowings	**–**	28.600.000

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

25. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES)

31 December 2020	**Financial assets at amortized cost**	**Financial liabilities at amortized cost**	**Carrying value (*)**	**Note**
<u>Financial assets</u>				
Cash and cash equivalents	**46.733.520**	**–**	**46.733.520**	**27**
Trade receivables	**57.202.795**	**–**	**57.202.795**	**5**
Due from related parties	**11.125.777**	**–**	**11.125.777**	**4**
Other receivables from third parties	**46.077.018**	**–**	**46.077.018**	**6**
<u>Financial liabilities</u>				
Borrowings	**–**	**59.509.488**	**59.509.488**	**23**
Obligations under finance leases	**–**	**7.851.564**	**7.851.564**	**23**
Trade payables	**–**	**37.689.871**	**37.689.871**	**5**
Due from related parties	**–**	**176.530**	**176.530**	**4**

31 December 2019	**Financial assets at amortized cost**	**Financial liabilities at amortized cost**	**Carrying value (*)**	**Note**
<u>Financial assets</u>				
Cash and cash equivalents	2.070.344	–	2.070.344	27
Trade receivables	26.260.254	–	26.260.254	5
Due from related parties	2.562.957	–	2.562.957	4
Other receivables from third parties	3.305.007	–	3.305.007	6

31 December 2019	**Financial assets at amortized cost**	**Financial liabilities at amortized cost**	**Carrying value (*)**	**Note**
Financial liabilities				
Borrowings	–	132.279.439	132.279.439	23
Obligations under finance leases	–	673.924	673.924	23
Trade payables	–	30.969.371	30.969.371	5
Due from related parties	–	329.403	329.403	4

(*) Group, considers that the book value of financial instruments reflects their fair values.

Fair Values of Financial Instruments:

The fair value of financial assets and liabilities are determined as follows:

- First level: Financial assets and liabilities are valued at stock exchange prices traded in active markets for identical assets and liabilities.
- Second level: Financial assets and liabilities are valued over the inputs used to find the directly or indirectly observable price in the market other than the stock market price of the relevant asset or liability specified in the first level.
- Third level: Financial assets and liabilities are valued with inputs that are not based on data observable in the market, used to find the fair value of the asset or liability.

The fair values of financial assets shown with their fair values are as follows:

Financial Assets	**31 December 2020**	Second Level	Total
Investment Properties	**1.643.000**	1.643.000	1.643.000
Property, Plant and Equipment	**70.303.278**	70.303.278	70.303.278
	71.946.278	71.946.278	71.946.278

Financial Assets	**31 December 2020**	Second Level	Total
Investment Properties	**1.643.000**	1.643.000	1.643.000
Property, Plant and Equipment	**73.142.779**	73.142.779	73.142.779
	74.785.779	74.785.779	74.785.779

26. EVENTS AFTER THE REPORTING PERIOD

None.

27. DISCLOSURES RELATED TO THE STATEMENT OF CASH FLOWS

	31 December 2020	31 December 2019
Cash on hand	**13.966**	25.841
Cash at banks	**46.619.340**	2.044.503
Demand deposits	**2.504.431**	2.044.503
Time deposits	**44.034.000**	–
Bloked deposits	**80.909**	–
Other liquid assets	**100.214**	–
	46.733.520	2.070.344

Explanations about the nature and level of risks related to cash and cash equivalents are provided in Note 24.

STATEMENT OF FINANCIAL POSITION AS ON 31ST DECEMBER 2020

Amounts expressed in Turkish Lira (TL)

	Notes	Current Period 31 December 2020 TL	Prior Period 31 December 2019 TL
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	1	**33,468**	1,031,854
Trade receivables	2	**18,938,035**	14,242,983
Inventories	3	**190,579**	335,472
Other current assets	4	**3,769,228**	4,366,205
SUBTOTAL		**22,931,311**	19,976,514
TOTAL ASSETS		**22,931,311**	19,976,514

	Notes	Current Period 31 December 2020 TL	Prior Period 31 December 2019 TL
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables	5	**4,443,053**	2,277,675
Payables related to employee benefits	6	**20,177**	25,912
Other current liabilities	7	**801,486**	2,022,566
SUBTOTAL		**5,264,716**	4,326,153

	Notes	Current Period 31 December 2020 TL	Prior Period 31 December 2019 TL
EQUITY			
Equity Attributable to Owners of the Company			
Share capital		**22,700,000**	22,700,000
Profit/(Loss) Reserve		**(5,340,182)**	(7,456,636)
Legal Reserves		**300,000**	300,000
Private Funds		**–**	100,220
Other Reserves		**6,777**	6,777
SUBTOTAL		**17,666,595**	15,650,361
TOTAL LIABILITIES AND EQUITY		**22,931,311**	19,976,514

For Hisarlar İthalat İhracat Pazarlama Anonim Şirketi

Mr. Giju Kurian
CEO
Date: 20th May, 2021

Mr. Vineet Arora
CFO

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2020

Amounts expressed in Turkish Lira (TL)

	Notes	**Current Period** **1 January-** **31 December** **2020** **TL**	Prior Period 1 January- 31 December 2019 TL
Revenue	8	**118,483,240**	125,889,157
Other Income	9	**2,604,581**	1,084,550
Cost of Sales (-)	10	**(114,188,300)**	(122,091,403)
Gross Profit		**6,899,520**	4,882,303
General Administrative Expenses (-)	11	**(1,127,459)**	(1,982,824)
Marketing Expenses (-)	12	**(3,600,369)**	(3,447,673)
OPERATING PROFIT/(LOSS) BEFORE FINANCE EXPENSE		**2,171,693**	(548,193)
Finance Expenses (-)	13	**(55,238)**	(63,487)
PROFIT/(LOSS) BEFORE TAX		**2,116,454**	(611,680)
Tax (Expense)		**–**	–
PROFIT/(LOSS) FOR THE PERIOD		**2,116,454**	(611,680)

For Hisarlar İthalat İhracat Pazarlama Anonim Şirketi

Mr. Giju Kurian
CEO
Date: 20th May, 2021

Mr. Vineet Arora
CFO

NOTES FOR THE CALENDAR YEAR 2020

1. **General Declarations**

- The Books of Accounts of Hisarlar İthalat İhracat Pazarlama Anonim Şirketi (Hispa) are not required to be audited as per Turkish Commercial Code as it does not satisfy the minimum criteria set for Independent audit. Consequently, the Books of Accounts are maintained under Turkish Tax Procedure Law (VUK).
- The financial year is identical to the calendar year.
- The income statement has been prepared according to the nature of expense method.
- The functional currency of the company is measured using the currency of the economic environment in which the company operates.

2. **Accounting and Valuation Principles**

2.1 Inventories

Trade Goods are balanced at acquisition cost. Write-downs to the lower market value have been made where necessary.

2.2 Receivables, other assets and liquid funds

Trade Receivables, other assets and liquid funds are balanced at face value.

2.3 Liabilities

Trade payables are shown at their repayment values.

2.4 Currency Translation

All foreign currency balances are restated at the closing forex buy rate as indicated by Türkiye Cumhuriyet Merkez Bankası.

2.5 Revenues

Export revenues are recorded once the goods clear the Turkey Customs.

3. **Parent Company**

Hispa is a wholly owned subsidiary of HİSARLAR MAKİNA SANAYİ VE TİCARET A.Ş.

NOTE 1: CASH AND CASH EQUIVALENTS

	Current Period	Prior Period
	31 December 2020	31 December 2019
	TL	TL
Cash in hand	**–**	–
Cash at bank	**33,468**	1,031,854
	33,468	1,031,854

NOTE 2: TRADE RECEIVABLES - CURRENT

	Current Period	Prior Period
	31 December 2020	31 December 2019
	TL	TL
Trade Receivables	**18,938,035**	14,242,983
Notes receivable	**–**	–
Allowance for doubtful receivables (-)	**–**	–
	18,938,035	14,242,983

NOTE 3: INVENTORIES

	Current Period	Prior Period
	31 December 2020	31 December 2019
	TL	TL
Trade goods	**190,579**	335,472
	190,579	335,472

NOTE 4: OTHER CURRENT ASSETS

	Current Period	Prior Period
	31 December 2020	31 December 2019
	TL	TL
VAT deductable	**3,430,806**	1,960,561
Advance to Suppliers	**114,195**	2,217,583
Prepaid expenses	**–**	31,949
Other current receivables	**224,228**	156,112
	3,769,228	4,366,205

NOTE 5: TRADE PAYABLES - CURRENT

	Current Period	Prior Period
	31 December 2020	31 December 2019
	TL	TL
Trade payables	**4,443,053**	2,277,675
	4,443,053	2,277,675

NOTE 6: PAYABLES RELATED TO EMPLOYEE BENEFITS

	Current Period	Prior Period
	31 December 2020	31 December 2019
	TL	TL
Due to personnel	**20,177**	25,912
	20,177	25,912

NOTE 7: OTHER CURRENT LIABILITIES

	Current Period	Prior Period
	31 December 2020	31 December 2019
	TL	TL
Advances from Customers	**548,291**	1,754,041
Taxes and dues payable	**80,367**	48,223
Other payables	**172,827**	220,302
	801,486	2,022,566

NOTE 8: REVENUES

	Current Period	Prior Period
	1 January–31 December 2020	1 January–31 December 2019
	TL	TL
Domestic Sales	**–**	–
Export Sales	**118,818,007**	126,798,988
Sales returns (-)	**(334,767)**	(909,831)
	118,483,240	125,889,157

NOTE 9: OTHER INCOME

	Current Period	Prior Period
	1 January–31 December 2020	1 January–31 December 2019
	TL	TL
Foreign exchange Gain	**2,590,797**	1,140,083
Other revenues	**13,784**	(55,533)
	2,604,581	1,084,550

NOTE 10: COST OF SALES

	Current Period	Prior Period
	1 January–31 December 2020	1 January–31 December 2019
	TL	TL
Cost of merchandises sold	**104,959,824**	112,318,860
Freight Outwards	**9,228,477**	9,772,543
	114,188,300	122,091,403

NOTE 11: GENERAL ADMINISTRATIVE EXPENSES

	Current Period	Prior Period
	1 January–31 December 2020	1 January–31 December 2019
	TL	TL
Personnel expenses	**61,575**	212,291
Legal & Consultancy Fees	**50,000**	40,000
Warranty Expenses	**984,723**	891,857
Foreign exchange loss	**–**	–
Other Expenses	**31,160**	838,675
	1,127,459	1,982,824

NOTE 12: MARKETING EXPENSES

	Current Period	Prior Period
	1 January–31 December 2020	1 January–31 December 2019
	TL	TL
Personnel Expenses	**3,411,127**	1,548,510
Consultancy	**–**	–
Other marketing and sales expenses	**189,242**	1,899,163
	3,600,369	3,447,673

NOTE 13: FINANCE EXPENSES

	Current Period	Prior Period
	1 January–31 December 2020	1 January–31 December 2019
	TL	TL
Bank Commission expenses	**55,238**	63,487
Bank Financing expenses	**–**	–
	55,238	63,487

INDEPENDENT AUDITORS REPORT

To the Shareholders of Erkunt Traktör Sanayii Anonim Şirketi;

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Erkunt Traktör Sanayii Anonim Şirketi (the "Company"), which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS"s).

Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We here by declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	
Recoverability of trade receivables Trade receivables amounting to TL 142,568,294 constitute a significant portion of the assets of the Company as of December 31, 2020. Furthermore, the assessment of the recoverability of these assets involves significant level of management estimates. Such estimation includes considering the following for each customer- the amount of guarantees/collateral held, past collection performance, creditworthiness and aging of receivables. The outcome of such estimates is very sensitive to changes in market conditions. Therefore, recoverability of trade receivables is a key matter for our audit.	**How our audit addressed the key audit matter** We performed the following procedures in relation to the recoverability of trade receivables: Understanding the business process for collections from customers, evaluating the operational effectiveness of controls embedded in the business process and testing of selected controls, Comparing trade receivable turnover days to the prior period, Testing collections in the subsequent period from selected customers, Inquiries with management in relation to any disputes with customers and written inquiries with the Company's legal counsels on outstanding litigation in relation to trade receivables, Testing receivables by obtaining confirmation letters from customers and reconciling them to the Company's accounting records.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

Other matter

The financial statements of the Company, prepared in accordance with the accounting policies applied by the Branch as of 31 December 2019, were audited by another firm whose independent auditor's report thereon dated February 5, 2020 expressed an unqualified opinion.

Eren Bağımsız Denetim A.Ş.
Member Firm of GRANT THORNTON International

Yaşar Emin Taylan, YMM
Partner
İstanbul, Turkey
March 17, 2021

STATEMENT FINANCIAL POSITION AS OF DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	**Current Period Audited December 31, 2020**	Prior Period Audited December 31, 2019
Assets			
Current assets			
Cash and cash equivalents	**3**	**18,629,530**	9,484,462
Trade receivables:			
– Due from third parties	**5**	**142,568,294**	67,724,556
Other receivables:			
– Due from third parties	**6**	**22,459,699**	7,557,358
Financial investments	**7**	**286,282**	515,820
Inventories	**8**	**137,432,796**	50,437,804
Prepaid expenses	**10**	**5,773,936**	10,596,698
Other current assets	**9**	**45,604,523**	33,044,112
Total current assets		**372,755,060**	179,360,810
Non-current assets			
Investment accounted by the equity method	**12**	**65,342,037**	60,058,086
Property, plant and equipment	**13**	**37,274,081**	36,383,254
Intangible assets	**14**	**–**	27,674,313
Right of use assets	**15**	**2,459,421**	2,264,172
Deferred tax assets	**27**	**–**	16,102,253
Total non-current assets		**105,075,539**	142,482,078
Total assets		**477,830,599**	321,842,888

STATEMENT FINANCIAL POSITION AS OF DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	**Current Period Audited December 31, 2020**	Prior Period Audited December 31, 2019
Liabilities			
Current liabilities			
Financial liabilities	**4**	**121,826,318**	111,778,818
Trade payables:			
– Due to related parties	**5**	**29,601,023**	7,776,188
– Due to third parties	**5**	**153,313,996**	45,637,992
Other payables:			
– Due to related parties	**6**	**–**	7,080
– Due to third parties	**6**	**14,835,869**	4,936,622
Deferred income	**10**	**16,552,781**	9,139,866
Employee benefit obligations	**16**	**841,304**	1,901,582
Other provisions	**17**	**16,555,212**	14,930,416
Provision for employee benefits	**17**	**1,639,437**	1,310,205
Other current liabilities	**18**	**20,709,953**	9,056,397
Total current liabilities		**375,875,893**	206,475,167
Non-current liabilities			
Financial liabilities	**4**	**5,331,156**	2,016,724
Provision for employee benefits	**17**	**2,575,408**	1,760,521
Total non-current liabilities		**7,906,564**	3,777,245
Total liabilities		**383,782,457**	210,252,412
Shareholders' equity			
Paid-in share capital	**20**	**265,000,000**	200,000,000
Investment accounted by equity method not to be reclassified to profit or loss:		**(5,727,914)**	(2,992,335)
– Property plant and equipment revaluation fund		**20,500,262**	20,500,262
– Actuarial loss fund arising from employee benefits		**(997,972)**	(893,740)
Legal reserves		**3,442,629**	3,442,629
Accumulated losses		**(108,466,340)**	(63,819,302)
Net profit for the year		**(79,702,523)**	(44,647,038)
Total equity		**94,048,142**	111,590,476
Total liabilities and equity		**477,830,599**	321,842,888

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	**Current Period Audited January 1, – December 31, 2020**	Prior Period Audited January 1 – December 31, 2019
Sales	**22**	**610,629,690**	285,630,284
Cost of sales (-)	**22**	**(552,006,645)**	(262,862,121)
Gross profit		**58,623,045**	22,768,163
General administrative expenses (-)	**23**	**(16,604,940)**	(13,299,420)
Marketing, sales and distribution expenses (-)	**23**	**(38,464,366)**	(42,296,032)
Research and development expenses (-)	**23**	**(4,493,632)**	(5,565,715)
Other operating income	**24**	**27,522,845**	18,670,765
Other operating expenses (-)	**24**	**(77,958,172)**	(29,573,314)
Operating loss		**(51,375,220)**	(49,295,553)
Income from investment accounted by equity method	**12**	**8,019,529**	9,078,472
Income from investment activities	**25**	**–**	12,568
Expenses from investment activities (-)	**25**	**(5,863,911)**	(8,847)
Operating loss before financial income		**(49,219,601)**	(40,213,360)
Financial income	**26**	**3,095,508**	645,988
Financial expenses (-)	**26**	**(17,446,779)**	(14,550,339)
Loss before tax		**(63,570,872)**	(54,117,711)
Current year tax expenses (-)	**27**	**–**	–
Deferred tax income/ (expenses)	**27**	**(16,131,651)**	9,470,673
Net loss for the year		**(79,702,523)**	(44,647,038)
Attribution of net profit for the period			
Owners of the parent		**(79,702,523)**	(44,647,038)
Non-controlling interests		**–**	–
Loss per share	**28**	**(301)**	(223)
Not to be reclassified to profit or loss:			
- Investment accounted by equity method not to be reclassified to profit or loss		**(2,735,579)**	(1,863,805)
- Actuarial loss arising from employee benefits (-)	**17**	**(133,631)**	(260,630)
- Tax effect		**29,399**	57,339
Other comprehensive income		**(2,839,811)**	(2,072,309)
Total comprehensive income		**(82,542,334)**	(46,719,347)

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Paid-in share capital	Property, plant and equipment revaluation fund	Actuarial loss fund arising from employee benefits	Investment accounted by equity method not to be reclassified to profit or loss	Reserves	Retained earnings	Net profit for the year	Total equity
January 1, 2019	190,000,000	20,500,262	(685,236)	(1,128,530)	3,442,629	(25,875,581)	(37,943,721)	148,309,823
Transfers	–	–	–	–	–	(37,943,721)	37,943,721	–
Capital increase	10,000,000	–	–	–	–			10,000,000
Net profit for the year	–	–	–	–	–	–	(44,647,038)	(44,647,038)
Other comprehensive income/ (expenses)	–	–	(208,504)	(1,863,805)	–	–	–	(2,072,309)
December 31, 2019	200,000,000	20,500,262	(893,740)	(2,992,335)	3,442,629	(63,819,302)	(44,647,038)	111,590,476
January 1, 2020	200,000,000	20,500,262	(893,740)	(2,992,335)	3,442,629	(63,819,302)	(44,647,038)	111,590,476
Transfers	**–**	**–**	**–**	**–**	**–**	**(44,647,038)**	**44,647,038**	**–**
Capital increase	**65,000,000**	**–**	**–**	**–**	**–**	**–**	**–**	**65,000,000**
Net profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(79,702,523)**	**(79,702,523)**
Other comprehensive income/ (expenses)	**–**	**–**	**(104,232)**	**(2,735,579)**	**–**	**–**	**–**	**(2,839,811)**
December 31, 2020	265,000,000	20,500,262	(997,972)	(5,727,914)	3,442,629	(108,466,340)	(79,702,523)	94,048,142

(*) In the Trade Registry Gazette published on November 30, 2020, the share capital of the Company was increased at the amount of TL 65.000.000 which was paid in cash.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	**Audited January 1- December 31, 2020**	Audited January 1 – December 31, 2019
A. Cash flows from operating activities			
I. Profit before taxation on income for the year		**(79,702,523)**	(44,647,038)
II. Adjustments for reconciliation of profit before taxation:		**76,020,083**	2,366,795
Adjustment for depreciation and amortization	**13, 14, 15**	**7,411,580**	7,565,891
Adjustment for gain on sales of fixed assets	**25**	**7,185**	–
Adjustments related to provisions for employee benefits	**17**	**1,110,055**	1,680,621
Adjustment for provision for warranty	**17**	**1,624,195**	3,476,763
Adjustment for provision for lawsuits	**17**	**601**	870,770
Adjustment for impairment of inventories	**8**	**25,229**	–
Adjustment for impairment	**14, 15**	**41,478,078**	–
Adjustment for doubtful receivables provision	**5**	**(379,878)**	(5,782,108)
Adjustments for undisturbed profits of investments accounted for using equity	**12**	**(8,019,529)**	(9,078,472)
Adjustments related to interest income	**26**	**(13,038)**	(645,988)
Adjustments related to interest expenses	**26**	**16,287,586**	14,550,339
Adjustments related to discount expenses		**1,046,072**	1,172,400
Adjustments related to discount income		**(919,241)**	(1,456,928)
Adjustments related to fair value gain on derivative financial instruments	**26**	**229,538**	(515,820)
Adjustment for tax expenses	**27**	**16,131,651**	(9,470,673)
III. Changes in working capital:		**(24,256,882)**	21,570,197
Changes in trade receivables		**(74,463,860)**	(1,564,202)
Changes in trade payables		**129,366,928**	18,220,616
Changes in other liabilities		**9,899,247**	4,790,745
Changes in employee benefit obligations		**(1,060,181)**	1,445,981
Changes in prepaid expenses		**4,793,364**	(5,289,323)
Changes in other assets		**(24,148,320)**	(3,185,085)
Changes in deferred income		**7,412,915**	7,973,434
Changes in inventories		**(87,020,221)**	(5,815,356)
Changes in other working capital		**10,963,246**	4,993,387
Cash flows from operating activities:		**(16,357,754)**	(15,538,117)
Employment termination benefits paid	**17**	**(70,168)**	(1,641,421)
Interest paid	**26**	**(16,287,586)**	(13,904,352)
Taxes paid		**–**	7,656
B. Cash flows from investing activities		**(17,945,733)**	(14,166,159)
Cash outflow from purchases of property, plant and equipment	**13**	**(3,790,004)**	(5,659,894)
Cash outflow from purchases of intangible assets	**14**	**(14,192,315)**	(8,619,510)
Proceeds from sale of tangible assets		**36,586**	113,245
C. Cash flows from financing activities		**71,387,877**	57,522,701
Change in the financial liabilities		**8,910,552**	49,786,873
Cash outflow from payment of lease liabilities		**(2,522,675)**	(2,264,172)
Share capital increase in cash		**65,000,000**	10,000,000
Nakit ve nakit benzerlerindeki net artış		**9,145,068**	7,108,379
D. Cash and cash equivalents at the beginning of the year		**9,484,462**	2,376,083
E. Cash and cash equivalents at the end of the year		**18,629,530**	9,484,462

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020
(Currency – TL unless otherwise indicated)

1. Organization and nature of activities

Erkunt Traktör Sanayii Anonim Şirketi ("Erkunt" or the "Company") was established on November 12, 2013.

The main activity of the Company is the production, sales, maintenance and repair of agricultural machinery, engine and transmission units, machinery and equipment.

The registered address of Company is Organize Sanayi Bölgesi, Batı Hun Caddesi, No: 2, Sincan, Ankara.

As of December 31, 2020, the number of personnel working within the Company is 265 (December 31, 2019: 327).

2. Basis of preparation of financial statements and significant accounting policies

2.1. Basis of preparation

The Company and its subsidiary maintain its books of account and prepare its statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation.

The accompanying financial statements are prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/ TFRS") and its addendum and interpretations issued by Public Oversight Accounting and Auditing Standards Authority ("POA").

The financial statements are prepared in accordance with Turkish Accounting Standards for the purpose of fair presentation with booking of additional adjustments and reclassifications issued by Public Oversight Accounting and Auditing Standards Authority ("POA"). These adjustments consist of warranty provision, calculation of severance payment, useful lives and prorate of depreciation of tangible assets, provision accounting, provision of impaired inventories accounting, doubtful trade receivables and rediscount of trade payables.

Approval of financial statements

These financial statements have been approved and authorized to be published by the Board of Directors on March 17, 2021. The Board of Directors has the authority to revise the financial statements after issuance.

Functional and presentation currency

The Company's financial statements are prepared and presented in Turkish Lira ("TL"), which is the currency of the primary economic environment in which the entity operates.

Comparative information and amendments on past year financial statements

The accompanying financial statements are prepared comparatively with the previous period in order for the determination of the Company's financial position, performance, and cash flow trends. When there is a change in the presentation and reclassification of the items of the financial statements, the Company reclassifies the financial statements of the previous period to conform the comparability and discloses information related to these matters.

Classifications:

Without any adjustment on past year financial statements, the reclassifications made in statement of financial position and profit or loss of the Company as of December 31, 2019 are as follows:

- Financial component amounting TL 3,632,427 that was previously classified in other operations income has been reclassified to sales.
- Financial component amounting TL 4,879,351 that was previously classified in other operations expenses has been reclassified to cost of sales
- Taxes and fund payables amonunting TL 503,959 TL that was previously classified in employee benefit obligations has been reclassified to other current liabilities.
- Revaluation fund decrease amounting TL 2,216,910 was previously classified in deferred tax assets and have been offset from revaluation fund in equity.

Going concern

The financial statements of the Company are prepared under the assumption that the Company will benefit from the presence of assets derived from the natural flow of activities and fulfill their obligations for the next one-year in accordance with the going concern basis.

The shareholder Mahindra Overseas Investment Company is the ultimate shareholder of the Company and is always ready to take necessary actions to support the Company financially. In this matter, the paid-in share capital of the Company was increased by TL 65,000,000 at December 2020 and will be increased by TL 100,000,000 within 2021.

2.1 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as at 31 December 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2020. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2020 are as follows:

Definition of a Business (Amendments to TFRS 3)

In May 2019, the POA issued amendments to the definition of a business in TFRS 3 Business Combinations standards. The amendments are intended to assist entities to remove the assessment regarding the definition of business.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to TFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively.

The amendments did not have an impact on the financial position or performance of the Company.

Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform

The amendments issued to TFRS 9 and TAS 39 which are effective for periods beginning on or after January 1, 2020 provide reliefs which enable hedge accounting to continue. For these reliefs, it is assumed that the benchmark on which the cash flows of hedged risk or item are based and/or, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. in connection with interest rate benchmark reform. Reliefs used as a result of amendments in TFRS 9 and TAS 39 is aimed to be disclosed in financial statements based on the amendments made in TFRS 7.

Definition of Material (Amendments to TAS 1 and TAS 8)

In June 2019, the POA issued amendments to TAS 1 Presentation of Financial Statements and TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to TAS 1 and TAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively, and earlier application is permitted.

Amendments to TFRS 16 – Covid-19 Rent Related Concessions

In June 5, 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021
- There is no substantive change to other terms and conditions of the lease.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Early application of the amendments is permitted.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

TFRS 17 - The new Standard for insurance contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

On March 12, 2020, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (March 2018).

Amendments to TAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

There is no transition relief for the first-time adopters.

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a “directly related cost approach”. Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings. The amendments are effective for periods beginning on or after 1 January 2021.Earlier application is permitted and must be disclosed.

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as;

How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes. The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

2.2 Summary of significant accounting policies

The accounting policies applied in the preparation of these financial statements have been presented below.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in banks, other cash and cash equivalents, short-term deposits, highly liquid short-term investments and investments which has insignificant risk of change in fair value with maturity less than three months.

Related parties

a) A person or a member of that person's immediate family is related to reporting entity under the following conditions:

If the person;

i. Has control or joint control over the reporting entity;

ii. Has a significant impact on the reporting entity;

iii. The reporting entity or the entity reporting the case of a member of the key management personnel of the parent company

b) In the presence of any one of the following conditions entity related to the reporting entity:

i. If a firm and reporting entity are member of the same Company.

ii. If the firm is other entity's (or other entity of a member of a Company is a member), subsidiary, or the joint venture.

iii. Both entities are joint ventures of the same third party.

iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v. The entity, reporting entity or the entity which is in relation to the reporting entity or an entity associated with operating employees reporting if the post-employment benefit plans is provided in. If the reporting entity has such a plan, the sponsoring employers are also related to the reporting entity.

vi. Entity is jointly controlled by a person identified in the event (a).

vii. (a) event (ii) the presence or a significant impact on a person's business as defined in the company (or of a parent of the entity) is a member of the key management personnel.

Trade receivables

Trade receivables are recognized at original invoice amount less an allowance for any uncollectible-amount and recorded at amortized cost. The amount of imputed interests is calculated by considering the effective interest rates in line with the maturity of the receivables. When the Company will not be able to collect its receivable, the estimation for provision for doubtful receivable is recognized. Provision is set when doubtful receivables have been identified. When the receivable become uncollectible, it is written-off.

Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Maturity differences related with trade payables are presented in other income/expense from main operations.

Prepaid expenses

Prepaid expenses are the amounts generally made to suppliers and which will be transferred to expense and cost accounts in the following period or periods.

Inventories

Inventories are valued at the lower of cost or net realizable value less costs to sell. Cost is determined by the most recent purchase method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Impairment of financial assets

The Company assesses at each balance sheet date whether a financial asset is impaired. If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognized in the statement of income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Provision for impairment is provided when there is an objective evidence of non-collectability of trade receivables. Reserve is provided for the overdue uncollectible receivables. Also, portfolio reserve is provided for the not due receivables based on certain criteria. The carrying amount of the receivable is reduced through use of an allowance account. Changes in provision account are recorded under the comprehensive income statement.

Offsetting

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment loss. Depreciation is provided on cost or revalued amount of property and equipment except for land and construction in progress on a straight-line basis. For the property plant and equipment that has fixed useful life, depreciation period and method is investigated at least once a year by Company management.

The depreciation periods for property, plant and equipment, which approximate the estimated economic useful lives of such assets, are as follows:

Accounts	Useful lives
Buildings	10–50
Machinery and equipment	3–15
Motor vehicles	3–6
Furniture and fixtures	2–25
Leasehold improvements	5–15

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use.

The costs of major renovations are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the entity. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Gains or losses on disposals of property, plant and equipment are included in the other income and expense accounts, as appropriate.

Intangible assets

Intangible assets mainly comprise of software licenses, research and development cost and are measured initially at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and the cost of the asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets with finite lives are amortized on a straight-line basis over the best estimate of their useful live. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

The depreciation periods for licenses and software, which approximate the estimated economic useful lives of such assets, are as follows:

	Useful life
Licenses and software	3 – 10 year

Research and development expenses

Research expenses are recorded in the income statement in the incurred period. Expenses resulting from development activities (relating to the design and testing of new or improved products), are recorded as intangible assets when the following conditions are all met:

- It is technically feasible to complete the intangible asset so that it will be available for use;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years.

Financial instruments

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

Financial assets:

- cash
- a contractual right to receive cash or another financial asset from another enterprise
- a contractual right to exchange financial instruments from another enterprise under conditions that are potentially favorable,
- an equity instrument of another enterprise

A financial liability that is a contractual obligation:

- to deliver cash or another financial asset to another enterprise,
- to exchange financial instruments with another enterprise under conditions that are potentially unfavorable

A financial asset or financial liability is calculated with the given (for financial asset) and uncovered (financial obligations) fair value on transaction costs by adding transaction expenses (deducting the financial liability) if any.

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. It is best evidenced by a quoted market price, if one exists.

Impairment of assets

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statements of comprehensive income.

On the other hand; the recoverable amount of property, plant and equipment is the greater of fair value less cost to sell and value in use. Value in use is assessed by discounting future cash flows to their present value using a pre-tax discount rate that reflects current market conditions and the risks specific to the asset.

Current income taxes and deferred tax

Tax expense for the period comprises current and deferred tax. Current taxes on income comprise tax payable calculated on the basis of expected taxable income for the period using the tax rates enacted at the balance sheet date and any adjustment in taxes payable for previous periods.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred income tax is determined using tax laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are reviewed in every period end and necessary changes performed to the best estimates of Management.

Contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not totally within the control of the Company are disclosed as contingent assets or liabilities.

Employee benefits

Employee termination benefit

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum termination indemnity payments to each employee who has completed over one year of service and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

The Company has calculated the provision for employment termination benefits using the "Projection method" and based on the Company's past experience in personnel's completion of service time and entitlement to employment termination rights, and recognized its discounted value as of the balance sheet date. All actuarial gains and losses calculated have been reflected to the statement of other comprehensive income.

Unused vacation

Unused vacation rights accrued in the financial statements represents estimated total provision for potential liabilities related to employees' unused vacation days and daily gross as of the balance sheet date. These amounts are reflected in the personnel expenses when incurred.

Wages and deductions

These are the amounts owed as the scope of benefits provided to employees during the period which are wages, salaries and social security contributions. These amounts are reflected in the personnel expenses when incurred.

Foreign currency transactions

Transactions in foreign currencies during the period have been translated at the exchange rates prevailing at the dates of such transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Turkish Lira at the Central Bank of the Republic of Turkey's buying exchange rates prevailing at the balance sheet dates.

Exchange rate differences arising on reporting monetary items at rates different from those at which they were initially recorded or on the settlement of monetary items or are recognized in the comprehensive income statement in the period in which they arise. The foreign currency gain/loss related to the Company's trade payables and receivables shown in operating income/loss account and the other foreign currency gain/loss except the Company's operations shown in financial gain/loss account.

Revenue recognition

Company performs manufacturing and assembling of raw materials, spare parts and work-in progress of any vehicles, cars, truck, bus, tow truck, tractors, refrigerated vehicle, ambulance, forklift, railway wagon, rail vehicles, locomotives, any vehicles related with the automotive industry, all kinds of sea, air, land and rail vehicles within its own manufacturing plant and performs import, export, marketing, sales and purchasing at the same time. Agreements with customers are generally made after tenders have been won. The Company provides repair and maintenance services for the customers covered by the warranty during the period of 2 years for the vehicles for which the Company has sold. Income related to services that are not yet completed when they are billed accounted as deferred income.

Revenues are recognized on an accrual basis at the time deliveries or acceptances are made, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company, at the fair value of consideration received or receivable. Net sales represent the invoiced value of goods shipped less sales returns and commission and excluding sales taxes.

Other revenues

Other revenues earned by the Company consist of rent income and interest income which is recognized on an accrual basis.

Loans

Loans are recognized initially at fair value and at directly attributable transaction costs after initial recognition. Loans are subsequently measured at amortized cost by using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the financial liabilities.

Financial leases

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the fair value of the leased asset, net of grants and tax credits receivable, or at the present value of the lease payment, whichever is the lower. Lease payments are treated as comprising capital and interest elements, the capital element is treated as reducing the capitalized obligation under the lease and the interest element is charged as expense to the statement of income. Depreciation on the relevant asset is also charged to the statement of income over its useful life.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the statement of income/(loss) in the period in which they are incurred. Borrowing costs include other costs related to interest and funding.

Significant accounting judgments, estimates and assumptions

The preparation of the financial statement requires Company management to make judgments, estimates and assumptions that are reflected in the measurement of income and expense in the income statement and in the carrying value of assets and liabilities in the balance sheet. The actual future results from operations may be different than those estimated. Estimates are reviewed periodically, and adjustments become necessary, they are reported in the income statement in which they become known. However, the actual results may be different than those estimated.

The key assumptions concerning the future and other key resources of estimation at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments with the most significant effect on amounts recognized in the financial statements are as follows:

a) Provisions for employment termination benefits have been calculated according to various actuarial assumptions (discount rate, estimated future wage increase, and rate of retirement of the employees).

b) Provision for doubtful receivables is an estimated amount that management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than the key accounts and related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements and furthermore, the renegotiation conditions with these debtors are considered.

c) Provisions for lawsuits are determining by the management with support of Company's legal advisers that can result a cash outflow for the Company in every period at the date of preparation of financial statements.

d) The Company management made significant assumptions on the useful economic lives of the tangible assets according to experiences of technical team, especially in buildings and equipment.

e) Research expenses are recorded as expense when realized. Costs incurred in development projects (related to the design and testing of new or improved products) are recorded as intangible assets if the conditions described in Note 2.3 are met.

Statement of cash flows

Cash flow for the period shown in the cash flow statements is based on operating, investing and financing activities which are classified and reported. Cash flows generated from operating activities consist of cash flows that fare generated from the Company's main operating activities. Cash flows related to investing activities consist of the Company's cash flows used and obtained in the investment activities (asset investments & financial investments).

Cash flows related to financing activities consist of the resources used in financing activities of the Company and the repayment of these sources.

Cash and cash equivalents include cash on hand, deposits at banks, short-term deposits, highly liquid short-term investments and investments which has insignificant risk of change in fair value with maturity less than three months.

Subsequent events

The Company recognizes the subsequent events that require adjustment which provide additional information to the status of the Company at the balance sheet date on its financial statements. If non-adjusting events after the balance sheet date have certain significance, then, they are disclosed in the notes to the financial statements.

3. Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash	**12,126**	17,299
Banks:		
Demand deposits	**18,583,209**	9,463,620
Other	**34,195**	3,543
Total	**18,629,530**	9,484,462

As of December 31, 2020, the Company has restricted bank deposits amounting to 14,667,084 TL and 893,917 TL (31 December 2019: 4,929,145 TL).

4. Financial liabilities

	December 31, 2020	December 31, 2019
Short-term bank borrowings	**119,884,887**	110,977,335
Other financial liabilities	**4,226**	313,045
Lease liabilities	**1,937,205**	488,438
Short-term financial liabilities	**121,826,318**	111,778,818
Lease liabilities	**5,331,156**	2,016,724
Long-term financial liabilities	**5,331,156**	2,016,724
Total	**127,157,474**	113,795,542

As of December 31, 2020 and 2019, balances denominated in original currencies of the Company's financial liabilities and effective interest rates are as follows:

			December 31, 2020
	Interest rate (%)	**Original currency**	**TL**
Bank borrowings:			
- TL	**16.59%**	**119,884,887**	**119,884,887**
Total			**119,884,887**

			December 31, 2019
	Interest rate (%)	Original currency	TL
Bank borrowings:			
- TL	12.75%	94,374,043	94,374,043
- EUR	0.14%	2,500,000	16,603,292
Total			110,977,335

5. Trade receivables and payables

a) Trade receivables

	December 31, 2020	December 31, 2019
Trade receivables (*)	**92,470,277**	41,101,907
Notes receivables	**50,098,017**	26,622,649
Doubtful receivables	**15,956,366**	16,336,244
Provision for doubtful receivables	**(15,956,366)**	(16,336,244)
Total	**142,568,294**	67,724,556

(*) The average maturity of trade receivables is 90-120 days as of December 31, 2020 (December 31, 2019: 90-120 days).

Movement of provision for doubtful receivables as follows:

	2020	2019
January 1	**16,336,244**	10,554,136
Addition (Note 23 b) (*)	**352,945**	6,301,324
Collections and reversals (*)	**(732,823)**	(519,216)
December 31	**15,956,366**	16,336,244

(*) Includes the IFRS 9 adjustments for the receivables.

b) Trade payables

	December 31, 2020	December 31, 2019
Trade payables (**)	**153,313,996**	45,637,992
Due to related parties	**29,601,023**	7,776,188
	182,915,019	53,414,180

(**) The average maturity of trade payables is 90-120 days as of December 31, 2020 (December 31, 2019: 90-120 days).

6. Other receivables and payables

a) Other receivables

	December 31, 2020	December 31, 2019
Receivables from tax authorities	**22,424,216**	7,535,542
Deposits and guarantees given	**35,483**	21,816
	22,459,699	7,557,358

b) Other payables

	December 31, 2020	December 31, 2019
Other payables	**14,835,869**	4,936,622
Other payables to related parties	**–**	7,080
	14,835,869	4,943,702

(*) The Company's other payables account mainly consists of loans used on behalf of customers.

7. Financial investments

	December 31, 2020	December 31, 2019
Derivative financial liabilities at fair value designated through expense	**286,282**	515,820
Total	**286,282**	515,820

As of December 31, 2020, the Company has forward agreement regarding raw material purchase commitments amounting to USD 505,608 and 2,476,499 EUR, the details of forward transactions are disclosed below:

Maturity	**Amount**	Currency
January 2021	**99,924**	USD
February 2021	**151,007**	USD
March 2021	**226,510**	USD
April 2021	**19,025**	USD
May 2021	**9,142**	USD
January 2021	**657,393**	EUR
February 2021	**1,150,742**	EUR
March 2021	**562,304**	EUR
April 2021	**34,573**	EUR
May 2021	**34,185**	EUR
June 2021	**37,302**	EUR

8. Inventories

	December 31, 2020	December 31, 2019
Raw materials	**53,045,545**	21,725,300
Work-in progress	**9,708,944**	2,497,913
Finished goods	**24,970,362**	16,229,287
Merchandise goods	**2,732,394**	252,681
Other inventories	**47,151,957**	9,883,800
Less: Allowances for impairment on inventories (-)	**(176,406)**	(151,177)
Total	**137,432,796**	50,437,804

For the years ended December 31, 2020 and 2019, the movements of allowances for impairment on inventories are as follows:

	2020	2019
January 1	**151,177**	75,573
Additional provisions/ (releases), net (Note 24)	**25,229**	75,604
December 31	**176,406**	151,177

9. Other current assets

	December 31, 2020	December 31, 2019
VAT receivables	**42,913,975**	31,097,334
Income accruals	**2,605,177**	1,803,233
Personnel advances	**–**	37,942
Job advances	**85,371**	105,603
Total	**45,604,523**	33,044,112

10. Prepaid expenses and deferred income

a) Prepaid expenses

	December 31, 2020	December 31, 2019
Advances given	**5,260,081**	10,032,212
Prepaid expenses	**511,847**	563,223
Prepaid tax and funds	**2,008**	1,263
Total	**5,773,936**	10,596,698

b) Deferred income

	December 31, 2020	December 31, 2019
Deferred revenue (*)	**15,499,477**	6,471,502
Advances received	**1,053,304**	2,668,364
	16,552,781	9,139,866

(*) Deferred revenue is related with the sales which are invoiced but related risk and rewards have not been transferred yet to customers as of the balance sheet date.

11. Financial investment

	Ratio	**December 31, 2020**
Hisarlar Makina Sanayi ve Ticaret A.Ş.	**%2,06**	**5,856,725**
Gross		**5,856,725**
Impairment (-)		**(5,856,725)**
Total		**–**

(*) Related to the growth strategy of the Company regarding agricultural machinery and components, with the decision of the Board of Directors dated January 27, 2020, the Company bought %2.06 shares of Hisarlar Makina Sanayi ve Ticaret A.Ş amounting TL 5,856,725.

Hisarlar Makina decreased its capital from 244,575,000 TL to 124,575,000 TL by capital reduction with the decision of the General Assembly dated October 27, 2020. Within this scope, in the valuation made according to the discounted cash flow studies, a provision for impairment has been reserved for the whole of Hisarlar Makina; The provision amounting to TL 5,856,725 has been accounted for under loss from investment activities (Note 24).

12. Investment accounted by the equity method

	Percentage of shares	**Impairment**	**December 31, 2020**
Erkun Sanayi A.Ş.	**%35**	**–**	**65,342,037**
Total		**–**	**65,342,037**

	Percentage of shares	Impairment	December 31, 2019
Erkun Sanayi A.Ş.	%35	–	60,058,086
Total		–	60,058,086

	December 31, 2020	December 31, 2019
Opening	**60,058,086**	52,843,419
Current period profit per share of Erkunt Traktör	**8,019,529**	9,078,472
Other comprehensive income per share of Erkunt Traktör	**(2,735,579)**	(1,863,805)
Closing	**65,342,037**	60,058,086

	December 31, 2020	December 31, 2019
Current assets	**180,185,835**	113,866,799
Non-current assets	**132,555,207**	145,761,850
Total assets	**312,741,042**	259,628,649
Short term liabilities	82,931,633	53,491,531
Long term liabilities	43,117,877	34,542,588
Equity	186,691,533	171,594,530
Total liabilities	**312,741,043**	259,628,649

	December 31, 2020	December 31, 2019
Income from investment accounted by the equity method	**8,019,529**	9,078,472
	8,019,529	9,078,472

13. Property, plant and equipment

Movement of property, plant and equipment and accumulated depreciation between the dates of January 1 – December 31, 2020 is as follows:

	January 1, 2020	**Additions**	**Disposals**	**December 31, 2020**
Cost:				
Land	**16,135,000**	**–**	**–**	**16,135,000**
Land improvements	**631,608**	**–**	**–**	**631,608**
Buildings	**15,055,860**	**–**	**–**	**15,055,860**
Machinery and equipment	**4,564,053**	**382,906**	**(20,139)**	**4,926,820**
Vehicles	**118,799**	**–**	**–**	**118,799**
Furniture and fixtures	**4,148,107**	**920,009**	**(7,565)**	**5,060,551**
Other tangible assets	**18,415,199**	**2,471,089**	**(28,101)**	**20,858,187**
Leasehold improvements	**521,229**	**16,000**	**–**	**537,229**
Construction in progress (*)	**94,287**	**–**	**–**	**94,287**
Total	**59,684,142**	**3,790,004**	**(55,805)**	**63,418,341**
Accumulated depreciation:				
Land improvements	**(372,173)**	**(39,523)**	**–**	**(411,696)**
Buildings	**(8,302,665)**	**(285,882)**	**–**	**(8,588,547)**
Machinery and equipment	**(3,098,807)**	**(439,392)**	**11,493**	**(3,526,706)**
Vehicles	**(76,010)**	**(7,700)**	**–**	**(83,710)**
Furniture and fixtures	**(2,953,406)**	**(464,103)**	**542**	**(3,416,967)**
Othre tangible assets	**(8,219,522)**	**(1,563,268)**	**–**	**(9,782,790)**
Leasehold improvements	**(278,305)**	**(55,539)**	**–**	**(333,844)**
Total	**(23,300,888)**	**(2,855,407)**	**12,035**	**(26,144,260)**
Net book value	**36,383,254**			**37,274,081**

Movement of property, plant and equipment and accumulated depreciation between the dates of January 1 – December 31, 2019 is as follows:

	January 1, 2019	Additions	Disposals	Transfers	December 31, 2019
Cost:					
Land	16,135,000	–	–	–	16,135,000
Land improvements	631,608	–	–	–	631,608
Buildings	15,055,860	–	–	–	15,055,860
Machinery and equipment	4,454,938	124,390	(16,800)	1,525	4,564,053
Vehicles	118,799	–	–	–	118,799
Furniture and fixtures	3,695,560	479,172	(40,825)	14,200	4,148,107
Other tangible assets	13,508,774	4,962,045	(55,620)	–	18,415,199
Leasehold improvements	521,229	–	–	–	521,229
Construction in progress (*)	-	94,287	–	–	94,287
Total	54,121,768	5,659,894	(113,245)	15,725	59,684,142

	January 1, 2019	Additions	Disposals	Transfers	December 31, 2019
Accumulated depreciation:					
Land improvements	(313,659)	(58,514)	–	–	(372,173)
Buildings	(7,780,118)	(522,547)	–	–	(8,302,665)
Machinery and equipment	(2,628,491)	(487,116)	16,800	–	(3,098,807)
Vehicles	(68,331)	(7,679)	–	–	(76,010)
Furniture and fixtures	(2,573,835)	(416,828)	37,257	–	(2,953,406)
Other tangible assets	(6,007,308)	(2,253,092)	40,878	–	(8,219,522)
Leasehold improvements	(224,285)	(54,020)	–	–	(278,305)
Total	(19,596,027)	(3,799,796)	94,935	–	(23,300,888)
Net book value	34,525,741				36,383,254

As of December 31, 2020 there is no pledge on property, plant and equipment (December 31, 2019: None).

As of December 31, 2020, total insurance on property, plant and equipment amounts to TL 38,500,000 (December 31, 2019: TL 29,212,418).

14. Intangible assets

Movement of intangible assets and accumulated amortization between the dates of January 1, 2020 and December 31, 2020 is as follows:

	January 1, 2020	**Additions**	**Impairment**	**December 31, 2020**
Cost:				
Licenses and software	**2,629,364**	**–**	**–**	**2,629,364**
Research and development (*)	**37,922,609**	**14,059,646**	**–**	**51,982,255**
Other	**1,551,730**	**132,669**	**–**	**1,684,399**
Total	**42,103,703**	**14,192,315**	**–**	**56,296,018**
Accumulated amortization:				
Licenses and software	**(2,176,759)**	**(177,725)**	**(274,880)**	**(2,629,364)**
Research and development	**(11,269,268)**	**(2,875,051)**	**(37,837,936)**	**(51,982,255)**
Other	**(983,363)**	**(323,006)**	**(378,030)**	**(1,684,399)**
Total	**(14,429,390)**	**(3,375,782)**	**(38,490,846)**	**(56,296,018)**
Net book value	**27,674,313**			**–**

The recoverable amount of intangible fixed assets as of December 31, 2020 has been compared with the amounts calculated by discounting cash flows within the framework of financial budget projections covering the next five years and approved by the Company management, and it has been determined that the recoverable amount is lower than the current value. For this reason, the company has allocated a provision for impairment for the entire intangible assets.

Movement of intangible assets and accumulated amortization between the dates of January 1, 2019 and December 31, 2019 is as follows:

	January 1, 2019	Additions	Transfers	Disposals	December 31, 2019
Cost:					
Licenses and software	2,548,730	80,634	–	–	2,629,364
Development costs (*)	29,653,446	8,284,888	(15,725)	–	37,922,609
Other	1,297,742	253,988	–	–	1,551,730
Total	33,499,918	8,619,510	(15,725)	–	42,103,703
Accumulated amortization:					
Licenses and software	(1,921,576)	(255,183)	–	–	(2,176,759)
Development costs (*)	(9,564,794)	(1,704,474)	–	–	(11,269,268)
Other	(701,089)	(282,274)	–	–	(983,363)
Total	(12,187,459)	(2,241,931)	–	–	(14,429,390)
Net book value	21,312,459				27,674,313

15. Right of use assets

	December 31, 2019	Additions	Impairment	December 31, 2020
Cost:				
Right of use assets	3,788,338	4,362,873	–	8,151,211
Total	3,788,338	4,362,873		8,151,211
Accumulated amortization:				
Right of use assets amortization	(1,524,166)	(1,180,392)	–	(2,704,558)
Impairment	–	–	(2,987,232)	(2,987,232)
Total	(1,524,166)	(1,180,392)	(2,987,232)	(5,691,790)
Net book value	2,264,172	3,182,481	(2,987,232)	2,459,421

16. Employee benefit obligations

	December 31, 2020	December 31, 2019
Payables to personnel	21,547	1,306,405
Social security payables	819,757	595,177
Total	841,304	1,901,582

17. Provisions, contingent assets and liabilities

a) Short term provisions for employee benefits

	December 31, 2020	December 31, 2019
Provision for unused vacation liabilities	1,639,437	1,310,205
Total	1,639,437	1,310,205

Movements of the provision for unused vacation liabilities are as follows:

	2020	2019
Opening	1,310,205	1,211,324
Additional provisions/ (releases), net	329,232	98,881
December 31,	1,639,437	1,310,205

b) Long term provisions for employee benefits

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, or who retires or resigns. The indemnity is one month's salary for each working year and is limited to TL 6,730,15 as of December 31, 2020 (December 31, 2019: TL 6,017,60).

The Company reflected a liability calculated using the Projected Unit Credit Method and based upon factors derived using their experience of personnel terminating their services and eligible to receive retirement pay and discounted by using the current market yield on government bonds at the statement of financial position date. This provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel.

	December 31, 2020	December 31, 2019
Provision for employee termination benefits	2,575,408	1,760,521
Total	2,575,408	1,760,521

Movements of the provision for employee termination benefits are as follows:

	2020	2019
January 1	1,760,521	1,559,572
Interest costs (Note 25)	202,460	205,765
Service costs	548,964	238,919
Severance paid (-)	(70,168)	(504,365)
Actuarial loss	133,631	260,630
December 31	2,575,408	1,760,521

Other current provisions

	December 31, 2020	December 31, 2019
Provisions for litigation (*)	2,260,854	2,260,253
Provision for warranty	14,294,358	12,670,163
	16,555,212	14,930,416

(*) As of December 31, 2020, the majority of the provisions for lawsuits is for employee related lawsuits, and the remainder of the lawsuits related to commercial activities.

Movements of provision for litigation are as follows:

	2020	2019
Opening	2,260,253	1,389,483
Additional provisions (Note 23)	601	1,022,864
Releases (Note 23b)	–	(152,094)
December 31,	2,260,854	2,260,253

Movements of provision for warranty are as follows:

	2020	2019
January 1	12,670,163	9,193,400
Additional provision/ (releases), net (Note 24)	1,624,195	3,476,763
December 31	14,294,358	12,670,163

18. Other current liabilities

	December 31, 2020	December 31, 2019
Expense accruals (*)	19,758,128	8,552,438
Taxes and fund payables	951,825	503,959
Total	20,709,953	9,056,397

(*) As of December 31, 2020, the Company's expense accruals mainly consist of turnover premiums accrued to dealers.

19. Contingent liabilities

The detail of the guarantees and pledges given is summarized in below:

	December 31, 2020	December 31, 2019
Guarantee letters recieved (*)	**84,513,000**	46,030,500
Guarantee letters given	**7,702,375**	25,391,039
Mortgages (**)	**2,702,000**	2,702,000
Total	**94,917,375**	74,123,539

(*) Guarantee letters consist of guarantees given to municipalities for contracted works, custom offices, suppliers, electricity and natural gas distribution companies.

(**) Mortgages consist of tangible asset mortgage due to bank borrowings.

20. Shareholder's equity

The Company's share-capital structure as of December 31, 2020 and 2019 are as follows:

	December 31, 2020		December 31, 2019	
	Share (%)	**TL**	Share (%)	TL
Mahindra Overseas Investment Company	**100%**	**265,000,000**	100%	265,000,000
Total	**100%**	**265,000,000**	100%	265,000,000

There are 265.000 units of shares with nominal value of TL 1,000 (2019: 200.000 units of share with nominal value of TL 1,000).

In the Trade Registry Gazette published on November 30, 2020, the share capital of the Company was increased at the amount of TL 65,000.000 which was paid cash.

21. Sales

	January 1 – December 31, 2020	January 1 – December 31, 2019
Domestic sales	**527,322,660**	214,076,757
Export sales	**138,014,644**	100,119,436
Other sales	**5,307,516**	6,008,367
Gross sales	**670,644,820**	320,204,560
Sales returns (-)	5,234,247	4,551,815
Sales discounts (-)	54,780,883	30,022,461
Net sales	610,629,690	285,630,284

22. Cost of sales

	January 1 – December 31, 2020	January 1 – December 31, 2019
Cost of trade good sold	**29,376,019**	20,286,596
Cost of goods sold	**522,630,626**	242,575,525
Total	552,006,645	262,862,121

23. Expense by nature

Expenses by nature for the period between January 1 – December 31, 2020 and 2019 are as follows:

	January 1 – December 31, 2020	January 1 – December 31, 2019
Marketing, selling and distribution expenses	**38,464,366**	42,296,032
General administrative expenses	**16,604,940**	13,299,420
Research and development expenses	**4,493,632**	5,565,715
Total	**59,562,938**	61,161,167

a) Marketing, selling and distribution expenses

	January 1 – December 31, 2020	January 1 – December 31, 2019
Warranty expenses	**18,452,223**	17,484,651
Personnel expenses	**7,805,728**	7,196,172
Transportation expenses	**4,541,201**	2,641,281
Sales incentive expenses	**2,166,314**	3,741,125
Rent expenses	**821,547**	424,000
Dealer expenses	**730,172**	553,927
Exhibition expenses	**601,755**	5,461,491
Depreciation and amortization expenses	**329,024**	302,761
Export expenses	**448,889**	323,693
Guarantee given expenses	**433,699**	172,487
Advertisement expenses	**252,708**	1,277,885
Travel expenses	**243,093**	460,368
Other	**1,638,013**	2,256,191
Total	**38,464,366**	42,296,032

b) General administrative expenses

	January 1 – December 31, 2020	January 1 – December 31, 2019
Personnel expenses	**10,793,038**	8,790,135
Depreciation and amortization expenses	**1,044,921**	1,029,707
Outsourcing expenses	**1,545,989**	1,354,546
Rent expenses	**837,726**	617,766
Security expenses	**520,670**	456,257
Training expenses	**392,052**	36,926
Tax expenses	**112,909**	83,121
Communication expenses	**96,444**	95,163
Vehicles maintenance expenses	**87,241**	114,351
Insurance expenses	**83,904**	82,646
Travel expenses	**47,831**	199,722
Office expenses	**16,776**	32,155
Maintenance expenses	**8,417**	4,489
Non-deductible expenses	**222,511**	6,144
Other	**794,511**	396,292
Total	**16,604,940**	13,299,420

c) Research and development expenses

	January 1 – December 31, 2020	January 1 – December 31, 2019
Depreciation and amortization expenses	**2,650,334**	4,152,765
Personnel expenses	**1,038,872**	784,904
Project expenses	**110,683**	216,459
Other	**693,743**	411,587
Total	4,493,632	5,565,715

24. Other operating income and expenses

a) Other operating income

	January 1 – December 31, 2020	January 1 – December 31, 2019
Foreign exchange gain from trade receivables and payables	**19,589,737**	11,632,919
Rediscount interest income	**4,104,000**	3,743,825
Income and profits of the previous period	**2,792,560**	1,340,282
Provisions no longer required for trade receivables (Note 5)	**732,823**	519,216
Provisions no longer required for litigation	**–**	152,094
Other	**303,725**	1,282,429
Total	**27,522,845**	18,670,765

b) Other operating expenses

	January 1 – December 31, 2020	January 1 – December 31, 2019
Impairment expenses (Note 14, 15) (*)	**41,478,077**	–
Foreign exchange loss from trade receivables and payables	**29,582,114**	11,952,144
Abandoned receivables (**)	**2,866,441**	–
Idle capacity expenses and losses	**2,585,984**	4,816,406
Expenses and lossesof the previous period	**420,466**	1,388,986
Provision for unused vacation (Note 16)	**329,232**	98,881
Provision for doubtful receivables (Note 5)	**352,945**	6,301,322
Rediscount interest expenses	**40,376**	3,099,296
Allowance for impairment on inventories (Note 8)	**25,229**	75,604
Provision for litigation (Note 16)	**601**	1,022,864
Other	**276,707**	817,811
Total	**77,958,172**	29,573,314

(*) The Company allocated a provision for impairment of TL 38,490,845 from intangible assets and TL 2,987,232 from right of use assets.

(**) Signed between Nevin Erkunt, Tuna Armağan, Zeynep Armağan, Murat Armağan, Aslıgül Armağan, Ayşe Bölükbaşı and Haluk Armağan ("Former Partners") and current main partner Mahindra Overseas Investment Company Limited regarding the sale of the shares of the Company on September 20, 2017. In accordance with the provisions of this share purchase agreement, provided that certain terms and conditions regarding the VAT refund arising from the period before the sale are met, the said VAT refund has been paid to the former Partners by the Company.

25. Income or expenses from investing activities

a) Income from investing activities

	January 1 – December 31, 2020	January 1 – December 31, 2019
Gain on sale of property, plant and equipment	**–**	12,568
Total	–	12,568

b) Expenses from investing activities

	January 1 – December 31, 2020	January 1 – December 31, 2019
Losses from subsidiary purchase (Note 11)	**5,856,725**	–
Losses from sale of property, plant and equipment	**7,186**	8,847
	5,863,911	8,847

26. Financial income and expenses

a) Financial income

	January 1 – December 31, 2020	January 1 – December 31, 2019
Interest income	**13,038**	8,533
Gain on derivative instruments	**1,893,882**	637,455
Foreign exchange gain	**1,188,588**	–
Total	**3,095,508**	645,988

b) Financial expenses

	January 1 – December 31, 2020	January 1 – December 31, 2019
Interest expenses	**16,287,586**	13,426,606
Foreign exchange losses (*)	**478,085**	–
Losses on derivative instruments	**681,108**	1,123,733
Total	**17,446,779**	14,550,339

27. Taxation

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In such case, the tax is also recognised in shareholders' equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associates of the Company operate. Under the Turkish Tax Code, companies having head office or place of business in Turkey are subject to corporate tax.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for five years. Tax losses cannot retrospectively offset against the profits of previous years.

Furthermore, provisional corporate taxes are paid at 20% (will be applied as 22% for 2018, 2019 and 2020 tax periods) over profits declared for interim periods in order to be deducted from the final corporate tax.

As of December 31, 2020 and 2019, income tax provisions have been accrued in accordance with the prevailing tax legislation.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Provided that deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and it is legally eligible, they may be offset against one another.

Corporation tax

The Company is subject to taxation in accordance with the tax regulation and the legislation effective in Turkey.

In Turkey, the corporate tax rate is 22%. However, in accordance with the addition of temporary 10th article to the Corporate Tax Law, 22% corporate tax rate will be applied to the profits of the entities related to their 2018, 2019 and 2020 tax periods (for the entities with special accounting period, tax periods commenced in the related year) rather than 20%. This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid by the end of the fourth month.

The tax legislation provides for a temporary tax of 20% (will be applied as 22% for 2018, 2019 and 2020 tax periods) to be calculated based on earnings generated for each quarter. Temporary tax is declared by the 14th day of the second month following each quarter and corresponding tax is payable by the 17th day of the same month. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may be refunded or offset.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax.

Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

Tax amounts recognized in the income statement as of December 31, 2020 and 2019 are as follows:

	January 1 – December 31, 2020	January 1 – December 31, 2019
Current year corporate tax expenses (-)	**–**	–
Deferred tax income/ (expenses)	**(16,131,651)**	9,470,673
Total tax expenses	**(16,131,651)**	9,470,673

As of 31 December 2020 and 2019, the details of temporary differences and deferred tax assets and liabilities are as follows;

	Cumulative temporary differences		**Deferred tax assets/ (liabilities)**	
	December 31, 2020	December 31, 2019	**December 31, 2020**	December 31, 2019
Tangible assets	**(3,376,470)**	(6,250,453)	**(742,823)**	(1,250,091)
Revaluation differences of property, plant and equipment	**(11,207,708)**	(11,207,708)	**(1,120,771)**	(1,120,771)
Provision for employee termination	**2,832,949**	1,760,521	**566,590**	352,104
Right of use assets	**8,353,031**	240,990	**1,837,667**	53,018
Provision for warranty	**14,294,358**	12,670,163	**3,144,759**	2,787,436
Provision for doubtful receivables	**10,625,607**	11,099,282	**2,337,634**	2,441,842
Rediscount income	**–**	919,241	**–**	202,233
Unused vacation	**1,803,381**	1,310,205	**360,676**	262,041
Provision for litigation	**2,260,854**	2,260,253	**497,388**	497,256
Accumulated losses	**–**	58,454,443	**–**	11,690,889
Financial instruments	**(286,282)**	(515,820)	**(62,982)**	(113,480)
Impairment for intangible assets	**41,416,744**	–	**9,111,684**	–
Other	**(3,663,812)**	1,362,080	**(732,762)**	299,658
Deferred tax asset/ liability – net	**63,052,652**	72,103,737	**15,197,058**	16,102,253

Deferred tax liability or asset is determined by calculating the tax effects of the temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts considered in the calculation of the legal tax base according to the balance sheet method, considering. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated on the condition that it is highly likely to benefit from these differences by obtaining taxable profit in the future. As the company does not expect to generate taxable profit in the next 5 years in the current period, it has been evaluated that it is not possible to benefit from these differences and the deferred tax has not been recorded in the financial statements.

Movement of deferred tax assets are as follows:

	2020	2019
January 1	**13,337,272**	6,579,454
Recognized in the statement of comprehensive income	**2,794,379**	52,126
Recognized in the statement of profit or loss	**905,195**	9,470,673
December 31	**15,197,058**	16,102,253
Reversal	**(15,97,058)**	–
Total	**–**	16,102,253

As of December 31, 2020, the reported tax provision is different from the amount calculated using the statutory tax rate on profit before tax. The relevant memorandum of understanding is as follows:

	2020	2019
Loss before tax	**(61,412,387)**	(54,117,711)
Theoretical tax charge at statutory rate (%22)	**13,510,725**	11,905,896
Current year losses on which no deferred tax assets recognized	**(3,485,544)**	(11,958,131)
Non-deductible expenses	**(911,659)**	(410,658)
Tax reversals	**(9,113,523)**	(2,435,223)
Other	**–**	462,892
Income tax (expense)/ income for the year	**(16,131,651)**	9,470,673

28. Earnings per share

Earnings per share ("EPS") are determined by dividing the net comprehensive income by the weighted average number of shares that have been outstanding during the year.

Earnings per share as of December 31, 2020 and 2019:

	December 31, 2020	December 31, 2019
Net comprehensive income or loss attributable to the equity holders of the parent	**(79,702,523)**	(44,647,038)
Weighted average number of share certificates (piece)	**265,000**	200,000
Earnings per share, (0,001)	**(301)**	(223)

29. Related part disclosures

Due to related parties	**December 31, 2020**		December 31, 2019	
	Trade	**Other**	Trade	Other
Erkunt Sanayi A.Ş.(1) (*)	**24,781,933**	**–**	7,187,104	7,080
Hisarlar Makina San. ve Tic. A.Ş.(2) (**)	**4,819,090**	**–**	589,084	–
Total	**29,601,023**	**–**	7,776,188	7,080

(*) Subsidiary

(**) Long term securities

(1) The company purchases casting parts from Erkunt Sanayi A.Ş.

(2) The company purchases cabin parts from Hisarlar Makina Sanayi ve Ticaret A.Ş. to be used in cabin production.

The details of goods and services purchase and sales made with related parties are as follows:

	January 1, December 31, 2020		January 1, December 31, 2019	
	Purchase	**Sale**	Purchase	Sale
Related parties				
Erkunt Sanayi A.Ş.	**48,015,246**	**259,281**	23,022,035	3,881,864
Hisarlar Makina San. ve Tic. A.Ş.	**7,714,765**	**1,488,470**	1,768,605	112,169
Total	**55,730,011**	**1,747,751**	24,790,640	3,994,033

30. Financial instruments and nature and extent of risks arising from financial instruments

The Company's principal financial instruments are comprised of bank loan, liabilities under finance lease, other financial liabilities, cash and short-term bank deposits. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial instruments such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Company management reviews and agrees policies for managing each of the risks as summarized below. The Company also monitors the market price risk arising from all financial instruments.

Capital risk management

The management of the Company considers the cost of capital and the risks associated with each class of capital. The Company's capital structure consists of payables, cash and short-term deposits, and shareholder's equity components mentioned in Note 19 such as issued capital, capital reserves, and profit reserves for its net debt to equity ratio analysis.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may incur new payables or repay the existing payables and adjust the dividend payment to shareholders or the shareholders may make a direct cash contribution of the needed working capital to the Company.

The Company follows equity by using the rate of liabilities/equity. This ratio is calculated by division of net liabilities to total equities. Net debt is calculated by excluding the cash and cash equivalents from total debt amount (financial liabilities include trade and other payables and short term and long-term other liabilities like as indicated on financial statement).

	December 31, 2020	December 31, 2019
Financial liabilities (Note 4)	**121,826,318**	111,778,818
Less: Cash and cash equivalents (Note 3)	**18,629,530**	9,484,462
Net debt	**103,196,788**	102,294,356
Total equity	**94,048,142**	111,590,476
Debt/equity balance	**9,148,646**	(9,296,120)
Net debt/total equity ratio	**%110**	%92

Foreign currency risk

The Company is exposed to foreign exchange risk arising from denominated foreign currency transactions. The Company exposed to foreign exchange risk primarily to USD and EUR bank loans. These exposures are managed by balancing interest rate sensitive assets and liabilities.

The Company's net foreign currency position as of December 31, 2020 and 2019 is presented below:

In totals;	**December 31, 2020**	December 31, 2019
A. Foreign currency assets	**31,665,832**	71,975,163
B. Foreign currency liabilities	**(47,894,462)**	(24,265,092)
Net foreign exchange position (A+B)	**(16,228,630)**	47,710,071

As of December 31, 2020 and 2019, details of foreign currency positions of the Company are as follows:

December 31, 2020	**USD**	**EUR**	**GBP**	**Total TL equivalent (Presentation currency)**
Cash and cash equivalents	**169,275**	**250,989**	**188**	**3,505,318**
Trade receivables	**87,597**	**3,015,081**	**35,999**	**28,160,514**
Current assets	**256,872**	**3,266,070**	**36,187**	**31,665,832**
Total assets	**256,872**	**3,266,070**	**36,187**	**31,665,832**
Financial liabilities	**–**	**–**	**–**	**–**
Trade payables	**79,151**	**5,252,440**	**–**	**47,894,462**
Current liabilities	**79,151**	**5,252,440**	**–**	**47,894,462**
Total liabilities	**79,151**	**5,252,440**	**–**	**47,894,462**
Net foreign currency position	**177,721**	**(1,986,370)**	**36,187**	**(16,228,630)**

December 31, 2019	USD	EUR	GBP	Total TL equivalent (Presentation currency)
Cash and cash equivalents	477,283	7,824,493	15,600	54,994,043
Trade receivables	108,483	2,409,128	40,451	16,981,120
Current assets	585,766	10,233,621	56,051	71,975,163
Total assets	585,766	10,233,621	56,051	71,975,163
Financial liabilities	–	2,500,00	–	16,501,802
Trade payables	1,047,227	231,942	–	7,763,290
Current liabilities	1,047,227	2,713,942	–	24,265,092
Total liabilities	1,047,227	2,713,942	–	24,265,092
Net foreign currency position	(461,461)	7,501,679	56,051	47,710,071

In foreign currency sensitivity analysis' gain/loss section as of December 31, 2020 and 2019 the exposure of the 10% loss/gain of TL against USD and EUR currencies on the comprehensive financial income statement is shown. During the foreign currency sensitivity analysis, all variables, especially interest rates are assumed to be fixed.

Foreign currency sensitivity analysis as of December 31, 2020 and 2019 are as follows:

		December 31, 2020	
		Profit/ Loss	
		Appreciation of foreign currency	**Depreciation of foreign currency**
	Appreciation/depreciation of USD against TL at 10%:		
1-	**USD net asset/liability**	**130,456**	**(130,456)**
2-	**Portion protected from USD risk (-)**	**–**	**–**
3-	**USD net effect (1+2)**	**130,456**	**(130,456)**
	Appreciation/ depreciation of EUR against TL at 10%:		
4-	**EUR net asset/liability**	**(1,789,302)**	**1,789,302**
5-	**Portion protected from EUR risk (-)**	**–**	**–**
6-	**EUR net effect (4+5)**	**(1,789,302)**	**1,789,302**
	Appreciation/ depreciation of GBP against TL at 10%:		
7-	**GBP net asset/liability**	**35,983**	**(35,983)**
8-	**Portion protected from GBP risk (-)**	**–**	**–**
9-	**GBP net effect (4+5)**	**35,983**	**(35,983)**
	Total (3+6+9)	**(1,622,863)**	**1,622,863**

		December 31, 2019	
		Profit/ Loss	
		Appreciation of foreign currency	Depreciation of foreign currency
	Appreciation/depreciation of USD against TL at 10%:		
1-	**USD net asset/liability**	(274,117)	274,117
2-	**Portion protected from USD risk (-)**	–	–
3-	**USD net effect (1+2)**	(274,117)	274,117
	Appreciation/ depreciation of EUR against TL at 10%:		
4-	**EUR net asset/liability**	5,001,536	(5,001,536)
5-	**Portion protected from EUR risk (-)**	–	–
6-	**EUR net effect (4+5)**	5,001,536	(5,001,536)
	Appreciation/ depreciation of GBP against TL at 10%:		
7-	**GBP net asset/liability**	43,588	(43,588)
8-	**Portion protected from GBP risk (-)**	–	–
9-	**GBP net effect (4+5)**	43,588	(43,588)
	Total (3+6+9)	4,771,007	(4,771,007)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation who has invested in financial instruments. The Company manages its credit risk by restricting its transactions that are carried out by third parties and reviewing those third parties credit risks continuously.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Company seeks to manage its credit risk exposure through diversification of sales activities to avoid undue concentrations of risks with individuals or Companies of customers in specific locations or businesses. The maximum credit risk the Company exposure is reflected by presenting all financial assets from carrying amount on financial statements.

	Receivables				
	Trade receivables		**Other receivables**		
December 31, 2020	**Related party**	**Third party**	**Related party**	**Third party**	**Deposits at banks**
Maximum exposure to credit risk at the reporting date (A+B+C+D+E)	**–**	**142,568,294**	**–**	**22,459,699**	**18,583,209**
- The part of maximum risk under guarantee with collateral, etc.*	**–**	**84,513,000**	**–**	**–**	**–**
A. Net book value of financial assets that are neither past due nor impaired	**–**	**142,568,294**	**–**	**22,459,699**	**18,583,209**
B. Net book value of financial assets that are negotiated if not that will be accepted as past due or impaired	**–**	**–**	**–**	**–**	**–**
C. Net book value of assets that are past due but not impaired	**–**	**–**	**–**	**–**	**–**
- The part under guarantee with collateral, etc.	**–**	**–**	**–**	**–**	**–**
D. Net book value of impaired assets	**–**	**–**	**–**	**–**	**–**
- Past due (gross book value)	**–**	**15,956,366**	**–**	**–**	**–**
- Impairment (-)	**–**	**(15,956,366)**	**–**	**–**	**–**
- The part of net value under guarantee with collateral, etc.	**–**	**–**	**–**	**–**	**–**
- Not due (gross book value)	**–**	**–**	**–**	**–**	**–**
- Impairment (-)	**–**	**–**	**–**	**–**	**–**
E. Off-balance sheet items with credit risk	**–**	**–**	**–**	**–**	**–**

	Receivables				
	Trade receivables		Other receivables		
	Related party	Third party	Related party	Third party	
Maximum exposure to credit risk at the reporting date (A+B+C+D+E)	–	67,724,556	–	7,557,358	9,463,620
- The part of maximum risk under guarantee with collateral,etc.*	–	48,732,500	–	–	–
A. Net book value of financial assets that are neither past due nor impaired	–	67,724,556	–	7,557,358	9,463,620
B. Net book value of financial assets that are negotiated if not that will be accepted as past due or impaired	–	–	–	–	–
C. Net book value of assets that are past due but not impaired	–	–	–	–	–
- The part under guarantee with collateral, etc.	–	–	–	–	–
D. Net book value of impaired assets	–	–	–	–	–
- Past due (gross book value)	–	16,336,244	–	–	–
- Impairment (-)	–	(16,336,244)	–	–	–
- The part of net value under guarantee with collateral, etc.	–	–	–	–	–
- Not due (gross book value)	–	–	–	–	–
- Impairment (-)	–	–	–	–	–
E. Off-balance sheet items with credit risk	–	–	–	–	–

Liquidity risk

Liquidity risk is the risk of the Company not meeting its net funding requirements. Liquidity risk is managed by cash inflows and outflows which are balanced by credit institutions in scope of the pre-determined credit limits. Remaining period to maturity as of the balance sheet date is taken into consideration when presenting the breakdown of financial liabilities according to their maturities. The following table presents the maturity analyses of the Company's financial liabilities' contractual undiscounted cash outflows as of December 31, 2020 and 2019.

December 31, 2020

Maturities according to the agreements	Book value	Total contract based cash outflow (I+II+III)	Up to 3 months (I)	3 months to 1 year (II)	1 to 5 years (III)
Financial liabilities (Note 4)	119,826,318	119,889,113	22,378,113	97,511,000	–
Trade payables to third parties (Note 5)	153,313,996	153,313,996	153,313,996	–	–
Trade payables to related parties (Note 29)	29,601,023	29,601,023	29,601,023	–	–
Other liabilities (Note 6)	14,835,869	14,835,869	14,835,869	–	–
Total liabilities	319,577,206	317,640,001	220,129,001	97,511,000	–

December 31, 2019

Maturities according to the agreements	Book value	Total contract based cash outflow (I+II+III)	Up to 3 months (I)	3 months to 1 year (II)	1 to 5 years (III)
Financial liabilities (Note 4)	113,795,542	113,915,786	42,707,520	69,653,414	1,554,852
Trade payables to third parties (Note 5)	45,637,992	45,637,992	45,637,992	–	–
Trade payables to related parties (Note 29)	7,783,268	7,783,268	7,783,268	–	–
Other payables to related parties (Note 29)	7,080	7,080	7,080	–	–
Other liabilities (Note 6)	4,936,622	4,936,622	4,936,622	–	–
Total liabilities	172,160,504	172,280,748	101,072,482	69,653,414	1,554,852

31. Subsequent events after balance sheet date

None.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Erkunt Sanayi Anonim Şirketi;

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of Erkunt Sanayi A.Ş. (the "Company"), which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with the Turkish Accounting Standards ("TAS").

2) Basis for opinion

We conducted our audit in accordance with Independent Auditing Standards ("IAS"s). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How key audit matters addressed in the audit
<u>**Trade Receivables**</u> Trade receivables are significant for the Company as it represents approximately 30% of the Company's total assets. The collectability of trade receivables is one of the most important elements of the Company's working capital management. The Company's management has used certain estimates and assumptions in the calculation of the provision for doubtful trade receivables related to trade receivables. Due to the reasonableness of the size of the amounts and the collectability of trade receivables, the existence and collectability of trade receivables is considered as a key audit matter.	– Evaluating the process regarding the collection follow-up of the Company's trade receivables and the operational effectiveness of the relevant internal controls. – Understanding, evaluating and testing the effectiveness of internal controls regarding financial reporting for credit risk – Examining the aging table of receivables analytically. – Testing trade receivable balances by sending confirmation letters through sample selections. – Testing the collections made in the subsequent period through sample selections. – Testing the collaterals received for receivables by sampling and evaluating their ability to be converted to cash – Evaluating the compliance of the applied accounting policies with TFRS 9, the company's past performance, local and global practices, – Investigating the disputes and lawsuits related to the receivables in order for the auditing appropriateness of the special provisions and obtaining a confirmation letter from the legal advisors regarding the ongoing lawsuits. – Evaluating the adequacy of the explanations regarding the impairment of trade receivables and their compliance with TFRS. We also tested management's periodicity testing procedures and selected samples independently to test segments of revenue and purchases with verification of invoices. Details on trade receivables are given in Note 4.

Key audit matters	How key audit matters addressed in the audit
Property, plant and equipment As of December 31, 2020, property, plant and equipment amounting to TL 108.152.550 represents significant part of total assets in the statement of financial position. Property, plant and equipment is considered as key audit matter due to their size as of the statement of financial position date.	– The appropriateness of the estimated useful lives of the tangible assets is evaluated by considering the expected economic benefits associated with each asset. – Supporting documents for the movements of tangible assets were obtained and material accuracy tests were carried out. – Whether the depreciation methodology reflects the profile of expected future economic benefits in the best way/accurate way was evaluated and the current year depreciation expenses were tested. Details on tangible fixed assets are given in Note 11.

4) Other matter

The financial statements of the Company for the year ended December 31, 2019, were audited by another auditor who expressed an unmodified opinion on March 5, 2020.

5) Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

6) Auditor's responsibilities for the audit of the financial statements

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

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

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

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

– Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

B) Other legal and regulatory requirements

1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 - December 31, 2020 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Yaşar Emin Taylan.

Eren Bağımsız Denetim Anonim Şirketi
A member firm of Grant Thornton

Yaşar Emin Taylan, YMM
Partner

March 29, 2021
Istanbul, Turkey

ERKUNT SANAYİ ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2020
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Note	**Audited Current year December 31, 2020**	Audited Prior year December 31, 2019
ASSETS			
Current Assets		**180,185,835**	113,866,799
Cash and Cash Equivalents	3	**24,821,042**	8,471,643
Trade Receivables:			
- Due from related parties	*26*	**24,623,451**	7,324,889
- Other parties	*4*	**67,189,352**	41,552,283
Other Receivables:			
- Due from related parties	*26*	**46,092**	7,080
- Other parties	*5*	**79,090**	163,774
Derivative instruments		**–**	1,607
Inventories	6	**55,117,704**	46,389,292
Prepaid expenses	7	**1,635,629**	2,572,813
Current year tax assets	19	**–**	34,357
Other current assets	17	**6,673,475**	7,349,061
Non-current assets		**132,555,207**	145,761,850
Other receivables	5	**481,305**	389,650
Investment accounted for using the equity method	*9*	**6,371,562**	5,420,189
Investment properties	*10*	**395,552**	410,021
Property, plant and equipment	11	**108,152,550**	120,641,223
Intangible assets	*12*	**357,972**	354,096
Right of use asset	*12*	**11,414,848**	17,389,625
Deferred tax asset	19	**5,381,418**	1,157,046
TOTAL ASSETS		**312,741,042**	259,628,649

The accompanying policies and explanatory notes form an integral part of the financial statements.

ERKUNT SANAYİ ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2020 (CONTD...)
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Note	**Audited Current year December 31, 2020**	Audited Prior year December 31, 2019
LIABILITIES			
Current Liabilities		**82,931,633**	53,491,531
Short-term financial liabilities	8	**10,994,607**	8,789,358
Trade payables:			
- Due to related parties	*26*	**719,666**	200,861
- Other parties	*4*	**51,131,008**	33,447,222
Employee benefit obligations	14	**10,295,000**	8,046,705
Other payables:			
- Due to related parties	*26*	**8,525**	15,594
- Other parties	*5*	**918,621**	523,772
Derivative instruments		**57,589**	104,461
Deferred income	7	**2,457,210**	671,960
Current income tax liability	19	**1,911,762**	–
Short-term provisions:			
- For employee benefits	*15*	**3,766,609**	1,206,456
- Other	*16*	**671,036**	485,142
Non-current liabilities		**43,117,877**	34,542,588
Long-term financial liabilities	8	**12,105,352**	14,733,193
Long-term provisions		**31,012,525**	19,809,395
- For employee benefits	*15*	**31,012,525**	19,809,395
Shareholders' equity		**186,691,532**	171,594,530
Paid-in share capital	18	**15,120,000**	15,120,000
Adjustment to share capital		**9,927,981**	9,927,981
Treasury shares (-)		**(16,992,180)**	(16,992,180)
Other comprehensive income/ (loss) not to be reclassified to profit or loss			
- Actuarial loss		**(15,280,382)**	(7,464,443)
Restricted reserves	18	**11,099,374**	11,099,374
Retained earnings		**159,903,798**	133,965,306
Net profit for the year		**22,912,941**	25,938,492
Total liabilities and equity		**312,741,042**	259,628,649

The accompanying policies and explanatory notes form an integral part of the financial statements.

ERKUNT SANAYİ ANONİM ŞİRKETİ
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

	Note	**Audited Current year January 1- December 31, 2020**	Audited Prior year January 1- December 31, 2019
Revenue	20	**369,194,257**	440,376,447
Cost of sales (-)	20	**(304,300,028)**	(371,294,473)
Gross profit		**64,894,229**	69,081,974
Research and development expenses (-)	21	**(1,877,870)**	(1,745,715)
Marketing, selling and distribution expenses (-)	21	**(10,183,912)**	(13,400,302)
General administrative expenses (-)	21	**(19,192,849)**	(18,698,032)
Other income from operating activities	22	**655,751**	4,832,273
Other expense from operating activities (-)	23	**(9,995,257)**	(6,929,046)
Operating profit		**24,300,092**	33,141,152
Income from investment activities	24	**263,963**	84,217
Share of profit/ (loss) of investments accounted by equity method		**1,102,102**	296,242
Operating profit before financial expenses		**25,666,157**	33,521,611
Financial income	25	**22,763,485**	27,374,847
Financial expenses (-)	25	**(21,578,293)**	(29,736,386)
Profit before taxation		**26,851,349**	31,160,072
Tax income/ (expenses)		**(3,938,408)**	(5,221,580)
Tax expenses for the year	19	**(6,208,795)**	(5,450,553)
Deferred tax income	19	**2,270,387**	228,973
Net profit for the year		**22,912,941**	25,938,492
Items not to be reclassified to profit or loss		**(7,815,938)**	(5,325,159)
Actuarial loss arising from defined benefit plans	15	**(9,769,923)**	(6,656,449)
Tax effect of actuarial gain/ (loss):			
Deferred tax income/ (expenses)	19	**1,953,985**	1,331,290
Other comprehensive expenses		**(7,815,938)**	(5,325,159)
Total comprehensive income		**15,097,003**	20,613,333

The accompanying policies and explanatory notes form an integral part of the financial statements.

ERKUNT SANAYİ ANONİM ŞİRKETİ
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

	Note	January 1- December 31, 2020	January 1- December 31, 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES		**34,777,936**	51,721,476
Profit for the year		**22,912,941**	25,938,492
Adjustments to reconcile profit:			
Adjustments for depreciation and amortization expenses	10, 11, 12	**25,139,268**	19,574,613
Adjustments for impairment of receivables	4	**1,743,785**	(254,618)
Adjustment for provisions related with employee benefits	15	**6,630,009**	5,758,267
Adjustments for litigation provision	16	**185,894**	173,450
Adjustments for interest income and expenses		**4,822,560**	7,896,845
Adjustments related to fair value losses of derivative financial instruments	25, 26	**(45,265)**	200,793
Adjustments for tax income or expenses		**3,938,408**	5,221,580
Adjustments for losses (gains) arising from disposal of property, plant and equipment		**(263,963)**	(84,217)
Adjustments for undistributed profits of investment accounted for using the equity method		**(1,101,973)**	(296,414)
Changes in working capital:			
Trade receivables		**(44,594,732)**	26,961,282
Other receivables		**(96,310)**	5,242,103
Inventories		**(2,001,096)**	4,784,521
Prepaid expenses		**937,184**	920,624
Trade payables		**18,202,591**	(36,421,908)
Payables of employee benefits		**2,248,294**	(991,512)
Other payables		**387,780**	(270,187)
Deferred income		**1,785,250**	(1,587,969)
Other current and non-current assets		**880,993**	(2,862,652)
Cash flows from operating activities:			
Employment termination benefits paid	15	**(2,636,649)**	(3,759,794)
Taxes paid	19	**(4,297,033)**	(4,421,823)
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(16,260,309)**	(22,630,456)
Proceeds from sale of property, plant and equipment and intangible assets	10, 11	**381,634**	90,118
Cash outflow from purchases of property, plant and equipment and intangible assets		**(16,792,543)**	(22,720,574)
Dividends received		**150,600**	–
C. CASH FLOWS FROM FINANCING ACTIVITIES		**(2,168,228)**	(31,055,431)
Cash inflows from borrowings	8	**100,733,176**	634,758,025
Cash outflow related to borrowing payments	8	**(98,050,737)**	(657,884,740)
Cash outflow related to leasing payments		**(4,156,464)**	–
Interest paid		**(733,855)**	(8,003,116)
Interest received	25	**39,652**	74,400
Net increase/ decrease in the cash and cash equivalents		**16,349,399**	(1,964,411)
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3	**8,471,643**	10,436,054
E. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3	**24,821,042**	8,471,643

The accompanying policies and explanatory notes form an integral part of the financial statements.

ERKUNT SANAYİ ANONİM ŞİRKETİ
STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2020
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

				Other comprehensive expense not to be reclassified subsequently to profit or loss				
	Paid-in share capital	Adjustment to share capital	Treasury shares	Actuarial gains arising from defined benefit plans	Restricted reserves	Retained earnings	Net profit for the year	Total
Balance as of January 1, 2019	**15,120,000**	**9,927,981**	**(16,992,180)**	**(2,139,284)**	**11,099,374**	**94,619,489**	**39,345,817**	**150,981,197**
Transfers	–	–	–	–	–	39,345,817	(39,345,817)	–
Total comprehensive loss	–	–	–	(5,325,159)	–	–	25,938,492	20,613,333
Balance as of December 31, 2019	**15,120,000**	**9,927,981**	**(16,992,180)**	**(7,464,443)**	**11,099,374**	**133,965,306**	**25,938,492**	**171,594,530**
Transfers	–	–	–	–	–	25,938,492	(25,938,492)	–
Total comprehensive loss	**–**	**–**	**–**	**(7,815,939)**	**–**	**–**	**22,912,941**	**15,097,002**
Balance as of December 31, 2020	**15,120,000**	**9,927,981**	**(16,992,180)**	**(15,280,382)**	**11,099,374**	**159,903,798**	**22,912,941**	**186,691,532**

The accompanying policies and explanatory notes form an integral part of the financial statements.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT DECEMBER 31, 2020

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated.)

1. Organization and operations of the Company

Erkunt Sanayi A.Ş. (the “Company”) was established in 1961 and its main activity is to manufacture and trade all kinds of parts, machined parts and main products based on casting technology for automotive, tractors and construction equipment.

The Company has Casting-1 and Machining-1 facilities in Etimesgut Ankara, which is its headquarters, as well as Casting-2 established in Sincan Ankara “Organized Industrial Zone” in 1996 and Processing-2 facilities at the same location.

The Company’s share capital consists of 1.512.000.000 units of shares with the nominal value of TL 0.01.

The shareholders of the Company and their shareholding structures as of December 31, 2020 and 2019 are as follows:

	December 31, 2020		**December 31, 2019**	
Shareholders	**Amount in TL**	Share (%)	Amount in TL	Share (%)
Mahindra Overseas Investment Company Ltd.	**9,633,788**	**63.7**	9,633,788	63.7
Erkunt Traktör Sanayii A.Ş.	**5,288,795**	**35.0**	5,288,795	35.0
Bürge Ceylan Kaleli	**110,950**	**0.7**	110,950	0.7
Ahmet Nalbur	**15,120**	**0.1**	15,120	0.1
Rezzan Oral	**147**	**0.0**	147	0.0
Other	**71,200**	**0.5**	71,200	0.5
Total	**15,120,000**	**100.0**	15,120,000	100.0

Total number of employees of the Company as of December 31, 2020 is 1,342 (December 31, 2019: 1,287).

2. Basis of presentation of financial statements and summary of accounting policies

2.1 Basis of presentation

The financial statements have been prepared under the historical cost convention. In determining the historical cost, generally the fair value of the price paid for the assets is taken as basis.

The accompanying financial statements of the Company have been prepared in accordance with the principles of Turkish Accounting Standards (“TAS”), as issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”).

Financial statements and footnotes are presented in accordance with the financial statement examples and user guide announced by the POA with the principle decision dated April 15, 2019.

The financial statements of the Company have been prepared in Turkish Lira, which is the functional currency, and expressed in Turkish Lira, which is the presentation currency.

The accompanying financial statements have been approved by the board of directors on March 11, 2021.

Going concern basis

The Company has prepared its financial statements under the assumption that it will continue its operations in the foreseeable future.

2.2 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as at December 31, 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2020. The effects of these standards and interpretations on the Company’s financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2020 are as follows:

- Definition of a Business (Amendments to TFRS 3)
- Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform
- Definition of Material (Amendments to TAS 1 and TAS 8)
- Amendments to TFRS 16 – Covid-19 Rent Related Concessions

The amendments did not have a significant impact on the financial position or performance of the Company.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and disclosures, when the new standards and interpretations become effective.

- TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- TFRS 17 - The new Standard for insurance contracts
- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to TFRS 3 – Reference to the Conceptual Framework
- Amendments to TAS 16 – Proceeds before intended use
- Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract
- Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

2.3 Comparative information and amendments on past year financial statements

The accompanying financial statements are prepared comparatively with the previous period in order for the determination of the Group's financial position, performance, and cash flow trends. When there is a change in the presentation and reclassification of the items of the financial statements, the Group reclassifies the financial statements of the previous period to conform the comparability and discloses information related to these matters.

2.4 Summary of significant accounting policies

The preparation of financial statements in accordance with those requirements of TFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known. Main judgments, estimates and assumptions used are generally related to the percentages of completion projects and provisions and explained in related parts of disclosures.

Cash and cash equivalents

Cash and cash equivalents are cash in hand, demand deposits and other short-term investments with a maturity of 3 months or less than 3 months, which are easily convertible into cash and do not carry a significant risk of change in value. Bank deposits with a maturity of longer than 3 months and less than 1 year are classified as short-term financial investments.

Related parties

Parties are considered related to the Company if:

a) A person or a close member of that person's family is related to a reporting entity if that;

The related person or entity that is related to the entity preparing its financial statements (for this note will be named as reporting entity'):

(i) Has control or joint control over the reporting entity;

(ii) Has significant influence over the reporting entity; or

(iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same company (which means that each Parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a company of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Measured at the original invoice amount unless the effect of imputing interest is significant. Interest related with trade payables are shown in other operating income/ expense account.

Inventories

Inventories are valued at the lower of cost at the financial statement date or net realizable value. Cost is determined by the weighted average method. Costs are calculated over most recent acquisition amount. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and expensed in statement of income/(loss) in the period that loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liabilities simultaneously.

Revenue

The Company recognize revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. This core principle is delivered in a five-step model framework:

– Identify the contracts with a customer,
– Identify the performance obligations in the contract,
– Determine the transaction price,
– Allocate the transaction price to the performance obligations in the contract,
– Recognize revenue when (or as) the entity satisfies a performance obligation,

The Company evaluates the products it has committed in each contract with customers and determines each commitment it has made to transfer the said goods or services as a separate performance obligation. Whether the performance obligation for each contract will be realized at a certain time or over time is evaluated at the beginning of the contract. If the Company realizes the transfer of control of its goods and services over time and fulfills its performance obligation over time, it measures the progress in fulfilling the performance obligation and records the revenues in the financial statements.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

	Useful life
Building	50 years
Machinery and equipment	2-33 years
Vehicles	5 years
Furniture and fixtures	2-50 years
Leasehold improvements	4-15 years

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Trademarks and licenses

Acquired trademarks and licenses are shown at historical cost. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (3 years).

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3 years).

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding 3 years).

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

No assets held under operating lease have been classified as investment properties.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss [statement of profit or loss and other comprehensive income] because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Employee termination benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per TAS19 (Revised) "Employee Benefits" ("TAS 19").

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

Foreign currency transactions

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of such transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Turkish Lira at the Central Bank of Republic of Turkey buying exchange rates prevailing at the balance sheet dates.

Exchange rate differences arising on reporting monetary items at rates different from those at which they were initially recorded or on the settlement of monetary items or are recognized in the comprehensive income statement in the period in which they arise. The foreign currency gain/ loss related to the Company's trade payables and receivables shown in operating income/ expense account and the other foreign currency gain/ loss except Company's operations shown in financial gain/ loss account.

Financial assets

Classification

The Company classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase. Financial assets are not reclassified after initial recognition unless the business model that the Company uses in the management of financial assets has changed; In the event of a change in business model, the financial assets are reclassified on the first day of the following reporting period.

Recognition and measurement

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company's financial assets measured at amortized cost comprise "cash and cash equivalents", "trade receivables" and "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the statement of income.

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retained earnings. The Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under the statement of income.

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the statement of income.

Derecognition

The Company derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Company was recognized as a separate asset or liability.

Impairment

Impairment of the financial and contractual assets measured by using "expected credit loss model" ("ECL"). The impairment model applies for amortized financial and contractual assets.

Provision for loss measured as below;

- 12- Month ECL: results from default events that are possible within 12 months after reporting date.
- Lifetime ECL: results from all possible default events over the expected life of financial instrument

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

The Company may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

Trade receivables

Trade receivables, generated by the Company by providing goods or services to a buyer, are presented as netted off unaccrued financing income. Trade receivables that are not accrued after the unearned financing income are calculated by discounting the amounts to be obtained in the subsequent periods from the original invoice amount. Short-term receivables with no stated interest rate are measured at the cost value unless the effect of the original effective interest rate is significant.

In case there is objective evidence that there is no possibility of collection, the Company provides provision for doubtful receivables for trade receivables. The amount of this provision is the difference between the carrying amount of the receivable and the amount that can be collected. The amount that can be collected is the discounted value of all cash flows, including the amounts collected from guarantees and collateral, based on the original effective interest rate of the trade receivable.

After the collection of doubtful receivable, in case of collecting all or part of the doubtful receivable amount, the collected amount is deducted from the provisioned doubtful receivable and recorded in other income.

For the purpose of calculating the depreciation of trade receivables, which are accounted for at amortized cost and which do not include a significant financing component (less than a year), the simplified approach is implemented. In cases where the trade receivables are not impaired due to certain reasons (except fort he realized impairment losses), the provision for losses related to trade receivables are measured by an amount equal to the expected loan losses.

Financial liabilities

Financial liabilities are measured at fair value at initial recognition. Transaction costs directly attributable to the burden of related financial liability are also added to the fair value. Financial liabilities are classified as equity instruments and other financial liabilities.

Financial liabilities are recognized initially at the proceeds received, netted off transaction costs incurred. Financial liabilities are followed in the financial statements with their discounted values calculated with effective interest rate.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. Other borrowing costs are recognized as an expense in the year in which they are incurred. There is no capitalized borrowing cost at related year.

Post reporting date events

In the case that events occur requiring an adjustment, the Company adjusts the amount recognized in its financial statements to reflect the adjustments after the balance sheet date.

2.5 Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. These estimates and assumptions are reviewed regularly, taking into account past experiences and factors expected to arise in the future under certain conditions. Uncertainty about these estimates and assumptions may require significant adjustments in the carrying values of assets and liabilities. Actual results may differ from estimates and assumptions.

Comments that may have a significant impact on the amounts reflected in the financial statements and the significant assumptions and evaluations made by considering the main sources of the estimates that may or may occur at the balance sheet date are as follows:

a) Provisions for employment termination benefits have been calculated according to the (discount rate, estimated future wage increase, and rate of retirement of the employees) based on actuarial assumptions.

b) Provision for doubtful receivables is an estimated amount that management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test of the receivables, the debtors, other than the key accounts and related parties, are assessed in accordance with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements and furthermore, the renegotiation conditions with these debtors are considered.

c) Provisions for lawsuits are determined by the management with support of the Company's legal advisers that can result a cash outflow for the Company in every period at the date of preparation of financial statements.

d) The Company's management has made certain important assumptions based on experiences of their technical personnel in determining useful economic life of the property, plant and equipment.

e) The Company reviews its assets for any possible impairment if there is an indication of assets cannot be sold at their book value in accordance with current developments and changing circumstances. In case of such an indication and book value of assets exceed their estimated recoverable values, assets and cash providing units are stated at estimated recoverable values. The recoverable value of assets is stated at greater of net selling price or value in use.

f) Deferred tax asset can be recorded if it is probable to get taxable revenue in next years. In the case of that any probable taxable revenue occur, deferred tax asset is calculated over the carried and unused accumulated loss and all temporary differences.

2.6 Significant changes in the current period

The necessary actions have been taken by the Group management to minimize the possible effects of COVID-19, which originates in China, spreads to various countries around the world, and causes potentially fatal respiratory infections, on the Company's activities and financial status. The Company evaluated the possible effects of the COVID-19 outbreak on the financial statements and reviewed the estimates and assumptions used in the preparation of the financial statements, while preparing the financial statements dated December 31, 2020. In this context, no impairment has been identified in the amounts of the assets included in the financial statements dated December 31, 2020.

3. Cash and Cash Equivalents

The Company's Cash and Cash Equivalents as of December 31, 2020 and 2019 are as follows:

Account Name	December 31, 2020	December 31, 2019
Cash on hand	**12,242**	13,620
Cash in banks:		
– Time deposit	**1,982,000**	–
– Demand deposit	**22,826,800**	8,458,023
Total	**24,821,042**	8,471,643

The details of the time deposits as of December 31, 2020 are as follows:

	Maturity	Interest rate (%)	December 31, 2020
TL	January 2021	**17**	**1,982,000**
Total			**1,982,000**

The details of the demand deposits as of December 31, 2020 are as follows:

	December 31, 2020	December 31, 2019
EUR	**13,541,636**	7,015,018
GBP	**9,111,881**	1,385,270
USD	**165,665**	43,851
TL	**7,618**	13,884
Total	**22,826,800**	8,458,023

As of December 31, 2020, there are no blockage, pledges or mortgages on cash and cash equivalents (December 31, 2019: None).

4. Trade receivables and payables

a) Short-term trade receivables

As at the balance sheet date, trade receivables of the Company are as follows:

	December 31, 2020	December 31, 2019
Trade receivables	**67,685,299**	41,602,836
Doubtful receivables	**329,806**	329,806
Trade receivables from related parties (Note 26)	**25,930,754**	7,333,801
	93,945,859	49,266,443
Minus: Provision for doubtful receivables	**(329,806)**	(329,806)
Minus: Expected credit loss		
Third parties	**(495,947)**	(50,553)
Related parties	**(1,307,303)**	(8,912)
Total	**91,812,803**	48,877,172

The maturity of the Company's trade receivables varies depends on the contracts signed. However, the average maturity for the trade receivables as of December 31, 2020 is 69 days (2019: 50 days). As of December 31, 2020, there was no calculation of unearned finance income as it had no significant influence on trade receivables.

Significant portion of doubtful trade receivables are related to customers who have unexpected financial difficulty and not expected to be collected.

The movement of the Company's provision for doubtful receivables as of December 31, 2020 and 2019 is as follows:

	2020	2019
January 1	**(329,806)**	(329,806)
Charge during the year (Note 23)	**–**	–
Provision no longer required (Note 22)	**–**	–
December 31	**(329,806)**	(329,806)

The movement of the Company's expected credit loss as of December 31, 2020 and 2019 is as follows:

	2020	2019
January 1	**(59,465)**	(314,083)
Charge during the year (Note 23)	**(1,803,250)**	(59,465)
Provision no longer required (Note 22)	**59,465**	314,083
December 31	**(1,803,250)**	(59,465)

b) Short-term trade payables

As at the balance sheet date, trade payables of the Company are as follows:

	December 31, 2020	December 31, 2019
Trade payables	**51,131,008**	33,447,222
Trade payables to related parties (Note 26)	**719,666**	200,861
Total	**51,850,674**	33,648,083

The maturity of the Company's trade payables varies depends on the contracts signed. However, the average maturity for the trade payables as of December 31, 2020 is 50 days (2019: 50 days).

5. Other receivables and payables

a) Other receivables

Short-term other receivables	December 31, 2020	December 31, 2019
Other receivables	**79,090**	163,774
Other receivables from related parties (Note 26)	**46,092**	7,080
Total	**125,182**	170,854

Long-term other receivables	December 31, 2020	December 31, 2019
Deposits and guarantees given	**481,305**	389,650
Total	**481,305**	389,650

b) Other payables

Short-term other payables	December 31, 2020	December 31, 2019
Other payables	**918,621**	523,772
Other payables to related parties (Note 26)	**8,525**	15,594
Total	**927,146**	539,366

Other payables mainly consist of accruals related to insurance companies and other purchases.

6. Inventories

	December 31, 2020	December 31, 2019
Raw materials and supplies	**30,621,983**	25,698,392
Work in process	**16,161,433**	16,383,369
Finished goods	**8,095,093**	4,307,531
Goods in transit	**239,195**	–
Total	**55,117,704**	46,389,292

The amount of insurance cover on inventories is Eur 2,000,000 for the year ended December 31, 2020.

7. Prepaid expenses and deferred income

a) Prepaid expenses

Short-term prepaid expenses	December 31, 2020	December 31, 2019
Advances given	**430,972**	1,604,702
Prepaid expenses for next months	**1,204,657**	968,111
Total	**1,635,629**	2,572,813

b) Deferred income

Short-term deferred income	December 31, 2020	December 31, 2019
Income related to future months (*)	**1,221,924**	599,062
Advances received	**1,235,286**	72,898
Total	**2,457,210**	671,960

(*) Delivered duty paid ("DDP") is a delivery agreement whereby the seller assumes all of the responsibility, risk, and costs associated with transporting goods until the buyer receives or transfers them at the destination port. Income related to future months consist of sales which are not recorded as revenue due to delivery method.

8. Financial liabilities

	December 31, 2020	December 31, 2019
Short-term financial liabilities		
Short-term bank loans	**7,903,316**	5,220,877
Current portion of long-term operation lease liabilities	**2,743,280**	3,292,216
Other financial liabilities (*)	**348,011**	276,265
Long-term financial liabilities		
Long-term operation lease liabilities	**12,105,352**	14,733,193
Total	**23,099,959**	23,522,551

(*) Other financial liabilities consist of credit card payables.

Movements of bank loans as follows:

	December 31, 2020	December 31, 2019
January 1	**5.220.877**	28.347.592
Addition	**100.733.176**	634.758.025
Principal paid	**(98.050.737)**	(657.884.740)
December 31	**7.903.316**	5.220.877

9. Investment accounted for using the equity method

Investment accounted for using the equity method as of December 31, 2020 and 2019 is as follows:

	December 31, 2020	December 31, 2019
Kumsan Döküm ve Malz. San. ve Tic A.Ş.	**6,371,562**	5,420,189
Total	**6,371,562**	5,420,189

As of December 31, 2020, share capital of Kumsan Döküm ve Malz. San. ve Tic. A.Ş. is TL 1,200,000 (2019: TL 1,200,00)

Details of share of profit/ (loss) of investments accounted for using the equity method for the periods ended December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
January 1	**5,420,189**	5,123,775
Profit for the year	**1,101,973**	296,414
Dividend payment	**(150,600)**	–
December 31	**6,371,562**	5,420,189

10. Investment properties

Movement of investment properties and accumulated amortization for the year ended December 31, 2020 and 2019 are as follows:

	January 1, 2020	**Additions**	**December 31, 2020**
Cost:			
Building	**721,459**	**–**	**721,459**
Total cost	**721,459**	**–**	**721,459**
Accumulated amortization:			
Buildings	**311,438**	**14,469**	**325,907**
Total accumulated amortization	**311,438**	**14,469**	**325,907**
Net book value	**410,021**		**395,552**

	January 1, 2019	Additions	December 31, 2019
Cost:			
Building	721,459	–	721,459
Total cost	721,459	–	721,459
Accumulated amortization:			
Buildings	296,969	14,469	311,438
Total accumulated amortization	296,969	14,469	311,438
Net book value	424,490		410,021

The Company included the amortization expenses from investment properties for the year ended December 31, 2020 amounting to TL 14,469 under the general administration expenses (2019: TL 14,469).

Investment properties consist of 3,550 m2 of administrative buildings with an area of 15,461 m2 in Ankara Sincan Organized Industrial Zone Batıhun Street.

11. Property, plant and equipment

Movement of property, plant and equipment and accumulated depreciation between January 1 - December 31, 2020 are as follows:

Cost	Land	Land improvements	Buildings	Plant, machinery and equipment	Vehicles	Furniture and fixtures	Other tangible fixed assets	Leasehold improvements	Construction in progress	Total
Opening Balance as of January 1, 2020	1,386,469	7,150,380	15,052,767	293,365,420	802,382	5,838,558	5,246,250	61,375	16,426,757	345,330,358
Additions	–	283,353	16,830	260,900		3,246,476	125,933	287,079	12,470,179	16,690,750
Disposals (-)	–	–	–	(49,091)	(353,011)	–	–	–	(6,727,316)	(7,129,418)
Transfers from constructions in progress	–	–	–	11,965,836	–	–	–	–	(11,965,836)	–
Closing Balance as of December 31, 2020	1,386,469	7,433,733	15,069,597	305,543,065	449,371	9,085,034	5,372,183	348,454	10,203,784	354,891,690
Accumulated depreciation										
Opening Balance as of January 1, 2020	–	4,447,460	3,054,266	208,845,784	481,111	3,184,705	4,664,725	11,084	–	224,689,135
Charge for the Year	–	437,911	386,567	20,276,101	80,993	843,308	268,225	40,696	–	22,333,801
Disposals (-)	–	–	–	(49,091)	(234,705)	–	–	–	–	(283,796)
Closing Balance as of December 31, 2020	–	4,885,371	3,440,833	229,072,794	327,399	4,028,013	4,932,950	51,780	–	246,739,140
Net book value as of December 31, 2020	1,386,469	2,548,362	11,628,764	76,470,271	121,972	5,057,021	439,233	296,674	10,203,784	108,152,550

Depreciation expenses of TL 18,503,177 has been charged in 'Cost of Goods Sold', TL 635,200 in 'General Administrative Expenses' and TL 3,195,424 in 'Idle Capacity Expenses'.

The amount of insurance cover on plant, machinery and equipment is TL 469,283,050, on buildings is TL 64,045,000 and furniture and fixtures is TL 40,760,000 for the year ended December 31, 2020.

As of December 31, 2020, there is no mortgage on property, plant and equipment.

Movement of property, plant and equipment and accumulated depreciation between January 1 - December 31, 2019 are as follows:

Cost	Land	Land improvements	Buildings	Plant, machinery and equipment	Vehicles	Furniture and fixtures	Other tangible fixed assets	Leasehold improvements	Construction in progress	Total
Opening Balance as of January 1, 2019	1,386,469	6,456,777	12,620,474	277,346,809	802,382	4,309,982	5,369,408	44,403	17,501,531	325,838,235
Additions	–	180,223	–	541,723	–	1,245,312	68,141	16,972	20,341,223	22,393,594
Disposals (-)	–	–	–	(2,461,213)	–	(109,512)	(330,746)	–	–	(2,901,471)
Transfers from constructions in progress	–	513,380	2,432,293	17,938,101	–	392,776	139,447	–	(21,415,997)	–
Closing Balance as of December 31, 2019	1,386,469	7,150,380	15,052,767	293,365,420	802,382	5,838,558	5,246,250	61,375	16,426,757	345,330,358
Accumulated depreciation										
Opening Balance as of January 1, 2019	–	3,762,200	2,923,376	196,164,674	390,675	2,547,442	4,580,862	4,635	–	210,373,864
Charge for the Year	–	685,260	130,890	15,142,323	90,436	746,386	409,091	6,449	–	17,210,835
Disposals (-)	–	–	–	(2,461,213)	–	(109,123)	(325,228)	–	–	(2,895,564)
Closing Balance as of December 31, 2019	–	4,447,460	3,054,266	208,845,784	481,111	3,184,705	4,664,725	11,084	–	224,689,135
Net book value as of December 31, 2019	1,386,469	2,702,920	11,998,501	84,519,636	321,271	2,653,853	581,525	50,291	16,426,757	120,641,223

12. Intangible assets and right of use assets

Movement of intangible assets and right of use assets and their accumulated amortization between January 1 - December 31, 2020 are as follows:

	January 1, 2020	**Additions**	**December 31, 2020**
Cost:			
Rights	**2,474,085**	**101,793**	**2,575,878**
Total cost	**2,474,085**	**101,793**	**2,575,878**
Accumulated amortization:			
Rights	**2,119,989**	**97,917**	**2,217,906**
Accumulated amortization	**2,119,989**	**97,917**	**2,217,906**
Net book value	**354,096**		**357,972**

Movement of intangible assets and right of use assets and their accumulated amortization between January 1 - December 31, 2019 are as follows:

	January 1, 2019	Additions	December 31, 2019
Cost:			
Rights	2,147,105	326,980	2,474,085
Total cost	2,147,105	326,980	2,474,085
Accumulated amortization:			
Rights	2,102,650	17,339	2,119,989
Accumulated amortization	2,102,650	17,339	2,119,989
Net book value	44,455		354,096

Amortization expense of TL 97,917 has been charged in ‘General Administrative Expenses’ for the year ended December 31, 2020 (December 31, 2019: TL 17,339)

Right-of-use assets consist of buildings amounting to TL 14,013,836 and vehicles amounting to TL 2,280,416. Amortization expenses for the period ended December 31, 2020 amounting to 2,693,082 TL. Depreciation expenses of TL 1,932,943 has been charged in ‘Cost of Sales’, TL 760,139 in ‘General Administrative Expenses’.

13. Commitments and contingencies

Guarantees, pledges and mortgages (“GPM”) given by the Company as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
GPM given on behalf of own legal entity	**2,732,074**	15,771,613
Total	**2,732,074**	15,771,613

	December 31, 2020	December 31, 2019
GPM received	**1,472,495**	9,852,450
Total	**1,472,495**	9,852,450

The guarantees given on behalf of own legal entity consist of EUR 198,245 and TL 946,302.

14. Employee benefit obligations

	December 31, 2020	December 31, 2019
Payables to personnel	**6,174,136**	4,492,868
Taxes and funds payable	**1,837,466**	1,588,830
Social security premium payable	**2,283,398**	1,965,007
Total	**10,295,000**	8,046,705

15. Provisions for employee benefits

a) Short-term provisions for employee benefits

	December 31, 2020	December 31, 2019
Provision for unused vacation	**3,766,609**	1,206,456
Total	**3,766,609**	1,206,456

The movements of the provision for unused vacation are as follows:

	2020	2019
January 1	**1,206,456**	1,493,349
Addition/ (used) during year, net	**2,560,153**	(286,893)
December 31	**3,766,609**	1,206,456

b) Long-term provisions for employee benefits

	December 31, 2020	December 31, 2019
Provision for employee termination benefits	**31,012,525**	19,809,395
Total	**31,012,525**	19,809,395

Under the Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. Also, employees entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2422 dated 6 March 1981 and No: 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transitional provisions related with retirement prerequisites have been removed due to the amendments in the relevant law on May 23, 2002. The amount payable consists of one month’s salary limited to a maximum of TL 7,117,17 for each period of service as of December 31, 2020 (December 31, 2019: TL 6,379,36).

Liability of employment termination benefits is not subject to any funding as there isn’t an obligation. Provision is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. IAS 19 “Employee Benefits” requires actuarial valuation methods to be developed to estimate the Company’s obligation under the defined benefit plans.The Company has reflected the employee termination liability in the financial statements by using the Projection Method in accordance with IAS 19 and the actuary method and assumptions based on the calculations made by the professional actuary. All actuarial gains and losses are recognized as other comprehensive expenses in equity.

The communiqué requires actuarial valuation methods to be developed to estimate the company’s provision for employee termination benefits.

	2020	2019
Inflation rate (%)	**9,00**	15,00
Interest rate (%)	**13,25**	19,50
Turnover rate for the probability of retirement (%)	**92,77**	92,58

As of December 31, 2020 and 2019, movements of the provision for employee termination benefits are as follows:

	2020	2019
January 1	**19,809,395**	10,867,580
Service cost	**1,445,111**	4,192,514
Interest cost (Note 25)	**2,624,745**	1,852,646
Payments (-)	**(2,636,649)**	(3,759,794)
Actuarial loss	**9,769,923**	6,656,449
December 31	**31,012,525**	19,809,395

As of 31 December 2020, the sensitivity analysis of the significant assumptions used in the calculation of provision for employment termination benefits is as follows:

	Net discount rate		**Turnover rate for the probability of retirement**	
Sensitivity level	**%0,5 decrease**	**%0,5 increase**	**%0,5 decrease**	**%0,5 increase**
Rate	(1.1)	8.9	87.77	97.77
Employment termination benefit	55,833,422	20,017,668	27,829,252	36,102,650

16. Other short-term provisions

	December 31, 2020	December 31, 2019
Provisions for lawsuits	**671,036**	485,142
Total	**671,036**	485,142

As of December 31, 2020 and 2019, provisions for lawsuits consist of employee lawsuits.

Movements of provisions for lawsuits as follows:

	2020	2019
January 1	**485,142**	311,692
Charge during the year (Not 23)	**491,946**	291,450
Provision no longer required (Not 22)	**(306,052)**	(118,000)
December 31	**671,036**	485,142

17. Other current assets

	December 31, 2020	December 31, 2019
VAT carried forward	**6,487,054**	7,162,034
Other VAT	**186,321**	186,321
Job advances	**100**	706
Total	**6,673,475**	7,349,061

As of December 31, 2020, the Company made an application to the tax office for the refund of the VAT amounting to TL 2,178,966.

18. Equity

a) Share capital

The shareholders and share capital structure of the Company as of December 31, 2020 and 2019 are as follows:

	December 31, 2020		December 31, 2019	
	Share (%)	**TL**	Share (%)	TL
Mahindra Overseas Investment Company Ltd.	**63.72**	**9,633,788**	63.72	9,633,788
Erkunt Traktör Sanayi A.Ş.	**34.98**	**5,288,795**	34.98	5,288,795
Bürge Ceylan Kaleli	**0.73**	**110,950**	0.73	110,950
Ahmet Nalbur	**0.10**	**15,120**	0.10	15,120
Rezzan Oral	**0.00**	**147**	0.00	147
Other	**0.47**	**71,200**	0.47	71,200
	100	**15,120,000**	100	15,120,000

The Company's share capital consists of 1,512,000,000 units of shares with the nominal value of TL 0,01 (2019: 1,512,000,000 units of shares). As of December 31, 2020, legal reserves in statutory financial statements is amounting to TL 11,099,374 (2019: TL 11,099,374).

19. Tax assets and liabilities

	December 31, 2020	December 31, 2019
Current income tax expense	**6,208,795**	5,450,553
Less: Prepaid current income taxes	**(4,297,033)**	(5,450,553)
Tax asset/ liability, net	**1,911,762**	–

Tax expense and deferred tax

Tax expense includes current tax expense and deferred tax expense. The tax is included in the income statement, provided that it is not directly related to an operation accounted under equity. Otherwise, the tax is accounted under equity as well as the related transaction.

Current tax expense is calculated by taking into account the tax laws applicable in the countries where the Company's subsidiaries and investments accounted for using the equity method are active as of the date of statement of financial position. According to Turkish tax legislation, legal or business centers institutions in Turkey, the corporation is subject to tax.

In the Turkish taxation system, tax losses can be offset against future taxable income for the next five years and are not deductible (retrospectively) from previous years' earnings.

Since the applicable tax rate has been changed to 22% for the 3 years beginning from 1 January 2018, 22% tax rate is used in the deferred tax calculation of 31 December 2019 for the temporary differences expected to be realized/closed within a year (for the year 2020). However, since the corporate income tax rate after 2020 is 20%, 20% tax rate is used for the temporary differences expected to be realized/closed after 2020.

As of December 31, 2020 and 2019, income tax provisions have been accrued in accordance with the prevailing tax legislation.

75% of the income derived by the Company from the sale of participation shares, preferential rights, founders' shares and redeemed shares and 50% of the income derived by the Company from the sale of immovable property which are carried in assets for at least for two years is exempt from corporate tax with the condition that the relevant income should be added to the share capital or kept under a special reserve account under equity for 5 years in accordance with the Corporate Tax Law.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Provided that deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and it is legally eligible, they may be offset against one another.

There is no agreement with the tax authorities on the tax payable in Turkey. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years

Corporation tax

The Company is subject to the applicable tax legislation and practice in Turkey.

In Turkey, the corporate tax rate is 20%. However, in accordance with the addition of temporary 10th article to the Corporate Tax Law, 22% corporate tax rate will be applied to the profits of the entities related to their to 2018, 2019 and 2020 tax periods (for the entities with special accounting period, tax periods commenced in the related year) rather than 20%. This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid by the end of the fourth month.

The tax legislation provides for a temporary tax of 20% (will be applied as 22% for 2018, 2019 and 2020 tax periods) to be calculated based on earnings generated for each quarter. Temporary tax is declared by the 14th day of the second month following each quarter and corresponding tax is payable by the 17th day of the same month. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may be refunded or offset. Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax.

Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

The breakdown of cumulative temporary differences and the resulting deferred tax assets/ liabilities provided using effective tax rates as of December 31, 2020 and 2019 are as follows:

	Cumulative temporary differences	**Deferred tax assets/ (liabilities)**	Cumulative temporary differences	Deferred tax assets/ (liabilities)
	December 31, 2020	**December 31, 2020**	December 31, 2019	December 31, 2019
Deferred tax asset/ (liabilities), net:				
Property plant and equipment and intangible assets	**14,898,433**	**(2,979,687)**	16,714,323	(3,342,865)
Provision for employee termination benefits	**(7,121,710)**	**1,424,342**	(5,688,503)	1,137,701

	Cumulative temporary differences	**Deferred tax assets/ (liabilities)**	Cumulative temporary differences	Deferred tax assets/ (liabilities)
	December 31, 2020	**December 31, 2020**	December 31, 2019	December 31, 2019
Provision for unused vacation	**(3,766,609)**	**828,654**	(1,206,456)	265,420
Provision for lawsuits	**(671,036)**	**134,207**	(485,142)	97,028
Expected credit loss	**(1,803,250)**	**396,715**	(59,465)	13,083
Right of use asset	**(3,433,784)**	**755,432**	(635,784)	139,873
Deriative insturments	**(57,589)**	**12,670**	(102,854)	22,628
Other	**(154,607)**	**30,922**	–	–
Actuarial loss	**(23,890,815)**	**4,778,163**	(14,120,892)	2,824,178
Deferred tax (liability)/ asset, net		**5,381,418**		1,157,046

Movement of deferred income tax assets and liabilities for the year ended December 31, 2020 and 2019 are as follows:

	2020	2019
January 1	**1,157,046**	(403,217)
Deferred tax expense recognized in income statement	**2,270,387**	228,973
Deferred tax income recognized in equity	**1,953,985**	1,331,290
December 31	**5,381,418**	1,157,046

The reconciliation of the current year statutory tax charge for the year ended December 31, 2020 and 2019 are as follows:

	2020	2019
Profit before tax	**37,982,779**	35,808,174
Addition to tax base		
Non-deductible expenses	**215,204**	585,890
Degretation from tax base (-)		
Provision no longer required	**1,013,693**	3,759,794
Dividents from subsidiary	**150,600**	–
Donations and grants	**1,425**	625
Tax base	**37,032,265**	32,633,645
Tax base for reduced corporate tax (-)	**11,356,617**	10,323,401
Tax base subject to general rate	**25,675,648**	22,310,244
Advance tax calculated after the incentive	**5,648,643**	4,908,254
Tax benefit due to corporate tax law numbered 32/a	**560,152**	542,299
Total tax expenses	**6,208,795**	5,450,553

20. Revenue and cost of sales

	January 1 – December 31, 2020	January 1 – December 31, 2019
Domestic sales:		
As-cast sales	**35,087,618**	16,143,692
Refined-cast sales	**45,236,505**	24,384,777
Model and other sales	**7,365,698**	15,472,736
Export sales:		
As-cast sales	**35,437,556**	19,867,132
Refined-cast sales	**242,462,676**	350,011,845
Model and other sales	**7,188,071**	16,753,225
Sales returns (-)	**2,979,746**	1,721,386
Sales discounts (-)	**604,121**	535,574
Net sales	**369,194,257**	440,376,447
Cost of cast sales:		
Direct raw materials and supplies expenses	**164,278,310**	196,482,424
Personnel expenses	**70,582,528**	83,001,926
Electric, gas and water expenses	**35,587,302**	38,106,564
Amortization and depreciation expenses	**20,523,506**	17,727,216
Other	**6,725,150**	21,866,126
Cost of model and other sales	**6,603,232**	14,110,217
Gross profit	**64,894,229**	69,081,974

21. Operating expenses

	January 1 – December 31, 2020	January 1 – December 31, 2019
Research and development expenses	**1,877,870**	1,745,715
Marketing, selling and distribution expenses	**10,183,912**	13,400,302
General administration expenses	**19,192,849**	18,698,032
Total	**31,254,631**	33,844,049

Details of research and development expenses for the periods ended December 31, 2020 and 2019 are as follows:

Research and development expenses	**January 1 – December 31, 2020**	January 1 – December 31, 2019
Personnel expenses	**1,858,335**	1,704,308
Other	**19,535**	41,407
Total	**1,877,870**	1,745,715

Marketing, selling and distribution expenses	**January 1 – December 31, 2020**	January 1 – December 31, 2019
Packing expenses	**5,671,741**	6,960,224
Freight expenses	**2,376,716**	2,360,306
Commission expenses	**1,222,102**	2,759,106
Personnel expenses	**708,951**	1,024,034
Other	**204,402**	296,632
Total	**10,183,912**	13,400,302

General administration expenses	**January 1 – December 31, 2020**	January 1 – December 31, 2019
Personnel expenses	**13,046,543**	14,066,801
Outsourced benefits and services	**1,000,179**	696,838
Fuel and other vehicles expenses	**1,408,231**	981,990
General office expenses	**1,309,091**	707,227
Amortization and depreciation expenses	**1,405,104**	550,904
Accomodation and transportation expenses	**9,127**	224,377
Taxes, duties and charges	**453,864**	528,104
Other	**560,710**	941,791
Total	**19,192,849**	18,698,032

22. Other operating income

	January 1 – December 31, 2020	January 1 – December 31, 2019
Provision no longer required	**290,316**	4,191,877
Insurance indemnity income	**107,180**	377,354
Other	**258,255**	263,042
Total	**655,751**	4,832,273

23. Other operating expenses

	January 1 – December 31, 2020	January 1 – December 31, 2019
Provision expenses	**2,219,994**	350,915
Idle capacity personnel expenses	**4,445,229**	5,154,126
Idle capacity amortization and depreciation expenses	**3,210,658**	879,455
Other	**119,376**	544,550
Total	**9,995,257**	6,929,046

Provision expenses consist of provision for expected credit loss amounting to TL 1,803,250 (December 31, 2019: TL 59,465) and provision for lawsuits amounting to TL 416,745 (December 31,2019: TL 291,450) for the year ended December 31, 2020.

24. Income from investment activities

	January 1 – December 31, 2020	January 1 – December 31, 2019
Profit on sales of PPE	**263,963**	84,217
Total	**263,963**	84,217

25. Income and expenses from financial activities

Income from financial activities	January 1 – December 31, 2020	January 1 – December 31, 2019
Foreign exchange gains	**22,619,372**	27,203,463
Income from deriative transactions	**104,461**	96,984
Interest income from time deposit	**39,652**	74,400
Total	**22,763,485**	27,374,847

Expenses from financial activities	January 1 – December 31, 2020	January 1 – December 31, 2019
Foreign exchange loss	**14,007,373**	21,107,033
Interest expense related to operation lease liability	**4,128,358**	254,060
Interest expense related to employee termination benefit	2,624,745	1,579,359
Interest expense related to borrowing	733,855	5,866,016
Expense related to deriative transactions	59,196	297,777
Commission and other interest expense	**24,766**	632,141
Total	**21,578,293**	29,736,386

26. Related parties

As of December 31, 2020 and 2019, balances with and transactions between the related parties are disclosed below:

	December 31, 2020			
	Receivables		**Payables**	
	Short-term		**Short-term**	
	Trade receivables	**Other receivables**	**Trade payables**	**Other payables**
Erkunt Traktör Sanayi A.Ş.	**23,519,149**	**46,092**	**–**	**–**
Mahindra Overseas Investman Company Ltd.	**1,104,302**	**–**	**–**	**–**
Kumsan Döküm ve Malz. San. ve Tic A.Ş.	**–**	**–**	**719,666**	
Shareholders	**–**	**–**	**–**	**8,525**
Total	**24,623,451**	**46,092**	**719,666**	**8,525**

	December 31, 2019			
	Receivables		Payables	
	Short-term		Short-term	
	Trade receivables	Other receivables	Trade payables	Other payables
Erkunt Traktör Sanayi A.Ş.	7,324,889	7,080	–	–
Kumsan Döküm ve Malz. San. ve Tic A.Ş.	–	–	200,861	–
Shareholders	–	–	–	15,594
Total	7.324.889	7.080	200.861	15.594

The details of transactions between the Company and related parties are explained below.

a) Purchases

	December 31, 2020	
	Goods and services	**Rent**
Kumsan Döküm ve Malz. San. ve Tic A.Ş.	**2,288,537**	**–**
Erkunt Gayrimenkul A.Ş.	**–**	**3,157,228**
Erkunt Traktör Sanayi A.Ş.	**6,540**	**–**
Total	**2,295,077**	**3,157,228**

	December 31, 2019		
	Goods and services	Rent	Other
Kumsan Döküm ve Malz. San. ve Tic A.Ş.	2,287,752	–	–
Erkunt Gayrimenkul A.Ş.	–	484,792	–
Erkunt Traktör Sanayi A.Ş.	519,001	–	3,362,863
Total	2,806,753	484,792	3,362,863

b) Sales

	December 31, 2020		
	Goods and services	**Rent**	**Other**
Erkunt Traktör Sanayi A.Ş.	**39,961,860**	**82,800**	**257,743**
Erkunt Gayrimenkul A.Ş.	**–**	**–**	**5,418**
Mahindra Overseas Investment Company Ltd.	**2,628,347**	**–**	**–**
Total	**42,590,207**	**82,800**	**263,161**

	December 31, 2019		
	Goods and services	Rent	Other
Erkunt Traktör Sanayi A.Ş.	21,961,582	72,000	988,453
Mahindra Overseas Investman Company Ltd.	474,031		
Total	22,435,613	72,000	988,453

27. Nature and level of risks arising from financial instruments

The primary financial instruments of the Company consist of cash and short-term deposits. The main objective of the related financial instruments is to finance Company's business activities.

a) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the equity balance.

The Company monitors capital on the basis of the net financial debt/ shareholder's equity ratio. Net financial debt calculated as total financial liabilities (including short and long-term bank borrowings) less cash and cash equivalents. This ratio is calculated as net financial debt divided by total shareholders' equity.

	December 31, 2020	December 31, 2019
Financial liabilities	**23,099,959**	23,522,551
Less: Cash and cash equivalents	**24,821,042**	8,471,643
Net (cash)/ debt	**(1,721,083)**	15,050,908
Total equity	**186,691,532**	171,594,530
Net debt/ total equity rate	**(0,009)**	0,088

b) Financial risk factors

The Company's activities expose it to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk. Company Management and Board of Directors examines and approves the policies on the management of risks stated below. In addition, Company also considers the market risk of all of its financial instruments.

b.1) Credit risk management

Current period	**Receivables**						
December 31, 2020	**Trade Receivables**		**Other Receivables**				
	Related Party	**Third Party**	**Related Party**	**Third Party**	**Bank deposits**	**Derivative instruments**	**Other**
Maximum net credit risk as of balance sheet date (A+B+C+D+E)(*)	**24,623,451**	**67,189,352**	**46,092**	**560,395**	**24,808,800**	–	–
- The part of maximum risk under guarantee with collateral (**)	–	–	–	–	–	–	–
A. Net book value of financial assets that are neither overdue nor impaired	**24,623,451**	**67,189,352**	**46,092**	**560,395**	**24,808,800**	–	–
B. Net book value of financial assets that are renegotiated	–	–	–	–	–	–	–
C. Net book value of financial assets that are overdue but not impaired	–	–	–	–	–	–	–
- The part of maximum risk under guarantee with collateral (**)	–	–	–	–	–	–	–
D. Net book value of impaired asset	–	–	–	–	–	–	–
- Overdue (gross net book value)	–	**329,806**	–	–	–	–	–
- Impairment (-)	–	**(329,806)**	–	–	–	–	–
- The part of net value under guarantee with collateral etc	–	–	–	–	–	–	–
- Undue (gross net book value)	–		–	–	–	–	–
- Impairment (-)	–		–	–	–	–	–
- The part of net value under guarantee with collateral etc.	–	–	–	–	–	–	–
E. Credit Risk off the Statement of Financial Position	–	–	–	–	–	–	–

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.

(**) Guarantees consists of guarantee letters, guarantee notes and mortgages obtained from the customers.

Prior period	Receivables						
December 31, 2019	Trade Receivables		Other Receivables				
	Related Party	Third Party	Related Party	Third Party	Bank deposits	Derivative instruments	Other
Maximum net credit risk as of balance sheet date (A+B+C+D+E)(*)	7,324,889	41,552,283	7,080	553,424	8,458,023	1,607	–
- The part of maximum risk under guarantee with collateral (**)	–	–	–	–	–	–	–
A. Net book value of financial assets that are neither overdue nor impaired	7,324,889	41,552,283	7,080	553,424	8,458,023	1,607	–
B. Net book value of financial assets that are renegotiated	–	–	–	–	–	–	–
C. Net book value of financial assets that are overdue but not impaired	–	–	–	–	–	–	–
- The part of maximum risk under guarantee with collateral (**)	–	–	–	–	–	–	–
D. Net book value of impaired asset	–	–	–	–	–	–	–
- Overdue (gross net book value)	–	329,806	–	–	–	–	–
- Impairment (-)	–	(329,806)	–	–	–	–	–
- The part of net value under guarantee with collateral etc	–	–	–	–	–	–	–
- Undue (gross net book value)	–		–	–	–	–	–
- Impairment (-)	–		–	–	–	–	–
- The part of net value under guarantee with collateral etc.	–	–	–	–	–	–	–
E. Credit Risk off the Statement of Financial Position	–	–	–	–	–	–	–

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.

(**) Guarantees consists of guarantee letters, guarantee notes and mortgages obtained from the customers.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Financial instruments of the Company that will result in concentration of credit risk mainly include cash and cash equivalents and trade receivables. The Company's maximum exposure to credit risk is the same as the amounts recognized in the financial statements.

The Company has cash and cash equivalents at several financial institutions. The Company manages this risk by continuously evaluating the reliability of these financial institutions.

The credit risk from trade receivables is limited due to the high volume of customer and limited amount of credit practiced to the customer by the Company's management.

b.2) Liquidity risk management

Liquidity risk is the risk of Company not meeting its net funding requirements.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Contractual Maturity Analysis December 31, 2020	**Carrying Value**	**Total Cash Outflow According To Contract (I+II+III+IV)**	**Less Than 3 Months (I)**	**3-12 Months (II)**	**1-5 Years (III)**	**More Than 5 Years (IV)**
Non-Derivate Financial Liabilities						
Financial liabilities	**23,099,959**	**23,099,959**	**8,937,147**	**2,057,460**	**12,105,352**	**–**
Trade payables	**51,850,674**	**51,850,674**	**–**	**51,850,674**	**–**	**–**
Other payables	**927,146**	**927,146**	**–**	**927,146**	**–**	**–**
Total liabilities	**75,877,779**	**75,877,779**	**8,937,147**	**54,835,280**	**12,105,352**	**–**

Contractual Maturity Analysis December 31, 2019	Carrying Value	Total Cash Outflow According To Contract (I+II+III+IV)	Less Than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More Than 5 Years (IV)
Non-Derivate Financial Liabilities						
Financial liabilities	23,522,551	23,522,551	6,320,196	2,469,162	14,733,193	–
Trade payables	33,648,083	33,648,083	–	33,648,083	–	–
Other payables	539,366	539,366	–	539,366	–	–
Total liabilities	57,710,000	57,710,000	6,320,196	36,656,611	14,733,193	–

b.3) Market risk management

As the details can be seen below, the Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are supplemented by sensitivity analysis.

b.3.1) Foreign currency risk management

The Company is exposed to foreign exchange risk arising from foreign currency transactions.

As of December 31, 2020 and 2019, details of foreign currency positions of assets and liabilities of the Company are as follows:

	Current period			
Foreign exchange position	**TL Equivalent**	**USD**	**EUR**	**GBP**
1. Monetary financial assets (including cash and bank)	22,828,513	22,694	1,503,507	917,003
2. Trade receivables	57,326,349	205,341	3,906,806	2,074,350
3. Current assets (1+2)	80,154,862	228,035	5,410,313	2,991,353
4. Total assets	80,154,862	228,035	5,410,313	2,991,353
5. Trade payables	4,650,906	2,732	452,109	56,146
6. Current liabilities	4,650,906	2,732	452,109	56,146
7. Total liabilities	4,650,906	2,732	452,109	56,146
8. Net foreign currency asset/ (liability) position (4+7)	75,503,956	225,303	4,958,204	2,935,207

	Prior period			
Foreign exchange position	**TL Equivalent**	**USD**	**EUR**	**GBP**
1. Monetary financial assets (including cash and bank)	37,518,421	107,722	3,877,020	1,426,609
2. Trade receivables	8,963,325	7,507	1,131,972	178,800
3. Current assets (1+2)	46,481,746	115,229	5,008,992	1,605,409

Foreign exchange position	Prior period TL Equivalent	USD	EUR	GBP
4. Total assets	46,481,746	115,229	5,008,992	1,605,409
5. Trade payables	6,503,991	164,540	812,093	16,163
6. Current liabilities	6,503,991	164,540	812,093	16,163
7. Total liabilities	6,503,991	164,540	812,093	16,163
8. Net foreign currency asset/ (liability) position (4+7)	39,977,755	(49,311)	4,196,899	1,589,246

Foreign currency sensitivity

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro.

In foreign currency sensitivity analysis gain/ loss section as of December 31, 2020 and 2019 the exposure of the %10 loss/ gain of TL against foreign currencies on the comprehensive financial income statement is disclosed. During the foreign currency sensitivity analysis, all variables, especially interest rates are assumed to be fixed.

Current period	**Foreign currency sensitivity table**			
	December 31, 2020			
	Profit/ loss		**Equity**	
	Appreciation of foreign currency	**Appreciation of foreign currency**	**Appreciation of foreign currency**	**Appreciation of foreign currency**
Appreciation of USD against TL by 10%				
1- USD denominated net assets / liabilities	**165,384**	**(165,384)**	–	–
2- Hedged amount against USD risk(-)	–	–	–	–
3- Net effect of USD (1+2)	**165,384**	**(165,384)**	–	–
Appreciation of EUR against TL by 10%				
4- EUR denominated net assets / liabilities	**4,466,301**	**(4,466,301)**	–	–
5- Hedged amount against EUR risk(-)	–	–	–	–
6- Net effect of eur (4+5)	**4,466,301**	**(4,466,301)**	–	–
Appreciation of other currency against TL by 10%				
7- Other currency denominated net assets/liabilities	**2,918,711**	**(2,918,711)**	–	–
8- Hedged amount against other currency risk (-)	–	–	–	–
9- Net Effect of other currency (7+8)	**2,918,711**	**(2,918,711)**	–	–
Total (3+6+9)	**7,550,396**	**(7,550,396)**	–	–

Prior period	Foreign currency sensitivity table			
	December 31, 2019			
	Profit/ loss	Equity		
	Appreciation of foreign currency	Appreciation of foreign currency	Appreciation of foreign currency	Appreciation of foreign currency
Appreciation of USD against TL by 10%				
1- USD denominated net assets / liabilities	(29,292)	29,292	–	–
2- Hedged amount against USD risk(-)	–	–	–	–
3- Net effect of USD (1+2)	(29,292)	29,292	–	–
Appreciation of EUR against TL by 10%				
4- EUR denominated net assets / liabilities	2,791,190	(2,791,190)	–	–
5- Hedged amount against EUR risk(-)	–	–	–	–
6- Net effect of eur (4+5)	2,791,190	(2,791,190)	–	–
Appreciation of other currency against TL by 10%				
7- Other currency denominated net assets/liabilities	1,235,877	(1,235,877)	–	–
8- Hedged amount against other currency risk (-)	–	–	–	–
9- Net Effect of other currency (7+8)	1,235,877	(1,235,877)	–	–
Total (3+6+9)	3,997,775	(3,997,775)	–	–

28. Subsequent events

None.

AUDITOR'S REPORT

To the Annual General Meeting of Sampo-Rosenlew Oy

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sampo-Rosenlew Oy (business identity code 0773638-7) for the year ended 31 March, 2021. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

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

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

KPMG OY AB
Mikko Haavisto
Authorised Public Accountant, KHT

Pori, 11 May 2021

BALANCE SHEET AS AT 31 MARCH, 2021

ASSETS		**31 March, 2021**	31 March, 2020
Non-current assets			
Intangible assets	(App. C1.1)	**30,37,264.48**	33,99,465.64
Tangible assets	(App. C1.1)	**7,14,860.87**	12,32,488.37
Investments	(App. C1.2)	**36,80,001.01**	36,80,208.33
Non-current assets total		**74,32,126.36**	83,12,162.34
Current assets			
Inventory	(App. C2)	**1,84,61,357.91**	2,25,67,256.36
Short-term receivables	(App. C3)	**1,96,35,692.52**	1,66,41,565.20
Cash and cash equivalents		**8,17,713.26**	4,60,262.72
Current assets total		**3,89,14,763.69**	3,96,69,084.28
ASSETS TOTAL		**4,63,46,890.05**	4,79,81,246.62
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		**5,60,626.42**	5,60,626.42
Revaluation reserve		**33,00,000.00**	33,00,000.00
Invested non-restricted equity fund		**1,10,38,896.00**	46,59,534.00
Retained earnings		**(64,42,213.85)**	16,98,730.84
Profit/loss for the financial year		**1,05,986.29**	(81,40,944.88)
Shareholders' equity total	(App. C4)	**85,63,294.86**	20,77,946.38
LIABILITIES			
Long-term liabilities	(App. C5)	**2,20,38,761.75**	–
Short-term liabilities	(App. C5)	**1,57,44,833.44**	4,59,03,300.24
Liabilities total		**3,77,83,595.19**	4,59,03,300.24
EQUITY AND LIABILITIES TOTAL		**4,63,46,890.05**	4,79,81,246.62

PROFIT AND LOSS ACCOUNT

		31 March, 2021	31 March, 2020
NET SALES	(App. B1)	**5,46,69,921.86**	4,88,20,580.54
Increase(+)/decrease(-) in finished goods and WIP inventories		**(30,82,999.85)**	(35,95,427.00)
Production for own use		**2,34,294.00**	3,46,382.00
Other operating income		**5,98,258.77**	11,96,020.50
Raw materials and services	(App. B2)	**(3,65,97,099.89)**	(3,41,02,764.00)
Personnel expenses	(App. B3)	**(98,15,903.18)**	(1,07,77,061.55)
Depreciations	(App. B4)	**(9,38,091.73)**	(9,50,615.10)
Other operating expenses		**(74,86,856.12)**	(74,89,993.50)
NET OPERATING PROFIT/LOSS		**(24,18,476.14)**	(65,52,878.11)
Financial income and expenses	(App. B5)	**25,52,055.20**	(15,88,066.77)
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES		**1,33,579.06**	(81,40,944.88)
Deferred tax	(App. B6)	**(27,592.77)**	–
PROFIT/LOSS FOR THE PERIOD		**1,05,986.29**	(81,40,944.88)

STATEMENT OF CHANGES IN FINANCIAL POSITION

	31 March, 2021	31 March, 2020
Net operating profit/loss	**(24,18,476.14)**	(65,52,878.11)
Adjustments		
Depreciation	**9,38,091.73**	9,50,615.10
Other adjustments	**(27,592.77)**	(1,74,800.00)
Cash flow before changes in working capital	**(15,07,977.18)**	(57,77,063.01)
Change in working capital		
Increase (-) decrease (+) in short-term zero-interest receivables	**(29,94,127.32)**	(22,31,555.91)
Increase (-) decrease (+) in inventories	**41,05,898.45**	60,89,477.72
Increase (+) decrease (-) in short-term zero-interest liabilities	**(6,90,090.00)**	(23,23,672.00)
Cash flow from operating activities before financials and taxes	**(10,86,296.05)**	(42,42,813.20)
Interest and other financial expenses paid	**25,50,583.20**	(15,89,602.77)
Cash flow from operations (A)	**14,64,287.15**	(58,32,415.97)
Investments in intangible and tangible assets	**(58,054.63)**	(4,54,402.22)
Dividends received from investments	**1,472.00**	1,536.00
Cash flow from investing activities (B)	**(56,582.63)**	(4,52,866.22)
Cash flow from financing activities		
Proceeds from borrowings	**(42,43,797.86)**	59,66,798.99
Repayments of borrowings	**(31,85,818.12)**	–
Increase in reserve for invested free own capital	**63,79,362.00**	–
Cash flow from financing activities (C)	**(10,50,253.98)**	59,66,798.99
CHANGE IN CASH AND CASH EQUIVALENTS	**3,57,450.54**	(3,18,483.20)

NOTES TO THE FINANCIAL STATEMENT 31 MARCH 2021

A. Basis of preparation

1. Valuation Principles

Valuation of Fixed Assets:
Fixed assets are carried at direct purchase cost with deduction of planned depreciations. Depreciation according to plan has been computed according to either the total useful lives of the fixed assets goods or with maximum reducing balance method. The depreciation principles are given in the notes in item B(4).

Valuation of Inventories:
Inventories have been entered at the amount of the acquisition cost or at a sales price if likely to be lower than the acquisition cost. Variable manufacturing expenses of goods have been included in the acquisition costs of inventories.

Receivables and Payables in Foreign Currencies:
Receivables and payables in foreign currencies have been converted into EUR using the average exchange rates of fiscal year closing date. With minor transactions, the rate of the recording date is used.

Research and Development Expenses:
The R&D expenses are entered in the year incurred.

2. Financial Statements

Sampo-Rosenlew Oy has also branch in Sweden and joint venture in Algeria. The figures for the Swedish branch have been combined with those of Sampo-Rosenlew.

Due to the merger during last fiscal year, the company will not prepare consolidated financial statements. The merger gain is recognized in other operating income.

B. Notes to Profit and Loss Account

1. Sales by market

	2021	2020
Market areas		
Finland	**1,50,53,171.19**	1,03,10,389.75
EU	**1,18,51,978.80**	1,83,50,168.01
Outside EU	**2,77,64,771.87**	2,01,60,022.78
Total	**5,46,69,921.86**	4,88,20,580.54

2. Materials and Services

	2021	2020
Materials and supplies		
Purchases in the fiscal year	**3,41,93,917.24**	3,05,50,100.99
Increase/decrease -/+ in stock	**11,26,996.97**	24,19,548.00
Materials and supplies	**3,53,20,914.21**	3,29,69,648.99
Services bought from outside	**12,76,185.68**	11,33,115.01
Total materials, supplies and services	**3,65,97,099.89**	3,41,02,764.00

3. Personnel expenses and average no of personnel

	2021	2020
Wages and salaries	**82,14,193.19**	90,05,643.26
Pension expenses	**13,02,616.23**	14,79,586.87
Other personnel expenses	**2,99,093.76**	2,91,831.42
Personnel expenses, total	**98,15,903.18**	1,07,77,061.55

The average number of personnel employed by the Group and the Parent Company during the fiscal year

	2021	2020
White collars	**60**	71
Blue collars	**163**	193
Personnel, total	**223**	264

4. Depreciations

Depreciation plan prepared in advance has been used for determining the depreciation of the depreciable assets. The amounts of depreciation are based on estimated useful lives as follows:

intangible rights	5 and 10 years
machinery and equipment	25% reducing-balance method
other tangible assets	10 years

Depreciations according to plan	2021	2020
Intangible rights	**1,839.96**	6,599.52
Buildings and constructions	**22,445.86**	–
Machinery and equipment	**3,37,005.60**	4,05,047.71
Other tangible assets	**5,76,800.31**	5,38,967.87
Depreciations according to plan, total	**9,38,091.73**	9,50,615.10

5. Financing income and expenses

Dividends received	2021	2020
From Group companies	**1,472.00**	1,536.00
Dividends received, total	**1,472.00**	1,536.00
Interests and other financial income		
Other interests and financial income	**41,22,854.49**	4,900.29
Interest and other financial income, total	**41,22,854.49**	4,900.29
Interest and other financing expenses		
Interest expenses for other companies	**(10,29,266.40)**	(11,78,790.46)
Currency exchange losses	**(1,29,559.99)**	(1,43,290.85)
Other financing expenses	**(4,13,444.90)**	(2,72,421.75)
Interest and other financing expenses, total	**(15,72,271.29)**	(15,94,503.06)
Financing income and expenses, total	**25,52,055.20**	(15,88,066.77)

Exchange gains and losses are netted.

6. During 31.3.2021 the company deducted 27,592.77 euro from deferred tax assets.

NOTES TO THE FINANCIAL STATEMENT 31 MARCH 2021

C. Notes to Balance Sheet

1. Fixed Assets

1.1. Acquisition Costs of Fixed Assets (excluding investments)

	Intangible assets Intangible rights and other long term expenditure	Tangible assets Buildings	Machinery and equipment	Other tangible assets	Tangible assets total
Acquisition costs 31.3.2020	61,00,011.87	2,47,461.07	2,01,38,408.04	53,562.00	2,04,39,431.11
Increase	5,16,331.21	–	72,195.38	–	72,195.38
Decrease	–	(2,47,461.07)	–	–	(2,47,461.07)
Acquisition costs 31.3.2021	**66,16,343.08**	**0.00**	**2,02,10,603.42**	**53,562.00**	**2,02,64,165.42**
Accumulated depr. 31.3.2020	(29,84,194.42)	–	(1,91,64,572.83)	(42,369.91)	(1,92,06,942.74)
Depreciation for the fiscal year	(5,94,884.18)	–	(3,37,005.37)	(5,356.44)	(3,42,361.81)
Accumulated depr. 31.3.2021	**(35,79,078.60)**	**0.00**	**(1,95,01,578.20)**	**(47,726.35)**	**(1,95,49,304.55)**
Book value 31.3.2021	**30,37,264.48**	**0.00**	**7,09,025.22**	**5,835.65**	**7,14,860.87**

1.2 Investments

Shares	In group comp.	In associated comp.	Total
Book value 31.3.2019	0.00	3,80,000.00	3,80,000.00
Revaluation 31.3.2020	0.00	33,00,000.00	33,00,000.00
Book value 31.3.2021	0.00	36,80,000.00	36,80,000.00

Associated companies	Shareholding-%
Sampo-CMA, Algeria	38%

Other shares and ownerships	Shareholding-%	
Metsäliitto osuuskunta	0%	Immaterial in Value
Finda Oy	0%	Immaterial in value
Other shares and ownerships total	0%	

2. Inventories

	2021	2020
Materials and supplies	81,60,994.40	92,87,991.37
Goods in production	57,75,274.00	63,66,578.00
Finished goods	45,25,089.51	69,12,686.99
Inventories, total	1,84,61,357.91	2,25,67,256.36

3. Receivables

	2021	2020
Short-term receivables		
Receivables from other companies		
Accounts receivable	1,50,47,701.62	1,13,82,621.38
Other receivables	9,63,394.40	10,84,810.69
Deferred tax receivable	30,97,059.79	31,24,652.56
Accrued receivables	5,27,536.71	10,49,480.57
Short-term receivables, total	1,96,35,692.52	1,66,41,565.20
Receivables, total	1,96,35,692.52	1,66,41,565.20

The Board of Directors see that it is reasonable that the company can use the booked deferred tax from the current and previous year total of 30,97,059.79 against income taxes based on forthcoming years taxable results.

4. Shareholders' Equity

Restricted equity	**2021**	**2020**
Share capital	5,60,626.42	5,60,626.42
Revaluation reserve	33,00,000.00	33,00,000.00
Share capital 31.3.	**38,60,626.42**	**38,60,626.42**
Unrestricted equity		
Retained earnings	–	–
Invested equity fund	1,10,38,896.00	46,59,534.00
Other restatement	–	–
Retained earnings 31.3.	1,10,38,896.00	46,59,534.00
Retained earnings	(64,42,214.02)	16,82,752.32
Distribution of dividends	–	–
Other restatements, rate diff. branch consolidation	–	–
Earnings from previous period 31.3	(64,42,214.02)	16,82,752.32
Results for the fiscal year	1,05,986.46	(81,24,966.34)
Unrestricted equity 31.3	**(63,36,227.56)**	**(64,42,214.02)**
Shareholders' Equity total 31.3	**85,63,294.86**	**20,77,946.40**

5. Liabilities

Short-term liabilities	2021	2020
Debts to other companies		
Loans from credit institututions	–	2,79,68,377.73
Advance payments received	35,84,925.58	26,60,135.88
Accounts payable	84,39,309.25	99,14,783.09
Other debts	3,96,743.72	18,12,128.87
Accrued expenses	33,23,854.89	35,47,874.65
Short-term liabilities total	**1,57,44,833.44**	**4,59,03,300.22**
Longterm liabilities		
Loans from credit institututions	**2,20,38,761.75**	–
Liabilities total	**3,77,83,595.19**	**4,59,03,300.22**

Debts that will mature after five years of time

Neither parent or group compenies have debts with maturity date after five years of time during current or previous fiscal year.

6. Related party transactions

Company operates in the rented premises owned by the related parties. The rent paid is based on average rent level in the district and the rental terms are ordinary.

7. Securities and contingent liabilities

Securities	2021	2020
Loans from credit institututions with mortgage on company assets and pledge on accounts receivable	1,57,72,761.75	2,29,68,377.73
Pledged securities and pledged accounts receivable total	1,96,74,419.44	1,71,86,356.88
Contingent liabilities		
Rental agreements	14,24,514.00	27,39,450.00

In Pori, April 29th , 2021

Jali Prihti
Member of the BoD

Olli Vaartimo
Chairman of the BoD

Kairas Vakharia
Member of the BoD

Ami Goda
Member of the BoD

Jussi Malmi
CEO

Separate Auditor's report has today been given regarding audit performed.

Independent Auditors' Report

To the Members of
Mahindra & Mahindra Financial Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Mahindra & Mahindra Financial Services Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2021 and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditors' Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matters

Key audit matter	How the matter was addressed in our audit
Impairment loss allowance *Refer to the accounting policies in "Note 2.5 to the standalone financial statements: Impairment of Standalone Financial Statements and Estimation uncertainty relating to the global health pandemic from COVID-19 and current Macro-economic scenario", "Note 7 to the standalone financial statements: Loans", "Note 51.2 to the standalone financial statements: Credit Risk Management"*	
The Company has recorded an impairment loss allowance of Rs. 4,653.61 crores as at 31 March 2021 and has recognized a charge of Rs. 3,734.82 crores for the year ended 31 March 2021 in its statement of profit and loss. Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) model. The estimation of impairment loss allowance on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: • Data inputs - The application of ECL model requires several data inputs. This increases the risk that the data that has been used to derive assumptions in the model, which are used for ECL calculations, may not be complete and accurate.	Our key audit procedures included: • Performed end to end process walkthroughs to identify the key systems, applications and controls used in the impairment loss allowance processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the impairment loss allowance process. • Assessed the design and implementation of controls in respect of the Company's impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance and the related disclosures on credit risk management. • Testing management's controls over authorisation and calculation of post model adjustments and management overlays.

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Impairment loss allowance
Refer to the accounting policies in “Note 2.5 to the standalone financial statements: Impairment of Standalone Financial Statements and Estimation uncertainty relating to the global health pandemic from COVID-19 and current Macro-economic scenario”, “Note 7 to the standalone financial statements: Loans”, “Note 51.2 to the standalone financial statements: Credit Risk Management”</td></tr>
<tr><td>• Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Exposures at Default (“EAD”), Probabilities of Default (“PD”) and Loss Given Default (“LGD”). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company’s modelling approach.
• Economic scenarios – Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19.
• Qualitative adjustments/management overlays – Adjustments to the model-driven ECL results as overlays are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. As at 31 March 2021, overlays represent approximately 21% of the ECL balances. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19.
The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company’s current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter.
Management has also taken consideration of RBI’s expectation to bring down the net NPA ratio below 4% and recorded an additional provision of Rs. 1,320 crores on Stage 3 loans, which is over and above the model determined ECL provision/overlays.
Disclosures:
The disclosures regarding the Company’s application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.</td><td>• Evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings.
• Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of periods considered, economic forecasts, weights, and model assumptions applied.
• Test of details on post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 related overlays, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data.
• Testing the ‘Governance Framework’ over validation, implementation and model monitoring in line with the RBI guidance. Discussed with and read the relevant correspondences that the Company has exchanged with the RBI with respect to the RBI’s expectation to bring the net NPA ratio below 4%.
• Verified the mathematical accuracy of the workings required to bring down the net NPA ratio below 4%.
• Assessed whether the disclosures (including arising from the RBI expectation to bring down the net NPA ratio below 4%) on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the financial statements are appropriate and sufficient.
Involvement of specialists - we involved financial risk modelling specialists for the following:
• Evaluating the appropriateness of the Company’s Ind AS 109 impairment methodologies and reasonableness of assumptions used (including management overlays).
• The reasonableness of the Company’s considerations of the impact of the current economic environment due to COVID-19 on the impairment loss allowance determination.</td></tr>
</table>

Key Audit Matters *(Continued)*

IT Systems and Controls	
The key audit matter	**How the matter was addressed in our audit**
Company's financial accounting and reporting processes are dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. In addition, the prevailing COVID 19 situation has caused the required IT systems to be made accessible on a remote basis and at the same time there are increasing challenges to protect the integrity of the Company's systems and data. We have identified 'IT systems and controls' as key audit matter because of the high level automation, number of systems being used by the management, current remote working situation and the inherent risks/complexity of the IT architecture.	We have involved IT specialists in performing the following key audit procedures: • Performed control testing on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems. • Tested key controls operating over information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. • Tested the design and operating effectiveness of key controls over user access management which includes granting access/right, new user creation, removal of user rights and preventive controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting systems, we independently perform procedures to determine that these control remained unchanged during the year or were changed following the standard change management process. • Other areas that were tested include password policies, security configurations, system interface controls, controls over changes to applications and databases and controls to ensure that developers and production support did not have access to change applications, the operating system or databases in the production environment. • Assessment of data security controls in the context of a large population of staff working from remote location at the year end.

Other Information

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

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account;
   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements - Refer Note 45 to the standalone financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 49 to the standalone financial statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sagar Lakhani
Partner
Membership No: 111855
ICAI UDIN: 21111855AAAACA4353

Mumbai
23 April 2021

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT - 31 MARCH 2021

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2021, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified by the management according to a programme of phased verification, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, the fixed assets have been physically verified by management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company which are included in the head property, plant and equipment.

ii. The Company does not hold any inventory. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

iii. According to the information and explanations given to us and based on the audit procedures conducted by us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

iv. According to the information and explanations given to us and based on the audit procedures conducted by us, the provisions of section 185 of the Act are not applicable to the Company. The Company has complied with the provisions of section 186 of the Act, to the extent applicable.

v. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the Rules framed there under apply. Accordingly, the provision of clause 3(v) of the Order is not applicable to the Company.

vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any activities conducted/services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company does not have any dues on account of sales tax, service tax, duty of customs, duty of excise and value added tax. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the following dues have not been deposited by the Company on account of any disputes.

Name of the statute	Nature of dues	Amount (Rs. in crores)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	2.60	2002-2003	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax	13.28	2016-2017	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax	75.06	2007-2012	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	2.74	2012-13	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	0.64	2013-14	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Finance Act, 1994	Service Tax	0.09	2014-15	Customs, Excise And Service Tax Appellate Tribunal (CESTAT)
Andhra Pradesh Value Added Tax	Value Added Tax	1.24	April 2008-October 2013	Andhra Pradesh High Court
Madhya Pradesh Value Added Tax	Value Added Tax	0.00	2013-2014	Appellate Authority of Commercial Taxes, Bhopal
Madhya Pradesh Value Added Tax	Value Added Tax	0.01	2014-2015	Appellate Authority of Commercial Taxes, Bhopal
Madhya Pradesh Value Added Tax	Value Added Tax	0.02	2015-2016	Appellate Authority of Commercial Taxes, Bhopal

Name of the statute	Nature of dues	Amount (Rs. in crores)	Period to which the amount relates	Forum where dispute is pending
Madhya Pradesh Value Added Tax	Value Added Tax	0.03	2016-2017	Appellate Authority of Commercial Taxes, Bhopal
Maharashtra Value Added Tax	Value Added Tax	0.87	2010-2011	Appeal filed with Maharashtra Sales Tax Tribunal
Maharashtra Value Added Tax	Value Added Tax	0.45	2011-2012	Appeal with Deputy Commissioner of Sales Tax (Appeal)
Maharashtra Value Added Tax	Value Added Tax	1.02	2012-2013	Appeal with Deputy Commissioner of Sales Tax (Appeal)
Maharashtra Value Added Tax	Value Added Tax	1.79	2013-2014	Appeal with Deputy Commissioner of Sales Tax (Appeal)
Maharashtra Value Added Tax	Value Added Tax	1.77	2014-2015	Appeal with Deputy Commissioner of Sales Tax (Appeal)
Maharashtra Value Added Tax	Value Added Tax	2.05	2015-2016	Appeal with Deputy Commissioner of Sales Tax (Appeal)

viii. According to the information and explanations given to us and based on our examination of the records, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, or debenture holders during the year. The Company did not have any borrowings from the government during the year.

ix. According to the information and explanations given to us and based on our examination of the records, the Company has utilised the money raised during the year by way of rights issue and terms loans, for the purpose for which they were raised. During the year, the Company has not raised moneys by way of initial public offer or further public offer.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or any instance of material fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.

xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us, the Company has registered as required, under Section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sagar Lakhani
Partner
Membership No: 111855
ICAI UDIN: 21111855AAAACA4353

Place: Mumbai
Date: 23 April 2021

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2021

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra & Mahindra Financial Services Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to the financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

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

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sagar Lakhani
Partner
Membership No: 111855
ICAI UDIN: 21111855AAAACA4353

Place: Mumbai
Date: 23 April 2021

BALANCE SHEET AS AT 31 MARCH 2021

Rs. in crores

	Particulars	Note	As at 31 March 2021	As at 31 March 2020
	ASSETS			
	Financial Assets			
a)	Cash and cash equivalents	3	**570.58**	676.79
b)	Bank balance other than (a) above	4	**2,699.06**	749.00
c)	Derivative financial instruments	5	**25.72**	92.93
d)	Receivables			
	– Trade receivables	6	**8.40**	8.60
e)	Loans	7	**59,947.42**	64,993.47
f)	Investments	8	**11,607.25**	5,910.98
g)	Other financial assets	9	**514.05**	476.65
			75,372.48	72,908.42
	Non-financial Assets			
a)	Current tax assets (Net)		**401.65**	239.96
b)	Deferred tax assets (Net)	10 (i)	**862.36**	489.63
c)	Property, plant and equipment	11	**311.49**	337.95
d)	Capital work-in-progress		**10.34**	–
e)	Intangible assets	12	**18.63**	25.55
f)	Other non-financial assets	13	**59.50**	69.73
			1,663.97	1,162.82
	Total Assets		**77,036.45**	74,071.24
	LIABILITIES AND EQUITY			
	LIABILITIES			
	Financial Liabilities			
a)	Derivative financial instruments	14	**173.18**	40.16
b)	Payables	15		
	I) Trade payables			
	i) total outstanding dues of micro enterprises and small enterprises		**–**	–
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**596.35**	606.33
	II) Other payables			
	i) total outstanding dues of micro enterprises and small enterprises		**0.01**	0.17
	ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**46.73**	29.24
c)	Debt securities	16	**16,834.57**	17,744.87
d)	Borrowings (Other than debt securities)	17	**29,142.08**	29,487.35
e)	Deposits	18	**9,450.66**	8,812.14
f)	Subordinated liabilities	19	**3,149.37**	3,417.95
g)	Other financial liabilities	20	**2,604.26**	2,313.97
			61,997.21	62,452.18

BALANCE SHEET AS AT 31 MARCH 2021 (CONTD...)

Rs. in crores

	Particulars	Note	As at 31 March 2021	As at 31 March 2020
	Non-Financial Liabilities			
a)	Current tax liabilities (net)		**13.92**	13.92
b)	Provisions	21	**214.91**	143.23
c)	Other non-financial liabilities	22	**98.90**	98.05
			327.73	255.20
	EQUITY	23		
a)	Equity share capital		**246.40**	123.07
b)	Other equity		**14,465.11**	11,240.79
			14,711.51	11,363.86
	Total Liabilities and Equity		**77,036.45**	74,071.24

The accompanying notes form an integral part of the financial statements. 1 to 61

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:101248W/W-100022

Sagar Lakhani
Partner
Membership No: 111855

Mumbai
23 April 2021

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

Dr. Anish Shah
Chairman
[DIN: 02719429]

Ramesh Iyer
Vice-Chairman & Managing Director
[DIN: 00220759]

Vivek Karve
Chief Financial Officer

Arnavaz Pardiwalla
Company Secretary

Mumbai
23 April 2021

STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED 31 MARCH 2021

Rs. in crores

		Particulars	Note	Year ended 31 March 2021	Year ended 31 March 2020
		Revenue from operations			
	i)	Interest income	24	**10,266.95**	9,941.71
	ii)	Dividend income		**0.02**	24.25
	iii)	Rental income		**17.11**	8.75
	iv)	Fees and commission income	25	**70.73**	96.99
	v)	Net gain on fair value changes	26	**40.39**	26.15
I		**Total revenue from operations**		**10,395.20**	10,097.85
II		Other income	27	**121.61**	147.29
III		**Total income (I+II)**		**10,516.81**	10,245.14
		Expenses			
	i)	Finance costs	28	**4,733.19**	4,828.75
	ii)	Fees and commission expense		**31.14**	40.94
	iii)	Impairment on financial instruments	29	**3,734.82**	2,054.47
	iv)	Employee benefits expenses	30	**1,015.23**	1,148.45
	v)	Depreciation, amortization and impairment	31	**125.88**	118.29
	vi)	Others expenses	32	**460.22**	710.48
IV		**Total expenses**		**10,100.48**	8,901.38
V		**Profit before exceptional items and tax (III-IV)**		**416.33**	1,343.76
VI		Exceptional items	33	**6.10**	–
VII		**Profit before tax (V+VI)**		**422.43**	1,343.76
VIII		**Tax expense:**	10 (ii)		
		(i) Current tax		**450.30**	556.94
		(ii) Deferred tax		**(347.52)**	(119.58)
		(iii) (Excess)/Short Provision for Income Tax - earlier years		**(15.50)**	–
				87.28	437.36
IX		**Profit for the year (VII-VIII)**		**335.15**	906.40
X		**Other Comprehensive Income (OCI)**			
		(A) (i) Items that will not be reclassified to profit or loss			
		– Remeasurement gain/(loss) on defined benefit plans		**(2.82)**	(11.34)
		– Net gain/(loss) on equity instruments through OCI		**(4.56)**	2.69
		(ii) Income tax impact thereon	10 (iii)	**1.86**	(0.52)
		Subtotal (A)		**(5.52)**	(9.17)
		(B) (i) Items that will be reclassified to profit or loss			
		– Net gain/(loss) on debt instruments through OCI		**(92.82)**	7.67
		(ii) Income tax impact thereon	10 (iii)	**23.36**	(1.16)
		Subtotal (B)		**(69.46)**	6.51
		Other Comprehensive Income (A+B)		**(74.98)**	(2.66)
XI		**Total Comprehensive Income for the year (IX+X)**		**260.17**	903.74
XII		**Earnings per equity share (face value Rs. 2/- per equity share)**	34		
		Basic (Rupees)		**3.03**	10.09
		Diluted (Rupees)		**3.02**	10.08

The accompanying notes form an integral part of the financial statements. 1 to 61

As per our report of even date attached.

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:101248W/W-100022

Dr. Anish Shah
Chairman
[DIN: 02719429]

Ramesh Iyer
Vice-Chairman & Managing Director
[DIN: 00220759]

Sagar Lakhani
Partner
Membership No: 111855

Vivek Karve
Chief Financial Officer

Arnavaz Pardiwalla
Company Secretary

Place: Mumbai
Date: 23 April 2021

Place: Mumbai
Date: 23 April 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

A. Equity share capital

Particulars	Rs. in crores Amount
Issued, Subscribed and fully paid up:	
Balance as at 1 April 2019	122.98
Changes during the year:	
Add: Allotment of shares by ESOS Trust to employees	0.09
Balance as at 31 March 2020	123.07
Balance as at 1 April 2020	123.07
Changes during the year:	
Add: i) Fresh allotment of shares through Rights Issue during the year (refer note 39) (Net of Shares issued to ESOS Trust under Rights Issue as per note 36)	123.15
ii) Allotment of shares by ESOS Trust to employees on exercise of options (refer note 36)	0.18
Balance as at 31 March 2021	246.40

B. Other Equity

Rs. in crores

Particulars	Reserves and Surplus									
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	Capital redemption reserves	Securities premium reserve	General reserves	Debenture Redemption Reserves (DRR)	Employee stock options outstanding	Retained earnings	Debt instruments through OCI (Refer note 35)	Equity instruments through OCI (Refer note 35)	Total
Balance as at 1 April 2019	**1,686.06**	**50.00**	**4,152.13**	**797.19**	**223.71**	**33.86**	**3,834.02**	**5.13**	**2.96**	**10,785.06**
Profit/(loss) for the year	–	–	–	–	–	–	906.40	–	–	906.40
Other Comprehensive Income/(loss)	–	–	–	–	–	–	(11.34)	6.51	2.16	(2.67)
Total Comprehensive Income for the year	–	–	–	–	–	–	**895.06**	**6.51**	**2.16**	**903.73**
Dividend paid on equity shares (including tax thereon)	–	–	–	–	–	–	(477.86)	–	–	(477.86)
Transfers to Securities premium on exercise of employee stock options	–	–	14.63	–	–	(14.63)	–	–	–	–
Employee stock options expired	–	–	–	0.08	–	(0.08)	–	–	–	–
Share based payment expense	–	–	–	–	–	29.47	–	–	–	29.47
Transfers to Statutory reserves	181.29	–	–	–	–	–	(181.29)	–	–	–
Transfers to General reserves	–	–	–	–	(223.71)	–	223.71	–	–	–
Others	–	–	0.39	–	–	–	–	–	–	0.39
Balance as at 31 March 2020	**1,867.35**	**50.00**	**4,167.15**	**797.27**	–	**48.62**	**4,293.64**	**11.64**	**5.12**	**11,240.79**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

Rs. in crores

Particulars	Reserves and Surplus									
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	Capital redemption reserves	Securities premium reserve	General reserves		Employee stock options outstanding	Retained earnings	Debt instruments through OCI (Refer note 35)	Equity instruments through OCI (Refer note 35)	Total
Balance as at 1 April 2020	**1,867.35**	**50.00**	**4,167.15**	**797.27**		**48.62**	**4,293.64**	**11.64**	**5.12**	**11,240.79**
Profit/(loss) for the year	–	–	–	–	–	–	335.15	–	–	335.15
Other Comprehensive Income/(loss)	–	–	–	–	–	–	(2.39)	(69.46)	(3.13)	(74.98)
Total Comprehensive Income for the year	–	–	–	–	–	–	**332.76**	**(69.46)**	**(3.13)**	**260.17**
Securities premium on fresh issue of equity share capital (refer note 39)	–	–	2,965.27	–	–	–	–	–	–	2,965.27
Expenses incurred in respect of issue of equity shares	–	–	(8.54)	–	–	–	–	–	–	(8.54)
Transfers to Securities premium on exercise of employee stock options	–	–	21.68	–	–	(21.68)	–	–	–	–
Securities premium on transfers of ESOP Shares	–	–	(8.68)	–	–	–	–	–	–	(8.68)
Employee stock options expired	–	–	–	0.02	–	(0.02)	–	–	–	–
Share based payment expense	–	–	–	–	–	15.84	–	–	–	15.84
Transfers to Statutory reserves	68.00	–	–	–	–	–	(68.00)	–	–	–
Others	–	–	0.26	–	–	–	–	–	–	0.26
Balance as at 31 March 2021	**1,935.35**	**50.00**	**7,137.14**	**797.29**		**42.76**	**4,558.40**	**(57.82)**	**1.99**	**14,465.11**

The accompanying notes 1 to 61 form an integral part of the financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:101248W/W-100022

Sagar Lakhani
Partner
Membership No: 111855

Mumbai
23 April 2021

Dr. Anish Shah
Chairman
[DIN: 02719429]

Vivek Karve
Chief Financial Officer

Mumbai
23 April 2021

Ramesh Iyer
Vice-Chairman & Managing Director
[DIN: 00220759]

Arnavaz Pardiwalla
Company Secretary

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

Rs. in crores

	Particulars	Year ended 31 March 2021	Year ended 31 March 2020
A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before exceptional items and taxes	**416.33**	1,343.76
	Adjustments to reconcile profit before tax to net cash flows:		
	Add: Non-cash expenses		
	Depreciation, amortization and impairment	**125.88**	118.29
	Impairment on financial instruments	**1,564.12**	1,217.11
	Bad debts and write offs	**2,170.70**	837.36
	Net loss in fair value of derivative financial instruments	**201.20**	(119.73)
	Unrealized foreign exchange gain/loss	**(124.74)**	191.73
	Share based payments to employees	**15.99**	29.42
		3,953.15	2,274.18
	Less: Income considered separately		
	Net gain on fair value changes	**(40.39)**	(26.15)
	Income from investments in Government bonds and debt securities	**(264.32)**	(99.53)
	Dividend income	**(0.02)**	(54.63)
	Net gain on derecognition of property, plant and equipment	**(0.41)**	(0.70)
	Net gain on sale of investments	**(61.02)**	(45.74)
		(366.16)	(226.75)
	Operating profit before working capital changes	**4,003.32**	3,391.19
	Changes in -		
	Loans	**1,312.83**	(5,800.90)
	Trade receivables	**(2.32)**	(3.92)
	Interest accrued on other deposits	**(28.81)**	(36.67)
	Other financial assets	**(37.16)**	24.66
	Other financial liabilities	**294.60**	207.28
	Other non-financial assets	**(5.65)**	(0.27)
	Trade Payables	**7.35**	(377.90)
	Other non-financial liabilities	**1.12**	13.14
	Derivative financial instruments	**(0.97)**	–
	Provisions	**68.82**	(72.99)
	Cash used in operations	**1,609.81**	(6,047.57)
	Income taxes paid (net of refunds)	**(596.49)**	(494.80)
	NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES (A)	**5,016.64**	(3,151.18)
B)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, plant and equipment and intangible assets	**(43.79)**	(105.35)
	Proceeds from sale of Property, plant and equipment	**3.66**	1.85
	Purchase of investments measured at amortized cost	**(36,573.50)**	(271.27)
	Proceeds from sale of investments measured at amortized cost	**33,998.67**	392.19
	Purchase of investments measured at FVOCI	**(4,547.94)**	(243.89)
	Purchase of investments measured at FVTPL	**(31,839.71)**	(72,847.12)
	Proceeds from sale of investments measured at FVTPL	**33,256.50**	71,315.31
	Purchase of investments measured at cost	**(0.01)**	(380.77)
	Proceeds from sale of investments measured at cost (in equity shares of Mahindra Asset Management Company Private Limited)	**20.80**	–
	Investment in term deposits with banks (net)	**(1,845.96)**	(580.43)
	Dividend income received	**0.02**	54.63

STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 MARCH 2021 (CONTD...)

Rs. in crores

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest income received on investments measured at amortized cost, FVOCI, FVTPL and at cost	**188.58**	91.93
Change in Earmarked balances with banks	**0.09**	0.21
NET CASH USED IN INVESTING ACTIVITIES (B)	**(7,382.59)**	(2,572.71)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity shares, including securities premium (net of issue expenses)	**3,080.28**	–
Proceeds from borrowings through Debt Securities	**6,415.90**	12,807.80
Repayment of borrowings through Debt Securities	**(7,317.15)**	(17,369.31)
Proceeds from Borrowings (Other than Debt Securities)	**14,257.41**	27,667.93
Repayment of Borrowings (Other than Debt Securities)	**(14,485.57)**	(19,463.91)
Repayment of borrowings through Subordinated Liabilities	**(272.98)**	(139.77)
(Decrease)/Increase in loans repayable on demand and cash credit/overdraft facilities with banks (net)	**–**	(226.01)
Increase/(decrease) in Fixed deposits (net)	**626.99**	3,138.24
Payments for principal portion of lease liability	**(45.14)**	(38.12)
Dividend paid (including tax on dividend)	**–**	(477.86)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	**2,259.74**	5,898.99
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(106.21)**	175.10
Cash and Cash Equivalents at the beginning of the year	**676.79**	501.68
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**570.58**	676.79
Components of Cash and Cash Equivalents		
Cash and cash equivalents at the end of the year		
– Cash on hand	**42.29**	14.30
– Cheques and drafts on hand	**33.12**	3.01
– Balances with banks in current accounts	**445.17**	459.48
– Term deposits with original maturity up to 3 months	**50.00**	200.00
Total	**570.58**	676.79

Notes:

1) The above Statement of Cash Flow has been prepared under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows'.
2) During the year, the Company has incurred an amount of Rs. 27.37 crores in cash (31 March 2020: Rs. 27.97 crores) towards corporate social responsibility (CSR) expenditure (Refer note 47).

As per our report of even date attached.

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:101248W/W-100022

Sagar Lakhani
Partner
Membership No: 111855

Mumbai
23 April 2021

Dr. Anish Shah
Chairman
[DIN: 02719429]

Vivek Karve
Chief Financial Officer

Mumbai
23 April 2021

Ramesh Iyer
Vice-Chairman & Managing Director
[DIN: 00220759]

Arnavaz Pardiwalla
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2021

1 COMPANY INFORMATION

Mahindra & Mahindra Financial Services Limited ('the Company'), incorporated in India, is a public limited company, headquartered in Mumbai. The Company is a Non-Banking Financial Company ('NBFC') engaged in providing asset finance through its pan India branch network. The Company is registered as a Systemically Important Deposit Accepting NBFC as defined under Section 45-IA of the Reserve Bank of India ('RBI') Act, 1934 with effect from 4 September 1998. The equity shares of the Company are listed on the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE") in India. The Company is a subsidiary of Mahindra & Mahindra Limited.

The Company's registered office is at Gateway Building, Apollo Bunder, Mumbai 400001, India.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance and basis for preparation and presentation of financial statements

These standalone or separate financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 ("the Act"), and in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020.

Any application guidance/clarifications/directions/expectations issued by RBI or other regulators are implemented as and when they are issued/applicable.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These standalone or separate financial statements have been approved by the Company's Board of Directors and authorized for issue on 23 April 2021.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. Effective from current financial year, all amounts are rounded-off to the nearest crores, unless otherwise indicated.

2.3 Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain financial instruments which are measured at fair values as required by relevant Ind AS.

2.4 Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

2.5 Use of estimates and judgements and Estimation uncertainity

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

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

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

Effective Interest Rate (EIR) Method

The Company recognizes interest income/expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given/taken. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

Impairment of Financial Assets

The measurement of impairment losses on loan assets and commitments, requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL model, including the various formulae and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weights, to derive the economic inputs into the ECL model
- Management overlay used in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios.

It has been the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary (refer note 51).

Provisions and other contingent liabilities

The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

Contingent Liabilities in respect of show cause notices are considered only when converted into demands.

The reliable measure of the estimates and judgments pertaining to litigations and the regulatory proceedings in the ordinary course of the Company's business are disclosed as contingent liabilities.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Provision for income tax and deferred tax assets:

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax, including the amount expected to be paid/recoverd for uncertain tax positions. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

Defined Benefit Plans:

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Estimation uncertainty relating to the global health pandemic from COVID-19 and current Macro-economic scenario:

The COVID-19 outbreak and its effect on the economy has impacted our customers and our performance, and the future effects of the outbreak remain uncertain. The outbreak necessitated government to respond at unprecedented levels to protect public health, local economies and livelihoods. There remains a risk of subsequent waves of infection, as evidenced by the recently emerged variants of the virus.

Economic forecasts are subject to a high degree of uncertainty in the current environment. Limitations of forecasts and economic models require a greater reliance on management judgement in addressing both the error inherent in economic forecasts and in assessing associated ECL outcomes.

The calculation of ECL under Ind AS 109 involves significant judgements, assumptions and estimates. The level of estimation uncertainty and judgement has increased during financial year as a result of the economic effects of the COVID-19 outbreak, including significant judgements relating to:

– the selection and weighting of economic scenarios, given rapidly changing economic conditions in an unprecedented manner, uncertainty as to the effect of government and RBI support measures designed to alleviate adverse economic impacts, and a wider distribution of economic forecasts than before the pandemic. The key judgements are the length of time over which the economic effects of the pandemic will occur, the speed and shape of recovery. The main factors include the effectiveness of pandemic containment measures, the pace of roll-out and effectiveness of vaccines, and the emergence of new variants of the virus, plus a range of geopolitical uncertainties, which together represent a very high degree of estimation uncertainty, particularly in assessing worst case scenario;
– estimating the economic effects of those scenarios on ECL, where there is no observable historical trend that can be reflected in the models that will accurately represent the effects of the economic changes of the severity and speed brought about by the COVID-19 outbreak. Modelled assumptions and linkages between economic factors and credit losses may underestimate or overestimate ECL in these conditions, and there is significant uncertainty in the estimation of parameters such as collateral values and loss severity; and
– the identification of customers experiencing significant increases in credit risk and credit impairment, particularly where those customers have accepted payment deferrals and other reliefs designed to address short-term liquidity issues given muted default experience to date.

Judgements (including overlays) in relation to credit impairments and the impact of macro-economic risks on the credit environment, in particular those arising from the COVID-19 pandemic, were discussed throughout the year. The management focused on the key assumptions, methodologies and in-model and post-model adjustments applied to provisions under Ind AS 109. The economic uncertainty and unprecedented conditions not experienced since the implementation of Ind AS 109 challenged the usefulness of model outputs. While the use of judgemental overlays and post-model adjustments should ideally be limited, their extensive use was deemed appropriate during the financial year, and are likely to continue to be required in future reporting periods.

As a result of government and bank support measures, significant credit deterioration has not yet occurred. This delay increases uncertainty on the timing of the stress and the realisation of defaults. Management has applied COVID-19 specific adjustments to modelled outputs to reflect the temporary nature of ongoing government support, the uncertainty in relation to the timing of stress and the degree to which economic consensus has yet captured the range of economic uncertainty. As a result, ECL is higher than would be the case if it were based on the forecast economic scenarios alone.

The Company has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2021 about future events that the management believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and recoverable amount assessments of non-financial assets.

The impact of the COVID-19 pandemic on each of these accounting estimates is discussed further in the relevant note to these Financial Statements. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions (refer note 51).

2.6 Revenue recognition:

a) Recognition of interest income on loans

Interest income is recognized in Statement of profit and loss using the effective interest method for all financial instruments measured at amortized cost, debt instruments measured at FVOCI and debt instruments designated at FVTPL. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortized through interest income in the Statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Additional interest and interest on trade advances, are recognized when they become measurable and when it is not unreasonable to expect their ultimate collection.

Income from bill discounting is recognized over the tenure of the instrument so as to provide a constant periodic rate of return.

b) Subvention income

Subvention income received from manufacturer/dealers at the inception of the loan contracts which is directly attributable to individual loan contracts in respect of vehicles financed is recognized in the Statement of profit and loss using the effective interest method over the tenor of such loan contracts measured at amortized cost. In case of subvention income which is subject to confirmation from manufacturer and received later than inception date is recognized in the Statement of profit and loss using straight line method over the tenor of such loan contracts.

c) Rental Income

Income from operating leases is recognized in the Statement of profit and loss on a straight-line basis over the lease term. In certain lease arrangements, variable rental charges are also recognized over and above minimum commitment charges based on usage pattern and make/model of the asset.

d) Fee and commission income:

Fee based income are recognized when they become measurable and when it is probable to expect their ultimate collection.

Commission and brokerage income earned for the services rendered are recognized as and when they are due.

e) Dividend and interest income on investments:

– Dividends are recognized in Statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

– Interest income from investments is recognized when it is certain that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.7 Property, Plant and Equipments (PPE)

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Assets held for sale or disposals are stated at the lower of their net book value and net realizable value.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date. Capital work-in-progress is stated at cost, net of impairment loss, if any.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis. Depreciation methods, useful lives and residual values are reviewed in each financial year, and changes, if any, are accounted for prospectively.

In accordance with Ind AS 116 - Leases, applicable effective from 1 April 2019, the Right-Of-Use assets (Freehold premises) are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-Of-Use assets (Freehold premises) are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured.

The estimated useful lives used for computation of depreciation are as follows:

Buildings	60 years
Computers and Data processing units	3 to 6 years
Furniture and fixtures	10 years
Office equipments	5 years
Vehicles	8 years and 10 years
Vehicles under lease	8 years
Right-Of-Use assets (Leasehold premises)	2 to 10 years

Assets costing less than Rs. 5000/- are fully depreciated in the period of purchase.

PPE is derecognized on disposal or when no future economic benefits are expected from its use. Assets retired from active use and held for disposal are generally stated at the lower of their net book value and net realizable value. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognized in other income/netted off from any loss on disposal in the Statement of profit and loss in the year the asset is derecognized.

2.8 Intangible assets:

Intangible assets are stated at cost less accumulated amortization and accumulated impairment loss, if any.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Intangible assets comprises of computer software which is amortized over the estimated useful life. The amortization period is lower of license period or 36 months which is based on management's estimates of useful life. Amortization is calculated using the straight line method to write down the cost of intangible assets over their estimated useful lives.

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

2.9 Investments in subsidiaries, associate and joint ventures:

Investments in subsidiaries, associate and joint ventures are measured at cost less accumulated impairment, if any.

2.10 Foreign exchange transactions and translations:

a) Initial recognition

Transactions in foreign currencies are recognized at the prevailing exchange rates between the reporting currency and a foreign currency on the transaction date.

b) Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in Statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of profit and loss on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Thus, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognized in other comprehensive income.

Non-monetary items that are measured at historical cost in foreign currency are not retranslated at reporting date.

2.11 Financial instruments:

a) Recognition and initial measurement -

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in Statement of profit and loss.

b) Classification and Subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at

- Amortized cost;
- FVOCI - debt instruments;
- FVOCI - equity instruments;
- FVTPL

Amortized cost -

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. The financial asset is held with the objective to hold financial asset in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest ('SPPI') on the principal amount outstanding. Accordingly, the Company measures Bank balances, Loans, Trade receivables and other financial instruments at amortized cost.

FVOCI - debt instruments -

The Company measures its debt instruments at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset meet the SPPI test.

FVOCI - equity instruments -

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments and are not held for trading.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income. This cumulative gain or loss is not reclassified to statement of profit and loss on disposal of such instruments. Investments representing equity interest in subsidiary and associate are carried at cost less any provision for impairment.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in other comprehensive income. This cumulative gain or loss is not reclassified to statement of profit and loss on disposal of such instruments. Investments representing equity interest in subsidiary and associate are carried at cost less any provision for impairment.

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

Subsequent measurement of financial assets

Financial assets at amortized cost are subsequently measured at amortized cost using effective interest method. The amortized cost is reduced by impairment losses. Interest income, and impairment provisions are recognized in Statement of profit and loss. Any gain and loss on derecognition is recognized in Statement of profit and loss.

Debt investment at FVOCI are subsequently measured at fair value. Interest income at coupon rate and impairment provision, if any, are recognized in Statement of profit and loss. Net gains or losses on fair valuation are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of profit and loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of profit and loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for strategic purpose. Dividend income received on such equity investments are recognized in Statement of profit and loss.

Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognized in Statement of profit and loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in Statement of profit and loss.

c) Financial liabilities and equity instruments:

Classification as debt or equity -

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments -

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognized at the proceeds received. Transaction costs of an equity transaction are recognized as a deduction from equity.

Financial liabilities -

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in Statement of profit and loss. Any gain or loss on derecognition is also recognized in Statement of profit and loss.

d) Financial guarantee contracts:

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments; and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 115 - Revenue from Contracts with Customers.

e) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

A financial liability is derecognized when the obligation in respect of the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognized in Statement of profit and loss.

The Company also derecognises a financial liability when its terms are modified and the cashflows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value.

f) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

g) Derivative financial instruments

The Company enters into derivative financial instruments, primarily foreign exchange forward contracts, currency swaps and interest rate swaps, to manage its borrowing exposure to foreign exchange and interest rate risks.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Derivatives are initially recognized at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain/loss is recognized in Statement of profit and loss.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when fair value is negative.

h) Impairment of financial instruments

Equity instruments are not subject to impairment under Ind AS 109.

The Company recognizes lifetime expected credit losses (ECL) when there has been a significant increase in credit risk since initial recognition and when the financial instrument is credit impaired. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information. (refer note 51).

Management overlay is used to adjust the ECL allowance in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios. Emerging local or global macroeconomic, micro economic or political events, and natural disasters that are not incorporated into the current parameters, risk ratings, or forward looking information are examples of such circumstances. The use of management overlay may impact the amount of ECL recognized.

The Company recognizes lifetime ECL for trade advances, lease and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in OCI and carrying amount of the financial asset is not reduced in the balance sheet.

Loan contract renegotiation and modifications:

Loans are identified as renegotiated and classified as credit impaired when we modify the contractual payment terms due to significant credit distress of the borrower. Renegotiated loans remain classified as credit impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows and retain the designation of renegotiated until maturity or derecognition.

A loan that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms, or if the terms of an existing agreement are modified such that the renegotiated loan is a substantially different financial instrument. Any new loans that arise following derecognition events in these circumstances are considered to be originated credit impaired financial asset and will continue to be disclosed as renegotiated loans.

Other than originated credit-impaired loans, all other modified loans could be transferred out of stage 3 if they no longer exhibit any evidence of being credit impaired and, in the case of renegotiated loans, there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows over the minimum observation period, and there are no other indicators of impairment. These loans could be transferred to stage 1 or 2 based on the risk assessment mechanism by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms). Any amount written off as a result of the modification of contractual terms would not be reversed.

Loan modifications that are not identified as renegotiated are considered to be commercial restructuring. Where a commercial restructuring results in a modification (whether legalised through an amendment to the existing terms or the issuance of a new loan contract) such that the Company's rights to the cash flows under the original contract have expired, the old loan is derecognised and the new loan is recognised at fair value. The rights to cash flows are generally considered to have expired if the commercial restructure is at market rates and no payment-related concession has been provided. Mandatory and general offer loan modifications that are not borrower-specific, for example market-wide customer relief programmes announced by the Regulator or other statutory body, have not been classified as renegotiated loans and so have not resulted in derecognition, but their stage allocation is determined considering all available and supportable information under our ECL impairment policy.

i) Collateral repossessed -

Based on operational requirements, the Company's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category for capitalization at their fair market value.

In the normal course of business, the Company does not physically repossess assets/properties in its loan portfolio, but engages external agents to repossess and recover funds, generally by selling at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the assets/properties under legal repossession processes are not separately recorded on the balance sheet.

j) Write offs -

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Company determines that the debtor/borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made from written off assets are netted off against the amount of financial assets written off during the year under "Bad debts and write offs" forming part of "Impairment on financial instruments" in the Statement of profit and loss.

2.12 Employee benefits:

a) Short-term employee benefits

All employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. Short-term employee benefit obligations are measured on an undiscounted basis and these are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Contribution to provident fund, Superannuation fund, ESIC and National Pension Scheme -

The defined contribution plans i.e. provident fund (administered through Regional Provident Fund Office), superannuation fund and employee state insurance corporation and National Pension Scheme are post-employment benefit plans under which a Company pays fixed contributions and will have no legal and constructive obligation to pay further amounts beyond its contributions. The Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India and the Company has no obligation to the scheme beyond its contributions.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Company's contribution paid/payable during the year to provident fund, Superannuation scheme, ESIC and National Pension Scheme is recognized in the Statement of profit and loss.

c) Gratuity -

The Company's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognized at the earlier of the plan amendment/curtailment and recognition of related restructuring costs/termination benefits.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement gains/losses -

Remeasurement of defined benefit plans, comprising of actuarial gains/losses, return on plan assets excluding interest income are recognized immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Remeasurement gains or losses on long-term compensated absences that are classified as other long-term benefits are recognized in Statement of profit and loss.

d) Leave encashment/compensated absences/sick leave -

The Company provides for the encashment/availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

e) Employee stock options:

Equity-settled share-based payments to employees are recognized as an expense at the fair value of equity stock options at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the graded vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

2.13 Finance costs:

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortized cost. Financial instruments include bank term loans, non-convertible debentures, fixed deposits mobilized, commercial papers, subordinated debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

Effective from 1 April 2019, on application of Ind AS 116 (Leases), interest expense on lease liabilities computed by applying the Company's weighted average incremental borrowing rate has been included under finance costs.

2.14 Taxation - Current and deferred tax:

Income tax expense comprises of current tax and deferred tax. It is recognized in Statement of profit and loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

a) Current tax:

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Current tax is recognised in statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity respectively.

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

2.15 Securities issue expenses:

Expenses incurred in connection with fresh issue of Share capital are adjusted against Securities premium reserve.

2.16 Impairment of assets other than financial assets:

The Company reviews the carrying amounts of its tangible (including assets given on operating lease) and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognized in Statement of profit and loss.

2.17 Provisions:

Provisions are recognized when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed. Provisions are not recognised for future operating losses.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.18 Leases:

The Company as a lessee -

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises, certain IT equipments and general purpose office equipements used for operating activities. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments that are not paid at the commencement date, discounted using the Company's incremental average borrowing rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

In the Balance Sheet, ROU assets have been included in property, plant and equipment and Lease liabilities have been included in Other financial liabilities and the principal portion of lease payments have been classified as financing cash flows. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

Where the Company is the lessor -

At the inception of the lease, the Company classifies each of its leases as either a finance lease or an operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

The Company has given certain vehicles on lease where it has substantially retained the risks and rewards of ownership and hence these are classified as operating leases. These assets given on operating lease are included in PPE. Lease income is recognized in the Statement of profit and loss as per contractual rental unless another systematic basis is more representative of the time pattern in which the benefit derived from the leased asset is diminished. Costs including depreciation are recognized as an expense in the Statement of profit and loss. Initial direct costs are recognized immediately in Statement of profit and loss.

In accordance with Ind AS 116, Leases, the financial information have been presented in the following manner.

a) ROU assets and lease liabilities have been included within the line items "Property, plant and equipment" and "Other financial liabilities" respectively in the Balance sheet;

b) Interest expenses on the lease liability and depreciation charge for the right-to-use asset have been included within the line items "Finance costs" and "Depreciation, amortization and impairment" respectively in the statement of profit or loss;

c) Short-term lease payments and payments for leases of low-value assets, where exemption as permitted under this standard is availed, have been recognized as expense on a straight line basis over the lease term in the statement of profit or loss.

d) Cash payments for the principal of the lease liability have been presented within "financing activities" in the statement of cash flows;

The disclosures as required in accordance with Ind AS 116, Leases, are set out under note no. 42.

2.19 Cash and cash equivalents:

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

2.20 Corporate Social Responsibility (CSR) expenses

The Corporate Social Responsibility Committee ('CSR Committee' Board level) is responsible to formulate and recommend to the Board the CSR Policy indicating the activities falling within the purview of Schedule VII to the Companies Act, 2013, to be undertaken by the Company, to recommend the amount to be spent on CSR activities presented by the Financial Services Sector CSR Council ('FSS CSR Council') and to monitor the CSR Policy periodically.

Funding and Allocation:

For achieving the CSR objectives through implementation of meaningful and sustainable CSR Projects, the CSR Committee will allocate for its Annual CSR Budget, 2% of the average net profits of the Company made during the three immediately preceding financial years, calculated in accordance with the relevant Sections of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Company may spend upto 5% of the total CSR expenditure in one financial year on building CSR capabilities. The Company may also make contributions to its Corporate Foundations/Trusts i.e. K. C. Mahindra Education Trust and Mahindra Foundation, towards its corpus for projects approved by the Board. The CSR Committee will approve the CSR budget annually on receiving the recommendations from FSS CSR Council. Any unspent amount at the end of the financial year will be treated as per the provisions of the existing CSR Law. Any surplus arising out of the CSR Projects or Programs or activities shall not form part of the business profit of the Company.

The Company has set up the Mahindra Finance CSR Foundation (incorporated on 2nd April, 2019) as a wholly-owned subsidiary company registered under Section 8 of the Companies Act, 2013 to promote and support CSR projects and activities of the Company and its subsidiary companies. The Company implements its CSR programs through the Mahindra Finance CSR Foundation.

The Company has identified CSR Thrust Areas for undertaking CSR Projects/programs/activities in India. The actual distribution of the expenditure among these thrust areas will depend upon the local needs as may be determined by the need identification studies or discussions with local government/Grampanchayat/NGOs. The Company shall give preference to the local area and areas around which the Company operates for CSR spending. Thrust areas include health, education, environment and other activities.

The amount spent or contribution/donations made towards CSR activities is charged to Donations and Corporate Social Responsibility (CSR) expenses respectively, in the statement of Profit and Loss (Refer note 47)

2.21 Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year.

2.21 Dividend:

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.22 New standards or amendments to the existing standards and other pronouncements:

i) New Standards issued or amendments to the existing standard but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from 1 April, 2021.

ii) Other recent pronouncements

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013 revising Division I, II and III of Schedule III and are applicable from April 1, 2021. The amendments primarily relate to:

a) Change in existing presentation requirements for certain items in Balance sheet, for eg. lease liabilities, security deposits, current maturities of long term borrowings, effect of prior period errors on Equity Share capital.

b) Additional disclosure requirements in specified formats, for eg. ageing of trade receivables, trade payables, capital work in progress, intangible assets, shareholding of promoters, etc.

c) Disclosure if funds have been used other than for the specific purpose for which it was borrowed from banks and financial institutions.

d) Additional Regulatory Information, for eg.,compliance with layers of companies, title deeds of immovable properties, financial ratios, loans and advances to key managerial personnel, etc.

e) Disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency.

The amendments are extensive and the Company is evaluating the same.

3 Cash and cash equivalents

Rs. in crores

	31 March 2021	31 March 2020
Cash on hand	**42.29**	14.30
Cheques and drafts on hand	**33.12**	3.01
Balances with banks in current accounts	**445.17**	459.48
Term deposits with original maturity up to 3 months	**50.00**	200.00
	570.58	676.79

4 Bank balances other than cash and cash equivalents

Rs. in crores

	31 March 2021	31 March 2020
Earmarked balances with banks -		
– Unclaimed dividend accounts	**0.60**	0.69
Term deposits with maturity less than 12 months -		
– Free	**2,100.34**	45.75
– Under lien #	**598.12**	702.56
	2,699.06	749.00

 # Details of Term deposits - Under lien

Rs. in crores

	As at 31 March 2021			As at 31 March 2020		
Particulars	**Bank balances other than cash and cash equivalents (Note 4)**	**Other financial assets (Note 9)**	**Total**	Bank balances other than cash and cash equivalents (Note 4)	Other financial assets (Note 9)	Total
For Statutory Liquidity Ratio	**100.00**	**200.00**	**300.00**	225.01	200.00	425.01
For securitization transactions	**439.67**	**46.19**	**485.86**	462.09	43.30	505.39
Legal deposits	**0.21**	**–**	**0.21**	0.21	–	0.21
For Constituent Subsidiary General Ledger (CSGL) account	**30.00**	**–**	**30.00**	15.00	–	15.00
Collateral deposits with banks for Aadhaar authentication and others & Rights Issue	**28.24**	**1.00**	**29.24**	0.25	1.00	1.25
Total	**598.12**	**247.19**	**845.31**	702.56	244.30	946.86

5 Derivative financial instruments

Rs. in crores

	31 March 2021		31 March 2020	
	Notional amounts	**Fair value of Assets**	Notional amounts	Fair value of Assets
Currency derivatives:				
Forward contracts	–	–	582.05	23.23
Options	**1,408.12**	**25.72**	2,050.80	69.70
Total derivative financial instruments	**1,408.12**	**25.72**	2,632.85	92.93

6 Receivables

Rs. in crores

	31 March 2021	31 March 2020
Trade receivables		
i) Secured, considered good		
– Lease rental receivable on operating lease transactions	**2.25**	**0.65**
Less: Impairment loss allowance	**(2.04)**	**(0.01)**
	0.21	**0.64**
ii) Unsecured, considered good:		
– Subvention income receivable	**8.19**	7.96
iii) Credit impaired:		
– Trade receivable on hire purchase transactions	**3.73**	3.73
– Subvention and other income receivables	**1.00**	0.51
	4.73	**4.24**
Less: Impairment loss allowance	**(4.73)**	(4.24)
	–	–
	8.40	8.60

There is no due by directors or other officers of the company or any firm or private company in which any director is a partner, a director or a member.

7 Loans

Rs. in crores

	31 March 2021	31 March 2020
A) Loans (at amortised cost):		
Retail loans	**61,638.86**	64,439.78
Small and Medium Enterprise (SME) financing	**1,014.73**	1,864.41
Bills of exchange	**743.10**	531.66
Trade advances	**1,194.98**	1,239.35
Inter corporate deposits to related parties	**1.00**	1.00
Total (Gross)	**64,592.67**	68,076.20
Less: Impairment loss allowance	**(4,645.25)**	(3,082.73)
Total (Net)	**59,947.42**	64,993.47
B) i) Secured by tangible assets	**61,715.64**	65,332.09
ii) Secured by intangible assets	**–**	–
iii) Covered by bank/ Government guarantees	**526.57**	–
iv) Unsecured	**2,350.46**	2,744.10
Total (Gross)	**64,592.67**	68,076.20
Less: Impairment loss allowance	**(4,645.25)**	(3,082.73)
Total (Net)	**59,947.42**	64,993.47
C) i) Loans in India		
a) Public Sector	**–**	–
b) Others	**64,592.67**	68,076.20
Total (Gross)	**64,592.67**	68,076.20
Less: Impairment loss allowance	**(4,645.25)**	(3,082.73)
Total (Net) - C (i)	**59,947.42**	64,993.47
ii) Loans outside India	**–**	–
Less: Impairment loss allowance	**–**	–
Total (Net) - C (ii)	**–**	–
Total (Net) - C (i+ii)	**59,947.42**	64,993.47

Note: There is no loan asset measured at FVOCI or FVTPL or designated at FVTPL.

8 Investments

Rs. in crores

Investments	31 March 2021 Amortised cost	At Fair Value Through OCI	At Fair Value Through profit or loss	Sub-total	Others (at cost)	Total	31 March 2020 Amortised cost	At Fair Value Through OCI	At Fair Value Through profit or loss	Sub-total	Others (at cost)	Total
Units of mutual funds	–	–	1,667.18	1,667.18	–	1,667.18		–	3,241.25	3,241.25	–	3,241.25
Government securities	1,287.78	4,448.73		4,448.73		5,736.51	980.49	143.02	–	143.02	–	1,123.51
Debt securities -												
i) Secured redeemable non-convertible debentures	–	–	–	–	–	–	25.00	–	–	–	–	25.00
ii) Investments in Pass Through Certificates under securitization transactions	47.44	–	–	–	–	47.44	124.10	–	–	–	–	124.10
iii) Commercial Papers	–	–	197.67	197.67	–	197.67	–	–	–	–	–	–
iv) Investment in Bonds	26.22	262.15		262.15	–	288.37		104.75		104.75		104.75
Equity instruments -												
a) Subsidiaries												
i) Mahindra Insurance Brokers Limited	–	–	–	–	0.45	0.45	–	–	–	–	0.45	0.45
ii) Mahindra Rural Housing Finance Limited	–	–	–	–	799.30	799.30	–	–	–	–	799.30	799.30
iii) Mahindra Asset Management Company Private Ltd.	–	–	–	–	–	–	–	–	–	–	210.00	210.00
iv) Mahindra Trustee Company Private Ltd.	–	–	–	–	–	–	–	–	–	–	0.50	0.50
v) Mahindra Finance CSR Foundation	–	–	–	–	–	–					–	–
b) Associates												
i) 49% Ownership in Mahindra Finance USA, LLC	–	–	–	–	210.55	210.55	–	–	–	–	210.55	210.55
(Joint venture entity with De Lage Landen Financial Services INC. in United States of America)												
c) Joint ventures												
i) 38.20% Ownership in Ideal Finance Limited, Sri Lanka	–	–	–	–	44.00	44.00	–	–	–	–	44.00	44.00
(Joint venture entity with Ideal Finance Limited in Sri Lanka)												
ii) Mahindra Manulife Investment Management Private Ltd.	–	–	–	–	195.30	195.30	–	–	–	–	–	–
(51:49 Joint Venture with Manulife Asset Management (Singapore) Pte. Ltd. (Manulife))												
iii) Mahindra Manulife Trustee Private Ltd	–	–	–	–	0.50	0.50	–	–	–	–	–	–
(51:49 Joint Venture with Manulife Asset Management (Singapore) Pte. Ltd. (Manulife))												
c) Others												
i) Equity investment in Smartshift Logistics Solutions Private Limited (formerly known as Orizonte Business Solutions Limited which was later acquired by Resfeber Labs Private Limited)	–	13.61	–	13.61	–	13.61	–	13.61	–	13.61	–	13.61
ii) Compulsorily Convertible Cumulative Participating Preference Shares (CCCPS) in Smartshift Logistics Solutions Private Limited (formerly known as Orizonte Business Solutions Limited which was later acquired by Resfeber Labs Private Limited)	–	2.76	–	2.76	–	2.76		3.12		3.12		3.12
iii) Equity investment in AAPCA Demystifying Data Technology Private Limited (Optionally Convertible Debentures converted in to equity shares on exercise of conversion option after meeting applicable terms and conditions)	–	–	–	–	–	–		12.19		12.19		12.19
iv) New Democratic Electoral Trust		–	–	–	0.02	0.02	–	–	–	–	0.01	0.01
v) Investment in Triparty Repo Dealing System (TREPS)	2,404.00	–	–	–	–	2,404.00						
Total - Gross (A)	3,765.44	4,727.25	1,864.85	6,592.10	1,250.12	11,607.66	1,129.59	276.69	3,241.25	3,517.94	1,264.81	5,912.34
i) Investments outside India	–	–	–	–	254.55	254.55	–	–	–	–	254.55	254.55
ii) Investments in India	3,765.44	4,727.25	1,864.85	6,592.10	995.57	11,353.11	1,129.59	276.69	3,241.25	3,517.94	1,010.26	5,657.79
Total - Gross (B)	3,765.44	4,727.25	1,864.85	6,592.10	1,250.12	11,607.66	1,129.59	276.69	3,241.25	3,517.94	1,264.81	5,912.34
Less: Allowance for Impairment loss (C)	0.41	–	–	–	–	0.41	1.36	–	–	–	–	1.36
Total - Net D (A-C)	3,765.03	4,727.25	1,864.85	6,592.10	1,250.12	11,607.25	1,128.23	276.69	3,241.25	3,517.94	1,264.81	5,910.98

9 Other financial assets

		Rs. in crores
	31 March 2021	31 March 2020
Interest accrued on investments	**98.10**	22.36
Interest accrued on other deposits	**74.88**	46.07
Security Deposits	**48.23**	32.77
Term deposits with banks (remaining maturity more than 12 months)		
– Free	**11.77**	118.85
– Under lien (refer note 4)	**247.19**	244.30
Others	**33.88**	12.30
	514.05	476.65

10 Deferred tax assets (net) and Tax expense

(i) Deferred tax assets (net)

Rs. in crores

	Balance as at 1 April 2019	**Charge/ (credit) to profit and loss**	**Charge/ (credit) to equity**	**Charge/ (credit) to OCI**	**Balance as at 31 March 2020**	**Charge/ (credit) to profit and loss**	**Charge/ (credit) to OCI**	**Balance as at 31 March 2021**
Tax effect of items constituting deferred tax liabilities:								
– Application of EIR on financial assets	(99.11)	20.19	–	–	(78.92)	2.65	–	**(76.27)**
– Application of EIR on financial liabilities	(33.44)	11.26	–	–	(22.18)	3.01	–	**(19.17)**
– Share based payments	(11.74)	11.35	–	–	(0.39)	(1.43)	–	**(1.82)**
– FVTPL financial asset	(2.48)	(5.89)	–	–	(8.37)	(2.34)	–	**(10.71)**
– Others	(23.55)	(36.27)	–	–	(59.82)	(50.52)	–	**(110.34)**
	(170.32)	**0.64**	**–**	**–**	**(169.68)**	**(48.63)**	**–**	**(218.31)**
Tax effect of items constituting deferred tax assets:								
– Provision for employee benefits	23.22	(5.57)	–	(0.29)	17.36	2.29	0.71	**20.36**
– Derivatives	40.40	23.86	–	–	64.26	(31.47)	–	**32.79**
– Allowance for ECL	398.89	113.44	–	–	512.33	432.11	–	**944.44**
– Application of EIR on financial liabilities	–	–	–	–	–	–	–	**–**
– Others	79.54	(12.79)	–	(1.39)	65.36	(6.78)	24.51	**83.09**
	542.05	118.94	–	(1.68)	659.31	396.15	25.22	**1,080.68**
Net deferred tax assets	**371.73**	**119.58**	**–**	**(1.68)**	**489.63**	**347.52**	**25.22**	**862.36**

(ii) Income tax recognized in Statement of profit and loss

		Rs. in crores
	31 March 2021	31 March 2020
Current tax:		
In respect of current year	**450.30**	556.94
In respect of prior years	**(15.50)**	–
	434.80	556.94
Deferred tax:		
In respect of current year origination and reversal of temporary differences	**(347.52)**	(223.57)
In respect of rate change (Re-measurement of opening deferred tax assets due to income tax rate change from 34.944% to 25.168%) #	**–**	103.99
	(347.52)	(119.58)
Total Income tax recognised in Statement of profit and loss	**87.28**	437.36

(iii) Income tax recognized in Other Comprehensive Income

		Rs. in crores
	31 March 2021	31 March 2020
Deferred tax related to items recognised in Other Comprehensive Income during the year:		
Remeasurement of defined employee benefits	**0.71**	(0.29)
Net gain/(loss) on equity instruments through OCI	**1.15**	(0.23)
Net gain/(loss) on debt instruments through OCI	**23.36**	(1.16)
Total Income tax recognised in Other Comprehensive Income	**25.22**	(1.68)

(iv) Reconciliation of estimated Income tax expense at tax rate to income tax expense reported in the Statement of profit and loss is as follows:

		Rs. in crores
	As at 31 March 2021	As at 31 March 2020
Profit before tax	**422.43**	1,343.76
Applicable income tax rate	**25.168%**	25.168%
Expected income tax expense	**106.32**	338.20
Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
Effect of income exempt from tax	**(0.78)**	(13.75)
Effect of expenses/provisions not deductible in determining taxable profit	**9.37**	2.32
Effect of tax incentives and concessions	**–**	2.57
Effect of differential tax rate (Re-measurement of opening deferred tax assets due to income tax rate change from 34.944% to 25.168%) #	**–**	103.99
Effect of changes in estimates related to prior years	**(16.80)**	–
Adjustment related to tax of prior years	**(15.50)**	–
Others	**4.67**	4.03
Reported income tax expense	**87.28**	437.36

The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act 1961 and the Finance (No.2) Act, 2019 which provides for an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate. Accordingly, the Company has recognized the provision for income tax and re-measured the net deferred tax assets at concessional rate for the year ended 31 March 2020. Further, the opening net deferred tax asset has been re-measured at lower rate with a one-time impact of Rs.103.99 Crores recognized as transition adjustment in the Statement of profit and loss for the year ended 31 March 2020.

11 Property, plant and equipments

Rs. in crores

Particulars	Land (Freehold)	Buildings #	Computers and Data processing units	Furniture and fixtures	Office equipments	Vehicles	Vehicles under lease	Plant & Machineries under lease	Right-Of-Use Assets (Leasehold premises)	Total
GROSS CARRYING AMOUNT										
Balance as at 1 April 2019	0.81	1.09	100.31	89.20	94.54	74.64	12.30	–	184.48	557.37
Additions during the year	–	–	6.21	6.94	7.82	18.72	40.55	0.19	42.45	122.87
Disposals/deductions during the year	–	–	4.60	1.91	5.03	8.22	–	–	–	19.76
Balance as at 31 March 2020	**0.81**	**1.09**	**101.92**	**94.23**	**97.33**	**85.14**	**52.85**	**0.19**	**226.93**	**660.48**

Rs. in crores

Particulars	Land (Freehold)	Buildings #	Computers and Data processing units	Furniture and fixtures	Office equipments	Vehicles	Vehicles under lease	Plant & Machineries under lease	Right-Of-Use Assets (Leasehold premises)	Total
Balance as at 1 April 2020	0.81	1.09	101.92	94.23	97.33	85.14	52.85	0.19	226.93	660.48
Additions during the year	–	–	4.75	1.14	1.50	4.04	24.42	–	50.11	85.96
Disposals/deductions during the year	–	–	3.81	2.38	11.65	5.16	3.12	–	4.53	30.65
Balance as at 31 March 2021	**0.81**	**1.09**	**102.86**	**92.99**	**87.18**	**84.02**	**74.15**	**0.19**	**272.51**	**715.79**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES										
Balance as at 1 April 2019	–	0.27	68.37	58.45	68.43	44.42	0.45	–	–	240.39
Additions during the year	–	0.02	14.78	9.10	11.48	13.92	4.39	0.01	47.04	100.74
Disposals/deductions during the year	–	–	4.59	1.77	5.00	7.23	–	–	–	18.60
Balance as at 31 March 2020	**–**	**0.29**	**78.56**	**65.78**	**74.91**	**51.11**	**4.84**	**0.01**	**47.04**	**322.53**
Balance as at 1 April 2020	–	0.29	78.56	65.78	74.91	51.11	4.84	0.01	47.04	322.53
Additions during the year	–	0.02	12.86	7.10	9.32	13.59	9.85	0.02	52.73	105.49
Disposals/deductions during the year	–	–	3.80	2.10	11.59	4.63	0.75	–	0.85	23.72
Balance as at 31 March 2021	**–**	**0.31**	**87.62**	**70.78**	**72.64**	**60.07**	**13.94**	**0.03**	**98.92**	**404.30**
NET CARRYING AMOUNT										
As at 31 March 2020	**0.81**	**0.80**	**23.36**	**28.45**	**22.42**	**34.03**	**48.01**	**0.18**	**179.89**	**337.95**
As at 31 March 2021	**0.81**	**0.78**	**15.24**	**22.21**	**14.54**	**23.95**	**60.21**	**0.16**	**173.59**	**311.49**

Secured Non-convertible debentures (NCDs) have an exclusive pari-passu charges on Buildings.

12 Intangible assets

Rs. in crores

Particulars	Computer Software
GROSS CARRYING AMOUNT	
Balance as at 1 April 2019	73.71
Additions during the year	12.54
Deductions during the year	–
Balance as at 31 March 2020	**86.25**
Balance as at 1 April 2020	86.25
Additions during the year	13.48
Deductions during the year	–
Balance as at 31 March 2021	**99.73**

Intangible assets - Continued

Rs. in crores

Particulars	Computer Software
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES	
Balance as at 1 April 2019	43.15
Additions during the year	17.55
Deductions during the year	–
Balance as at 31 March 2020	**60.70**
Balance as at 1 April 2020	60.70
Additions during the year	20.40
Deductions during the year	–
Balance as at 31 March 2021	**81.10**
NET CARRYING AMOUNT	
As at 31 March 2020	**25.55**
As at 31 March 2021	**18.63**

13 Other non-financial assets

	31 March 2021	31 March 2020
		Rs. in crores
Capital advances	**1.37**	17.25
Prepaid expenses	**31.37**	32.83
Unamortised placement and arrangement fees paid on borrowing instruments	**2.60**	3.01
Insurance advances	**1.81**	1.83
Other advances	**22.35**	14.81
	59.50	69.73

14 Derivative financial instruments

Rs. in crores

	31 March 2021		31 March 2020	
	Notional amounts	**Fair value of Liabilities**	Notional amounts	Fair value of Liabilities
Currency derivatives:				
Forward contracts	**763.99**	**55.24**	200.14	25.59
Options	**2,067.86**	**117.94**	–	14.57
Total derivative financial instruments	**2,831.85**	**173.18**	200.14	40.16

15 Payables

Rs. in crores

	31 March 2021	31 March 2020
I) Trade Payables		
i) total outstanding dues of micro enterprises and small enterprises	**–**	–
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**596.35**	606.33
II) Other Payables		
i) total outstanding dues of micro enterprises and small enterprises	**0.01**	0.17
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**46.73**	29.24
	643.09	635.74

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below:

Rs. in crores

	31 March 2021	31 March 2020
a) Dues remaining unpaid to any supplier at the year end		
– Principal	**0.01**	0.17
– Interest on the above		
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year	**–**	–
– Principal paid beyond the appointed date	**–**	–
– Interest paid in terms of Section 16 of the MSMED Act		
c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**–**	–
d) Amount of interest accrued and remaining unpaid		
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**–**	–
	0.01	0.17

16 Debt Securities

		Rs. in crores
	31 March 2021	31 March 2020
At Amortised cost		
Non-convertible debentures (Secured)	**15,393.64**	16,997.21
Non-convertible debentures (Unsecured)	**596.66**	398.00
Commercial Papers (Unsecured)	**494.52**	–
Rupee Denominated Secured Bonds overseas (Masala Bonds)	**349.75**	349.66
Total (A+B)	**16,834.57**	17,744.87
Debt securities in India	**16,484.82**	17,395.21
Debt securities outside India	**349.75**	349.66
Total	**16,834.57**	17,744.87

Note: There is no debt securities measured at FVTPL or designated at FVTPL.

The Secured Non-convertible debentures are secured by pari-passu charges on Buildings (forming part of PPE) and exclusive charges on receivables under loan contracts having carrying value of Rs 18,193.98 crores (March 2020: Rs 19,255.49 Crores).

Details of Non-convertible debentures (Secured):

From the Balance Sheet date	**As at 31 March 2021**		As at 31 March 2020	
	Interest rate range	**Amount**	Interest rate range	Amount
A) Issued on private placement basis (wholesale) -				
Repayable on maturity:				
Maturing within 1 years	**4.54%-9.49%**	**3,069.80**	7.10%-9.40%	6,237.00
Maturing between 1 years to 3 years	**4.80%-8.95%**	**6,280.90**	7.00%-9.49%	3,691.80
Maturing between 3 year to 5 years	**7.45%-9.00%**	**2,195.00**	7.45%-8.95%	1,973.00
Maturing beyond 5 year	**7.75%-8.48%**	**2,077.50**	7.75%-9.00%	3,342.50
Sub-total at face value (A)		**13,623.20**		15,244.30
B) Issued on retail public issue -				
Repayable on maturity:				
Maturing between 1 year to 3 years	**9.00%-9.15%**	**940.97**	9.00%-9.05%	405.41
Maturing between 3 years to 5 years		**–**	9.10%-9.15%	535.56
Maturing beyond 5 years	**9.20%-9.30%**	**869.15**	9.20%-9.30%	869.15
Sub-total at face value (B)		**1,810.12**		1,810.12
Total at face value (A+B)		**15,433.32**		17,054.42
Less: Unamortised discounting charges		**39.68**		57.21
Total amortised cost		**15,393.64**		16,997.21

Details of Non-convertible debentures (Unsecured) -:

From the Balance Sheet date	**As at 31 March 2021**		As at 31 March 2020	
	Interest rate range	**Amount**	Interest rate range	Amount
Repayable on maturity:				
Maturing beyond 5 years	**8.53%**	**600.00**	8.53%	400.00
Total at face value		**600.00**		400.00
Less: Unamortised discounting charges		**3.34**		2.00
Total amortised cost		**596.66**		398.00

Details of Commercial Papers (Unsecured):

Rs. in crores

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	**Amount**	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	**6.65%**	**500.00**		–
Total at face value		**500.00**		–
Less: Unamortised discounting charges		**5.48**		–
Total amortised cost		**494.52**		–

Rupee Denominated Secured Bonds overseas (Masala Bonds)

Rs. in crores

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	**Amount**	Interest rate range	Amount
Repayable on maturity:				
Maturing between 1 year to 3 years	**7.40%**	**350.00**		–
Maturing between 3 years to 5 years		**–**	7.40%	350.00
Total at face value		**350.00**		350.00
Less: Unamortised discounting charges		**0.25**		0.34
Total amortised cost		**349.75**		349.66

17 Borrowings (Other than Debt Securities)

Rs. in crores

	31 March 2021	31 March 2020
At Amortised cost		
a) Term loans		
i) Secured -		
– from banks	**14,292.90**	17,280.91
– from banks in foreign currency	**–**	182.94
– External Commercial Borrowings	**3,680.55**	2,737.79
– Associated liabilities in respect of securitisation transactions	**10,390.77**	8,881.71
ii) Unsecured -		
– from banks	**90.00**	264.00
b) Loans from related parties		
Unsecured -		
– Inter-corporate deposits (ICDs)	**687.86**	140.00
Total (A+B)	**29,142.08**	29,487.35
Borrowings in India	**25,461.53**	26,749.56
Borrowings outside India	**3,680.55**	2,737.79
Total	**29,142.08**	29,487.35

Note: There is no borrowings measured at FVTPL or designated at FVTPL.

The secured term loans are secured by exclusive charges on receivables under loan contracts having carrying amount of Rs 20,966.82 crores (March 2020: Rs 20,976.46 Crores).

The borrowings have not been guaranteed by directors or others. Also the Company has not defaulted in repayment of principal and interest.

Details of term loans from banks (Secured)

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	**Amount**	Interest rate range	Amount
1) Repayable on maturity:				
Maturing within 1 year	**4.00%-7.25%**	**496.00**	6.55% - 8.90%	1,711.35
Maturing between 1 year to 3 years	**4.94%-5.25%**	**875.00**	6.95% - 8.10%	1,850.00
Total for repayable on maturity		**1,371.00**		3,561.35
2) Repayable in installments:				
i) Monthly -				
Maturing between 1 year to 3 years		**–**	7.85%	100.00
Sub-Total		**–**		100.00
ii) Quarterly -				
Maturing within 1 year	**4.26%-7.40%**	**3,079.67**	5.45% - 8.55%	1,523.33
Maturing between 1 year to 3 years	**4.15%-7.40%**	**3,116.07**	5.45% - 8.55%	2,771.91
Maturing between 3 years to 5 years		**–**	8.00% - 8.20%	275.00
Sub-Total		**6,195.74**		4,570.24
iii) Half yearly -				
Maturing within 1 year	**6.10%-10.50%**	**1,897.07**	7.15% - 10.50%	1,826.11
Maturing between 1 year to 3 years	**4.75%-10.50%**	**2,989.83**	6.80% - 10.50%	3,312.22
Maturing beyond 3 years to 5 years	**4.90%-7.60%**	**1,007.00**	7.75% - 10.50%	1,206.67
Sub-Total		**5,893.90**		6,345.00
iv) Yearly -				
Maturing within 1 year	**6.70%-7.65%**	**366.67**	7.95% - 8.85%	916.67
Maturing between 1 year to 3 years	**6.00%-6.85%**	**391.67**	7.95% - 8.85%	1,783.33
Maturing between 3 years to 5 years	**6.00%**	**75.00**		–
Sub-Total		**833.34**		2,700.00
Total for repayable in installments		**12,922.97**		13,715.24
Total (1+2) (As per contractual terms)		**14,293.97**		17,276.59
Less Unamortized Finance Cost		**1.07**		(4.32)
Total Amortized Cost		**14,292.90**		17,280.91

The rates mentioned above are the applicable rates as at the year end date linked to MCLR (Marginal Cost of funds based Lending Rate) and Treasury bills plus spread.

Details of Secured term loans from banks in foreign currency (USD)

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	**Amount**	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year		**–**	LIBOR plus spread 1.44% -2.20%	182.97
Total		**–**		182.97
Less Unamortized Finance Cost				0.03
Total Amortized Cost		**–**		182.94

Details of External Commercial Borrowings (USD, Euro & JPY)

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Maturing within 1 year	9.00%-9.37%	1,492.97		
Maturing between 1 year to 3 years	6.91%-8.36%	1,544.63	LIBOR plus spread 1.10 - 1.50%	2,762.44
Maturing beyond 3 years to 5 years	6.61%	663.60		
		3,701.20		2,762.44
Less Unamortized Finance Cost		20.65		24.65
		3,680.55		2,737.79

Details of associated liabilities related to Securitization transactions

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Maturing within 1 year	4.10% - 9.25%	4,788.55	8.73% - 9.03%	3,866.97
Maturing between 1 year to 3 years	4.10% - 9.25%	5,206.12	8.80% - 9.03%	4,483.66
Maturing between 3 years to 5 years	4.10% - 7.55%	396.10	9.03%	531.08
		10,390.77		8,881.71
Less Unamortized Finance Cost		–		–
		10,390.77		8,881.71

Details of Unsecured term loans from banks

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	4.00%	90.00	7.80% - 9.00%	264.00
Total		90.00		264.00
Less Unamortized Finance Cost		–		–
Total Amortized Cost		90.00		264.00

Details of Loans from related parties (Unsecured) - Inter-corporate deposits (ICDs)

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	3.00%-7.50%	687.86	5.00% - 7.60%	127.25
Maturing between 1 year to 3 years		–	7.50%	12.75
Total		687.86		140.00
Less Unamortized Finance Cost		–		–
Total Amortized Cost		687.86		140.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

18 Deposits

	31 March 2021	31 March 2020
		Rs. in crores
At amortized cost		
Deposits (Unsecured)		
– Public deposits	**9,450.66**	8,812.14
Total	**9,450.66**	8,812.14

Note: There is no deposits measured at FVTPL or designated at FVTPL.

Details of Deposits (Unsecured) - Public deposits

Rs. in crores

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	**Amount**	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	**5.00% - 9.15%**	**3,893.07**	7.00% - 9.60%	1,662.23
Maturing between 1 year to 3 years	**5.25% - 9.15%**	**4,627.10**	6.9% - 9.15%	6,108.86
Maturing beyond 3 years	**5.90% - 9.15%**	**960.98**	7.65% - 9.15%	1,082.86
Total at face value		**9,481.15**		8,853.95
Less: Unamortised discounting charges		**30.49**		41.81
Total amortised cost		**9,450.66**		8,812.13

19 Subordinated liabilities

	31 March 2021	31 March 2020
		Rs. in crores
At Amortized cost (Unsecured)		
Subordinated redeemable non-convertible debentures - private placement	**686.82**	957.91
Subordinated redeemable non-convertible debentures - retail public issue	**2,462.55**	2,460.04
Total	**3,149.37**	3,417.95
Subordinated liabilities in India	**3,149.37**	3,417.95
Subordinated liabilities outside India	**–**	–
Total	**3,149.37**	3,417.95

Note: There is no Subordinated liabilities measured at FVTPL or designated at FVTPL.

Details of Subordinated liabilities (at Amortized cost) - Unsecured subordinated redeemable non-convertible debentures

Rs. in crores

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	**Amount**	Interest rate range	Amount
A) Issued on private placement basis -				
Repayable on maturity:				
Maturing within 1 year	**10.05%-10.50%**	**100.50**	9.50% - 9.80%	272.20
Maturing between 1 year to 3 years	**9.50%-10.50%**	**197.80**	9.80% - 10.50%	170.50
Maturing between 3 years to 5 years	**8.90%-9.50%**	**390.00**	9.18% - 9.70%	342.80
Maturing beyond 5 years		**–**	8.90% - 9.10%	175.00
B) Issued on retail public issue -		**688.30**		960.50
Repayable on maturity:				
Maturing within 1 year	**8.34%-8.70%**	**54.65**		–
Maturing between 1 year to 3 years	**8.44%-8.80%**	**12.34**	8.34% - 8.70%	54.65
Maturing between 3 years to 5 years	**7.75%-7.85%**	**59.32**	7.75% - 8.80%	71.66
Maturing beyond 5 years	**7.90%-9.50%**	**2,361.09**	7.90% - 9.50%	2,361.09
Sub-total at face value (B)		**2,487.40**		2,487.40
Total at face value (A+B)		**3,175.70**		3,447.90
Less: Unamortised discounting charges		**26.33**		29.96
Total amortised cost		**3,149.37**		3,417.94

20 Other financial liabilities

Rs. in crores

	31 March 2021	31 March 2020
Interest accrued but not due on borrowings	**2,230.80**	1,926.73
Unclaimed dividends #	**0.59**	0.69
Unclaimed matured deposits and interest accrued thereon #	**5.43**	5.22
Deposits/advances received against loan agreements	**82.84**	57.45
Insurance premium payable	**1.43**	3.39
Salary, Bonus and performance payable	**5.14**	**37.42**
Provision for expenses	**80.55**	77.01
Lease liabilities (refer note 42)	**190.09**	188.80
Others	**7.39**	17.26
Total	**2,604.26**	2,313.97

There are no amounts due for transfer to the Investor Education and Protection Fund under Section 125 of Companies Act, 2013 as at the year end.

21 Provisions

Rs. in crores

	31 March 2021	31 March 2020
Provision for employee benefits		
– Gratuity	**32.82**	24.32
– Leave encashment	**72.37**	66.08
– Bonus, incentives and performance pay	**108.54**	51.69
Provision for loan commitment	**1.18**	1.14
Total	**214.91**	143.23

22 Other non-financial liabilities

Rs. in crores

	31 March 2021	31 March 2020
Deferred subvention income	**17.46**	26.91
Statutory dues and taxes payable	**68.44**	64.70
Others	**13.00**	6.44
Total	**98.90**	98.05

23 Equity Share capital

Rs. in crores

	31 March 2021	31 March 2020
Authorized:		
250,00,00,000 (31 March 2020: 70,00,00,000) Equity shares of Rs.2/- each (refer note 39)	**500.00**	140.00
50,00,000 (31 March 2020: 50,00,000) Redeemable preference shares of Rs.100/- each	**50.00**	50.00
Issued, Subscribed and paid-up:		
123,55,29,920 (31 March 2020: 61,77,64,960) Equity shares of Rs.2/- each fully paid up	**247.10**	123.55
Less: 35,64,302 (31 March 2020: 24,17,256) Equity shares of Rs.2/- each fully paid up issued to ESOS Trust but not yet allotted to employees, including fresh equity shares allotted to ESOS Trust under rights issue during the year	**0.70**	0.48
Adjusted Issued, Subscribed and paid-up Share capital	**246.40**	123.07

		As at 31 March 2021		As at 31 March 2020	
		No. of shares	Rs. in crores	No. of shares	Rs. in crores
a)	**Reconciliation of number of equity shares and amount outstanding:**				
	Issued, Subscribed and paid-up:				
	Balance at the beginning of the year	**61,77,64,960**	**123.55**	61,77,64,960	123.55
	Add: Fresh allotment of shares:				
	– Through Rights Issue (refer note 39)	**61,77,64,960**	**123.55**	–	–
	Balance at the end of the year	**1,23,55,29,920**	**247.10**	61,77,64,960	123.55
	Less: Shares issued to ESOS Trust but not yet allotted to employees	**35,64,302**	**0.70**	24,17,256	0.48
	Adjusted Issued, Subscribed and paid-up Share capital	**1,23,19,65,618**	**246.40**	61,53,47,704	123.07
b)	**Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/associates:**				
	Holding and ultimate holding company: Mahindra & Mahindra Limited	**64,43,99,987**	**128.88**	31,62,07,660	63.24
	Percentage of holding (%)	**52.16%**	**52.16%**	51.19%	51.19%
c)	**Shareholders holding more than 5 percent of the aggregate shares:**				
	Mahindra & Mahindra Limited	**64,43,99,987**	**128.88**	31,62,07,660	63.24
	Percentage of holding (%)	**52.16%**	**52.16%**	51.19%	51.19%

d) **Terms/rights attached to equity shares:**

The Company has only one class of equity shares having a par value of Rs.2/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Other Equity

Description of the nature and purpose of Other Equity:

Statutory reserve

Statutory reserve represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared. The reserve fund can be utilized only for limited purposes as specified by RBI from time to time and every such utilization shall be reported to the RBI within specified period of time from the date of such utilization.

Capital redemption reserve (CRR)

Capital redemption reserve represents reserve created pursuant to Section 55 (2) (c) of the Companies Act, 2013 by transfer of an amount equivalent to nominal value of the Preference shares redeemed. The CRR may be utilized by the Company, in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares in accordance with the provisions of the Companies Act, 2013.

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilized only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is created through annual transfer of profits at a specified percentage in accordance with applicable regulations under the erstwhile Companies Act, 1956. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid up capital of the Company for that year, then the total dividend distribution is less than the total distributable profits for that year. Consequent to introduction of the Companies Act, 2013, the requirement to mandatorily transfer specified percentage of net profits to General reserve has been withdrawn. However, the amount previously transferred to the General reserve can be utilized only in accordance with the specific requirements of the Companies Act, 2013.

Debenture Redemption Reserve (DRR)

Until issuance of notification dated 16 August 2019 by MCA through the Companies (Share capital and Debentures) Amendment Rules, 2019, the Companies Act, 2013 required companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The Company was required to transfer a specified percentage (as provided in the Companies Act, 2013) of the outstanding redeemable debentures to debenture redemption reserve. The amounts credited to the debenture redemption reserve may be utilized only to redeem debentures. On completion of redemption, the reserve may be transferred to Retained Earnings.

Pursuant to issuance of notification dated 16 August 2019 by MCA through the Companies (Share capital and Debentures) Amendment Rules, 2019, the DRR is no longer required for certain class of companies, including listed NBFCs registered with RBI under section 45-IA of the RBI Act, 1934, in the case of public issue of debentures and privately placed debentures. Accordingly, during the year ended 31 March 2020, the Company had not created any amount of DRR and transferred the carrying amount of DRR created in the earlier years to Retained earnings as it was no longer required.

Employee stock options outstanding

The Employee Stock Options outstanding represents amount of reserve created by recognition of compensation cost at grant date fair value on stock options vested but not exercised by employees and unvested stock options in the Statement of profit and loss in respect of equity-settled share options granted to the eligible employees of the Company and its subsidiaries in pursuance of the Employee Stock Option Plan.

Retained earnings

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

Details of dividends proposed

Rs. in crores

	31 March 2021	31 March 2020
Face value per share (Rupees)	**2.00**	2.00
Dividend percentage	**40%**	Nil
Dividend per share (Rupees)	**0.80**	–
Total Dividend on Equity shares	**98.84**	–

The Board of Directors of the Company did not recommend any dividend for the financial year ended 31 March 2020.

The dividends proposed for the current financial year ended 31 March 2021 (as per details presented in above table) shall be paid to shareholders on approval of the members of the Company at the forthcoming Annual General Meeting.

24 Interest income

Rs. in crores

	31 March 2021	31 March 2020
On financial instruments measured at Amortized cost		
Interest on loans	**9,784.05**	9,711.97
Income from bill discounting	**59.02**	61.57
Interest income from investments	**132.44**	93.53
Interest on term deposits with banks	**159.56**	68.63
Other interest income	**–**	0.01
On financial instruments measured at fair value through OCI		
Interest income from investments in debt instrument	**131.88**	6.00
Total	**10,266.95**	9,941.71

Note: There is no loan asset measured at FVTPL.

25 Fees and commission income

Rs. in crores

	31 March 2021	31 March 2020
Service charges and other fees on loan transactions	**49.92**	67.69
Fees, commission/brokerage received from mutual fund distribution/other products	**8.84**	17.44
Collection fees related to transferred assets under securitization transactions	**11.97**	11.86
Total	**70.73**	96.99

26 Net gain/(loss) on fair value changes

Rs. in crores

	31 March 2021	31 March 2020
Net gain/(loss) on financial instruments at FVTPL		
– On trading portfolio		
– Investments	**0.11**	(1.91)
Others - Mutual fund units	**40.28**	28.06
Total Net gain/(loss) on financial instruments at FVTPL	**40.39**	26.15
Fair value changes:		
– Unrealized	**40.39**	26.15
Total Net gain/(loss) on financial instruments at FVTPL	**40.39**	26.15

Note: Fair value changes in this schedule are other than those arising on account of accrued interest income/expense.

27 Other income

Rs. in crores

	31 March 2021	31 March 2020
Net gain on derecognition of property, plant and equipment	**0.41**	0.70
Net gain on sale investments measured at amortized cost	**61.02**	45.74
Dividend income from Equity investments in subsidiaries	**–**	30.38
Income from shared services	**45.79**	70.28
Others	**14.39**	0.19
Total	**121.61**	147.29

28 Finance costs

Rs. in crores

	31 March 2021	31 March 2020
On financial liabilities measured at Amortized cost		
Interest on deposits	**817.51**	675.15
Interest on borrowings	**1,312.91**	1,624.59
Interest on debt securities	**2,057.57**	2,284.15
Interest on subordinated liabilities	**293.33**	316.64
Net loss/(gain) in fair value of derivative financial instruments	**201.20**	(119.73)
Interest expense on lease liabilities (refer note 42)	**15.40**	14.63
Other borrowing costs	**35.27**	33.32
Total	**4,733.19**	4,828.75

Note: Other than financial liabilities measured at amortized cost, there are no other financial liabilities measured at FVTPL.

29 Impairment on financial instruments

Rs. in crores

	31 March 2021	31 March 2020
On financial instruments measured at Amortized cost		
Bad debts and write offs	**2,170.70**	837.36
Loans	**1,562.52**	1,219.70
Investments	**(0.96)**	(1.46)
Loan commitment	**0.04**	(1.65)
Trade receivables and other contracts	**2.52**	0.52
Total	**3,734.82**	2,054.47

Note: Other than financial instruments measured at amortized cost, there is no other financial instrument measured at FVOCI.

30 Employee benefits expenses

Rs. in crores

	31 March 2021	31 March 2020
Salaries and wages	**917.15**	1,004.45
Contribution to provident funds and other funds	**76.70**	79.93
Share based payments to employees	**15.99**	29.42
Staff welfare expenses	**5.39**	34.65
Total	**1,015.23**	1,148.45

31 Depreciation, amortization and impairment

Rs. in crores

	31 March 2021	31 March 2020
Depreciation on Property, Plant and Equipment	**52.75**	53.70
Amortization and impairment of intangible assets	**20.40**	17.55
Depreciation on Right of Use Asset (refer note 42)	**52.73**	47.04
Total	**125.88**	118.29

32 Other expenses

Rs. in crores

	31 March 2021	31 March 2020
Rent	**18.39**	37.41
Rates and taxes, excluding taxes on income	**5.52**	25.23
Electricity charges	**10.05**	19.11
Repairs and maintenance	**5.23**	11.57
Communication costs	**18.49**	26.72
Printing and stationery	**5.55**	11.11
Advertisement and publicity	**7.61**	16.94
Directors' fees, allowances and expenses	**3.56**	3.47
Auditor's fees and expenses -		
– Audit fees	**0.97**	0.69
– Other services	**0.47**	0.49
– Reimbursement of expenses	**0.04**	–
Legal and professional charges	**105.62**	137.43
Insurance	**40.14**	39.56
Manpower outsourcing cost	**36.86**	35.03
Donations (refer note 47)	**26.58**	31.46
Corporate Social Responsibility (CSR) expenses (refer note 47)	**0.64**	2.47
Conveyance and travel expenses	**53.35**	122.74
Other expenditure	**121.15**	189.05
Total	**460.22**	710.48

33 Exceptional items

Rs. in crores

	31 March 2021	31 March 2020
Profit on sale of investments in shares of Mahindra Asset Management Company Private Limited, then wholly-owned subsidiary of the Company under 51:49 Joint Venture with Manulife Asset Management (Singapore) Pte. Ltd. (refer note 40 (i))	**6.10**	–
Total	**6.10**	–

34 Earning Per Share (EPS)

Rs. in crores

	31 March 2021	31 March 2020
Profit for the year (Rs in crores)	**335.15**	906.40
Weighted average number of Equity Shares used in computing basic EPS	**1,10,58,95,353**	89,82,59,114
Effect of potential dilutive Equity Shares	**23,83,647**	13,31,431
Weighted average number of Equity Shares used in computing diluted EPS	**1,10,82,79,000**	89,95,90,545
Basic Earnings per share (Rs.) (Face value of Rs. 2/- per share)	**3.03**	10.09
Diluted Earnings per share (Rs.)	**3.02**	10.08

Pursuant to Ind AS - 33, Earnings Per Share, the Basic and Diluted earnings per share for the previous year has been restated for the bonus element in respect of the Rights issue referred to in Note 39.

35 Accumulated Other Comprehensive Income

Rs. in crores

	31 March 2021	31 March 2020
A) Items that will not be reclassified to profit or loss		
Balance at the beginning of the year	**5.12**	2.95
– Net gain/(loss) on equity instruments through OCI	**(4.28)**	2.69
– Income tax impact thereon	**1.15**	(0.52)
Balance at the end of the year: Subtotal (A)	**1.99**	5.12
B) Items that will be reclassified to profit or loss		
Balance at the beginning of the year	**11.64**	5.13
– Net gain/(loss) on debt instruments through OCI	**(92.82)**	7.67
– Income tax impact thereon	**23.36**	(1.16)
Balance at the end of the year: Subtotal (B)	**(57.82)**	11.64
Accumulated Other Comprehensive Income (A + B)	**(55.83)**	16.76

36 Employee Stock Option Plan

The Company had allotted 48,45,025 Equity shares (face value of Rs.2/- each) under Employee Stock Option Scheme 2010 at par on 3 February 2011 to Mahindra and Mahindra Financial Services Limited Employees' Stock Option Trust ("the Trust") set up by the Company. The Trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee.

Pursuant to the Rights issue of one equity share for every equity share held as on record date, at an issue price of Rs.50 per Equity Share (including a premium of ₹ 48 per Equity Share), made by the Company, 20,63,662 equity shares have been allotted to the Trust in respect of its rights entitlement on 17 August 2020. All the option holders (beneficiaries) under existing grants have automatically became entitled to additional options at Rs.50/- per option as rights adjustment and accordingly, the number of outstanding options stand augmented in the same ratio as the rights issue. All the terms and conditions applicable to these additional options issued under rights issue shall remain same as original grant.

Upon exercise of stock options, including additional options issued as per Rights issue, under the scheme by eligible employees, the Trust had issued 41,29,660 equity shares to employees up to 31 March 2021 (31 March 2020: 32,13,044 equity shares), of which 9,16,616 equity shares (31 March 2020: 4,70,989 equity shares) were issued during the current year.

a) The terms and conditions of the Employees stock option scheme 2010 are as under:

Particulars	Terms and conditions
Type of arrangement	Employees share based payment plan administered through ESOS Trust
Contractual life	3 years from the date of each vesting
Number of vested options exercisable	Minimum of 50 or number of options vested whichever is lower
Method of settlement	By issue of shares at exercise price
Vesting conditions	20% on expiry of 12 months from the date of grant
	20% on expiry of 24 months from the date of grant
	20% on expiry of 36 months from the date of grant
	20% on expiry of 48 months from the date of grant
	20% on expiry of 60 months from the date of grant

b) Options granted during the year:

During the year ended 31 March 2021, the Company has not granted any stock options (31 March 2020: nil) to the employees under the Employees' Stock option scheme 2010.

c) Summary of stock options

Particulars	As at 31 March 2021 No. of stock options	As at 31 March 2021 Weighted average exercise price (Rs.)	As at 31 March 2020 No. of stock options	As at 31 March 2020 Weighted average exercise price (Rs.)
Options outstanding at the beginning of the year	**23,50,342**	**2.00**	28,66,916	2.00
Options granted during the year	–	–	–	–
Adjustment pertaining to Rights Issue	**19,87,633**	**50.00**	–	–
Options forfeited/lapsed during the year	**65,073**	**23.00**	42,882	2.00
Options expired during the year	**1,802**	**30.00**	2,703	2.00
Options exercised during the year	**9,16,616**	**15.00**	4,70,989	2.00
Options outstanding at the end of the year	**33,54,484**	**26.00**	23,50,342	2.00
Options vested but not exercised at the end of the year	**7,07,970**	**28.00**	5,02,244	2.00

Adjusted for additional options issued in the ratio of one equity share for every one equity share held under Rights issue made by the Company during August 2020. The options issued under ESOP scheme 2010 are exercisable at Rs.2/- per option and adjustment options issued under Rights issue are exercisable at Rs.50/- each, including premium of Rs. 48/- per option (being the issue price under Rights allotment).

d) Information in respect of options outstanding:

Exercise price	As at 31 March 2021 No. of stock options	As at 31 March 2021 Weighted average remaining life	As at 31 March 2020 No. of stock options	As at 31 March 2020 Weighted average remaining life
i) At Rs.2.00 per option	**16,52,454**	50 months	23,50,342	54 months
ii) At Rs.50.00 per option	**17,02,030**	49 months	–	–
	33,54,484		23,50,342	

e) Average share price at recognized stock exchange on the date of exercise of the option is as under:

Year ended 31 March 2021 Date of Exercise	Year ended 31 March 2021 Weighted average share price (Rs.) #	Year ended 31 March 2020 Date of Exercise	Year ended 31 March 2020 Weighted Average share price (Rs.)
01 April 2020 to 31 March 2021	**167.30**	01 April 2019 to 31 March 2020	335.73

Adjusted for additional options issued in the ratio of one equity share for every one equity share held under Rights issue made by the Company during August 2020.

f) Determination of expected volatility

The measure of volatility used in the Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time.

The determination of expected volatility is based on historical volatility of the stock over the most recent period that is generally commensurate with the expected life of the option being valued. The period considered for volatility is adequate to represent a consistent trend in the price movements and the movements due to abnormal events are evened out.

Accordingly, since each vest has been considered as a separate grant, the model considers the volatility for periods, corresponding to the expected lives of different vests, prior to the grant date. Volatility has been calculated based on the daily closing market price of the Company's stock price on NSE over these years. Similar approach was followed in determination of expected volatility based on historical volatility for all the grants under the scheme.

In respect of stock options granted under Employee Stock Option Scheme 2010, the accounting is done as per the requirements of Ind AS 102. Consequently, Rs. 15.99 crores (31 March 2020: Rs. 29.42 Crores) has been included under 'Employee Benefits Expense' as 'Share-based payment to employees' based on respective grant date fair value, after adjusting for reversals on account of options forfeited. The amount includes cost reimbursements to the holding company of Rs. 0.47 crores (31 March 2020: Rs. 0.52 Crores) in respect of options granted to employees of the Company and excludes net recovery of Rs. 0.32 crores (31 March 2020: Rs. 0.57 Crores) from its subsidiaries for options granted to their employees.

37 Employee benefits

General description of defined benefit plans

Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering qualifying employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under The Payment of Gratuity Act, 1972. The Company makes annual contribution to the Gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity fund.

Post retirement medical cover

The Company provides for post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Through its defined benefit plans the company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatality -

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets underperform compared to this yield, this will create or increase a deficit. The defined benefit plans may hold equity type assets, which may carry volatility and associated risk.

Change in bond yields -

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instruments.

Variability in withdrawal rates -

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

Regulatory Risk -

Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to-date). There is a risk of change in the regulations requiring higher gratuity payments (e.g. raising the present ceiling of Rs. 20,00,000, raising accrual rate from 15/26 etc.).

Inflation risk -

The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. The post retirement medical benefit obligation is sensitive to medical inflation and accordingly, an increase in medical inflation rate would increase the plan's liability.

Life expectancy -

The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants, both during and after the employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Details of defined benefit plans as per actuarial valuation are as follows:

		Funded Plan Gratuity Year ended 31 March	
Particulars		**2021**	2020
I.	**Amounts recognised in the Statement of Profit & Loss**		
	Current service cost	**11.26**	11.31
	Net Interest cost	**1.39**	2.16
	Past service cost	**–**	(10.91)
	Adjustment due to change in opening balance of Plan assets	**(4.24)**	(3.22)
	Total expenses included in employee benefits expense	**8.41**	(0.66)
II.	**Amount recognized in Other Comprehensive income**		
	Remeasurement (gains)/losses:		
	a) Actuarial (gains)/losses arising from changes in -		
	– financial assumptions	**(2.82)**	(11.34)
	– experience adjustments	**–**	–
	b) Return on plan assets, excluding amount included in net interest expense/ (income)	**–**	–
	Total amount recognized in other comprehensive income	**(2.82)**	(11.34)
III.	**Changes in the defined benefit obligation**		
	Opening defined benefit obligation	**85.40**	73.88
	Add/(less) on account of business combination/transfers		
	Current service cost	**11.26**	11.31
	Past service cost	**–**	(10.91)
	Interest expense	**5.89**	5.67
	Remeasurement (gains)/losses arising from changes in -		
	– demographic assumptions	**0.55**	0.27
	– financial assumptions	**(0.11)**	7.70
	– experience adjustments	**(2.13)**	(0.14)
	Benefits paid	**(5.42)**	(2.38)
	Closing defined benefit obligation	**95.44**	85.40
IV.	**Change in the fair value of plan assets during the year**		
	Opening Fair value of plan assets	**61.09**	42.47
	Interest income	**4.51**	3.50
	Expected return on plan assets	**(4.51)**	(3.50)
	Contributions by employer	**2.72**	17.77
	Adjustment due to change in opening balance of Plan assets	**4.23**	3.23
	Actual Benefits paid	**(5.42)**	(2.38)
	Closing Fair value of plan assets	**62.62**	61.09
V.	**Net defined benefit obligation**		
	Defined benefit obligation	**95.44**	85.40
	Fair value of plan assets	**62.62**	61.09
	Surplus/(Deficit)	**(32.82)**	(24.31)
	Current portion of the above	**1.86**	6.48
	Non current portion of the above	**30.96**	17.83

Actuarial assumptions and Sensitivity

I.	**Actuarial assumptions**		
	Discount Rate (p.a.)	**6.91%**	6.90%
	Attrition rate	**6.61 for age upto 30, 5.47 for age 31-44, 0.12 for 44 and above**	12.41 for age upto 30, 8.21 for age 31-44, 0.21 for 44 and above

		Funded Plan Gratuity Year ended 31 March	
Particulars		**2021**	2020
	Expected rate of return on plan assets (p.a.)		–
	Rate of Salary increase (p.a.)	**7.00%**	7.00%
	In-service Mortality	**Indian Assured Lives Mortality (2012-14) Ultimate**	Indian Assured Lives Mortality (2012-14) Ultimate
II.	**Quantitative sensitivity analysis for impact of significantassumptions on defined benefit obligation are as follows:**		
	One percentage point increase in discount rate	**(11.07)**	(8.96)
	One percentage point decrease in discount rate	**13.25**	10.64
	One percentage point increase in Salary growth rate	**13.11**	10.53
	One percentage point decrease in Salary growth rate	**(11.15)**	(9.03)
III.	**Maturity profile of defined benefit obligation**		
	Within 1 year	**6.32**	9.82
	Between 1 and 5 years	**27.76**	40.03

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

The plan assets have been primarily invested in government securities and corporate bonds.

The cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. Actuarial valuations involve making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rate. Due to these complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at each reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method.

During the year ended 31 March 2020, there was a revision in salary structure by reduction of basic pay with corresponding increase in variable pay of employees in certain grades made effective during the last quarter of the previous financial year which resulted in reduction in valuation of defined benefit obligation on account of gains recorded in past service cost amounting to Rs. 10.91 Crores and the same was netted against expenses recognized in Statement of Profit and Loss under the head Employee Benefits Expense. Accordingly, the Company had recognized a net gain of Rs. 0.66 Crores for the year ended 31 March 2020 in the Statement of Profit and Loss under the head Employee Benefits Expense.

During the year ended 31 March 2021, there was no increment in the salary due to lower business performance caused by COVID-19 led disruptions. As the salary structure primarily remained same as previous year, the actuarial valuation of defined benefit obligations for the current year were at same level as previous year except for change in assumptions or certain parameters used in valuation.

The Company's contribution to provident fund, superannuation fund and national pension scheme aggregating to Rs 58.41 crores (31 March 2020: Rs. 68.07 Crores) has been recognized in the Statement of profit and loss under the head Employee benefits expense.

38 Funds raised by issue of Rupee denominated USD settled, Secured Notes ("Masala Bonds")

During the year ended 31 March 2021, there was no capital raised in the overseas market by issue of Masala Bonds.

During the previous year ended 31 March 2020, the Company had raised funds in the overseas market amounting to Rs. 350.00 Crores (equivalent to USD 50 million) through issue of Rupee denominated USD settled, Secured Notes ("Masala Bonds") under External Commercial Borrowings (ECB) accessed through approval route requiring prior approval of RBI as per ECB Master directions. These are unlisted instruments, issued on 13 February 2020 for total duration of 4 years, carrying a fixed coupon rate of 7.40%, repayable at par on maturity on 13 February 2024.

The net proceeds from the issue of these Notes were applied for the purpose of on-lending, in accordance with the approvals granted by the RBI and the ECB Master Directions.

39 Funds raised by issue of equity shares through Rights Issue

Pursuant to authorization of further infusion of capital through Rights Issue by the Board of Directors of the Company at its meeting held on 1 June 2020, other resolutions passed on 18 July 2020 approving the issue size, rights entitlement ratio, fixing the issue price, fixing the record date and in accordance with the provisions of the Companies Act, 2013 and the applicable Rules prescribed thereunder, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, the Company had issued 61,77,64,960 fully paid-up equity shares of face value of Rs. 2 each for cash at a price of Rs. 50 per equity share (including a premium of Rs. 48 per equity share) aggregating to Rs. 3,088.82 crores on a rights basis to eligible equity shareholders in the ratio of one equity share for every one fully paid-up equity share held on the record date, that is 23 July 2020. These equity shares were allotted on 17 August 2020. The Company has utilized the entire proceeds (net of issue related expenses) from the above referred Rights Issue for the purposes as stated in its 'Letter of Offer'.

The fresh allotment of equity shares through Rights Issue as stated above has resulted in an increase of equity share capital by Rs.123.55 crores and securities premium reserve by Rs. 2,965.27 crores.

The share issue expenses of Rs.8.54 crores have been adjusted against securities premium reserve as per the accounting policy.

Increase in the Authorised Share Capital of the Company:

In view of Rights Issue and pursuant to the consent accorded by passing Special Resolutions by the Shareholders of Mahindra & Mahindra Financial Services Limited at the Extraordinary General Meeting ("EGM") held on Tuesday, 30 June, 2020, the Authorised share capital of the Company has been increased from Rs. 190.00 crores divided into 70,00,00,000 (Seventy crores) equity shares of Rs. 2 (Rupees Two) each of the Company and 50,00,000 (Fifty Lakhs) Redeemable Preference shares of Rs. 100 (Rupees hundred) each of the Company to Rs. 550.00 crores divided into 250,00,00,000 (Two hundred fifty crores) equity ehares of Rs. 2 (Rupees two) each of the Company and 50,00,000 (Fifty Lakhs) Redeemable Preference shares of Rs. 100 (Rupees hundred) each of the Company.

40 Transactions in the nature of change in ownership in other entities

Transactions pertaining to year ended 31 March 2021:

i) The Company, on 21 June 2019, along with Mahindra Asset Management Company Private Limited ('MAMCPL') and Mahindra Trustee Company Private Limited ('MTCPL'), then wholly-owned subsidiaries of the Company, had entered in to a share subscription agreement and shareholders' agreement to form a 51:49 Joint Venture with Manulife Asset Management (Singapore) Pte. Ltd. ('Manulife').

The transaction was settled on 29 April 2020 in accordance with share subscription and shareholders' agreements to acquire a 49% stake in MIAMCPL and MTCPL by Manulife. Accordingly, Manulife has made a fresh equity investment infusion aggregating to US $ 35.00 million to acquire 42% of the share capital of MAMCPL & MTCPL. The said agreements have also provided for sale of certain number of equity shares of MAMCPL by MMFSL at an agreed valuation within the overall stake divestment of 49% to Manulife. Accordingly, under the sale transaction, 1,47,00,000 equity shares of MAMCPL, equivalent to 7% of the fully paid up equity share capital of MAMCPL, for a consideration of Rs. 20.80 Crores (equivalent to USD 2.73 million), have been transferred in dematerialized form to Manulife. On this sale transaction, the Company recognized a pre-tax profit of Rs.6.10 crores on a standalone basis and the same has been disclosed as exceptional item in the statement of profit and loss for the year ended 31 March 2021.

Consequent to the above, the shareholding of the Company in MAMCPL and MTCPL has come down from 100% to 51% of the fully paid up equity share capital. The erstwhile names of MAMCPL and MTCPL have been changed to Mahindra Manulife Investment Management Private Limited (MMIMPL) and Mahindra Manulife Trustee Private Limited (MMTPL), respectively.

Transactions pertaining to previous year ended 31 March 2020:

ii) Pursuant to the offer made by National Housing Bank (NHB), the Board of Directors of the Company, at its meeting held on 27 March 2019, had approved the acquisition of 1,18,91,511 equity shares of Rs. 10/- each of Mahindra Rural Housing Finance Limited, a subsidiary of the Company, at a premium of Rs. 231.16, for cash, aggregating to Rs. 286.78 crs. During the year ended 31 March 2020, the Company had settled the entire amount of obligation as per the terms and conditions of the agreement.

iii) During the previous year ended 31 March 2020, the Company had entered in to a share subscription, share purchase and shareholders' agreement with Ideal Finance Limited ("Ideal Finance") and its existing Shareholders to form and operate a Joint Venture in the financial services sector in Sri Lanka. Pursuant to these agreements, the Company had agreed to subscribe/acquire up to 58.20% of the Equity share capital of Ideal Finance, in one or more tranches over a specified period of time, for an amount not exceeding Sri Lankan Rupees (LKR) 200.30 crores (equivalent to around Rs. 80.12 crores at foreign exchange rate of INR 1 to LKR 2.5). Upon acquisition of above stake, Ideal Finance will become a subsidiary of the Company. As part of this agreement, the Company had remitted an amount of Rs. 44.00 Crores (equivalent to LKR 110.00 Crores) to Ideal Finance towards acquisition of 38.20% of the Equity share capital under first and second tranches as prescribed in these agreements.

iv) During the previous year ended 31 March 2020,, the Company had incorporated a Wholly-owned subsidiary company, namely, Mahindra Finance CSR Foundation, under the provisions of section 8 of the Companies Act, 2013 for undertaking the CSR activities of the Company and its subsidiaries.

41 Capital management

The Reserve Bank of India vide its circular reference RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 outlined the regulatory guidance in relation to Ind AS financial statements from financial year 2019-20 onwards. This included guidance for computation of 'owned funds', 'net owned funds' and 'regulatory capital'. Accordingly, effective from the financial year ended 31 March 2020, the 'regulatory capital' has been computed in accordance with these requirements read with the requirements of the Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended).

'The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or convertible and/or combination of short term/long term debt as may be appropriate.

The company determines the amount of capital required on the basis of operations, capital expenditure and strategic investment plans. The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio.

The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI). Under RBI's capital adequacy guidelines, the Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital. The minimum capital ratio as prescribed by RBI guidelines and applicable to the Company, consisting of Tier I and Tier II capital, shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet.

The Company has complied with all regulatory requirements related capital and capital adequacy ratios as prescribed by RBI.

Regulatory capital

		Rs. in crores
	As at 31 March 2021	As at 31 March 2020
Tier - I capital	**12,653.79**	9,628.80
Tier - II capital	**2,141.99**	2,645.43
Total Capital	**14,795.78**	12,274.23
Aggregate of Risk Weighted Assets	**56,944.01**	62,485.47
Tier - I capital ratio	**22.2%**	15.4%
Total Capital ratio	**26.0%**	19.6%

"Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

"owned fund" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

"Tier II capital" includes the following -

(a) preference shares other than those which are compulsorily convertible into equity;

(b) revaluation reserves at discounted rate of fifty five percent;

(c) General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets. 12 month expected credit loss (ECL) allowances for financial instruments i.e. where the credit risk has not increased significantly since initial recognition, shall be included under general provisions and loss reserves in Tier II capital within the limits specified by extant regulations. Lifetime ECL shall not be reckoned for regulatory capital (numerator) while it shall be reduced from the risk weighted assets.

(d) hybrid debt capital instruments; and

(e) subordinated debt to he extend the aggregate does not exceed Tier I capital.

Aggregate Risk Weighted Assets -

Under RBI Guidelines, degrees of credit risk expressed as percentage weightages have been assigned to each of the on-balance sheet assets and off- balance sheet assets. Hence, the value of each of the on-balance sheet assets and off- balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio.

42 Leases

I) In the cases where assets are taken on operating lease (as lessee) -

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises, certain IT equipments and general purpose office equipments used for operating activities.

In accordance with the requirements under Ind AS 116, Leases, the Company has recognized the lease liability at the present value of the future lease payments discounted at the incremental borrowing rate at the date of initial application as at 1 April 2019, and thereafter, at the inception of respective lease contracts, ROU asset equal to lease liability is recognized at the incremental borrowing rate prevailed during that relevant period subject to certain practical expedients as allowed by the standard.

The weighted average incremental borrowing rate of 7.00% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

a) Maturity Analysis - Contractual Undiscounted Cash Flow:

		Rs. in crores
	As at 31 March 2021	As at 31 March 2020
Less than 1 year	**52.41**	54.63
1 - 3 years	**85.50**	82.54
3 - 5 years	**54.42**	53.88
More than 5 years	**43.07**	45.82
Total undiscounted lease liabilities	**235.40**	236.87

b) Other disclosures:

Following table summarizes other disclosures including the note references for the expense, asset and liability heads under which certain expenses, assets and liability items are grouped in the financial statements.

Rs. in crores

		Amount for the year ended/ As at **31 March 2021**	31 March 2020
i)	Depreciation charge for Right-Of-Use assets for Leasehold premises (presented under note - 31 "Depreciation, amortization and impairment")	**52.73**	47.04
ii)	Interest expense on lease liabilities (presented under note - 28 "Finance costs")	**15.40**	14.63
iii)	Expense relating to short-term leases (included in Rent expenses under note 32 "Other expenses")	**12.23**	24.76
iv)	Expense relating to leases of low-value assets (included in Rent expenses under note 32 "Other expenses")	**8.55**	12.65
v)	Payments for principal portion of lease liability	**42.75**	38.12
vi)	Additions to right-of-use assets during the year	**50.11**	42.45
vii)	Carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset -	**–**	–
	- Property taken on lease for office premises (presented under note - 11 "Property, plant and equipments")	**173.58**	179.88
viii)	Lease liabilities (presented under note - 20 "Other financial liabilities")	**190.09**	188.80

Pursuant to amendments brought in by the Ministry of Corporate Affairs through the Companies (Indian Accounting Standards) Amendment Rules, 2020 vide notification dated 24 July 2020, Ind AS 116 - Leases was amended by inserting certain paragraphs (46A and 46B) related to application of practical expedient to Covid-19-Related Rent Concessions. The Company had applied the practical expedient to all such rent concessions received during the year ended 31 March 2021 from certain Lessors that meet the conditions specified in paragraph 46B. The amount of rent concessions recognized in the statement of profit or loss is Rs. 2.39 crores.

II) In the cases where assets are given on operating lease (as lessor) -

Key terms of the lease are as below:

i) New vehicles to retail customers for a maximum period of 48 months with a minimum holding period of 24 months.

ii) Used and refurbished vehicles to travel operators/taxi aggregators with a initial agreement validity period of 36 months to 48 months and provision for extension for such period and on such terms and conditions as may be agreed by both the parties. The lease agreement also provides for minimum lock in period 6 months from the date of execution and cancellation with 3 months' notice from either parties. The consideration payable by the lessee is either minimum commitment charges or variable rental charges based on usage, make/model of the vehicle and certain other terms and conditions forming part of the lease agreement.

Rental income arising from these operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the Statement of profit and loss. Costs, including depreciation, incurred in earning the lease income are recognized as an expense.

Other details are as follows:

Rs. in crores

	Particulars	**Year ended 31 March 2021**	Year ended 31 March 2020"
i)	**New vehicles to retail customers on operating lease -**		
	Gross carrying amount	**71.40**	49.26
	Depreciation for the year	**8.92**	3.96
	Accumulated Depreciation	**13.20**	4.28
ii)	**Used and refurbished vehicles to travel operators/taxi aggregators -**		
	Gross carrying amount	**2.75**	3.59
	Depreciation for the year	**0.19**	0.43
	Accumulated Depreciation	**0.75**	0.56

The total future minimum lease rentals receivable for the non-cancellable lease period as at the Balance sheet date is as under:

Rs. in crores

	Particulars	**As at 31 March 2021**	As at 31 March 2020
i)	**New vehicles to retail customers on operating lease -**		
	Not later than one year	**19.69**	14.51
	Later than one year but not later than five years	**43.05**	35.79
	Later than five years	**–**	–
		62.74	**50.30**
ii)	**Used and refurbished vehicles to travel operators/taxi aggregators -**		
	Not later than one year	**0.21**	**0.51**
	Later than one year but not later than five years	**0.32**	**0.34**
	Later than five years	**–**	–
		0.53	0.85

Since there is no contingent rent applicable in respect of these lease arrangements, the Company has not recognized any income as contingent income during the year.

43 Operating segments

There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.

The Company operates in single segment only. There are no operations outside India and hence there is no external revenue or assets which require disclosure.

No revenue from transactions with a single external customer amounted to 10% or more of the Company's total revenue in year ended 31 March 2021 or 31 March 2020.

44 Frauds reported during the year

There were 80 cases (31 March 2020: 101 cases) of frauds amounting to Rs.2.52 crores (31 March 2020: Rs.2.85 Crores) reported during the year. The Company has recovered an amount of Rs.0.61 crores (31 March 2020: Rs.0.71 Crores) and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies on merit basis.

45 Contingent liabilities and commitments (to the extent not provided for)

Rs. in crores

		31 March 2021	31 March 2020
i)	**Contingent liabilities**		
	Claims against the Company not acknowledged as debts	**159.41**	144.35
	Guarantees	**1,577.23**	1,117.42
		1,736.64	1,261.77
ii)	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	**12.66**	**13.17**
	Other commitments (loan sanctioned but not disbursed)	**61.62**	**239.46**
		74.28	252.63
Total		**1,810.92**	1,514.40

The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Income Tax, sales tax/VAT and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions/contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial performance and financial position. Regarding the amounts disclosed above, it is not practicable to disclose information on the possibility of any reimbursements as it is determinable only on the occurrence of uncertain future events.

46 Transfer of financial assets

Transferred financial assets that are not derecognized in their entirety

The Company has transferred certain pools of fixed rate loan receivables backed by underlying assets in the form of tractors, vehicles, equipments etc. by entering in to securitization transactions with the Special Purpose Vehicle Trusts ("SPV Trust") sponsored by Commercial banks for consideration received in cash at the inception of the transaction.

The Company, being Originator of these loan receivables, also acts as Servicer with a responsibility of collection of receivables from its borrowers and depositing the same in Collection and Payout Account maintained by the SPV Trust for making scheduled payouts to the investors in Pass Though Certificates (PTCs) issued by the SPV Trust. These securitization transactions also requires the Company to provide for first loss credit enhancement in various forms, such as corporate guarantee, cash collateral, subscription to subordinated PTCs. as credit support in the event of shortfall in collections from underlying loan contracts. By virtue of existence of credit enhancement, the Company is exposed to credit risk, being the expected losses that will be incurred on the transferred loan receivables to the extent of the credit enhancement provided.

In view of the above, the Company has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the recognition criteria as set out in Ind AS 109. Consideration received in this transaction is presented as "Associated liability related to Securitization transactions" under Note no.17.

The following table provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

Rs. in crores

Particulars	**As at 31 March 2021**	As at 31 March 2020
Securitizations -		
Carrying amount of transferred assets measured at amortized cost	**10,524.45**	8,855.24
Carrying amount of associated liabilities	**10,390.77**	8,881.71
Fair value of transferred assets (A)	**10,345.25**	8,769.74
Fair value of associated liabilities (B)	**9,592.85**	8,169.18
Net position (A-B)	**752.40**	600.56

47 Corporate Social Responsibility (CSR)

The CSR activities of the Company shall include, but not limited to any or all of the sectors/activities as may be prescribed by Schedule VII of the Companies Act, 2013 amended from time to time. Further, the Company reviews the sectors/activities from time to time and make additions/deletions/clarifications to the above sectors/activities.

During the year ended 31 March 2021, the Company has incurred an expenditure of Rs. **26.58** crores (31 March 2020: Rs. 25.34 Crores) towards CSR activities which includes contribution/donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs. **0.64** crores (31 March 2020: Rs. 2.46 Crores) towards the CSR activities undertaken by the Company.

Detail of amount spent towards CSR activities:

a) Gross amount required to be spent by the Company during the year is Rs. **27.29** crores (31 March 2020: Rs. 22.80 Crores).

b) Amount spent by the Company during the year:

Rs. in crores

Particulars	**For the year ended 31 March 2021**			For the year ended 31 March 2020		
	In cash	**Yet to be paid in cash**	**Total**	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	**–**	**–**	**–**	–	–	–
ii) On purpose other than (i) above	**27.37**	**–**	**27.37**	27.97	–	27.97

The above expenditure includes Rs. **0.15** crores (31 March 2020: Rs. 0.17 Crores) as salary cost in respect of certain employees who have been exclusively engaged in CSR administrative activities which qualifies as CSR expenditure under section 135 of the Companies Act, 2013.

48 During the year ended 31 March 2020, the Company has made a contribution of Rs.6.00 crores to New Democratic Electoral Trust, a Trust approved by the Central Board of Direct Taxes under Electoral Trust Scheme, 2013 to enable Electoral Trust to make contributions to political party/parties duly registered with the Election Commission, in such manner and at such times as it may decide from time to time. This contribution was as per the provisions of section 182 of the Companies Act, 2013. There was no such contribution made during the year ended 31 March 2021.

49 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

50 Reconciliation of movement of liabilities to cash flows arising from financing activities

Year ended 31 March 2021 Rs. in crores

Particulars	1 April 2020	Cash flows (net)	Exchange difference	Amortization of loan origination costs	New leases (including transition to Ind AS 116)	31 March 2021
Debt securities	17,744.87	(901.25)	–	(9.05)	–	**16,834.57**
Borrowings (Other than debt securities)	29,487.35	(228.16)	(124.75)	7.64	–	**29,142.08**
Deposits	8,812.14	626.99	–	11.53	–	**9,450.66**
Subordinated liabilities	3,417.95	(272.98)	–	4.40	–	**3,149.37**
Lease liabilities	188.81	(45.14)	–	–	46.43	**190.10**
Total	**59,651.11**	**(820.54)**	**(124.75)**	**14.52**	**46.43**	**58,766.77**

Year ended 31 March 2020 Rs. in crores

Particulars	1 April 2019	Cash flows (net)	Exchange difference	Amortization of loan origination costs	New leases (including transition to Ind AS 116)	31 March 2020
Debt securities	22,319.38	(4,561.51)	–	(13.00)	–	17,744.87
Borrowings (Other than debt securities)	21,301.53	7,978.01	191.75	16.06	–	29,487.35
Deposits	5,667.18	3,138.24	–	6.72	–	8,812.14
Subordinated liabilities	3,558.84	(139.77)	–	(1.12)	–	3,417.95
Lease liabilities	–	(38.12)	–	–	226.93	188.81
Dividend paid (including tax on dividend)	–	(477.86)	–	–	–	
Total	**52,846.93**	**5,898.99**	**191.75**	**8.65**	**226.93**	**59,651.11**

51 Financial Risk Management Framework

In the course of its business, the Company is exposed to certain financial risks namely credit risk, interest risk, currency risk & liquidity risk. The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors.

Board of Directors of the Company have established Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring risk management policies for its business. The Company's financial services businesses are exposed to high credit risk given the unbanked rural customer base and diminishing value of collateral. The credit risk is managed through credit norms established based on historical experience.

51.1 Market Risk

Market the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the return.

a) Pricing Risk

The Company's Investment in Mutual Funds is exposed to pricing risk. Other financial instruments held by the company does not possess any risk associated with trading. A 5 percent increase in Net Assets Value (NAV) would increase profit before tax by approximately **Rs 83.36 crores** (31st March 2020: Rs 162.06 crores). A similar percentage decrease would have resulted equivalent opposite impact.

b) Currency Risk

Currency Risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arise majorly on account of foreign currency borrowings. The Company's foreign currency exposures are managed in accordance with its Foreign Exchange Risk Management Policy which has been approved by its Board of Directors. The Company manages its foreign currency risk by entering into forward contract and cross currency swaps.

The carrying amounts of the Company's foreign currency exposure at the end of the reporting period are as follows:

Rs. in crores

	JPY	US Dollar	Euro	Total
As at 31 March 2021				
Financial Assets	**–**	**–**	**–**	**–**
Financial Liabilities	**988.13**	**2485.78**	**206.64**	**3,680.55**
As at 31 March 2020				
Financial Assets	–	–	–	–
Financial Liabilities	–	2,721.41	199.32	2,920.73

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant.

Rs. in crores

	Currency	Change in rate	Effect on Profit Before Tax
Year ended 31 March 2021	**INR/JPY**	**(+/-) 1.00%**	**(+/-) 9.88**
	INR/USD	**(+/-) 1.00%**	**(+/-) 2.07**
	INR/EUR	**(+/-) 1.00%**	**(+/-) 24.86**
Year ended 31 March 2020	INR/USD	(+/-) 1.00%	(+/-) 27.21
	INR/EUR	(+/-) 1.00%	(+/-) 1.99

c) **Interest Rate Risk**

The company uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day-to-day operations. Further, certain interest bearing liabilities carry variable interest rates.

Interest Rate risk on variable rate borrowings is managed by way of interest rate swaps.

Interest Rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

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

Rs. in crores

	Currency	Increase/ decrease in basis points	Effect on profit before tax
Year ended 31 March 2021	**INR**	**100**	**135.71**
Year ended 31 March 2020	INR	100	155.98

d) **Off-setting of balances**

The table below summarizes the financial liabilities offsetted against financial assets and shown on a net basis in the balance sheet:

Financial assets subject to offsetting

Rs. in crores

	Offsetting recognized on the balance sheet		
Particulars	**Gross assets before offset**	**Financial liabilities netted**	**Assets recognized in balance sheet**
Loan assets			
At 31 March' 2021	**60,029.98**	**82.56**	**59,947.42**
At 31 March' 2020	65,091.55	98.03	64,993.52

Financial liabilities subject to offsetting

Rs. in crores

	Offsetting recognized on the balance sheet		
Particulars	**Gross liabilities before offset**	**Financial assets netted**	**Liabilities recognized in balance sheet**
Other financial liabilities			
At 31 March' 2021	**2,686.82**	**82.56**	**2,604.26**
At 31 March' 2020	2,411.99	98.03	2,313.96

51.2 Credit Risk Management

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its retail and other loans primarily based on Days past due monitoring at period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

Credit Quality of Financial Loans and Investments

The following table sets out information about credit quality of loans and investments measured at amortized cost primarily based on days past due information. The amount represents gross carrying amount.

Rs. in crores

Particulars	**31 March 2021**	31 March 2020
Gross carrying value of Retail loans		
Neither Past due nor impaired	**41,694.34**	49,494.84
Past Due but not impaired		
30 days past due	**6,315.88**	3,298.35
31-90 days past due	**7,947.58**	6,162.09
Impaired (more than 90 days)	**5,681.06**	5,484.50
Total Gross carrying value as at reporting date	**61,638.86**	64,439.78

Rs. in crores

Particulars	**31 March 2021**	31 March 2020
Gross carrying value of SME loans including Bills of exchange		
Neither Past due nor impaired	**1,499.69**	1,626.63
Past Due but not impaired		
30 days past due	**81.13**	497.97
31-90 days past due	**138.98**	78.49
Impaired (more than 90 days)	**38.03**	192.98
Total Gross carrying value as at reporting date	**1,757.83**	2,396.07

Rs. in crores

Particulars	**31 March 2021**	31 March 2020
Gross carrying value of Trade Advances		
Less than 60 days past due	**1,113.33**	963.83
61-90 days past due	**22.57**	211.50
Impaired (more than 90 days)	**59.08**	64.02
Total Gross carrying value as at reporting date	**1,194.98**	1,239.35

Rs. in crores

Particulars	**31 March 2021**	31 March 2020
Gross carrying value of Financial Investments measured at amortised cost		
Neither Past due nor impaired	**3,765.44**	1,129.59
Past Due but not impaired		
30 days past due	**–**	–
31-90 days past due	**–**	–
Impaired (more than 90 days)	**–**	–
Total Gross carrying value as at reporting date	**3,765.44**	1,129.59

The Company reviews the credit quality of its loans based on the ageing of the loan at the period end. Since the company is into retail lending business, there is no significant credit risk of any individual customer that may impact company adversely, and hence the Company has calculated its ECL allowances on a collective basis.

Inputs considered in the ECL model

In assessing the impairment of financial loans under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorizes loan assets into stages primarily based on the Days Past Due status.

Stage 1: 0-30 days past due

Stage 2: 31-90 days past due

Stage 3: More than 90 days past due

In case of unsecured advances (personal loans), the Company follows an early recognition norm of classification in to stage 3 assets where the overdue is more than 30 days past due.

The company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for trade advances, lease and other receivables. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the company.

(i) RBI COVID-19 Regulatory Package

In accordance with the Reserve Bank of India (RBI) notification no. RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated 27th March, 2020, RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020 and Press Release: 2019-2020/2392 dated 22 May 2020 relating to 'COVID-19 - Regulatory Package', the Company, as per its Board approved policy and ICAI advisories, has granted moratorium upto six months on the payment of installments which became due between 01 March 2020 and 31 August 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Company continued to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria and accordingly, the staging of such accounts of borrowers as at 31 March 2021 is based on day past due status considering the benefit of moratorium period.

During the previous year ended 31 March 2020, in accordance with the notifications issued by the Reserve Bank of India (RBI) relating to 'COVID-19 - Regulatory Package' till the date of results, the Company, as per its Board approved policy and ICAI advisories, had considered the moratorium up to three months on the payment of installments which became due between 01 March 2020 and 31 May 2020 to all eligible borrowers. Accordingly, in respect of accounts overdue but standard (i.e, stage 1 and stage 2) as at 29 February 2020 where moratorium benefit has been granted, for the purpose of staging of those accounts and for determination of impairment loss allowance as at 31 March 2020, the days past due status as on 29 February 2020 has been considered.

(ii) Impact of COVID-19

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy.

The COVID-19 outbreak and its effect on the economy has impacted our customers and our performance, and the future effects of the outbreak remain uncertain. The outbreak necessitated government to respond at unprecedented levels to protect public health, local economies and livelihoods. There remains a risk of subsequent waves of infection, as evidenced by the recently emerged variants of the virus.

Across the geographies and segments where we operate, the COVID-19 outbreak has led to a worsening of economic conditions and increased uncertainty, which has been reflected in higher ECL provisions. Furthermore, credit losses may increase due to exposure to vulnerable sectors of the economy such as retail, hospitality and commercial real estate. The impact of the pandemic on the long-term prospects of businesses in these sectors is uncertain and may lead to significant credit losses on specific exposures, which may not be fully captured in ECL estimates.

The significant changes in economic and market drivers, customer behaviours and government actions caused by COVID-19 have materially impacted the performance of financial models. ECL model performance has been significantly impacted, which has increased reliance on management judgement in determining the appropriate level of ECL estimates. The reliability of ECL models under these circumstances has also been impacted by the unprecedented response from governments to provide a variety of economic stimulus packages to support livelihoods and businesses. Historical observations on which the models were built do not reflect these unprecedented support measures. We continue to monitor credit performance against the level of government support and customer relief programmes.

While the methodologies and assumptions applied in the impairment loss allowance calculations have primarily remained unchanged from those applied while preparing the financial results for the year ended March 2020, the Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance and has recognized an overlay of Rs.996.36 crores (31 March 2020: Rs.574.01 crores) in the statement of profit and loss. The final impact of this pandemic and the Company's impairment loss allowance estimates are inherently uncertain, and hence, the actual impact may be different than that estimated based on the conditions prevailing as at the date of approval of these financial results. The management will continue to closely monitor the material changes in the macro-economic factors impacting the operations of the Company.

The Honourable Supreme Court of India (Hon'ble SC), in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated 03 September 2020 ("Interim Order"), had directed banks and NBFCs that accounts which were not declared NPA till 31 August 2020 shall not be declared as NPA till further orders. Accordingly, the Company did not classify any account which was not NPA as of 31 August 2020 as per the RBI IRAC norms, as NPA after 31 August 2020.

Basis the said interim order, until 31 December 2020, the Company did not classify any additional borrower account as NPA as per the Reserve Bank of India or other regulatory prescribed norms, after 31 August 2020 which were not NPA as of 31 August 2020, however, during such periods, the Company has classified those accounts as stage 3 and provisioned accordingly for financial reporting purposes.

The interim order granted to not declare accounts as NPA stood vacated on 23 March 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated 07 April 2021 issued in this connection, the Company has continued with the asset classification of borrower accounts as per the extant RBI instructions/ IRAC norms and as per ECL model under Ind AS financial statements for the quarter and year ended 31 March 2021.

In accordance with the instructions in aforementioned RBI circular dated 07 April 2021, and the Indian Banks' Association ('IBA') advisory letter dated 19 April 2021, the Company has put in place a Board approved policy to refund/adjust the 'interest on interest' charged to borrowers during the moratorium period i.e. 01 March 2020 to 31 August 2020. The Company has estimated the said amount and made a provision of Rs. 31.75 crores in the financial statements for the year ended 31 March 2021.

(iii) In accordance with the regulatory expectation of the Reserve Bank of India to bring down the net NPA ratio below 4%, which management has agreed with, the Company, has recorded an additional provision of Rs. 1,320 crores on Stage 3 loans during the quarter and year ended 31 March 2021. Resultantly, the net NPA ratio of the Company stands at 3.97% as at 31 March 2021.

(iv) Definition of default

The Company considers a financial asset to be in "default" and therefore Stage 3 (credit impaired) for ECL calculations when the borrower account becomes 90 days past due on its contractual payments except for personal loans, where the Company has an early recognition norm of classification in to stage 3 on the basis of overdue more than 30 days past due.

(v) Exposure at default

"Exposure at Default" (EAD) represents the gross carrying amount of the assets subject to impairment calculation. Future Expected Cash flows (Principal and Interest) for future years has been used as exposure for Stage 2.

(vi) Estimations and assumptions considered in the ECL model

The Company has made the following assumptions in the ECL Model:

a. "Loss given default" (LGD) is common for all three Stages and is based on loss in past portfolio. Actual cash flows on the past portfolio are discounted at portfolio EIR rate for arriving loss rate.

b. "Probability of Default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD at 100%. This is calculated as an average of the last 60 months yearly movement of default rates and future adjustment for macro-economic factor.

(vii) Measurement of ECL

ECL is measured as follows:

- financial assets that are not credit impaired at the reporting date: for Stage 1, gross exposure is multiplied by PD and LGD percentage to arrive at the ECL. For Stage 2, future Expected Cash flows (Principal and Interest) for respective future years is multiplied by respective years Marginal PDs and LGD percentage and thus arrived ECL is then discounted with the respective loan EIR to calculate the present value of ECL. In addition, in case of Bills discounting and Channel finance, as the average lifetime is of 90 days, a time to maturity factor of 0.25 is used in the ECL computation.
- financial assets that are credit impaired at the reporting date: the difference between the gross exposure at reporting date and computed carrying amount considering EAD net of LGD and actual cash flows till reporting date;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive.

(viii) Forward Looking Information

Historical PDs has been converted into forward looking PD which incorporates the forward looking economic outlook. Considering that major chunk of borrowers in the retail portfolio is from rural area, Agriculture (real change% p.a.) is used as a macroeconomic variable. Agriculture (real change% p.a.) stands for Percentage change in real agricultural value-added, including livestock, forestry and fishing, over previous year). In case of SME and Bills Discounting portfolio, Real GDP (% change pa) is used as the macroeconomic variable.

The macroeconomic variables considered by the Company are robust reflections of the state of economy which result into systematic risk for the respective portfolio segments.

Additionally, three different scenarios have been considered for ECL calculation. Along with the actual numbers (considered for Base case scenario), other scenarios take care of the worsening as well as improving forward looking economic outlook. As at 31 March 2021, the probability assigned to base case scenario assumptions have been updated to reflect the rapidly evolving situation with respect to COVID-19. This includes an assessment of the effectiveness of stimulus packages announced by government and regulatory measures imparted by RBI. These are considered in determining the length and severity of the forecast economic downturn. The Company's base case economic forecast scenarios reflects a deterioration in economic conditions in the first quarter with a gradual improvement thereafter. In addition to the base case forecast which reflects largely the negative economic consequences of COVID-19, greater weighting has been applied to the downside scenarios given the Company's assessment of downside risks.

(ix) Assessment of significant increase in credit risk

When determining whether the credit risk has increased significantly since initial recognition, the Company considers both quantitative and qualitative information and analysis based on the Company's historical experience, including forward-looking information. The Company considers reasonable and supportable information that is relevant and available without undue cost and effort. The Company's accounting policy is not to use the practical expedient that the financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Company monitors all financial assets and loan commitments that are subject to impairment for significant increase in credit risk.

Based on the assessment by the Company, the RBI moratorium relaxation offered to the customers recognizing the potential detrimental impact of COVID-19 has not been deemed to be automatically triggering significant increase in credit risk. The Company continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

As a part of the qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. In such instances, the Company treats the customer at default and therefore assesses such loans as Stage 3 for ECL calculations, following are such instances:

- A Stage 3 customer having other loans which are in Stage 1 or 2.
- Customers who have failed to pay their first EMI.
- Physical verification status of the repossessed asset related to the loan.
- Cases where Company suspects fraud and legal proceedings are initiated.

Further, the Company classifies certain category of exposures in to Stage 3 and makes accelerated provision upto 100% based on qualitative assessment implying the significant deterioration in asset quality or increase in credit risk on selective basis.

Assessment of loan modifications on credit risk

In response to the economic fall-out on account of COVID-19 pandemic, RBI on August 6, 2020 announced resolution plan framework vide circular no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 and RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 for both personal loan and MSME loan customers. Loan modifications executed under these schemes have not been classified as renegotiated as they are as a result of market-wide customer relief programme and not borrower-specific. We continue to monitor the recoverability of loans granted in accordance with these circulars.The on-going and future performance of such loans remains an area of uncertainty at 31 March 2021. The relevant details in respect of these loans have been presented under note 57.

(x) Policy for write off of Loan Assets

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made from written off assets are netted off against the amount of financial assets written off during the year under "Bad debts and write offs" forming part of "Impairment on financial instruments" in Statement of profit and loss.

(xi) Analysis of inputs to the ECL model with respect to macro economic variable

The below table shows the values of the forward looking macro economic variable used in each of the scenarios for the ECL calculations. For this purpose, the Company has used the data source of Economist Intelligence Unit. The upside and downside% change has been derived using historical standard deviation from the base scenario based on previous 8 years change in the variable.

ECL scenario for Macro Economic Variable	Year	Upside	Base	Downside
		%	%	%
Probability Assigned		0	85	15

ECL scenario for Macro Economic Variable	Year	Upside	Base	Downside
		%	%	%
Agriculture (% real change p.a)	**2021**	**6.5**	**4.2**	**1.9**
	2022	5.4	3.1	0.8
	2023	5.6	3.3	1.0
	2024	5.3	3.0	0.7
	2025	5.8	3.5	1.2
Real GDP (% change p.a)	**2020**	**7.2**	**6.1**	**5.0**
	2021	7.3	6.2	5.1
	2022	7.6	6.5	5.4
	2023	7.5	6.4	5.3
	2024	7.4	6.3	5.2

Impairment loss

The expected credit loss allowance provision for **Retail Loans** is determined as follows:

Rs. in crores

	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired	Total
Gross Balance as at 31 March 2021	**48,010.22**	**7,947.58**	**5,681.06**	**61,638.86**
Expected credit loss rate	**0.86%**	**10.88%**	**57.54%**	
Carrying amount as at 31 March 2021 (net of impairment provision)	**47,599.49**	**7,082.67**	**2,412.08**	**57,094.24**
Gross Balance as at 31 March 2020	52,793.19	6,162.09	5,484.50	64,439.78
Expected credit loss rate	1.02%	11.75%	28.31%	
Carrying amount as at 31 March 2020 (net of impairment provision)	52,254.86	5,438.15	3,931.73	61,624.74

The expected credit loss allowance provision for **SME Loans including Bills of exchange** is determined as follows:

Rs. in crores

	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired	Total
Gross Balance as at 31 March 2021	**1,580.82**	**138.98**	**38.03**	**1,757.83**
Expected credit loss rate	**0.36%**	**9.06%**	**42.70%**	
Carrying amount as at 31 March 2021 (net of impairment provision)	**1,575.07**	**126.39**	**21.79**	**1,723.25**
Gross Balance as at 31 March 2020	2,124.60	78.49	192.98	2,396.07
Expected credit loss rate	0.23%	27.21%	82.00%	
Carrying amount as at 31 March 2020 (net of impairment provision)	2,119.68	57.14	34.74	2,211.56

The expected credit loss allowance provision for **Trade Advances** is determined as follows:

Rs. in crores

	Less than 60 days past due	61-90 days past due	Credit impaired (more than 90 days)	Total
Gross Balance as at 31 March 2021	**1,113.33**	**22.57**	**59.08**	**1,194.98**
Expected credit loss rate	**0.40%**	**6.52%**	**100.00%**	
Carrying amount as at 31 March 2021 (net of impairment provision)	**1,108.87**	**21.10**	**–**	**1,129.97**
Gross Balance as at 31 March 2020	963.83	211.50	64.02	1,239.35
Expected credit loss rate	0.40%	6.77%	100.00%	
Carrying amount as at 31 March 2020 (net of impairment provision)	959.97	197.19	–	1,157.16

The expected credit loss allowance provision for **Financial Investments measured at amortized cost** is determined as follows:

Rs. in crores

	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit impaired'	Impaired loans - 'lifetime ECL credit impaired	Total
Gross Balance as at 31 March 2021	**3,765.44**	**–**	**–**	**3,765.44**
Expected credit loss rate	**0.01%**			
Carrying amount as at 31 March 2021 (net of impairment provision)	**3,765.03**			**3,765.03**
Gross Balance as at 31 March 2020	1,129.59	–	–	1,129.59
Expected credit loss rate	0.12%			
Carrying amount as at 31 March 2020 (net of impairment provision)	1,128.23	–	–	1,128.23

Level of Assessment - Aggregation Criteria

The company recognizes the expected credit losses (ECL) on a collective basis that takes into account comprehensive credit risk information.

Considering the economic and risk characteristics, pricing range, sector concentration (e.g. vehicle loans in unorganized sectors) the company calculates ECL on a collective basis for all stages - Stage 1, Stage 2 and Stage 3 assets.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Retail Loans is, as follows:

Gross exposure reconciliation

As at 31 March 2020

Rs. in crores

Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount balance as at 1 April 2019	49,728.69	5,173.80	3,838.98	58,741.47
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	1,364.19	(1,127.59)	(236.60)	0.00
- Transfers to Stage 2	(5,155.84)	5,286.48	(130.64)	(0.00)
- Transfers to Stage 3	(1,973.00)	(1,253.91)	3,226.91	–
- Loans that have been derecognized during the period	(4,899.10)	(766.25)	(821.73)	(6,487.08)
New loans originated during the year	26,865.76	799.57	260.67	27,926.00
Write-offs	(0.03)	(0.18)	(335.98)	(336.19)
Remeasurement of net exposure	(13,137.48)	(1,949.83)	(317.11)	(15,404.42)
Gross carrying amount balance as at 31 March 2020	52,793.19	6,162.09	5,484.50	64,439.78

As at 31 March 2021

Rs. in crores

Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount balance as at 1 April 2020	**52,793.19**	**6,162.09**	**5,484.50**	**64,439.78**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	**1,725.54**	**(1,543.73)**	**(181.81)**	**–**
- Transfers to Stage 2	**(5,564.66)**	**5,732.57**	**(167.91)**	**–**
- Transfers to Stage 3	**(1,873.76)**	**(1,164.20)**	**3,037.96**	**–**
- Loans that have been derecognized during the period	**(4,366.75)**	**(566.31)**	**(1,332.89)**	**(6,265.95)**
New loans originated during the year	**15,963.76**	**284.04**	**80.38**	**16,328.18**
Write-offs	**(0.37)**	**(2.53)**	**(1,238.19)**	**(1,241.09)**
Remeasurement of net exposure	**(10,666.73)**	**(954.35)**	**(0.98)**	**(11,622.06)**
Gross carrying amount balance as at 31 March 2021	**48,010.22**	**7,947.58**	**5,681.06**	**61,638.86**

Reconciliation of ECL balance

As at 31 March 2020

Rs. in crores

Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance balance as at 1 April 2019	509.86	569.60	645.50	1,724.96
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	163.92	(124.14)	(39.78)	–
- Transfers to Stage 2	(52.86)	74.83	(21.97)	–
- Transfers to Stage 3	(20.23)	(138.05)	158.28	–
- Loans that have been derecognized during the period	(50.23)	(84.36)	(138.17)	(272.76)
New loans originated during the year	245.40	91.13	63.30	399.83
Write-offs	(0.00)	(0.02)	(309.93)	(309.95)
Net remeasurement of loss allowance	(257.53)	334.95	1,195.53	1,272.95
ECL allowance balance as at 31 March 2020	538.33	723.94	1,552.76	2,815.03

As at 31 March 2020 Rs. in crores

Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**

As at 31 March 2021 Rs. in crores

Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance balance as at 1 April 2020	**538.33**	**723.94**	**1,552.76**	**2,815.03**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	**232.83**	**(181.36)**	**(51.47)**	**–**
- Transfers to Stage 2	**(56.74)**	**104.28**	**(47.54)**	**–**
- Transfers to Stage 3	**(19.11)**	**(136.77)**	**155.88**	**–**
- Loans that have been derecognized during the period	**(44.53)**	**(66.53)**	**(377.37)**	**(488.43)**
New loans originated during the year	**136.57**	**30.91**	**13.48**	**180.96**
Write-offs	**(0.00)**	**(0.30)**	**(350.55)**	**(350.85)**
Net remeasurement of loss allowance	**(376.63)**	**390.74**	**2,373.79**	**2,387.90**
ECL allowance balance as at 31 March 2021	**410.72**	**864.91**	**3,268.98**	**4,544.61**

The contractual amount outstanding on financial assets that has been written off by the Company during the year ended 31 March 2021 and that were still subject to enforcement activity was **Rs 1354.86** Crores (31 March 2020: Rs 383.53 Crores).

The overall increase in ECL allowance on the portfolio was driven by movements between stages as a result of increase in credit risk in general, along with management's decision to increase the total overlay provision to **Rs 2316.36** Crores (31 March 2020: Rs. 574.01 Crores) in order to reflect the uncertainty and deterioration in macro-economic outlook arising from COVID-19 Pandemic as well as to meet the regulatory expectation of the RBI to bring down net NPA ratio below 4% as at 31 March 2021.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to SME Loans including Bills of exchange is, as follows:

Gross exposure reconciliation

As at 31 March 2020 Rs. in crores

Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount balance as at 1 April 2019	2,286.85	32.47	176.55	2,495.87
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	46.37	(15.13)	(31.24)	(0.00)
- Transfers to Stage 2	(59.61)	62.11	(2.50)	(0.00)
- Transfers to Stage 3	(32.19)	(5.57)	37.76	0.00
- Loans that have been derecognised during the period	(981.13)	(11.82)	(25.99)	(1,018.94)
New loans originated during the year	1,767.71	44.99	50.19	1,862.89
Write-offs	–	–	–	–
Net remeasurement of exposure	(903.40)	(28.56)	(11.79)	(943.75)
Gross carrying amount balance as at 31 March 2020	2,124.59	78.49	192.98	2,396.07

As at 31 March 2021 Rs. in crores

Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount balance as at 1 April 2020	**2,124.59**	**78.49**	**192.98**	**2,396.07**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	**23.51**	**(9.86)**	**(13.65)**	**–**
- Transfers to Stage 2	**(46.47)**	**49.15**	**(2.68)**	**–**
- Transfers to Stage 3	**(31.51)**	**(1.38)**	**32.89**	**–**
- Loans that have been derecognized during the period	**(1,173.17)**	**(61.05)**	**(16.02)**	**(1,250.24)**
New loans originated during the year	**1,128.74**	**96.98**	**0.22**	**1,225.94**
Write-offs	**(13.19)**	**(5.82)**	**(154.01)**	**(173.02)**
Net remeasurement of exposure	**(431.67)**	**(7.53)**	**(1.71)**	**(440.91)**
Gross carrying amount balance as at 31 March 2021	**1,580.84**	**138.98**	**38.02**	**1,757.84**

Reconciliation of ECL balance

As at 31 March 2020 Rs. in crores

Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance balance as at 1 April 2019	2.80	0.84	68.79	72.43
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	16.50	(0.41)	(16.09)	–
- Transfers to Stage 2	(0.01)	1.37	(1.36)	–
- Transfers to Stage 3	(0.07)	(0.17)	0.24	–
- Loans that have been derecognised during the period	(0.41)	(0.26)	(7.27)	(7.94)
New loans originated during the year	2.56	0.51	40.40	43.47
Write-offs	–	–	–	–
Net remeasurement of loss allowance	(16.46)	19.48	73.53	76.55
ECL allowance balance as at 31 March 2020	4.91	21.36	158.24	184.51

As at 31 March 2021 Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2020	**4.91**	**21.36**	**158.24**	**184.51**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	**12.35**	**(1.66)**	**(10.69)**	**–**
- Transfers to Stage 2	**(0.19)**	**1.18**	**(0.99)**	**–**
- Transfers to Stage 3	**(0.15)**	**(0.31)**	**0.46**	**–**
- Loans that have been derecognized during the period	**(1.36)**	**(18.33)**	**(11.78)**	**(31.47)**
New loans originated during the year	**2.58**	**7.60**	**0.16**	**10.34**
Write-offs	**(0.02)**	**(1.00)**	**(132.34)**	**(133.36)**
Net remeasurement of loss allowance	**(12.36)**	**3.76**	**13.18**	**4.58**
ECL allowance balance as at 31 March 2021	**5.76**	**12.60**	**16.24**	**34.60**

The contractual amount outstanding on financial assets that has been written off by the Company during the year ended 31 March 2021 and that were still subject to enforcement activity was **Rs. 161.98** Crores (31 March 2020: nil).

The reduction in ECL of the portfolio was driven by decrease in the gross size of the portfolio.

An analysis of changes in the outstanding exposure and the corresponding ECLs in relation to other undrawn commitments is as follows:

Gross exposure reconciliation

As at 31 March 2020 Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balance of outstanding exposure as at 1 April 2019	341.99	–	–	341.99
New Exposures	239.46	–	–	239.46
Exposure derecognized or matured/lapsed (excluding write-offs)	(341.99)	–	–	(341.99)
- Transfers to Stage 1	–	–	–	–
- Transfers to Stage 2	–	–	–	–
- Transfers to Stage 3	–	–	–	–
Write-offs	–	–	–	–
Net remeasurement of exposure	–	–	–	–
Closing balance of outstanding exposure as at 31 March 2020	239.46	–	–	239.46

As at 31 March 2021 Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
Opening balance of outstanding exposure as at 1 April 2020	**239.46**	**–**	**–**	**239.46**
New Exposures	**61.62**	**–**	**–**	**61.62**
Exposure derecognized or matured/lapsed (excluding write-offs)	**(239.46)**	**–**	**–**	**(239.46)**
- Transfers to Stage 1	**–**	**–**	**–**	**–**
- Transfers to Stage 2	**–**	**–**	**–**	**–**
- Transfers to Stage 3	**–**	**–**	**–**	**–**
Write-offs	**–**	**–**	**–**	**–**
Net remeasurement of exposure	**–**	**–**	**–**	**–**
Closing balance of outstanding exposure as at 31 March 2021	**61.62**	**–**	**–**	**61.62**

Reconciliation of ECL balance

As at 31 March 2020 Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2019	2.79	–	–	2.79
New Exposures	1.14	–	–	1.14
Exposure derecognized or matured/lapsed (excluding write-offs)	(2.79)	–	–	(2.79)
- Transfers to Stage 1	–	–	–	–
- Transfers to Stage 2	–	–	–	–
- Transfers to Stage 3	–	–	–	–
- Loans that have been derecognized during the period	–	–	–	–
Net remeasurement of loss allowance	–	–	–	–
ECL allowance balance as at 31 March 2020	**1.14**	**–**	**–**	**1.14**

As at 31 March 2021 Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2020	**1.14**	–	–	**1.14**
New Exposures	1.18	–	–	1.18
Exposure derecognized or matured/lapsed (excluding write-offs)	(1.14)	–	–	(1.14)
- Transfers to Stage 1	–	–	–	–
- Transfers to Stage 2	–	–	–	–
- Transfers to Stage 3	–	–	–	–
- Loans that have been derecognized during the period	–	–	–	–
Net remeasurement of loss allowance	–	–	–	–
ECL allowance balance as at 31 March 2021	**1.18**	–	–	**1.18**

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Financial Investments measured at amortized cost is as follows:

Gross exposure reconciliation

As at 31 March 2020 Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2019	1,204.77	–	–	1,204.77
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	–	–	–	–
- Transfers to Stage 2	–	–	–	–
- Transfers to Stage 3	–	–	–	–
- Investments that have been derecognized during the period	(501.08)	–	–	(501.08)
New Investments originated during the year	434.95	–	–	434.95
Write-offs	–	–	–	–
Net remeasurement of same stage continuing investments	(9.05)	–	–	(9.05)
Gross carrying amount balance as at 31 March 2020	1,129.59	–	–	1,129.59

As at 31 March 2021 Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2020	**1,129.59**	–	–	**1,129.59**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	–	–	–	–
- Transfers to Stage 2	–	–	–	–
- Transfers to Stage 3	–	–	–	–
- Investments that have been derecognized during the period	(106.54)	–	–	(106.54)
New Investments originated during the year	2,742.57	–	–	2,742.57
Write-offs	–	–	–	–
Net remeasurement of same stage continuing investments	(0.18)	–	–	(0.18)
Gross carrying amount balance as at 31 March 2021	**3,765.44**	–	–	**3,765.44**

Reconciliation of ECL balance

As at 31 March 2020 Rs. in crores

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2019	**2.82**	–	–	**2.82**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	–	–	–	–
- Transfers to Stage 2	–	–	–	–
- Transfers to Stage 3	–	–	–	–
- Investments that have been derecognized during the period	(2.45)	–	–	(2.45)
New Investments originated during the year	1.08	–	–	1.08
Write-offs	–	–	–	–
Net remeasurement of loss allowance	(0.09)	–	–	(0.09)
ECL allowance balance as at 31 March 2020	1.36	–	–	1.36

As at 31 March 2021

Rs. in crores

Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance balance as at 1 April 2020	**1.36**	–	–	**1.36**
Changes due to loans recognized in the opening balance that have:				
- Transfers to Stage 1	–	–	–	–
- Transfers to Stage 2	–	–	–	–
- Transfers to Stage 3	–	–	–	–
- Investments that have been derecognized during the period	**(0.92)**	–	–	**(0.92)**
New Investments originated during the year	–	–	–	–
Write-offs	–	–	–	–
Net remeasurement of loss allowance	**(0.03)**	–	–	**(0.03)**
ECL allowance balance as at 31 March 2021	**0.41**	–	–	**0.41**

The contractual amount outstanding on financial investments that has been written off by the Company during the year ended 31 March 2021 and that were still subject to enforcement activity was nil (31 March 2020: nil).

Significant changes in the gross carrying value that contributed to change in loss allowance

The company mostly provide loans to retail individual customers in Rural and Semi urban area which is of small ticket size. Change in any single customer repayment will not impact significantly to Company's provisioning. All customers are being monitored based on past due and corrective actions are taken accordingly to limit the Company's risk.

Concentration of Credit Risk

Company's loan portfolio is predominantly to finance retail automobile loans. The Company manages concentration of risk primarily by geographical region in India. The following tables show the geographical concentrations of trade advances and loans:

Rs. in crores

Particulars	**31 March 2021**	31 March 2020
Concentration by Geographical region in India:		
North	**18,814.13**	19,851.42
East	**17,165.38**	17,354.14
West	**16,146.31**	17,486.30
South	**12,466.85**	13,384.34
Total Carrying Value	**64,592.67**	**68,076.20**

Maximum Exposure to credit Risk

The maximum exposure to credit risk of loans and investment securities is their carrying amount. The maximum exposure is before considering both the effect of mitigation through collateral.

Narrative Description of Collateral

Collateral primarily include vehicles purchased by retail loan customers and machinery & property in case of SME customers. The financial investments are secured by way of a first ranking pari-passu and charge created by way of hypothecation on the receivables of the other company.

Quantitative Information of Collateral

The Company monitors its exposure to loan portfolio using the Loan To Value (LTV) ratio, which is calculated as the ratio of the gross amount of the loan to the value of the collateral. The value of the collateral for Retail loans is derived by writing down the asset cost at origination by 20% p.a on reducing balance basis. And the value of the collateral of Stage 3 Retail loans is based on the Indian Blue Book value for the particular asset. The value of collateral of SME loans is based on fair market value of the collaterals held.

Gross value of total secured loans to value of collateral:

Rs. in crores

Loan To Value	**Gross Value of Secured Retail loans**		**Gross Value of Secured SME loans**	
	31 March 2021	31 March 2020	**31 March 2021**	31 March 2020
Upto 50%	**4,877.24**	5,771.40	**496.42**	723.23
51 - 70%	**8,524.92**	10,422.46	**123.27**	145.21
71 - 100%	**28,756.00**	38,504.86	**94.70**	72.78
Above 100%	**19,302.86**	9,462.03	**66.80**	230.12
	61,461.02	64,160.75	**781.19**	1,171.34

Gross value of credit impaired loans to value of collateral:

Rs. in crores

Loan To Value	Gross Value of Retail loans in Stage 3		Gross Value of SME loans in Stage 3	
	31 March 2021	31 March 2020	**31 March 2021**	31 March 2020
Upto 50%	**119.87**	124.06	**11.22**	95.28
51 - 70%	**152.99**	140.99	**2.30**	10.46
71 - 100%	**466.71**	405.98	**20.07**	7.72
Above 100%	**4,941.49**	4,813.47	**4.43**	79.52
	5,681.06	5,484.50	**38.02**	192.98

The below tables provide an analysis of the current fair values of collateral held for Stage 3 assets. The value of collateral has not been considered while recognizing the loss allowances.

Fair value of collateral held against Credit Impaired assets

Rs. in crores

31 March 2021	Maximum exposure to Credit Risk	Vehicles	Plant and Machinery	Land and Building	Book Debts, Inventory and other Working Capital items	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Retail Loans	**5,681.06**	**4,088.89**	**–**	**–**	**–**	**(539.93)**	**3,548.96**	**2,132.10**	**3,268.98**
SME Loans	**38.02**	**3.00**	**47.87**	**50.26**	**1.29**	**(68.18)**	**34.25**	**3.77**	**16.24**

Rs. in crores

31 March 2020	Maximum exposure to Credit Risk	Vehicles	Plant and Machinery	Land and Building	Book Debts, Inventory and other Working Capital items	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Retail Loans	5,484.50	3,809.20	–	–	–	(547.37)	3,261.83	2,222.66	1,552.76
SME Loans	192.98	37.62	102.07	246.64	12.03	(270.82)	127.53	65.45	158.24

Disclosure as required under RBI notification no. RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 on COVID-19 Regulatory Package - Asset Classification and Provisioning

Year ended 31 March 2021

Particulars	Rs. in crores Amount
i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended *	**7,099.48**
ii) Respective amount where asset classification benefits is extended	**NIL****
iii) Provision made on the cases where asset classification benefit is extended ***	–
iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions	N/A

* Outstanding as on 31 March 2021 and 31 March 2020 respectively on account of all cases in SMA/overdue categories where moratorium benefit was extended by the Company up to 31 August 2020.

** There are NIL accounts where asset classification benefit is extended till 31 March 2021. Post the moratorium period, the movement of aging has been at actuals.

*** The Company has made adequate provision for impairment loss allowance (as per ECL model) for the year ended 31 March 2021. Further, the Company has created an additional general provision for regulatory submission in Q4 FY2020 and Q1 FY2021 amounting to Rs 377.48 crores. The residual provisions had been written back/adjusted by the Company in March 2021 as per the circular.

Year ended 31 March 2020

Particulars		Rs. in crores Amount
i)	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	7,624.29
ii)	Respective amount where asset classification benefits is extended	835.89
iii)	Provisions made during the Q4 - FY2020 #	–
	In respect of accounts in default but standard where moratorium upto 3 months was granted, and asset classification benefit was extended, the Company has made general provisions of not less than 5 per cent of the total outstanding of such accounts as applicable for the quarter ended 31 March 2020 within the overall provision requirement of 10% of the total outstanding to be spread equally over two quarters. Balance general provision of not less than 5% of the total outstanding of such accounts was to be made during the quarter ended 30 June 2020.	
iv)	Provisions adjusted during the respective accounting periods against slippages and the residual provisions	N/A

Since the effective impairment allowance rate (as per ECL model) applied on standard assets outstanding equivalent Stage-1 and Stage-2 assets under Ind AS financial statements was much higher than the prescribed general provision of 5% for the current quarter (out of 10% provision to be spread equally over two quarters), the Company has not made any additional provision under this head in Ind AS financial statements for the quarter and year ended 31 March 2020. However, the Company has made an additional general provision of Rs.41.70 Crores at 5% of the total outstanding for the quarter and year ended 31 March 2020 as per IRAC norms and the same is included in relevant disclosures as applicable to the Company.

51.4 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

a) Maturity profile of non-derivative financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted contractual cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs. in crores

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
Non-derivative financial liabilities				
As at 31 March 2021				
Trade Payable:	**643.09**	**–**	**–**	**–**
Debt Securities:				
- Principal	**3,569.80**	**7,571.87**	**2,195.00**	**3,546.65**
- Interest	**1,605.77**	**1,995.21**	**918.26**	**1,257.05**
Borrowings (Other than Debt Securities):				
- Principal	**12,898.78**	**14,123.31**	**2,141.71**	**–**
- Interest	**1,410.26**	**1,028.84**	**103.75**	**–**
Deposit:				
- Principal	**3,893.07**	**4,627.10**	**960.99**	**–**
- Interest	**774.72**	**881.25**	**218.13**	**–**
Subordinated liabilities:				
- Principal	**155.16**	**210.14**	**449.32**	**2,361.09**
- Interest	**278.49**	**520.06**	**518.81**	**700.34**
Other financial liabilities:	**2,016.61**	**452.61**	**81.83**	**53.21**
Total	**27,245.75**	**31,410.39**	**7,587.80**	**7,918.34**

Rs. in crores

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
As at 31 March 2020				
Trade Payable:	635.74	–	–	–
Debt Securities:	–	–	–	–
- Principal	6,237.00	4,097.21	2,858.56	4,611.65
- Interest	1,428.35	2,523.16	1,266.40	1,524.59
Borrowings (Other than Debt Securities):	–	–	–	–
- Principal	10,656.16	16,838.80	2,012.75	–
- Interest	1,744.29	1,512.84	134.71	–
Deposit:	–	–	–	–
- Principal	1,662.24	6,108.86	1,082.86	–
- Interest	532.44	1,128.45	396.17	–
Subordinated liabilities:	–	–	–	–
- Principal	272.20	225.16	414.46	2,536.09
- Interest	306.44	548.09	557.06	944.22
Other financial liabilities:	1,573.59	611.02	78.09	51.26
Total	25,048.45	33,593.59	8,801.06	9,667.81

b) Maturity profile of derivative financial liabilities

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement. There is no derivative instruments that is settled on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

Rs. in crores

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Derivative financial instruments				
As at 31 March 2021				
Gross settled:				
Foreign exchange forward contracts				
- Payable	**32.64**	**25.98**	**–**	**–**
- Receivable	**–**	**–**	**–**	**–**
Interest Rate swaps				
- Payable	**–**	**13.01**	**–**	**–**
- Receivable	**–**	**–**	**–**	**–**
Currency swaps				
- Payable	**–**	**35.32**	**65.89**	**–**
- Receivable	**26.38**	**2.67**	**–**	**–**
Total	**59.02**	**76.98**	**65.89**	**–**
As at 31 March 2020				
Gross settled:				
Foreign exchange forward contracts				
- Payable	0.18	27.91	–	–
- Receivable	0.62	25.95	–	–

Rs. in crores

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Interest Rate swaps				
- Payable	–	14.69	–	–
- Receivable	–	–	–	–
Currency swaps				
- Payable	–	–	–	–
- Receivable	6.93	62.77	–	–
Total	7.73	131.32	–	–

51.5 a) Financial Instruments regularly measured using Fair Value - recurring items

Rs. in crores

Financial assets/ financial liabilities	Fair Value				Fair value hierarchy	Valuation technique(s)	Key inputs	Significant unobservable input(s) for level 3 hierarchy	Relationship of unobservable inputs to fair value and sensitivity
	Financial assets/ financial liabilities	Category	As at 31 March 2021	As at 31 March 2020					
1) Foreign currency forwards, Interest rate swaps & commodity derivatives	Financial Assets/ (Liabilities)	Financial Instruments measured at FVTPL	**(68.21)**	(16.93)	Level 2	Discounted Cash Flow	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counter parties.		
2) Currency options	Financial Assets/ (Liabilities)	Financial Instruments measured at FVTPL	**(79.25)**	69.70	Level 2	Black Scholes valuation model	Strike rate, spot rate, time to maturity, volatility and risk free interest rate		
3) Investment in Mutual Funds	Financial Assets	Financial instrument measured at FVTPL	**1,667.18**	3,241.25	Level 1	Quoted market price			
4) Investment in Commercial Paper	Financial Assets	Financial instrument measured at FVTPL	**197.67**	–	Level 1	Quoted market price			
5) Investment in equity instruments-Unquoted	Financial Assets	Financial instrument designated at FVOCI	**16.37**	28.92	Level 3	Discounted Cash Flow	The discounted cash flow method used the future free cash flows of the company discounted by firm's WACC plus a risk factor measured by beta, to arrive at the present value. The key inputs includes projection of financial statements (key value driving factors), the cost of capital to discount the projected cash flows.	Terminal growth rate, Weighted average cost of capital.	Increase or decrease in multiple will result in increase or decrease in valuation.
6) Investment in Bonds and Govt securities.	Financial Assets	Financial instrument measured at FVOCI	**4,710.88**	**247.76**	Level 1	Quoted market price			

The company doesn't carry any financial asset or liability which it fair values on a non recurring basis.

51.5 b) Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

Rs. in crores

Particulars	Unquoted Equity investment	Convertible debentures	Total
Year ended 31 March 2021			
Opening balance	**28.91**	**0.00**	**28.92**
Total gains or losses recognized:			
In Profit or loss			
a) in profit or loss	**–**	**–**	**–**
b) in other comprehensive income	**(12.54)**	**–**	**(12.54)**
Fair value of–			
Purchases made during the year	–	–	–
Disposals made during the year			
Transfers into Level 3			
Transfers out of Level 3			
Closing balance	**16.37**	**0.00**	**16.38**
Year ended 31 March 2020			
Opening balance	11.54	10.89	22.43
Total gains or losses recognized:			
In Profit or loss			
a) in profit or loss	–	–	–
b) in other comprehensive income	2.78	–	2.78
Fair value of–			
Purchases made during the year	14.59	–	14.59
Issues made during the year			
Disposals made during the year		(10.89)	(10.89)
Transfers into Level 3	–	–	
Transfers out of Level 3	–	–	
Closing balance	28.91	0.00	28.92

50.5 c) Equity Investments designated at Fair value through Other Comprehensive Income

The Company has made the below equity investments neither for the purpose of trading nor for the purpose of acquiring. And accordingly, the investment has been classified in other comprehensive income as per Ind AS 109.5.7.5.

Rs. in crores

	31 March 2021	31 March 2020
Equity investment in Smartshift Logistic Solutions Private Limited (formerly Known as Orizonte Business Solutions Limited)		
Fair Value of Investments	**16.37**	16.73
Dividend income on investments held	**–**	–
Equity investment in AAPCA Demystifying Data Technologies Private Limited		
Fair Value of Investments	**–**	12.19
Dividend income on investments held	**–**	–

There are no disposal of investment during the year ended 31 March 2021 and 2020 respectively.

51.5 d) Financial Instruments measured at amortized cost

Rs. in crores

Particulars	Carrying Value	Fair value	Fair value Level 1	Level 2	Level 3
As at 31 March 2021					
Financial assets					
a) Cash and cash equivalent	**570.58**	**570.58**	**570.58**	**–**	**–**
b) Bank balances other than cash and cash equivalent	**2,699.06**	**2,699.06**	**2,699.06**	**–**	**–**
c) Trade Receivables	**8.40**	**8.40**	**–**	**8.40**	**–**
d) Loans and advances to customers	**59,947.42**	**60,424.68**	**–**	**–**	**60,424.68**
e) Financial investments - at amortized cost	**3,765.03**	**3,841.07**	**1,362.72**	**2,478.35**	**–**
f) Other financial assets	**514.05**	**525.65**	**–**	**525.65**	**–**
Total	**67,504.54**	**68,069.44**	**4,632.36**	**3,012.40**	**60,424.68**
Financial liabilities					
a) Trade Payables	**643.09**	**642.92**	**–**	**642.92**	**–**
b) Debt securities	**16,834.57**	**18,652.51**	**18,652.51**	**–**	**–**
c) Borrowings other than debt securities	**29,142.08**	**28,367.45**	**–**	**28,367.45**	**–**
d) Deposits	**9,450.66**	**10,519.07**	**–**	**10,519.07**	**–**
e) Subordinated Liabilities	**3,149.37**	**3,650.02**	**3,650.02**	**–**	**–**
f) Other financial liability	**2,604.26**	**2,606.86**	**–**	**2,606.86**	**–**
Total	**61,824.03**	**64,438.83**	**22,302.53**	**42,136.30**	**–**

Rs. in crores

Particulars	Carrying Value	Fair value	Fair value Level 1	Level 2	Level 3
As at 31 March 2020					
Financial assets					
a) Cash and cash equivalent	676.79	676.79	676.79	–	–
b) Bank balances other than cash and cash equivalent	748.99	748.99	748.99	–	–
c) Trade Receivables	8.59	8.59	–	8.59	–
d) Loans and advances to customers	64,993.47	64,884.60	–	–	64,884.60
e) Financial investments - at amortized cost	1,128.23	1,203.67	1,055.94	147.73	–
f) Other financial assets	476.65	487.74	–	487.74	–
Total	68,032.72	68,010.38	2,481.72	644.06	64,884.60
Financial liabilities					
a) Trade Payables	635.75	635.75	–	635.75	–
b) Debt securities	17,744.88	18,922.63	18,922.63	–	–
c) Borrowings other than debt securities	29,487.34	28,847.91	–	28,847.91	–
d) Deposits	8,812.14	9,095.44	–	9,095.44	–
e) Subordinated Liabilities	3,417.95	3,823.67	3,823.67	–	–
f) Other financial liability	2,313.96	2,316.22	–	2,316.22	–
Total	62,412.01	63,641.62	22,746.30	40,895.32	–

There were no transfers between Level 1 and Level 2 during the year.

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the company's financial statements. These fair values were calculated for disclosure purposes only.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, trade receivables, balances other than cash and cash equivalents, trade payables and investment & borrowings in commercial papers. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances to customers

The fair values of loans and receivables are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The fair value is then extrapolated to the portfolio using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. This fair value is then reduced by impairment allowance which is already calculated incorporating probability of defaults and loss given defaults to arrive at fair value net of risk.

Financial Investments

For Government Securities, the market value of the respective Government Stock as on date of reporting has been considered for fair value computations. And since market quotes are not available in the absence of any trades, the carrying amount of Secured redeemable non-convertible debentures is considered as the fair value.

Issued debt

The fair value of issued debt is estimated by a discounted cash flow model incorporating interest rate estimates from market-observable data such as secondary prices for its traded debt itself.

Deposits from public

The fair value of deposits received from public is estimated by discounting the future cash flows considering the interest rate applicable on the reporting date for that class of deposits segregated by their tenure and cumulative/non-cumulative scheme.

Except for the above, carrying value of other financial assets/liabilities represent reasonable estimate of fair value.

52 Maturity analysis of assets and liabilities

The table below shows the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.

Rs. in crores

	'As at 31 March 2021			'As at 31 March 2020		
Assets	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Cash and cash equivalents	**570.58**	–	**570.58**	676.79	–	676.79
Bank balance	**2,699.06**	–	**2,699.06**	749.00	–	749.00
Derivative financial instruments	**23.63**	**2.09**	**25.72**	7.07	85.86	92.93
Trade receivables	**8.40**	–	**8.40**	8.60	–	8.60
Loans	**26,478.55**	**33,468.87**	**59,947.42**	25,119.26	39,874.21	64,993.47
Investments	**4,345.68**	**7,261.57**	**11,607.25**	3,351.10	2,559.88	5,910.98
Other financial assets	**214.15**	**299.90**	**514.05**	90.66	385.99	476.65
Current tax assets (Net)	–	**401.65**	**401.65**	–	239.96	239.96
Deferred tax Assets (Net)	–	**862.36**	**862.36**	–	489.63	489.63
Property, plant and equipment	–	**311.49**	**311.49**	–	337.95	337.95
Capital work-in-progress	–	**10.34**	**10.34**	–	–	–
Intangible assets under development		–	–	–	–	–
Other Intangible assets		**18.63**	**18.63**		25.55	25.55
Other non-financial assets	**53.99**	**5.51**	**59.50**	48.68	21.05	69.73
Total Assets	**34,394.04**	**42,642.41**	**77,036.45**	30,051.16	44,020.08	74,071.24

Rs. in crores

Assets	'As at 31 March 2021 Within 12 months	After 12 months	Total	'As at 31 March 2020 Within 12 months	After 12 months	Total
Liabilities						
Financial Liabilities						
Derivative financial instruments	**31.27**	**141.91**	**173.18**	0.18	39.98	40.16
Trade Payables			–	–	–	–
i) total outstanding dues of micro enterprises and small enterprises	–	–	–	–	–	–
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**643.09**	–	**643.09**	635.74	–	635.74
Debt Securities	**3,557.51**	**13,277.06**	**16,834.57**	6,210.64	11,534.23	17,744.87
Borrowings (Other than Debt Securities)	**12,890.02**	**16,252.06**	**29,142.08**	10,657.46	18,829.89	29,487.35
Deposits	**3,880.55**	**5,570.11**	**9,450.66**	1,654.39	7,157.75	8,812.14
Subordinated Liabilities	**154.39**	**2,994.98**	**3,149.37**	271.46	3,146.49	3,417.95
Other financial liabilities	**2,016.61**	**587.65**	**2,604.26**	1,573.59	740.38	2,313.97
Non-Financial Liabilities				–	–	–
Current tax liabilities (Net)	–	**13.92**	**13.92**	13.92	–	13.92
Provisions	**111.89**	**103.02**	**214.91**	57.35	85.88	143.23
Other non-financial liabilities	**96.80**	**2.10**	**98.90**	85.58	12.47	98.05
Total Liabilities	**23,382.13**	**38,942.81**	**62,324.94**	21,160.31	41,547.07	62,707.38
Net	**11,011.91**	**3,699.60**	**14,711.51**	8,890.85	2,473.01	11,363.86
Other undrawn commitments	**61.62**	–	**61.62**	239.46	–	239.46
Total commitments	**61.62**	–	**61.62**	239.46	–	239.46

53 Related party disclosures:

i) As per Ind AS 24 on 'Related party disclosures', the related parties of the Company are as follows:

a)	**Holding Company**	Mahindra & Mahindra Limited
b)	**Subsidiary Companies:**	Mahindra Insurance Brokers Limited
	(entities on whom control is exercised)	Mahindra Rural Housing Finance Limited
		Mahindra Asset Management Company Private Limited (upto 29 April, 2020)#
		Mahindra Trustee Company Private Limited (upto 29 April, 2020)#
		MRHFL Employees Welfare Trust
		Mahindra & Mahindra Financial Services Ltd Employees' Stock Option Trust
		Mahindra Finance CSR Foundation
c)	**Fellow Subsidiaries:**	
	(entities with whom the Company has transactions)	Mahindra USA, Inc
		NBS International Limited
		Mahindra First Choice Wheels Limited
		Mahindra Defence Systems Ltd.
		Mahindra Integrated Business Solutions Ltd.
		Mahindra Vehicle Manufacturers Limited
		Mahindra Construction Co. Ltd.
		Bristlecone India Limited

		Mahindra Water Utilities Limited
		Mahindra Engineering & Chemical Products Ltd
		Gromax Agri Equipment Limited
		Mahindra First Choice Services Limited
		Mahindra Intertrade Limited
		Mahindra Holidays & Resorts India Ltd
		New Democratic Electoral Trust
		Mahindra Susten Pvt Ltd
d)	**Joint Ventures/Associates:**	Mahindra Finance USA, Inc
	(entities on whom control is exercised)	Ideal Finance Ltd
		Mahindra Manulife Investment Management Pvt. Ltd. (w.e.f. 30th April, 2020) #
		Mahindra Manulife Trustee Pvt. Ltd. (w.e.f. 30th April, 2020) #
e)	**Joint Ventures/Associates of Holding Company:**	Tech Mahindra Limited
	(entities with whom the Company has transactions)	Swaraj Engines Ltd
		Smartshift Logistics Solutions Pvt Ltd. (earlier known as Resfeber Labs Private Limited)
		PSL Media & Communications Ltd
f)	**Key Management Personnel:**	Mr. Ramesh Iyer
	(where there are transactions)	Mr. V Ravi (upto 24th July, 2020)
		Mr. Vivek Karve (w.e.f. 14th September, 2020)
		Mr. Dhananjay Mungale
		Mr. C. B. Bhave
		Ms. Rama Bijapurkar
		Mr. Milind Sarwate
		Mr. Arvind Sonde (upto 14th March, 2021)
		Mr. Amit Raje (w.e.f. 18th September, 2020)
		Dr. Rebecca Nugent (w.e.f. 5th March, 2021)
g)	**Relatives of Key Management Personnel**	Ms. Janaki Iyer
		Ms. Ramlaxmi Iyer
		Mr. Risheek Iyer
		Ms. Girija Subramanium
		Ms. Prema Mahadevan
		Ms. Sudha Bhave
		Mr. V Murali (upto 24th July, 2020)
		Ms. Srilatha Ravi (upto 24th July, 2020)
		Mr. Siddharth Ravi (upto 24th July, 2020)
		Ms. Asha Ramaswamy
		Ms Pallavi Kotwal (w.e.f.18th September, 2020)
		Mr. Abhijit Mungale

Pursuant to share subscription agreement and shareholders' agreement to form a 51:49 Joint Venture between Mahindra Asset Management Company Private Limited ('MAMCPL') along with Mahindra Trustee Company Private Limited ('MTCPL'), then wholly-owned subsidiaries of the Company with Manulife Asset Management (Singapore) Pte. Ltd. ('Manulife'), the erstwhile names of MAMCPL and MTCPL have been changed to Mahindra Manulife Investment Management Private Limited (MMIMPL) and Mahindra Manulife Trustee Private Limited (MMTPL), respectively effective from 30 April 2020. Consequently, MMIMPL and MMTPL have beeen considered as joint ventures of the Company.

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

Rs. in crores

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate Companies / Associate Joint Ventures		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2021	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020
Loan income												
- Smartshift Logistics Solutions Pvt Ltd.	–	–	–	–	**0.14**	3.07	–	–	–	–	–	–
Subvention income												
- Mahindra & Mahindra Limited	**14.11**	23.10	–	–	–	–	–	–	–	–	–	–
Lease rental income												
- Mahindra & Mahindra Limited	**13.66**	6.07	–	–	–	–	–	–	–	–	–	–
Interest income												
- Mahindra & Mahindra Limited	**2.80**	–	–	–	–	–	–	–	–	–	–	–
Income from sharing services												
- Mahindra & Mahindra Limited	**0.42**	–	–	–	–	–	–	–	–	–	–	–
- Mahindra Rural Housing Finance Limited	–	–	**8.65**	8.64	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	**2.50**	2.47	–	–	–	–	–	–	–	–
- Mahindra Manulife Investment Management Pvt Ltd	–	–	–	–	–	–	**1.08**	0.21	–	–	–	–
- Mahindra Manulife Trustee Pvt Ltd	–	–	–	–	–	–	**0.01**	0.01	–	–	–	–
Dividend Income												
- Mahindra Rural Housing Finance Limited	–	–	–	24.19	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	–	6.19	–	–	–	–	–	–	–	–
Interest expense												
- Mahindra & Mahindra Limited	**16.59**	19.03	–	–	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	**5.15**	3.19	–	–	–	–	–	–	–	–
- Tech Mahindra Limited	–	–	–	–	**25.78**	11.93	–	–	–	–	–	–
- Swaraj Engines Limited	–	–	–	–	**0.51**	0.66	–	–	–	–	–	–
- Mahindra Vehicle Manufacturers Limited	–	–	–	–	–	1.19	–	–	–	–	–	–
- Mahindra Intertrade Limited	–	–	–	–	–	0.58	–	–	–	–	–	–
- Mahindra Water Utilities Limited	–	–	–	–	**0.31**	0.58	–	–	–	–	–	–
- Mahindra Engineering & Chemical Products Ltd	–	–	–	–	**0.17**	0.01	–	–	–	–	–	–
- PSL Media & Communications Ltd	–	–	–	–	**0.07**	0.07	–	–	–	–	–	–
- Mahindra Holidays & Resorts India Ltd	–	–	–	–	**10.30**	0.13	–	–	–	–	–	–
- Mr Ramesh Iyer	–	–	–	–	–	–	–	–	**0.12**	0.07	–	–
- Mr V Ravi	–	–	–	–	–	–	–	–	**0.10**	0.06	–	–
- Mr C. B. Bhave	–	–	–	–	–	–	–	–	**0.06**	0.06	–	–
- Others	–	–	–	–	–	–	–	–	–	–	**0.48**	0.33
Other expenses												
- Mahindra & Mahindra Limited	**24.21**	23.37	–	–	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	**38.25**	68.44	–	–	–	–	–	–	–	–
- Mahindra Rural Housing Finance Limited	–	–	0.04	0.08	–	–	–	–	–	–	–	–

												Rs. in crores
	Holding Company		**Subsidiary Companies**		**Fellow Subsidiaries / Associate Companies / Associate Joint Ventures**		**Joint venture/Associate**		**Key Management Personnel**		**Relatives of Key Management Personnel**	
Particulars	**Year ended 31 March 2021**	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020
- Mahindra First Choice Wheels Limited	–	–	–	–	**10.66**	15.25	–	–	–	–	–	–
- Mahindra Defence Systems Ltd	–	–	–	–	**1.30**	0.64	–	–	–	–	–	–
- Bristlecone India Limited	–	–	–	–	**0.46**	1.04	–	–	–	–	–	–
- Mahindra Vehicle Manufacturers Limited	–	–	–	–	**0.61**	0.70	–	–	–	–	–	–
- Mahindra Integrated Business Solutions Limited	–	–	–	–	**16.19**	15.91	–	–	–	–	–	–
- Mahindra Engineering & Chemical Products Ltd	–	–	–	–	**1.55**	6.78	–	–	–	–	–	–
- Mahindra Finance CSR Foundation	–	–	**10.59**	0.12	–	–	–	–	–	–	–	–
- Others	–	–	–	–	**0.09**	0.27	–	–	–	–	–	–
Donations												
- National Democratic Electoral Trust	–	–	–	–	–	**6.00**	–	–	–	–	–	–
Remuneration												
- Mr Ramesh Iyer	–	–	–	–	–	–	–	–	**7.11**	6.56	–	–
- Mr V Ravi	–	–	–	–	–	–	–	–	**3.62**	3.38	–	–
- Mr Vivek Karve	–	–	–	–	–	–	–	–	**1.62**	–	–	–
Sitting fees and commission												
- Mr C. B. Bhave	–	–	–	–	–	–	–	–	**0.37**	0.31	–	–
- Mr Dhananjay Mungale	–	–	–	–	–	–	–	–	**0.45**	0.39	–	–
- Ms Rama Bijapurkar	–	–	–	–	–	–	–	–	**0.35**	0.30	–	–
- Mr Milind Sarwate	–	–	–	–	–	–	–	–	**0.38**	0.31	–	–
- Mr Arvind Sonde	–	–	–	–	–	–	–	–	**0.32**	0.08	–	–
- Dr Rebecca Nugent	–	–	–	–	–	–	–	–	**0.03**	–	–	–
Reimbursement from parties												
- Mahindra & Mahindra Limited	**21.31**	1.70	–	–	–	–	–	–	–	–	–	–
- Gromax Agri Equipment Limited	–	–	–	–	**1.85**	0.59	–	–	–	–	–	–
- Mahindra Manulife Investment Management Pvt Ltd	–	–	–	–	–	–	**0.29**	–	–	–	–	–
- Mahindra Rural Housing Finance Limited	–	–	**0.01**	0.08	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	–	0.06	–	–	–	–	–	–	–	–
Reimbursement to parties												
- Mahindra Insurance Brokers Limited	–	–	–	0.24	–	–	–	–	–	–	–	–
- Mahindra Rural Housing Finance Limited	–	–	–	0.19	–	–	–	–	–	–	–	–
- Mahindra USA, Inc	–	–	–	–	**1.99**	2.59	–	–	–	–	–	–
Purchase of fixed assets												
- Mahindra & Mahindra Limited	**11.63**	1.91	–	–	–	–	–	–	–	–	–	–
- Mahindra First Choice Services Limited	–	–	–	–	–	1.76	–	–	–	–	–	–
Sale of fixed assets												
- Mahindra Rural Housing Finance Limited	–	–	–	0.09	–	–	–	–	–	–	–	–
Investments made												
- Mahindra Manulife Investment Management Pvt Ltd	–	–	–	–	–	–	–	50.00	–	–	–	–

												Rs. in crores
	Holding Company		**Subsidiary Companies**		**Fellow Subsidiaries / Associate Companies / Associate Joint Ventures**		**Joint venture/Associate**		**Key Management Personnel**		**Relatives of Key Management Personnel**	
Particulars	**Year ended 31 March 2021**	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020
- Ideal Finance Ltd	–	–	–	–	–	–	–	44.00	–	–	–	–
- Mahindra Finance CSR Foundation	–	–	–	0.00	–	–	–	–	–	–	–	–
- New Democratic Electoral Trust	–	–	–	–	**0.01**	–	–	–	–	–	–	–
- Smartshift Logistics Solutions Pvt Ltd.	–	–	–	–	–	2.50	–	–	–	–	–	–
Fixed deposits taken												
- Mahindra Insurance Brokers Limited	–	–	**53.75**	10.00	–	–	–	–	–	–	–	–
- Mahindra Engineering & Chemical Products Ltd	–	–	–	–	**5.43**	1.24	–	–	–	–	–	–
- PSL Media & Communications Ltd	–	–	–	–	**0.70**	1.00	–	–	–	–	–	–
- Mahindra Holidays & Resorts India Ltd	–	–	–	–	**15.00**	15.90	–	–	–	–	–	–
- Mr Ramesh Iyer	–	–	–	–	–	–	–	–	**0.69**	1.72	–	–
- Mr V Ravi	–	–	–	–	–	–	–	–	–	1.00	–	–
- Mr C. B. Bhave	–	–	–	–	–	–	–	–	–	0.30	–	–
- Others	–	–	–	–	–	–	–	–	–	–	**3.78**	4.20
Fixed deposits matured												
- Mahindra Insurance Brokers Limited	–	–	–	15.50	–	–	–	–	–	–	–	–
- PSL Media & Communications Ltd	–	–	–	–	**0.80**	0.80	–	–	–	–	–	–
- Mahindra Engineering & Chemical Products Ltd	–	–	–	–	**1.24**	–	–	–	–	–	–	–
- Mahindra Holidays & Resorts India Ltd	–	–	–	–	**15.90**	–	–	–	–	–	–	–
- Mr Ramesh Iyer	–	–	–	–	–	–	–	–	**1.61**	0.66	–	–
- Mr C. B. Bhave	–	–	–	–	–	–	–	–	**0.15**	–	–	–
- Others	–	–	–	–	–	–	–	–	–	–	**2.61**	2.12
Dividend paid												
- Mahindra & Mahindra Limited	–	**205.54**	–	–	–	–	–	–	–	–	–	–
- Mahindra & Mahindra Financial Services Ltd Employees' Stock Option Trust	–	–	–	1.86	–	–	–	–	–	–	–	–
- Mr Ramesh Iyer	–	–	–	–	–	–	–	–	–	0.52	–	–
- Mr V Ravi	–	–	–	–	–	–	–	–	–	0.35	–	–
- Ms Rama Bijapurkar	–	–	–	–	–	–	–	–	–	0.02	–	–
- Mr Dhananjay Mungale	–	–	–	–	–	–	–	–	–	0.03	–	–
- Mr V. S. Parthasarthy	–	–	–	–	–	–	–	–	–	0.00	–	–
- Others	–	–	–	–	–	–	–	–	–	–	–	0.00
Inter corporate deposits taken												
- Mahindra & Mahindra Limited	–	**100**.00	–	–	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	–	55.75	–	–	–	–	–	–	–	–
- Tech Mahindra Limited	–	–	–	–	**500.00**	–	–	–	–	–	–	–
- Swaraj Engines Limited	–	–	–	–	–	10.00	–	–	–	–	–	–
- Mahindra Water Utilities Limited	–	–	–	–	–	15.75	–	–	–	–	–	–
- Mahindra Holidays & Resorts India Ltd	–	–	–	–	**180.00**	–	–	–	–	–	–	–

Rs. in crores

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries / Associate Companies / Associate Joint Ventures		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
	Year ended 31 March 2021	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020
Inter corporate deposits repaid/matured												
- Mahindra & Mahindra Limited	**100.00**	400.00	–	–	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	**17.25**	37.50	–	–	–	–	–	–	–	–
- Tech Mahindra Limited	–	–	–	–	–	400.00	–	–	–	–	–	–
- Mahindra Vehicle Manufacturers Limited	–	–	–	–	–	100.00	–	–	–	–	–	–
- Swaraj Engines Limited					**10.00**	10.00						
- Mahindra Water Utilities Limited	–	–	–	–	**5.00**	10.50	–	–	–	–	–	–
- Mahindra Intertrade Limited	–	–	–	–	–	10.00	–	–	–	–	–	–
Debentures issued		–		–		–		–		–		–
- Mahindra & Mahindra Limited	–	195.00	–	–	–	–	–	–	–	–	–	–
Debentures matured												
- Mahindra & Mahindra Limited	**100.00**	–	–	–	–	–	–	–	–	–	–	–
Issue of Share Capital (incl Securities premium)		–		–		–		–		–		–
- Mahindra & Mahindra Limited	**1,640.96**	–	–	–	–	–	–	–	–	–	–	–
- Mahindra & Mahindra Financial Services Ltd Employees' Stock Option Trust	–	–	**10.32**	–	–	–	–	–	–	–	–	–
Balances as at the end of the period												
Receivables												
- Mahindra & Mahindra Limited	–	2.98	–	–	–	–	–	–	–	–	–	–
- Mahindra Rural Housing Finance Limited	–	–	**1.68**	1.41	–	–	–	–	–	–	–	–
- Mahindra Manulife Investment Management Pvt Ltd	–	–	–	–	–	–	**0.05**	0.03	–	–	–	–
- Mahindra Manulife Trustee Pvt Ltd	–	–	–	–	–	–	**0.01**	0.01	–	–	–	–

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows: (Continued)

Rs. in crores

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries/ Associate of Holding Company		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
	As at 31 March 2021	As at 31 March 2020	**As at 31 March 2021**	As at 31 March 2020	**As at 31 March 2021**	As at 31 March 2020	**As at 31 March 2021**	As at 31 March 2020	**As at 31 March 2021**	As at 31 March 2020	**As at 31 March 2021**	As at 31 March 2020
Loan given (including interest accrued but not due)												
- Mahindra Construction Co. Ltd.	–	–	–	–	**3.34**	3.34	–	–	–	–	–	–
- Smartshift Logistics Solutions Pvt Ltd.	–	–	–	–	–	18.80	–	–	–	–	–	–
Inter corporate deposits given (including interest accrued but not due)												
- Mahindra Construction Co. Ltd.	–	–	–	–	**1.13**	1.13	–	–	–	–	–	–
Investments												
- Mahindra Rural Housing Finance Limited	–	–	**799.30**	799.30	–	–	–	–	–	–	–	–

Rs. in crores

Particulars	Holding Company		Subsidiary Companies		Fellow Subsidiaries/ Associate of Holding Company		Joint venture/Associate		Key Management Personnel		Relatives of Key Management Personnel	
	As at 31 March 2021	As at 31 March 2020	**As at 31 March 2021**	As at 31 March 2020	**As at 31 March 2021**	As at 31 March 2020	**As at 31 March 2021**	As at 31 March 2020	**As at 31 March 2021**	As at 31 March 2020	**As at 31 March 2021**	As at 31 March 2020
- Mahindra Insurance Brokers Limited	–	–	**0.45**	0.45	–	–	–	–	–	–	–	–
- Mahindra Manulife Investment Management Pvt Ltd	–	–	–	–	–	–	**195.30**	210.00	–	–	–	–
- Mahindra Manulife Trustee Pvt Ltd	–	–	–	–	–	–	**0.50**	0.50	–	–	–	–
- Mahindra Finance CSR Foundation	–	–	**0.00**	0.00	–	–	–	–	–	–	–	–
- Mahindra Finance USA, Inc	–	–	–	–	–	–	**210.55**	210.55	–	–	–	–
- Mahindra Ideal Finance Ltd	–	–	–	–	–	–	**44.00**	44.00	–	–	–	–
- New Democratic Electoral Trust	–	–	–	–	**0.02**	0.01	–	–	–	–	–	–
- Smartshift Logistics Solutions Pvt Ltd.	–	–	–	–	**9.50**	9.50	–	–	–	–	–	–
Payables												
- Mahindra & Mahindra Limited	**8.67**	–	–	–	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	**11.77**	12.37	–	–	–	–	–	–	–	–
- Mahindra First Choice Wheels Limited	–	–	–	–	**5.41**	3.49	–	–	–	–	–	–
- Mahindra USA, Inc	–	–	–	–	**0.25**	1.61	–	–	–	–	–	–
- Mahindra Integrated Business Solutions Limited	–	–	–	–	**1.59**	1.29	–	–	–	–	–	–
- NBS International Limited	–	–	–	–	**0.18**	0.23	–	–	–	–	–	–
- Mahindra Defence Systems Ltd	–	–	–	–	**0.80**	–	–	–	–	–	–	–
- Mahindra Engineering & Chemical Products Ltd	–	–	–	–	–	0.93	–	–	–	–	–	–
- Others	–	–	–	–	**0.15**	0.17	–	–	–	–	–	–
Inter corporate deposits taken (including interest accrued but not due)												
- Mahindra & Mahindra Limited	–	102.12	–	–	–	–	–	–	–	–	–	–
- Mahindra Insurance Brokers Limited	–	–	**4.02**	21.52	–	–	–	–	–	–	–	–
- Tech Mahindra Limited	–	–	–	–	**523.85**	–	–	–	–	–	–	–
- Swaraj Engines Limited	–	–	–	–	–	10.20	–	–	–	–	–	–
- Mahindra Water Utilities Limited	–	–	–	–	**4.03**	8.82	–	–	–	–	–	–
- Mahindra Holidays & Resorts India Ltd	–	–	–	–	**188.55**	–	–	–	–	–	–	–
Debentures (including interest accrued but not due)												
- Mahindra & Mahindra Limited	**102.71**	201.09	–	–	–	–	–	–	–	–	–	–
Fixed deposits (including interest accrued but not due)												
- Mahindra Insurance Brokers Limited	–	–	**90.49**	32.99	–	–	–	–	–	–	–	–
- Mahindra Engineering & Chemical Products Ltd	–	–	–	–	**5.51**	1.25	–	–	–	–	–	–
- PSL Media & Communications Ltd	–	–	–	–	**0.94**	1.04	–	–	–	–	–	–
- Mahindra Holidays & Resorts India Ltd	–	–	–	–	**15.02**	16.02	–	–	–	–	–	–
- Mr Ramesh Iyer	–	–	–	–	–	–	–	–	**0.83**	1.76	–	–
- Mr V Ravi	–	–	–	–	–	–	–	–	**1.24**	1.14	–	–
- Mr C. B. Bhave	–	–	–	–	–	–	–	–	**0.71**	0.88	–	–
- Others	–	–	–	–	–	–	–	–	–	–	**6.27**	4.86

Key Management Personnel as defined in Accounting Standard 18

iii) Details of related party transactions with Key Management Personnel (KMP) are as under:

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company or its employees. Accordingly, the Company considers any Director, including independent and non-executive directors, to be key management personnel for the purposes of IND AS 24 - Related Party Disclosures.

Rs. in crores

Nature of transactions	31 March 2021	31 March 2020
Name of the KMP - Mr. Ramesh Iyer (Vice-Chairman & Managing Director)		
Gross Salary including perquisites	**4.69**	4.70
Commission	**1.28**	1.64
Stock Option	**0.90**	0.07
Others - Contribution to Funds	**0.31**	0.30
	7.18	6.71
Name of the KMP - Mr. V. Ravi (Executive Director & Chief Financial Officer) (Retired w.e.f. 24 July 2020))		
Gross Salary including perquisites	**2.36**	2.42
Commission	**0.76**	0.95
Stock Option	**0.50**	–
Others - Contribution to Funds	–	0.09
	3.62	3.46
Name of the KMP - Mr. Dhananjay Mungale (Chairman & Independent Director)		
Commission	**0.28**	0.28
Other benefits	**0.13**	0.11
	0.41	0.39
Name of the KMP - Ms. Rama Bijapurkar (Independent Director)		
Commission	**0.21**	0.21
Other benefits	**0.10**	0.09
	0.31	0.30
Name of the KMP - Mr. C.B. Bhave (Independent Director)		
Commission	**0.21**	0.21
Other benefits	**0.12**	0.10
	0.33	0.31
Name of the KMP - Mr. Milind Sarwate (Independent Director)		
(Appointed w.e.f. 1 April 2019)		
Commission	**0.21**	–
Other benefits	**0.13**	0.10
	0.34	0.10
Name of the KMP - Mr. Arvind V. Sonde (Independent Director)		
(Appointed w.e.f. 9 December 2019)		
(Retired w.e.f. 15 March 2021)		
Commission	**0.07**	–
Other benefits	**0.08**	0.01
	0.15	0.01
Name of the KMP - Dr. Rebecca Nugent (Independent Director)		
(Appointed w.e.f. 5 March 2021)		
Commission	–	–
Other benefits	**0.01**	–
	0.01	–

iv) Disclosure required under Section 186 (4) of the Companies Act, 2013

As at 31 March 2021

Rs. in crores

Particulars	Relation	Balance as on 1 April 2020	Advances/ investments	Repayments/ sale	Balance as on 31 March 2021
(A) Loans and advances					
Mahindra Rural Housing Finance Ltd.	Subsidiary	–	–	–	–
Mahindra Retail Pvt Ltd	Fellow subsidiary	–	–	–	–
2 x 2 Logistics Pvt Ltd	Fellow subsidiary	–	–	–	–
Smartshift Logistics Solutions Pvt. Ltd. (refer note no. (iii))	Fellow Associate	18.63	–	18.63	–
		18.63	**–**	**18.63**	**–**

Rs. in crores

Particulars		Relation	Balance as on 1 April 2020	Advances/ investments	Repayments/ sale	Balance as on 31 March 2021
(B)	**Unsecured redeemable non-convertible subordinate debentures**					
	Mahindra Rural Housing Finance Limited	Subsidiary	–	–	–	–
			–	**–**	**–**	**–**
(C)	**Investments**					
	Mahindra Insurance Brokers Limited	Subsidiary	0.45	–		0.45
	Mahindra Rural Housing Finance Limited	Subsidiary	799.30	–		799.30
	Mahindra Manulife Investment Management Private Limited (w.e.f. 30 April 2020) (Formerly known as Mahindra Asset Management Company Private Limited. (up to 29 April 2020)) #	Joint Venture	210.00	–	14.70	195.30
	Mahindra Manulife Trustee Private Limited (w.e.f. 30 April 2020) (Formerly known as Mahindra Trustee Company Private Limited. (up to 29 April 2020)) #	Joint Venture	0.50	–	–	0.50
	Mahindra Finance CSR Foundation	Wholly owned Subsidiary	0.00	–	–	0.00
	Mahindra Finance USA, LLC	Joint Venture	210.55	–	–	210.55
	Ideal Finance Limited, Sri Lanka	Joint Venture	44.00	–	–	44.00
	Smartshift Logistics Solutions Private Limited (refer note no. (iii))	Fellow Associate	9.50	–	–	9.50
	New Democratic Electoral Trust	Fellow subsidiary	0.01	0.01	–	0.02
			1,274.31	**0.01**	**14.70**	**1,259.62**
	Total		**1,292.94**	**0.01**	**33.33**	**1,259.62**

Pursuant to share subscription agreement and shareholders' agreement to form a 51:49 Joint Venture between Mahindra Asset Management Company Private Limited ('MAMCPL') along with Mahindra Trustee Company Private Limited ('MTCPL'), then wholly-owned subsidiaries of the Company with Manulife Asset Management (Singapore) Pte. Ltd. ('Manulife'), the erstwhile names of MAMCPL and MTCPL have been changed to Mahindra Manulife Investment Management Private Limited (MMIMPL) and Mahindra Manulife Trustee Private Limited (MMTPL), respectively effective from 30 April 2020.

As at 31 March 2020

Rs. in crores

Particulars		Relation	Balance as on 1 April 2019	Advances/ investments	Repayments/ sale	Balance as on 31 March 2020
(A)	**Loans and advances**					
	Mahindra Rural Housing Finance Limited	Subsidiary	–	–	–	–
	Mahindra Retail Private Limited	Fellow subsidiary	–	–	–	–
	2 x 2 Logistics Private Limited	Fellow subsidiary	–	–	–	–
	Smartshift Logistics Solutions Private Limited (refer note no. (iii))	Fellow Associate	17.00	8.00	6.37	18.63
			17.00	8.00	**6.37**	18.63
(B)	**Unsecured redeemable non-convertible subordinate debentures**					
	Mahindra Rural Housing Finance Limited	Subsidiary	–	–	–	–
			–	–	–	–
(C)	**Investments**					
	Mahindra Insurance Brokers Limited	Subsidiary	0.45	–	–	0.45
	Mahindra Rural Housing Finance Limited	Subsidiary	512.52	286.78	–	799.30
	Mahindra Asset Management Company Private Limited	Wholly owned Subsidiary	160.00	50.00	–	210.00
	Mahindra Trustee Company Private Limited	Wholly owned Subsidiary	0.50	–	–	0.50
	Mahindra Finance CSR Foundation	Wholly owned Subsidiary	–	0.00	–	0.00
	Mahindra Finance USA, LLC	Joint Venture	210.55	–	–	210.55
	Ideal Finance Limited, Sri Lanka	Joint Venture	–	44.00	–	44.00
	Smartshift Logistics Solutions Private Limited. (refer note no. (iii))	Fellow Associate	7.00	2.50	–	9.50
	New Democratic Electoral Trust	Fellow subsidiary	0.01	–	–	0.01
			891.03	**383.28**	**–**	**1,274.31**
	Total		**908.03**	**391.28**	**6.37**	**1,292.94**

Notes:

i) Above loans & advances and investments have been given for general business purposes and figures are at historical cost.

ii) There were no guarantees given/securities provided during the year.

iii) Formerly known as Resfeber Labs Private Limited (RLPL) post merger of Orizonte Business Solutions Limited with the former. Orizonte Business Solutions Limited was acquired by or merged with Resfeber Labs Private Limited (RLPL) in June 2019 and then the name of RLPL was changed to Smartshift Logistics Solutions Private Limited w.e.f. 22 July 2019. The closing balance at the end of the respective years includes additional investment made and fair value gain recognized as per Ind AS 109 - Financial Instruments.

54 Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Rs. in crores

Sr. No.	Particulars	As at 31 March 2021		As at 31 March 2020	
	Liabilities	**Amount Outstanding**	**Amount Overdue**	Amount Outstanding	Amount Overdue
1)	**Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:**				
	(a) Debentures:				
	- Secured	**16,895.90**	–	18,454.56	–
	- Unsecured	**645.41**	–	430.30	–
	(b) Deferred Credits	–	–	–	–
	(c) Term Loans	**14,354.51**	–	17,362.35	–
	(d) Inter-corporate loans and Other Borrowings	**720.56**	–	142.66	–
	(e) Commercial Paper	**494.52**	–	–	–
	(f) Public Deposits	**9,319.48**	–	8,807.99	–
	(g) Fixed Deposits accepted from Corporates	**770.05**	–	426.54	–
	(h) FCNR Loans	–	–	183.02	–
	(i) External Commercial Borrowings	**3,726.99**	–	2,756.91	–
	(j) Associated liabilities in respect of securitisation transactions	**10,400.11**	–	8,893.21	–
	(k) Subordinate debt (including NCDs issued through Public issue)	**3,389.93**	–	3,667.49	–
	(l) Other Short Term Loans and credit facilities from banks	**90.01**	–	264.01	–
2)	**Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**				
	(a) In the form of Unsecured debentures	–	–	–	–
	(b) In the form of partly secured debentures i.e.debentures where there is a shortfall in the value of security	–	–	–	–
	(c) Other public deposits	**9,319.48**	–	8,807.99	–

		As at 31 March 2021	As at 31 March 2020
	Asset side:	**Amount Outstanding**	Amount Outstanding
3)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**		
	(a) Secured	–	–
	(b) Unsecured	**2,271.29**	2,654.48
4)	**Break up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities:**		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	–	–
	(b) Operating lease	**0.21**	0.64
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	–	–
	(b) Repossessed Assets	–	–
	(iii) Other loans counting towards AFC activities:		
	(a) Loans where assets have been repossessed	**179.23**	458.70
	(b) Loans other than (a) above	**57,505.09**	61,888.24
5)	**Break-up of Investments:**		
	Current Investments:		
	1. Quoted:		
	(i) Shares:		
	(a) Equity	–	–
	(b) Preference	–	–
	(ii) Debentures and Bonds	–	24.77
	(iii) Units of mutual funds	**1,667.18**	3,241.25
	(iv) Government Securities	**30.00**	5.00
	2. Unquoted:		
	(i) Shares:		
	(a) Equity	–	–
	(b) Preference	–	–
	(ii) Debentures and Bonds	–	–
	(iii) Units of mutual funds	–	–

Asset side:	As at 31 March 2021 Amount Outstanding	As at 31 March 2020 Amount Outstanding
(iv) Government Securities	–	–
(v) Certificate of Deposits with Banks	–	–
(vi) Commercial Papers	**197.67**	–
(vil) Investments in Pass Through Certificates under securitization transactions	**46.82**	80.07
(viii) Investment in Triparty Repo Dealing System (TREPS)	**2,404.00**	–
Long Term Investments:		
1. Quoted:		
(i) Shares:		
(a) Equity	–	–
(b) Preference	–	–
(ii) Debentures and Bonds (Bonds of FCI NCDs of NABARD)	**288.37**	104.75
(iii) Units of mutual funds	–	–
(iv) Government Securities	**5706.51**	1118.51
2. Unquoted:		
(i) Shares:		
(a) Equity	**1266.49**	1293.73
(b) Preference	–	–
(ii) Debentures and Bonds	–	–
(iii) Units of mutual funds	–	–
(iv) Government Securities	–	–
(v) Investments in Pass Through Certificates under securitization transactions	**0.21**	42.90

6) Borrower group-wise classification assets financed as in (3) and (4) above:

Category	As at 31 March 2021			As at 31 March 2020		
	Amount net of provisions			Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	–	–	–	–	–	–
(b) Companies in the same group	–	–	–	–	–	–
(c) Other related parties	–	–	–	–	–	–
2. Other than related parties	**57,684.32**	**2,271.50**	**59,955.82**	62,346.94	2,655.12	65,002.07
Total	**57,684.32**	**2,271.50**	**59,955.82**	62,346.94	2,655.12	65,002.07

7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	As at 31 March 2021 Market Value/ Break up or fair value or NAV	As at 31 March 2021 Book Value (net of provisions)	As at 31 March 2020 Market Value/ Break up or fair value or NAV	As at 31 March 2020 Book Value (net of provisions)
1. Related Parties				
(a) Subsidiaries	**799.75**	**799.75**	1,010.25	1,010.25
(b) Companies in the same group	**466.74**	**466.74**	268.17	268.17
(c) Other related parties	–	–	–	–
2. Other than related parties	**10,341.17**	**10,340.76**	4,630.80	4,629.44
Total	**11,607.66**	**11,607.25**	**5,909.22**	**5,907.86**

8) Other information:

Particulars	As at 31 March 2021 Amount	As at 31 March 2020 Amount
i) Gross Non-Performing Assets:		
(a) Related parties	**4.73**	4.73
(b) Other than related parties	**5,781.21**	5,742.01
ii) Net Non-Performing Assets:		
(a) Related parties	–	–
(b) Other than related parties	**2,433.88**	3,966.47
iii) Assets acquired in satisfaction of debt:	–	–

55 Balance Sheet Disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

These disclosures are made pursuant to Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended), to the extent applicable to the Company.

The Reserve Bank of India, vide its circular reference RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 outlined the regulatory guidance in relation to Ind AS financial statements from financial year 2019-20 onwards. This included guidance for computation of 'owned funds', 'net owned funds' and 'regulatory capital'. Accordingly, effective from 31 March 2020, CRAR has been computed in accordance with these requirements read with the requirements of the Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 (as amended).

I) Capital

Particulars	As at 31 March 2021	As at 31 March 2020
CRAR (%)	**26.0%**	19.6%
CRAR-Tier I Capital (%)	**22.2%**	15.4%
CRAR-Tier II Capital (%)	**3.8%**	4.2%
Amount of subordinated debt raised as Tier-II capital (Rs. in crores)	–	–
Amount raised by issue of Perpetual Debt Instruments	–	–

II) Investments

Rs. in crores

Particulars	As at 31 March 2021	As at 31 March 2020
Value of Investments		
(i) Gross Value of Investments		
(a) In India	**11,353.11**	5,657.78
(b) Outside India	**254.55**	254.54
(ii) Provisions for Depreciation		
(a) In India	**0.41**	1.36
(b) Outside India		–
(iii) Net Value of Investments		
(a) In India	**11,352.70**	5,656.42
(b) Outside India	**254.55**	254.54
Movement of provisions held towards depreciation on investments.		
(i) Opening balance	**1.36**	2.82
(ii) Add: Provisions made during the year	–	–
(iii) Less: Write-off/write-back of excess provisions during the year	**(0.95)**	(1.46)
(iv) Closing balance	**0.41**	1.36

III) Derivatives

a) Forward Rate Agreement (FRA)/Interest Rate Swap (IRS)

	As at 31 March 2021	As at 31 March 2020
(i) The notional principal of swap agreements	**3,703.29**	2,832.99
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	–	–
(iii) Collateral required by the Company upon entering into swaps	–	–
(iv) Concentration of credit risk arising from the swaps	–	–
(v) The fair value of the swap book (Asset/(Liability))	**(147.46)**	52.77

Exchange Traded Interest Rate (IR) Derivative

The Company has not entered into any exchange traded derivative.

b) Exchange Traded Interest Rate (IR) Derivatives

The Company is not carrying out any activity of providing Derivative cover to third parties.

c) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosures –

i) The Company undertakes the derivatives transaction to prudently hedge the risk in context of a particular borrowing or to diversify sources of borrowing and to maintain fixed and floating borrowing mix. The Company does not indulge into any derivative trading transactions. The Company reviews, the proposed transaction and outline any considerations associated with the transaction, including identification of the benefits and potential risks (worst case scenarios); an independent analysis of potential savings from the proposed transaction. The Company evaluates all the risks inherent in the transaction viz., counter party risk, Market Risk, Operational Risk, basis risk etc.

ii) Credit risk is controlled by restricting the counterparties that the Company deals with, to those who either have banking relationship with the Company or are internationally renowned or can provide sufficient information. Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled. Normally transaction entered for hedging, will run till its life, irrespective of profit or loss. However in case of exceptions it has to be un-winded only with prior approval of M.D/CFO/Treasurer Liquidity risk is controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets around the world.

iii) The respective functions of trading, confirmation and settlement should be performed by different personnel. The front office and back-office role is well defined and segregated. All the derivatives transactions is quarterly monitored and reviewed by CFO and Treasurer. All the derivative transactions have to be reported to the board of directors on every quarterly board meetings including their financial positions.

Quantitative Disclosures –

d) Foreign currency non-repatriate loans availed:

Rs. in crores

	As at 31 March 2021		As at 31 March 2020	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)				
– For hedging		**3.703.29**		2,832.99
(ii) Marked to Market Positions [1]				
(a) Asset (+) Estimated gain	**25.72**		92.93	–
(b) Liability (-) Estimated loss	**(160.21)**	**(12.97)**	(25.59)	(14.57)
(iii) Credit Exposure [2]	**–**	**–**	–	–
(iv) Unhedged Exposures	**–**	**–**	–	–

IV) Disclosures relating to Securitisation

a) Disclosures in the notes to the accounts in respect of securitization transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS. PD.No.301/3.10.01/2012-13 dated August 21, 2012.

Applicable for transactions effected after the date of circular:

Rs. in crores

Sr. No.	Particulars	As at 31 March 2021	As at 31 March 2020
1)	No of SPVs sponsored by the NBFC for securitization transactions	**21**	24
2)	Total amount of securitized assets as per books of the SPVs sponsored	**10,390.77**	8,881.71
3)	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss- Credit enhancement in form of corporate undertaking	**1,547.25**	1,115.33
	Others	–	–
	b) On-balance sheet exposures		
	First loss- Cash collateral term deposits with banks	**485.34**	485.34
	Others- Retained interest in pass through certificates (excluding accrued interest)	–	–
4)	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	(i) Exposure to own securitizations		
	First loss	–	–
	Loss	–	–
	Excess Interest Spread	**1,428.78**	1,194.09
	(ii) Exposure to third party securitisations		
	First loss		
	Others	–	–
	b) On-balance sheet exposures		
	(i) Exposure to own securitisations		
	First loss	–	–
	Others	–	–
	Cash collateral term deposits with banks	–	–
	(ii) Exposure to third party securitisations		
	First loss	–	–
	Others	–	–

b) Details of Financial Assets sold to Securitization/Reconstruction Company for Asset Reconstruction

During the current year and the previous year, the Company has not sold any financial assets to Securitization/Reconstruction Company for asset reconstruction.

c) Details of Assignment transactions undertaken by NBFCs

Rs. in crores

	Particulars	As at 31 March 2021	As at 31 March 2020
i)	No. of accounts	–	–
ii)	Aggregate value (net of provisions) of accounts sold	–	–
iii)	Aggregate consideration	–	–
iv)	Additional consideration realized in respect of accounts transferred in earlier years	–	–
v)	Aggregate gain/loss over net book value	–	–

d) Details of non-performing financial assets purchased/sold

i) Details of non-performing financial assets purchased:

During the current year and the previous year the Company has not purchased any non -performing financial assets.

ii) Details of Non-performing Financial Assets sold:

During the current year and the previous year the Company has not sold any non-performing financial assets.

V) Exposures

a) Exposure to Real Estate Sector

Rs. in crores

	Particulars	As at 31 March 2021	As at 31 March 2020
a)	**Direct exposure**		
i)	**Residential Mortgages -**		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	–	–
ii)	**Commercial Real Estate -**		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.	**3.92**	11.19
iii)	**Investments in Mortgage Backed Securities (MBS) and other securitized exposures -**		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.	–	–
	a. Residential	–	–
	b. Commercial Real Estate	–	–
	Total Exposure to Real Estate Sector	**3.92**	11.19

b) Exposure to Capital Market

Rs. in crores

	Particulars	As at 31 March 2021	As at 31 March 2020
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	–	–
(ii)	advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	–	–
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	–	–

Particulars		As at 31 March 2021	As at 31 March 2020
			Rs. in crores
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/ convertible debentures/units of equity oriented mutual funds 'does not fully cover the advances;	–	–
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	–	–
(vi)	loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	–	–
(vii)	bridge loans to companies against expected equity flows/issues;	–	–
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	–	–
	Total Exposure to Capital Market	–	–

c) Details of financing of parent company products

Of the total financing activity undertaken by the Company during the financial year 2020-21, 49% (31 March 2020: 40%) of the financing was towards parent company products.

d) Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded by the NBFC

During the current year and the previous year, the Company has not exceeded the prudential exposure limits.

e) Unsecured Advances

As at 31 March 2021, the amount of unsecured advances stood at Rs. 2350.47 crores (31 March 2020: Rs. 2744.10 Crores).

VI) Miscellaneous

a) Registration obtained from other financial sector regulators

During the current year and the previous year, the Company has not obtained any registration from other financial sector regulators.

b) Disclosure of Penalties imposed by RBI and other regulators

During the current year and the previous year, there are no penalties imposed by RBI and other regulators

c) Related Party Transactions

(refer note 53)

d) Rating assigned by credit rating agencies and migration of ratings during the year

Credit Rating -

During the year under review, CRISIL Ratings Limited (CRISIL), has reaffirmed the rating to the Company's Long-term Debt Instruments and Bank Facilities as 'CRISIL AA+/Stable' and the Company's Fixed Deposit Programme as 'FAAA/Stable', respectively. The 'AA+/Stable' rating indicates a high degree of safety with regard to timely payment of financial obligations. The rating on the Company's Short-term Bank Loans,Commercial Paper and Cash Credit facility has been reaffirmed at 'CRISIL A1+' which is the highest level of rating.

During the year under review, India Ratings & Research Private Limited (IND), which is part of Fitch Group, reaffirmed the rating of Company's Long-term instrument and Subordinated Debt programme to 'IND AAA/Stable'and Principal protected market linked debenture: IND PP-MLD AAA emr/Stable. The Company's Short Term Commercial Paper has been rated at IND A1+.

During the year under review, CARE Ratings, formerly Credit Analysis & Research Limited (CARE), also reaffirmed the 'CARE AAA/Stable' rating to Company's Long-term debt instrument and Subordinated Debt programme.

During the year under review, Brickwork Ratings India Private Limited (BWR) has, reaffirmed the 'BWR AAA/stable' rating of the Company's Long-term Subordinated Debt Issue.

The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

VII) Net Profit of Loss for the period,prior period items and change in accounting policies

There are no such material items which require disclosures in the notes to Accounts in terms of the relevant Accounting Standard.

VIII) Revenue Recognition

Refer note no. 2.6 under Summary of Significant Accounting Policies

IX) Accounting Standard 21- Consolidated Financial Statements (CFS)

All the subsidiaries of the Company have been consolidated as per Accounting Standard 21. Refer consolidated financial statements (CFS)

Additional Disclosures:

All the subsidiaries of the Company have been consolidated as per Accounting Standard 21. Refer consolidated financial statements (CFS)

X) Provisions and Contingencies

Particulars	As at 31 March 2021	As at 31 March 2020
		Rs. in crores
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		
Provisions for depreciation on Investment	**(0.96)**	(1.46)
Provision towards non-performing assets (Stage 3 assets)	**1,571.77**	1,000.40
Provision made towards Income tax	**450.30**	556.94
Other Provision and Contingencies (with details)	**0.04**	(1.65)
Provision for diminution in the fair value of restructured advances	**–**	–
Provision for Standard Assets (Stage 1 and Stage 2 assets)	**(6.73)**	219.82

Draw Down from Reserves

Year ended March 31, 2021: Nil

Year ended March 31, 2020: Nil

XI) Concentration of Deposits, Advances, Exposures and NPAs

a) Concentration of Deposits (for deposit taking NBFCs)

Particulars	As at 31 March 2021	As at 31 March 2020
		Rs. in crores
Total Deposits of twenty largest depositors	**637.37**	446.06
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC.	**6.7%**	5.1%

b) Concentration of Advances

Rs. in crores

Particulars	As at 31 March 2021	As at 31 March 2020
Total Advances to twenty largest borrowers	**750.56**	733.92
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	**1.2%**	1.1%

c) Concentration of Exposures

Rs. in crores

Particulars	As at 31 March 2021	As at 31 March 2020
Total Exposure to twenty largest borrowers/customers	**750.56**	733.92
Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the NBFC on borrowers/ customers	**1.2%**	1.1%

d) Concentration of NPAs

Rs. in crores

Particulars	As at 31 March 2021	As at 31 March 2020
Total Exposure to top four NPA accounts	**85.55**	67.05

e) Sector-wise NPAs

		As at 31 March 2021	As at 31 March 2020
	Particulars	Percentage of NPAs to Total Advances in that sector	Percentage of NPAs to Total Advances in that sector
i)	Agriculture & allied activities	**12.5%**	10.7%
ii)	Auto loans	**8.2%**	7.8%
iii)	MSME	**2.5%**	7.6%
iv)	Corporate borrowers	**11.7%**	10.4%
v)	Unsecured personal loans	**10.5%**	1.7%
vi)	Other personal loans	–	–
vii)	Services	–	–

f) Movement of NPAs

Rs. in crores

			As at 31 March 2021	As at 31 March 2020
i)	Net NPAs to Net Advances (%)		**3.97%**	5.98%
ii)	Movement of NPAs (Gross)			
	(a)	Opening balance	**5,746.74**	4,070.57
	(b)	Additions during the year	**3,151.30**	3,260.86
	(c)	Reductions during the year	**(3,112.10)**	(1,584.69)
	(d)	Closing balance	**5,785.94**	5,746.74
iii)	Movement of Net NPAs			
	(a)	Opening balance	**3,966.47**	3,290.70
	(b)	Additions during the year	**591.84**	1,725.89
	(c)	Reductions during the year	**(2,124.43)**	(1,050.12)
	(d)	Closing balance	**2,433.88**	3,966.47
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	(a)	Opening balance	**1,780.26**	779.86
	(b)	Provisions made during the year	**2,559.47**	1,534.97
	(c)	Write-off/write-back of excess provisions	**(987.67)**	(534.57)
	(d)	Closing balance	**3,352.06**	1,780.26

XII) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Rs. in crores

			Total Assets	
Name of the Joint Venture/Subsidiary	Other Partner in the JV	Country	As at 31 March 2021	As at 31 March 2020
Mahindra Finance USA, LLC	De Lage Landen Financial Services	USA	**3,669.50**	3,956.36
Ideal Finance Limited	Ideal Finance Limited, Sri Lanka	Sri Lanka	**77.98**	77.83

XIII) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored -

Domestic	Overseas
N/A	N/A

XIV) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities As at March 31, 2021

Rs. in crores

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 year up to 5 years	Over 5 years	Total
Deposits	184.84	202.67	254.76	997.02	2,241.26	4,612.21	957.90	–	9,450.66
Advances	6,756.57	2,199.23	2,156.17	5,177.86	10,188.72	27,159.17	6,269.69	40.01	59,947.42
Reserves & surplus	–	–	–	–	–	–	–	14,465.11	14,465.11
Investments	4,081.41	16.27	5.86	210.46	31.68	880.83	2,315.14	4,065.60	11,607.25
Borrowings	650.25	1,581.41	2,713.09	3,238.94	6,933.59	20,340.49	4,116.08	5,871.62	45,445.47
Foreign Currency Assets	–	–	–	–	–	–	–	–	–
Foreign Currency liabilities	–	–	–	–	1,484.64	1,536.01	659.90	–	3,680.55

As at March 31, 2020

Rs. in crores

Particulars	Up to 30/31 days	Over 1 month up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 year up to 5 years	Over 5 years	Total
Deposits	104.80	107.39	129.24	408.12	904.84	6,080.01	1,077.75	–	8,812.15
Advances	5,406.35	420.41	2,361.76	5,898.19	11,032.55	31,155.66	8,647.80	70.75	64,993.47
Reserves & surplus	–	–	–	–	–	–	–	11,240.79	11,240.79
Investments	3,248.15	11.87	13.06	26.87	51.15	107.94	76.01	2,375.93	5,910.98
Borrowings	1,640.55	540.00	2,248.86	4,204.36	8,322.85	18,389.76	4,926.81	7,456.25	47,729.44
Foreign Currency Assets	–	–	–	–	–	–	–	–	–
Foreign Currency liabilities	–	–	–	–	182.94	2,737.79	–	–	2,920.73

XV) Disclosure of complaints

	Customer Complaints	Year ended 31 March 2021	Year ended 31 March 2020
(a)	No. of complaints pending at the beginning of the year	**1,693**	681
(b)	No. of complaints received during the year	**22,032**	10,002
(c)	No. of complaints redressed during the year	**22,962**	8,990
(d)	No. of complaints pending at the end of the year	**763**	1,693

56 Disclosures as required under Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR. NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4 November 2019

(A) Public disclosure on liquidity risk:

i) Funding Concentration based on significant counterparty (both deposits and borrowings)

As at 31 March 2021

Sr. no.	Type of instrument	Number of Significant Counterparties	Amount (Rs. in crores)	% of Total deposits	% of Total Liabilities
1	Deposits	Nil	Nil	Nil	Nil
2	Borrowings	18	36,036.19	381.3%	57.82%

As at 31 March 2020

Sr. no.	Type of instrument	Number of Significant Counterparties	Amount (Rs. in crores)	% of Total deposits	% of Total Liabilities
1	Deposits	Nil	Nil	Nil	Nil
2	Borrowings	19	34,313.66	389.4%	54.72%

ii) Top 20 large deposits (amount in Rs. in crores and% of total deposits)

As at 31 March 2021

Description	Amount (Rs. in crores)	% of Total deposits
Total for Top 20 large deposits	637.37	6.7%

As at 31 March 2020

Description	Amount (Rs. in crores)	% of Total deposits
Total for Top 20 large deposits	446.06	5.06%

iii) Top 10 borrowings (amount in Rs. in crores and% of total borrowings)

As at 31 March 2021

Description	Amount (Rs. in crores)	% of Total borrowings
Total for Top 10 borrowings	30,294.10	51.72%

As at 31 March 2020

Description	Amount (Rs. in crores)	% of Total borrowings
Total for Top 10 borrowings	26,866.68	45.18%

iv) Funding Concentration based on significant instrument/product

Sr. no.	Name of the instrument/product	As at 31 March 2021 Amount (Rs. in crores)	As at 31 March 2021 % of Total liabilities	As at 31 March 2020 Amount (Rs. in crores)	As at 31 March 2020 % of Total liabilities
1	Non-convertible debentures (Secured)	**15,990.30**	**25.66%**	17,395.21	27.74%
2	Term loans from banks (including FCNR loans)	**14,382.90**	**23.08%**	17,727.85	28.27%
3	External Commercial Borrowings	**3,680.55**	**5.91%**	2,737.79	4.37%
4	Associated liabilities in respect of securitization transactions	**10,390.77**	**16.67%**	8,881.71	14.16%
5	Public deposits	**9,450.66**	**15.16%**	8,812.14	14.05%
6	Subordinated redeemable non-convertible debentures	**3,149.37**	**5.05%**	3,417.95	5.45%
7	Inter-corporate deposits (ICDs)	**687.86**	**1.10%**	–	0.00%
		57,732.41	**92.63%**	58,972.65	94.04%
	Funding Concentration pertaining to insignificant instruments/products	**844.27**	**1.35%**	489.66	0.78%
	Total borrowings under all instruments/products	**58,576.68**	**93.99%**	59,462.31	94.83%

v) Stock Ratios

As at 31 March 2021

Sr. no.	Name of the instrument/product	Amount (Rs. in crores)	% of total public funds	% of total liabilities	% of total assets
a)	Commercial papers (CPs)	494.52	0.84%	0.79%	0.64%
b)	Non-convertible debentures (NCDs) with original maturity of less than one year	Nil	Nil	Nil	Nil
c)	Other short-term liabilities	1,899.49	3.24%	3.05%	2.47%

As at 31 March 2020

Sr. no.	Name of the instrument/product	Amount (Rs. in crores)	% of total public funds	% of total liabilities	% of total assets
a)	Commercial papers (CPs)	Nil	Nil	Nil	Nil
b)	Non-convertible debentures (NCDs) with original maturity of less than one year	Nil	Nil	Nil	Nil
c)	Other short-term liabilities	2,262.38	3.80%	3.61%	3.05%

vi) Institutional set-up for liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long-term funding and liquidity management requirements. The ALCO meets regularly to review the liquidity position based on future cash flows. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The Company also maintains adequate liquid assets, banking facilities and reserve borrowing facilities to hedge against unexpected requirements.

In order to achieve above, the Company also has an Investment Policy to ensure that safety, liquidity and return on the surplus funds are given appropriate weightages and are placed in that order of priority. The Investment Committee frames the strategy, sets the operational parameters and framework within the limits as may be set by the Board for investment. The Committee approaches the Board for revising the limit as and when required. The policy is also reviewed periodically in the background of developments in the money markets and the Investment Committee depending on the external factors proactively to reduce the risk in the investments. A well-defined front and back office mechanism is in place to ensure a system of checks and balances.

Definition of terms as used in the table above:

a) *Significant counterparty:*

A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

b) *Significant instrument/product:*

A "Significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC's total liabilities.

c) *Total liabilities:*

Total liabilities include all external liabilities (other than equity).

d) *Public funds:*

"Public funds" includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of Commercial Papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue.

It includes total borrowings outstanding under all types of instruments/products.

e) *Other short-term liabilities:*

All short-term borrowings other than CPs and NCDs with original maturity less than 12 months.

56 Disclosures as required under Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR. NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4 November 2019

As per the Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20, all deposit taking NBFCs are required to maintain Liquidity Coverage Ratio (LCR) from 1 December 2020, with the minimum LCR to be 50%, progressively increasing, till it reaches the required level of 100%, by 1 December 2024.

(B) Liquidity Coverage Ratio (LCR) for the year ended 31 March 2021

Rs. in crores

		Quarter ended 31 March 2021		Quarter ended 31 December 2020		Quarter ended 30 September 2020		Quarter ended 30 June 2020	
	Particulars	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets								
1	Total High Quality Liquid Assets (HQLA) (refer note 1 below)	4,900.95	4,385.84	3,333.05	2,970.54	982.93	860.88	231.38	203.61
	Cash Outflows								
2	**Deposits (for deposit taking companies)**	165.86	165.86	158.32	158.32	144.61	144.61	126.75	126.75
3	**Unsecured wholesale funding**	358.20	358.20	141.34	141.34	427.18	427.18	27.57	27.57
4	**Secured wholesale funding**	1,024.93	1,024.93	1,145.75	1,145.75	942.87	942.87	2,014.30	2,014.30
5	**Additional requirements, of which**	–	–	–	–	–	–	–	–
	i) Outflows related to derivative exposures and other collateral requirements								
	ii) Outflows related to loss of funding on debt products								
	iii) Credit and liquidity facilities								
6	**Other contractual funding obligations**	1,437.31	1,437.31	1,424.33	1,424.33	1,443.41	1,443.41	1,254.85	1,254.85
7	**Other contingent funding obligations**	46.84	46.84	53.75	53.75	40.01	40.01	169.49	169.49
8	**TOTAL CASH OUTFLOWS**	3,033.15	3,033.15	2,923.48	2,923.48	2,998.07	2,998.07	3,592.96	3,592.96
	Cash Inflows								
9	**Secured lending**	–	–	–	–	–	–	–	–
10	**Inflows from fully performing exposures**	3,787.72	3,787.72	4,024.93	4,024.93	2,581.35	2,581.35	1,369.71	1,369.71
11	**Other cash inflows**	3,738.17	2,418.84	4,595.06	3,207.40	4,273.51	2,912.53	3,557.87	2,710.27
12	**TOTAL CASH INFLOWS**	7,525.89	6,206.56	8,619.99	7,232.33	6,854.85	5,493.87	4,927.58	4,079.98
	TOTAL ADJUSTED VALUES								
13	**TOTAL HQLA**	4,900.95	4,385.84	3,333.05	2,970.54	982.93	860.88	231.38	203.61
14	**TOTAL NET CASH OUTFLOWS**	(4,492.74)	(3,173.41)	(5,696.51)	(4,308.85)	(3,856.78)	(2,495.80)	(1,334.62)	(487.02)
	25% of Total Cash Out Flow	758.29	758.29	730.87	730.87	749.52	749.52	898.24	898.24
15	**LIQUIDITY COVERAGE RATIO (%)**	646%	578%	456%	406%	131%	115%	26%	23%

Computation of Net cash outflows

Rs. in crores

		Quarter ended 31 March 2021		Quarter ended 31 December 2020		Quarter ended 30 September 2020		Quarter ended 30 June 2020	
	Net Cash outflows over the 30 days period	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
A	Stressed Cash Outflows @ 115% of Outflows	3,488.12	3,488.12	3,362.00	3,362.00	3,447.78	3,447.78	4,131.90	4,131.90
B	Stressed Cash Inflows @ 75% of Inflows	5,644.42	4,654.92	6,465.00	5,424.25	5,141.14	4,120.41	3,695.68	3,059.98
C	Net Stressed Cash Flows (Stressed Cash Out Flow - Stressed Cash Inflow)	(2,156.29)	(1,166.79)	(3,102.99)	(2,062.24)	(1,693.36)	(672.62)	436.22	1,071.92
D	25% of Stressed Cash Outflows	872.03	872.03	840.50	840.50	861.95	861.95	1,032.98	1,032.98
E	Greater Value of C or D	872.03	872.03	840.50	840.50	861.95	861.95	1,032.98	1,071.92
F	Liquidity Coverage Ratio (%) After Applying Stress Factor - (1/E)	562%	503%	397%	353%	114%	100%	22%	19%

Notes:

1) The average weighted and unweighted amounts are calculated taking simple average based on monthly observation for the respective quarter. The weightage factor applied to compute weighted average value is constant for all the quarters.
2) Prior to introduction of LCR framework, the company used to maintain a substantial share of its liquidity in form of fixed deposits with banks and investment in debt mutual funds. Post the introduction of LCR framework, the Company has consciously worked towards increasing its investment in High Quality Liquid Assets (HQLA) as per the RBI guidelines in order to meet the LCR requirement.
3) Weighted values have been calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.
4) Components of High Quality Liquid Assets (HQLA).

Rs. in crores

	Particulars	Quarter ended 31 March 2021		Quarter ended 31 December 2020		Quarter ended 30 September 2020		Quarter ended 30 June 2020	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
I	**Assets to be included as HQLA without any haircut:**								
	- Government securities	4,400.60	3,960.54	2,749.00	2,474.10	507.81	457.02	138.77	124.89
II	**Assets to be considered for HQLA with a minimum haircut of 15%:**								
	- Corporate Bonds	261.86	222.58	245.00	208.25	210.67	179.07	92.61	78.72
	- Commercial Papers	238.50	202.72	339.05	288.19	264.45	224.78	–	–
	TOTAL	**4,900.96**	**4,385.84**	**3,333.05**	**2,970.54**	**982.93**	**860.87**	**231.38**	**203.61**

5) Since the disclosure is effective from current financial year, the comparative disclosure for previous year is not applicable.

Qualitative information:

The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio (LCR), which aim to ensure that an NBFC maintains an adequate level of unencumbered HQLAs that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

LCR = Stock of High-Quality Liquid Assets (HQLAs)/Total Net Cash Outflows over the next 30 calendar days

HQLAs comprise of Cash*, Investment in Central and State Government Securities, and highly-rated Corporate Bonds and Commercial papers, including those of Public Sector Enterprises, as adjusted after assigning the haircuts as prescribed by RBI.

** Cash would mean cash on hand and demand deposits with Scheduled Commercial Banks.*

Total net cash outflows are arrived after taking into consideration total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days. As prescribed by RBI, total net cash outflows over the next 30 days = Stressed Outflows - [Min (stressed inflows; 75% of stressed outflows)]. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow).

The Liquidity Risk Management framework of the Company is governed by its Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Committee of the Board (ALCO) and Asset Liability Management Committee (ALMCO) oversee the implementation of liquidity risk management strategy of the Company and ensure adherence to the risk tolerance/limits set by the Board.

The Company maintains a robust funding profile with no undue concentration of funding sources. In order to ensure a diversified borrowing mix, concentration of borrowing through various sources is monitored. Further, the Company has prudential limits on investments in different instruments to maintain a healthy investment profile. Risks relating to foreign currency and interest rate is mitigated by entering in corresponding hedge transactions. Any potential collateral calls from the same forms a miniscule part of cash outflows. There is no currency mismatch in the LCR. The above is periodically monitored by ALMCO and reviewed by ALCO.

57 Disclosure as required under Guidelines on Resolution Framework for COVID-19-related Stress issued by RBI vide notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 and RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated 6 August 2020

During the year, to relieve COVID-19 pandemic related stress, the Company has invoked resolution plans for eligible borrowers based on the parameters laid down in accordance with the resolution policy approved by the Board of Directors of the Compnay and in accordance wth the guidelines issued by the RBI on 6 August 2020.

i) Disclosure as per format prescribed under notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 for the year ended 31 March 2021

Rs. in crores

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	0	–	–	–	–
Corporate persons*	3	43.59	–	–	1.21
Of which, MSMEs	0	–	–	–	–
Others	0	–	–	–	–
Total	3	43.59	–	–	1.21

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

ii) Disclosure as per format prescribed under notification no. RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 (for restructuring of accounts of Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances having exposure less than Rs. 25 crores) for the year ended 31 March 2021

No. of accounts restructured*	Amount (Rs in Crores)**
259	19.59

*** accounts restructured are retail loans used for commercial purpose.**
**** represents the amount of loan restructured.**

58 Disclosure as required under RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 on Implementation of Indian Accounting Standards

i) A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109

Year ended 31 March 2021

Rs. in crores

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)= (3) - (4)	(6)	(7) = (4) - (6)
Performing Assets						
Substandard						
	Stage 1	50,712.64	421.34	50,291.30	202.92	218.42
	Stage 2	8,109.25	879.02	7,230.23	40.62	838.40
Subtotal for standard		**58,821.89**	**1,300.36**	**57,521.53**	**243.54**	**1,056.82**
Non-Performing Assets (NPA)						
Substandard	Stage 3	3,236.78	2,306.28	930.49	398.76	1,907.52
Doubtful - up to 1 year	Stage 3	1,360.05	388.76	971.29	761.11	(372.35)
1 to 3 years	Stage 3	1,023.68	511.89	511.79	816.06	(304.17)
More than 3 years	Stage 3	60.66	40.36	20.30	59.33	(18.97)
Subtotal for doubtful		**2,444.39**	**941.01**	**1,503.38**	**1,636.50**	**(695.49)**
Loss	Stage 3	104.77	104.77	0.00	104.77	(0.00)
Subtotal for NPA		**5,785.94**	**3,352.06**	**2,433.87**	**2,140.03**	**1,212.03**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1		1.18	(1.18)	–	1.18
	Stage 2	–	–	–	–	–
	Stage 3	–	–	–	–	–
Subtotal		–	**1.18**	**(1.18)**	–	**1.18**
Total	**Stage 1**	**50,712.64**	**422.52**	**50,290.12**	**202.92**	**219.60**
	Stage 2	**8,109.25**	**879.02**	**7,230.23**	**40.62**	**838.40**
	Stage 3	**5,785.94**	**3,352.06**	**2,433.87**	**2,140.03**	**1,212.03**
Total		**64,607.82**	**4,653.60**	**59,954.22**	**2,383.57**	**2,270.03**

Year ended 31 March 2020

Rs. in crores

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)= (3) - (4)	(6)	(7) = (4) - (6)
Performing Assets						
Substandard						
	Stage 1	55,890.23	547.11	55,343.12	223.56	323.55
	Stage 2	6,452.07	759.61	5,692.46	67.50	692.11
Subtotal for standard		**62,342.30**	**1,306.72**	**61,035.58**	**291.06**	**1,015.66**
Non-Performing Assets (NPA)						
Substandard	Stage 3	3,005.33	921.96	2,083.37	334.92	587.04
Doubtful - up to 1 year	Stage 3	1,446.53	444.26	1,002.27	714.40	(270.14)
1 to 3 years	Stage 3	1,020.57	257.63	762.94	829.55	(571.92)
More than 3 years	Stage 3	155.36	37.72	117.64	153.59	(115.87)
Subtotal for doubtful		**2,622.46**	**739.61**	**1,882.85**	**1,697.54**	**(957.93)**
Loss	Stage 3	118.94	118.70	0.24	118.94	(0.24)
Subtotal for NPA		**5,746.73**	**1,780.27**	**3,966.46**	**2,151.40**	**(371.13)**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	–	2.50	(2.50)	–	2.50
	Stage 2	–	–	–	–	–
	Stage 3	–	–	–	–	–
Subtotal		**–**	**2.50**	**(2.50)**	**–**	**2.50**
Total	**Stage 1**	**55,890.23**	**549.61**	**55,340.62**	**223.56**	**326.05**
	Stage 2	**6,452.07**	**759.61**	**5,692.46**	**67.50**	**692.11**
	Stage 3	**5,746.73**	**1,780.27**	**3,966.46**	**2,151.40**	**(371.13)**
Total		**68,089.03**	**3,089.49**	**64,999.54**	**2,442.46**	**647.03**

i) A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109 *(Continued)*

Since the total impairment allowances under Ind AS 109 is higher than the total provisioning required under IRACP (including standard asset provisioning) as at 31 March 2021 and 31 March 2020, no amount is required to be transferred to 'Impairment Reserve' for both the financial years. The gross carrying amount of asset as per Ind AS 109 and Loss allowances (Provisions) thereon includes interest accrual on net carrying value of stage - 3 assets as permitted under Ind AS 109. While, the provisions required as per IRACP norms does not include any such interest as interest accrual on NPAs is not permitted under IRACP norms.

The balance in the 'Impairment Reserve' (as and when created) shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI.

ii) In terms of recommendations as per above referred notification, the Company has adopted the same definition of default for accounting purposes as guided by the definition used for regulatory purposes.

As at 31 March 2021 and 31 March 2020, there were no loan accounts that are past due beyond 90 days but not treated as impaired, i.e. all 90+ DPD ageing loan accounts have been classified as Stage-3 and no dispensation is considered in stage-3 classification.

iii) Policy for sales/transfers out of amortized cost business model portfolios

Sale/transfer of portfolios out of amortized cost business model:

As a short-term financing arrangement, the Company has been transferring or selling certain pools of fixed rate loan receivables backed by underlying assets in the form of tractors, vehicles, equipments etc. by entering in to securitization transactions with the Special Purpose Vehicle Trusts ("SPV Trust") sponsored by Commercial banks for consideration received in cash at the inception of the transaction. As a part of annual budgetary planning and with the objective of better liquidity and risk management, the Company, at the beginning of the year, obtains approval of Asset Liability Committee and Risk Management Committee of the Board of Directors for undertaking securitization transactions of certain value of standard assets comprising the collateral based loan receivables at appropriate times during the year.

These transactions are carried out after complying with RBI guidelines on securitization of standard assets. The consideration received through such securitization transactions is utilized for funding regular vehicle loan disbursements to customers who service their loans through fixed installments over a specified period of loan tenor. Besides using securitization as alternate financing tool, it is also being used as a effective Balance sheet management through better liquidity and risk management by transfer of assets from risk averse to risk takers.

When the assets in the form of loan receivables are sold/transferred to an SPV/Bank through securitization transaction, then on a consolidated portfolio level, such sale/transfer does not change the Company's business objective of holding financial assets to collect contractual cash flows.

The Company remains exposed to credit risk, being the expected losses that will be incurred on the securitized loan portfolio to the extent of the credit enhancement provided. Any increase in losses as compared to the expected loss shall require the Company to present its credit enhancement/cash collateral to help compensate the investors. This is as per the requirement of the Reserve Bank of India. Thus, the Company as per Ind AS 109 has retained substantially all the risks and rewards of ownership of the financial asset.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. Accordingly, the securitized financial assets are derecognized from the financial statements prepared as per IRACP norms.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Accordingly, these financial assets are not de-recognized by the Company from the financial statements prepared under Ind AS. Since the contractual terms of these financial assets give rise to cash flows, that are solely payments of principal and interest, on specified dates, these assets meet the SPPI criterion and are thus continued to be recognized in the books at amortized cost.

59 Disclosures pertaining to Fund raising by issuance of Debt Securities by Large Corporates as per SEBI notification no. SEBI/HO/DDHS/CIR/P/2018/144 dated 26 November 2018

As per the definition given in above referred notification, the Company is a Large Corporate and hence is required to disclose the following information about its borrowings.

i) Initial Disclosure as per Annexure - 'A' for the FY: 2021-22

Sr.no.	Particulars	Details
(1)	Name of the company	Mahindra & Mahindra Financial Services Limited
(2)	CIN	L65921MH1991PLC059642
(3)	Outstanding borrowing of the Company as on 31 March 2021	Rs. 41,571.97 Crores
(4)	Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	• IND AAA/Stable by India Ratings & Research Private Limited • CARE AAA/Stable by CARE Ratings Limited • BWR AAA/Stable by Brickwork Ratings India Private Limited
(5)	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	BSE Limited

ii) Annual disclosure as per Annexure - B1 for the year ended 31 March 2021 and 31 March 2020

Rs. in Crores

Sr.no.	Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(1)	Incremental borrowing done (a)	10,242.83	16,169.57
(2)	Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)	2,560.71	4,042.39
(3)	Actual borrowings done through debt securities (c)	4,815.90	4,957.80
(4)	Shortfall in the mandatory borrowing through debt securities, if any (d) = (b)-(c)	NIL	NIL
(5)	Reasons for short fall, if any, in mandatory borrowings through debt securities	NA	NA

Notes:

(i) Figures pertain to long-term borrowing basis original maturity of more than one year (excludes External Commercial Borrowings, Inter-corporate borrowings between a parent & subsidiaries and securitization portfolio outstanding); and

(ii) Figures are taken on the basis of cash flows/principal maturity value, excluding accrued interest, if any.

60 Disclosures on COVID-19 Relief Schemes announced by the Government of India, Ministry of Finance

i) Scheme of "Emergency Credit Line Guarantee Scheme" (ECLGS)

In view of COVID-19 crisis, the Government of India, Ministry of Finance had announced a special scheme, namely, ECLGS for providing 100% guarantee coverage for additional term loan facility to the existing customers on the books of the Company. The fund and the scheme is managed and operated by National Credit Guarantee Trustee Company Limited, which is a wholly owned trustee company of Government of India. During the year ended 31 March 2021, in accordance with the operational guidelines of the scheme (as amended), the Company has disbursed an amount of Rs. 528.34 crores as additional term loan facility to 36138 eligible customer accounts of the Company.

61 Events after the reporting date

There have been no other events after the reporting date that require disclosure in these financial statements.

Signatures to Notes 1 to 61

As per our report of even date attached.

For and on behalf of the Board of Directors
Mahindra & Mahindra Financial Services Limited

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:101248W/W-100022

Sagar Lakhani
Partner
Membership No: 111855

Mumbai
23 April 2021

Dr. Anish Shah
Chairman
[DIN: 02719429]

Vivek Karve
Chief Financial Officer

Mumbai
23 April 2021

Ramesh Iyer
Vice-Chairman & Managing Director
[DIN: 00220759]

Arnavaz Pardiwalla
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Insurance Brokers Limited

Report on the Audit of Ind AS Financial Statements

1. **Opinion**

We have audited the accompanying Ind AS financial statements of Mahindra Insurance Brokers Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and notes to the Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

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

2. **Basis for Opinion**

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on Ind AS financial statements.

3. **Information other than the Ind AS financial statements and Auditor's report thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Directors Report, Corporate Governance Report and Management Discussion and Analysis, but does not include the Ind AS financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of our auditor's report.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information included in the above reports, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and determine the actions under the applicable laws and regulations.

4. **Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS accounting standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

5. **Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

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

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

i) Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

   The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ii) Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

6. Emphasis of matter

We draw your attention to Note no. 32.4 to the Ind AS financial statement which explain the uncertainties and management's assessment of the financial impact due to the lockdown and other restrictions imposed by the Government and condition related to the COVID-19 pandemic situation, for which definitive assessment of the impact would highly depend upon circumstances as they evolve in the subsequent period.

Our opinion is not modified in respect of this matter.

7. Report on Other Legal and Regulatory Requirements

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

ii) As required by section 143 (3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of Ind AS Financial Statements.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of written representations received from the directors as on March 31, 2021, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on the financial position in its Ind AS financial statements – Refer Note 31 to the Ind AS financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

   iii. There has been no delay during the year in transferring the amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Mukund M. Chitale & Co.**
Chartered Accountants
Firm Regn. No. 106655W

(S. M. Chitale)
Partner
M. No. 111383
UDIN : 21111383AAAAEW4676

Place : Mumbai
Date : April 15, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF MAHINDRA INSURANCE BROKERS LIMITED

Referred to in paragraph [7(i)] under Report on Other Legal and Regulatory Requirements of our report of even date

(i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

The fixed assets of the company have been physically verified by the Management, in the phased manner during the year. The company is in the process of reconciling the same with the fixed asset register. The discrepancies if any, arising out of reconciliation will be considered in the books of accounts in the period in which the reconciliation is complete.

According to the information and explanations given to us and on the basis of our examination of the records of the company, there are no immovable properties held in the name of the Company. Accordingly, paragraph 3(i)(c) of the order is not applicable to the Company.

(ii) The company is in the business of providing insurance broking services and does not hold any inventory. Therefore, the provision of paragraph 3(ii) of the said order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of paragraph 3(iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) The Company has not granted any loans or made any investment, or provided any guarantees or security to the parties covered under Section 185. In our opinion, and according to the information and explanations given to us, the company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of loans and investments made, and guarantees and security provided by it, as applicable.

(v) According to information and explanation given to us the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) According to information and explanations given to us by the Company it is not required to maintain cost records as prescribed by the Central Government under section 148 of the Companies Act, 2013. Thus the provisions on this Clause are not applicable to the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

a) the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Services Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities as per the available records as far as ascertained by us on our verification.

b) According to the information and explanations given to us, there are no undisputed dues in respect of provident fund, income-tax, service tax, sales-tax, duty of customs, value added tax, cess and other material statutory dues which are outstanding, at the end, for a period of more than six months from the date they became payable.

c) According to the records of the Company, the dues outstanding of income-tax, sales tax, service tax, duty of customs, value added tax and cess on account of any dispute, are as follows:

Name of the statue	Nature of the dues	Amount (Rs.)	Period to which amount relates	Forum where the dispute is pending
Tax Deducted at Source	Interest on TDS	41,361	F.Y. 2011-12 to F.Y. 2019-2020	Rectification filed with the AO
Tax Deducted at Source	Short deduction of TDS	2,77,899	F.Y. 2011-12 to F.Y. 2019-2020	Rectification filed with the AO

(viii) The Company has not taken any loans or borrowings from the financial institution, banks and government, and has not issued and debentures. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under paragraph 3(ix) of the Order is not applicable to the Company.

(x) During the course of our examination of books of accounts and as far as records/details made available and verified by us and according to the information and explanations given to us, three instances of fraud by the employee of the Company (Amounting to Rs.19.68 Lakhs, part of which was recovered subsequently by the Company) were reported during the year pertaining to fake policy booking & collection of premium not deposited with the insurance company.

(xi) According to the information and explanations given to us, and based on our verification of records, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.

(xii) In our opinion, the Company is not a Nidhi company. Therefore, the reporting under paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or person connected with them. Accordingly provisions of clause 3 (xv) of the Order are not applicable to the Company.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. According the provisions of clause 3(xvi) of the Order are not applicable to the Company.

For **Mukund M. Chitale & Co.**
Chartered Accountants
Firm Regn. No. 106655W

(S.M.Chitale)
Partner
M. No. 111383
UDIN : 21111383AAAAEW4676

Place: Mumbai
Date: April 15, 2021

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF MAHINDRA INSURANCE BROKER LIMITED

Referred to in paragraph [7(ii)(f)] under Report on Other Legal and Regulatory Requirements of our report of even date

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

1. We have audited the internal financial controls over financial reporting of **Mahindra Insurance Broker Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For **Mukund M. Chitale & Co.**
Chartered Accountants
Firm Regn. No. 106655W

(S.M.Chitale)
Partner
M. No. 111383
UDIN : 21111383AAAAEW4676

Place: Mumbai
Date: April 15, 2021

BALANCE SHEET AS AT 31 MARCH 2021

₹ in Lakhs

		Note No.	As at 31 March 2021	As at 31 March 2020
I	**ASSETS**			
1	**NON-CURRENT ASSETS**			
	(a) Property, Plant and Equipment	1	**633.67**	941.47
	(b) Other Intangible Assets	2	**74.86**	128.43
	(c) Right to use assets-Building	21	**1,587.55**	2,073.18
	(d) Intangible Assets Under Development		**139.13**	55.68
	(e) Financial Assets			
	(i) Investments	3	**1,100.00**	3,075.00
	(ii) Loans	4	**22,475.00**	16,800.00
	(iii) Other Financial Assets	5	**251.62**	381.79
	(f) Deferred Tax Assets (net)	6	**587.20**	472.01
	(g) Other Non-current Assets	7	**1,184.21**	865.66
	SUB-TOTAL		**28,033.24**	24,793.22
2	**CURRENT ASSETS**			
	(a) Financial Assets			
	(i) Investments	3	**9,320.92**	1,664.45
	(ii) Trade Receivables	8	**5,823.05**	5,679.77
	(iii) Cash and Cash Equivalents	9	**1,179.75**	1,310.24
	(iv) Loans	4	**11,865.00**	18,125.00
	(v) Other Financial Assets	5	**1,569.99**	1,450.60
	(b) Other Current Assets	7	**1,221.08**	1,399.15
	SUB-TOTAL		**30,979.79**	29,629.21
	TOTAL ASSETS		**59,013.03**	54,422.43
II	**EQUITY AND LIABILITIES**			
	EQUITY			
	(a) Equity Share Capital	10	**1,030.93**	1,030.93
	(b) Other Equity	11	**44,473.43**	41,237.30
	SUB-TOTAL		**45,504.36**	42,268.23
1	**NON-CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Other Financial Liabilities	14	**1,277.44**	1,677.25
	(b) Provisions	12	**1,211.55**	1,177.54
	SUB-TOTAL		**2,488.99**	2,854.79
2	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Trade Payables			
	(a) Micro and small enterprises	13	**5.51**	0.51
	(b) Others	13	**6,548.89**	4,959.31
	(ii) Other Financial Liabilities	14	**483.29**	516.36
	(b) Provisions	12	**2,991.81**	2,935.39
	(c) Other Current Liabilities	15	**990.18**	887.84
	SUB-TOTAL		**11,019.68**	9,299.41
	TOTAL EQUITY AND LIABILITIES		**59,013.03**	54,422.43

The accompanying statement of accounting policies and notes 1 to 33 are an integral part of the Financial Statements.

As per our report of even date
For Mukund M. Chitale & Co.
Chartered Accountants
Firm Regn No. 106655W

Saurabh M. Chitale
Partner
Membership No. 111383
Place: Mumbai
Date: April 15, 2021

For and on behalf of the Board of Directors

Rajeev Dubey	Ramesh Iyer	Vivek Karve	Hemant Sikka	Jyotin Mehta
Chairman	**Director**	**Director**	**Director**	**Director**
DIN: 00104817	DIN: 00220759	DIN: 06840707	DIN: 00922281	DIN: 00033518
Anjali Raina	Derek Nazareth	Rajnish Agarwal	Rupa Joshi	Saurabh V. Dharadhar
Director	**Director**	**Director**	**Company Secretary**	**Chief Financial Officer**
DIN: 02327927	DIN: 07031760	DIN: 03335692	Mem No.: ACS 17395	

Place: Mumbai
Date: April 15, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

₹ in Lakhs

	Particulars	Note No.	Year ended 31 March 2021	Year ended 31 March 2020
I	Revenue from operations	16	**23,602.06**	30,482.75
II	Other Income	17	**3,253.59**	3,206.13
III	**Total Revenue (I + II)**		**26,855.65**	33,688.88
IV	**EXPENSES**			
	(a) Employee benefit expense	18	**10,542.09**	12,031.14
	(b) Finance costs	27	**165.70**	183.14
	(c) Depreciation and amortisation expense	1,2,21	**867.81**	893.79
	(d) Other expenses	19	**10,881.77**	13,190.65
	Total Expenses [(a) + (b) + (c)+ (d)]		**22,457.37**	26,298.72
V	**Profit/(loss) before tax (III - IV)**		**4,398.28**	7,390.16
VI	**Tax Expense**			
	(1) Current tax	6	**1,322.00**	2,059.00
	(2) Deferred tax	6	**(126.42)**	(5.03)
	Total tax expense [(1) + (2)]		**1,195.58**	2,053.97
VII	**Profit/(loss) for the Year (V-VI)**		**3,202.70**	5,336.19
VIII	**Other comprehensive income**		**33.42**	(222.21)
	A (i) Items that will not be reclassified to profit or loss		**–**	–
	Remeasurements of the defined benefit plans		**44.66**	(296.95)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**(11.24)**	74.74
IX	**Total comprehensive income for the Period (VII+VIII)**		**3,236.12**	5,113.98
X	**Earnings per equity share**			
	(1) Basic	20	**31.07**	51.76
	(2) Diluted	20	**31.07**	51.76

The accompanying statement of accounting policies and notes 1 to 33 are an integral part of the Financial Statements.

As per our report of even date
For Mukund M. Chitale & Co.
Chartered Accountants
Firm Regn No. 106655W

Saurabh M. Chitale
Partner
Membership No. 111383
Place: Mumbai
Date: April 15, 2021

For and on behalf of the Board of Directors

Rajeev Dubey **Chairman** DIN: 00104817	Ramesh Iyer **Director** DIN: 00220759	Vivek Karve **Director** DIN: 06840707	Hemant Sikka **Director** DIN: 00922281	Jyotin Mehta **Director** DIN: 00033518
Anjali Raina **Director** DIN: 02327927	Derek Nazareth **Director** DIN: 07031760	Rajnish Agarwal **Director** DIN: 03335692	Rupa Joshi **Company Secretary** Mem No.: ACS 17395	Saurabh V. Dharadhar **Chief Financial Officer**

Place: Mumbai
Date: April 15, 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

₹ in Lakhs

Particulars	Note No.	Year ended 31 March 2021	Year ended 31 March 2020
Cash flows from operating activities			
Profit before tax for the year	PL	**4,398.28**	7,390.16
Adjustments for:			
Investment income recognised in profit or loss		**(3,103.96)**	(3,191.88)
Loss/(Gain) on disposal of property, plant and equipment	19	**1.23**	21.61
Loss/ (Gain) due to change in fair value of investments		**(14.73)**	0.51
Finance Cost		**165.70**	183.14
Impairment loss recognised on trade receivables	8	**189.78**	81.46
Actual outflow of rent		**(600.86)**	(598.92)
Depreciation and amortisation of Property Plant & Equipment	1 & 2	**867.81**	893.80
		1,903.25	4,779.88
Movements in working capital:			
(Increase)/decrease in trade and other receivables		**(333.06)**	1,845.89
(Increase)/decrease in other assets		**237.64**	(137.62)
(Decrease)/increase in trade and other payables		**1,599.75**	409.38
Increase/(decrease) in provisions		**90.45**	1,427.21
(Decrease)/increase in other liabilities		**92.55**	(443.36)
		1,687.33	3,101.50
Cash generated from operations		**3,590.58**	7,881.38
Income taxes paid		**(1,648.55)**	(2,693.92)
Net cash generated by operating activities		**1,942.03**	5,187.46
Cash flows from investing activities			
Interest received	5	**3,042.45**	2,955.15
Amounts advanced to related parties		**(25,440.00)**	(38,375.00)
Repayments by related parties		**26,025.00**	33,250.00
Amounts advanced - other investments		**(29,591.45)**	(14,030.00)
Repayments - other investments		**23,997.00**	13,075.00
Payments for property, plant and equipment		**(32.67)**	(330.58)
Proceeds from disposal of property, plant and equipment	1	**26.70**	17.45
Payments for intangible assets/intangible assets under developments		**(99.55)**	(70.48)
Net cash (used in)/generated by investing activities		**(2,072.52)**	(3,508.46)
Cash flows from financing activities			
Expenses for issue of bonus shares		**–**	–
Dividends paid to owners of the Company		**–**	(932.12)
Net cash (used in)/generated from financing activities		**–**	(932.12)
Net increase/(decrease) in cash and cash equivalents		**(130.49)**	746.88
Cash and cash equivalents at the beginning of the year		**1,310.24**	563.36
Cash and cash equivalents at the end of the year		**1,179.75**	1,310.24

Note:

The above cash flow statement has been prepared under the "indirect method" as set out in 'Indian Accounting Standard (Ind AS 7)- Statement of Cash Flows

The accompanying statement of accounting policies and notes 1 to 33 are an integral part of the Financial Statements.

As per our report of even date
For Mukund M. Chitale & Co.
Chartered Accountants
Firm Regn No. 106655W

For and on behalf of the Board of Directors

Rajeev Dubey	Ramesh Iyer	Vivek Karve	Hemant Sikka	Jyotin Mehta
Chairman	**Director**	**Director**	**Director**	**Director**
DIN: 00104817	DIN: 00220759	DIN: 06840707	DIN: 00922281	DIN: 00033518
Anjali Raina	Derek Nazareth	Rajnish Agarwal	Rupa Joshi	Saurabh V. Dharadhar
Director	**Director**	**Director**	**Company Secretary**	**Chief Financial Officer**
DIN: 02327927	DIN: 07031760	DIN: 03335692	Mem No.: ACS 17395	

Saurabh M. Chitale
Partner
Membership No. 111383
Place: Mumbai
Date: April 15, 2021

Place: Mumbai
Date: April 15, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

A. Equity share capital

	₹ in Lakhs
As at 1 April 2019	**1,030.93**
Changes in equity share capital during the year	–
As at 31 March 2020	**1,030.93**
As at 1 April 2020	1,030.93
Changes in equity share capital during the year	–
As at 31 March 2021	**1,030.93**

B. Other Equity

₹ in Lakhs

	Reserves and Surplus			**Items of other comprehensive income**	
	Securities Premium	General Reserve	Retained Earnings	Remeasurement (loss)/gain (net) on defined benefit plans	**Total**
As at 1 April 2019	1,589.50	1,658.43	33,999.37	(191.84)	37,055.46
Profit/(Loss) for the year	–	–	5,336.19	–	5,336.19
Other Comprehensive Income/(Loss)	–	–	–	(222.21)	(222.21)
Dividend paid on Equity Shares	–	–	(773.20)	–	(773.20)
Dividend Distribution Tax	–	–	(158.93)	–	(158.93)
As at 1 April 2020	1,589.50	1,658.43	38,403.42	(414.05)	41,237.30
Profit/(Loss) for the year			3,202.70	–	3,202.71
Other Comprehensive Income/(Loss)	–	–	–	33.42	33.42
Dividend paid on Equity Shares	–	–	–	–	–
Dividend Distribution Tax	–	–	–	–	–
Transfers from retained earnings	–	–	–	–	–
As at 31 March 2021	**1,589.50**	**1,658.43**	**41,606.12**	**(380.63)**	**44,473.43**

The accompanying statement of accounting policies and notes 1 to 33 are an integral part of the Financial Statements.

As per our report of even date
For Mukund M. Chitale & Co.
Chartered Accountants
Firm Regn No. 106655W

Saurabh M. Chitale
Partner
Membership No. 111383
Place: Mumbai
Date: April 15, 2021

For and on behalf of the Board of Directors

Rajeev Dubey	Ramesh Iyer	Vivek Karve	Hemant Sikka	Jyotin Mehta
Chairman	**Director**	**Director**	**Director**	**Director**
DIN: 00104817	DIN: 00220759	DIN: 06840707	DIN: 00922281	DIN: 00033518
Anjali Raina	Derek Nazareth	Rajnish Agarwal	Rupa Joshi	Saurabh V. Dharadhar
Director	**Director**	**Director**	**Company Secretary**	**Chief Financial Officer**
DIN: 02327927	DIN: 07031760	DIN: 03335692	Mem No.: ACS 17395	

Place: Mumbai
Date: April 15, 2021

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2021.

1 Company overview

Mahindra Insurance Brokers Limited is a Public Limited Company incorporated and domiciled in India. The Company's registered office is at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018. The Company is primarily involved in the business of rendering insurance broking services.

The immediate parent Company is Mahindra & Mahindra Financial Services Limited and ultimate parent Company is Mahindra & Mahindra Limited, a company incorporated in Mumbai, India.

2 Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

All the assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the schedule III of the Act. Based on nature of services and the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as up to twelve months for the purpose of current/non-current classification of assets and liabiities.

The financial statements of the Company for the year ended March 31, 2021 were approved for issue by the Company's Board of Directors on April 15, 2021.

b. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All amounts are rounded-off to the nearest lacs, unless otherwise indicated.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
– Certain financial assets and liabilities which are generally derivative instruments	Fair value
– Liabilities for cash-settled share-based payment arrangements	Fair value
– Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligations

d. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has established policies and procedures with respect to the measurement of fair values. The Chief Financial Officer and person entrusted has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, including assessments that these valuations meet the requirements of Ind AS. Significant valuation issues are reported to audit committee.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilties.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset ot liability that are not based on observable market data (unobservable inputs).

e. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Assumptions and estimation uncertainties

Following are areas that involved a higher degree of judgement or complexity in determining the carrying amount of some assets and liabilities. Detailed information about each of these estimates and judgements that have a significant risk of resulting in material adjustment in the year ending March 31, 2021 is included in relevant notes.

- Estimation of current tax expense and payable
- Estimated useful life of property, plant and equipments
- Estimated useful life of intangible assets
- Estimated goodwill impairment
- Estimation of defined benefit obligation
- Estimation of provision for warranty claims
- Estimated fair value of unlisted securities
- Estimation of of deferred tax assets for carried forward tax losses
- Impairment of trade receivables
- Impairment of financial assets
- Estimation of shared based payments

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

3 Significant accounting policies

a. Property, plant and equipment :

Recognition and measurement

All the items classified under property plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the items and restoring the site on which it is located.

When significant parts of an item of property, plant and equipment have different useful lives, they are depreciated for as separate items (major components) of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within statement of profit and loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2021.

Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives as specified in the Schedule II of the Act or estimated by the management using straight-line method and is generally recognised in the statement of profit and loss except:

i. Motor cars where useful life is estimated at 4 years as against 8 years per Schedule II since the employees to whom these cars have been allotted as part of their terms of employment are entitled to change their vehicles every four years, and

ii. Property Plant & Equipmnets having value individually less than INR 5000 where useful life is estimated at less than one year having regard to the nature of these assets and the difficulty in estimating the useful life.

Further, residual value for all assets is considered Nil having regard to the difficulty in reasonably estimating the same and, in the case of motor cars, having regard to terms of employment under which these are allotted to the employees.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Class of asset	Year ended 31 March 2021	Year ended 31 March 2020
Plant and equipment (including Computers)	**2-6 years**	2-6 years
Office equipments	**5 years**	5 years
Furniture and fixtures	**10 years**	10 years
Leasehold Premises	**Over the period of lease**	Over the period of lease
Vehicles	**4 years**	4 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The effect of change in estimate of useful life is accounted on prospective basis

b. Intangible Assets :

Intangible Assets are initially recognised at cost.

Amortisation

Subsequent to initial recognition, intangible assets with indefinite useful lives are carried at cost less accumalated amortisation and accumaltated impairement, if any. Amortisation of intangible assets with finite useful lives is calculated on cost of intangible assets less their estimated residual values over their estimated useful lives using straight-line method and is generally recognised in the statement of profit and loss.

The estimated useful lives for the current and comparative periods are as follows:

Class of assets	Year ended 31 March 2021	Year ended 31 March 2020
Computer software	**3 years**	3 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The effect of change in estimate of useful life is accounted on prospective basis.

Intangible assets under development

The Company capitalizes intangible asset under development in accordance with the accounting policy. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed.

Derecognition of intangible assets

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

c. Impairment of assets other than financial assets :

Impairment of tangible and intangible assets other than goodwill

The Company reviews the carrying amounts of its tangible and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit and loss.

d. Foreign currency :

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are generally recognised in statement of profit and loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2021.

e. Financial instruments:

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit and loss.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- Amortised cost;
- fair value through other comprehensive income (FVOCI) - debt investment;
- fair value through other comprehensive income (FVOCI) - equity investment;
- fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (designated as FVOCI - equity investment). This election is made on investment-by-investment basis.

All financial asset not classified as measured at amortised cost or FVOCI as described above are measured at fair value through profit or loss (FVTPL). This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces accounting mismatch that would otherwise arise.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in statement of profit and loss and is included in the "Other income" line item.

Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified in the statement of profit and loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (see note above).

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost are susequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain and loss derecognition is recognised in profit or loss.

Debt investment at FVOCI are susequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclssified to profit or loss.

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2021.

Equity investment at FVOCI are are susequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial assets at FVTPL are susequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

Financial liabilities and equity instruments:

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. The dividends on mandatorily redeemable preference shares are recognised in profit or loss as interest expense. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Compound financial instruments

The component parts of compound instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. Interest related to the financial liability is recognised in profit or loss (unless it qualifies for inclusion in the cost of an asset).

Conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to [share premium/other equity [describe]]. Where the conversion option remains unexercised at the maturity date of the convertible instrument, the balance recognised in equity will be transferred to [retained profits/other equity. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Impairment of financial instruments

The Company recognises a loss allowance for expected credit losses (ECL) on:

– Financial assets measured at amortised cost;

– Financial assets measured at FVOCI - debt investments;

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2021.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, including on historical experience and forward-looking information.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.For debt securities at FVOCI, the loss allowance is recognised in OCI and carrying amount of the financial asset is not reduced in the balance sheet.

f. Revenue Recognition :

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are exclusive of GST and net of revenue on policy cancellations and endorsements.

Rendering of services

Brokerage Income, Handling Charges & Broker Retainer Fees is accounted for net of GST amount on rendition of services. Brokerage income is recognized on receiving details of the policy issued by the insurance company or receipt of brokerage whichever is earlier.

The Company recognises revenue from rendering of consultancy services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

Dividend and interest income

Dividends are recognised in the statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

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

g. Employee benefits:

Superannuation Fund, ESIC and Labour Welfare Fund

The Company’s contribution paid/payable during the year to Superannuation Fund, ESIC and Labour Welfare Fund are recognised in statement of profit and loss.

Provident Fund

Contributions to Provident Fund are charged to the statement of profit and loss as incurred. The Company is liable for the contribution and any shortfall in interest between the amount of interest realised by the investments and the interest payable to the members at the rate declared by the Government of India.

Gratuity

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Compensated Absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by acturial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid or availed as a result of the unused entitllement that has accumulated at the balance sheet date. Expense on non accumulating compensated absences is recognised in the period in which the absences occur.

Cash settled share based payments

Cash Settled Share Based Payments, the fair value of the amount payable to employees is recognized as ‘employee benefit expenses with corresponding increase in liabilities, over the period of non market vesting conditions getting fulfilled. The fair value of the option at the grant date is calculated by an independent valuer basis Black Scholes model. The Liability is remeasured at each reporting period up to, and including the settlement date, with changes in fair value recognized in employee benefit expenses.

h. Taxation:

Income tax expense comprises current tax and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises expected tax payable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The Company’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts and it is entended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2021.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Minimum Alternate Tax (MAT)

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with asset will be realised.

Current and deferred tax expense is recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

i. Provisions, Contingent Liabilities and Contingent Assets :

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability.Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

j. Leasing :

The company has applied Ind AS 116 using the modified retrospective approach.

As a Lessee

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'other financial liabilities' in the statement of financial position. (Refer Schedule nos. 14 and 21)

k. Segment Reporting

Operating Segments are reported consistently with the internal reporting provided to the Managing Director. The highest decision making executive is reposnsible for allocating resources to and assessing the performance of the operating segments. The highest decision making body is Managing Director.

l. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average numbers of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 1 - Property, Plant and Equipment

₹ in Lakhs

	Description of Assets	**Plant and Equipment (including computers)**	**Leasehold Improvements**	**Office Equipment**	**Furniture and Fixtures**	**Vehicles**	**Total**
I.	**Gross Carrying Amount**						
	Balance as at 1 April 2020	691.42	214.42	251.12	145.20	732.71	2,034.87
	Additions	1.63	–	0.45	–	30.59	32.67
	Disposals	33.22	–	14.10	3.42	65.00	115.74
	Balance as at 31 March 2021	**659.83**	**214.42**	**237.47**	**141.78**	**698.30**	**1,951.80**
II.	**Accumulated depreciation and impairment**						
	Balance as at 1 April 2020	546.52	35.19	116.28	49.58	345.83	1,093.40
	Depreciation expense for the year	85.81	25.15	41.72	12.94	146.89	312.51
	Eliminated on disposal of assets	33.22	–	13.86	3.25	37.45	87.78
	Balance as at 31 March 2021	**599.11**	**60.34**	**144.14**	**59.27**	**455.27**	**1,318.13**
III.	**Net carrying amount (I-II)**	**60.72**	**154.08**	**93.33**	**82.51**	**243.03**	**633.67**

₹ in Lakhs

	Description of Assets	Plant and Equipment (including computers)	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Vehicles	Total
I.	Gross Carrying Amount						
	Balance as at 1 April 2019	648.32	177.81	248.50	149.66	583.06	1,807.35
	Additions	45.52	36.61	6.86	0.56	241.04	330.59
	Disposals	2.42	–	4.24	5.02	91.39	103.07
	Balance As at 31 March 2020	691.42	214.42	251.12	145.20	732.71	2,034.87
II.	Accumulated depreciation and impairment						
	Balance as at 1 April 2019	457.13	10.05	75.55	41.57	277.79	862.09
	Depreciation expense for the year	91.81	25.14	43.75	12.99	144.57	318.26
	Eliminated on disposal of assets	2.42	–	3.02	4.98	76.53	86.95
	Balance As at 31 March 2020	546.52	35.19	116.28	49.58	345.83	1,093.40
III.	Net carrying amount (I-II)	144.90	179.23	134.84	95.62	386.88	941.47

Note No. 2 - Other Intangible Assets

₹ in Lakhs

	Description of Assets	**Computer Software**	**Total**
I.	**Gross Carrying Amount**		
	Balance as at 1 April 2020	291.16	291.16
	Additions from separate acquisitions	16.10	16.10
	Disposals	–	–
	Balance as at 31 March 2020	**307.26**	**307.26**
II.	**Accumulated depreciation and impairment**		
	Balance as at 1 April 2020	162.73	162.73
	Amortisation expense for the year	69.67	69.67
	Disposals	–	–
	Balance as at 31 March 2020	**232.40**	**232.40**
III.	**Net carrying amount (I-II)**	**74.86**	**74.86**

₹ in Lakhs

	Description of Assets	Computer Software	Total
I.	Intangible Assets		
	Cost	–	–
	Balance as at 1 April 2019	242.02	242.02
	Additions from separate acquisitions	94.22	94.22
	Disposals	45.08	45.08
	Balance as at 31 March 2020	291.16	291.16
II.	Accumulated depreciation and impairment		
	Balance as at 1 April 2019	99.04	99.04
	Amortisation expense for the year	85.82	85.82
	Eliminated on disposal of assets	22.13	22.13
	Balance as at 31 March 2020	162.73	162.73
III.	Net carrying amount (I-II)	128.43	128.43

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 3 - Investments

₹ in Lakhs

Particular	**As at 31 March 2021**		As at 31 March 2020	
	Amounts Current	**Amounts Non Current**	Amounts Current	Amounts Non Current
Investments Carried at Amortised Cost				
Investment in Fixed Deposits with Mahindra & Mahindra Financial Services Limited	**7,350.00**	**1,100.00**	–	3,075.00
TOTAL INVESTMENTS CARRIED AT AMORTISED COST	**7,350.00**	**1,100.00**	–	3,075.00
Investments Carried at Fair Value Through Profit and Loss				
Quoted investments				
Investments in Mutual Funds	**1,970.92**	–	1,664.45	–
TOTAL INVESTMENTS CARRIED AT FAIR VALUE	1,970.92	–	1,664.45	–
TOTAL INVESTMENTS	**9,320.92**	**1,100.00**	1,664.45	3,075.00

₹ in Lakhs

Investments in Mutual Funds	**As at 31 March 2021**		As at 31 March 2020	
Particulars	**Units**	**₹ in lakhs**	Units	₹ in lakhs
Mahindra Liquid Fund-Reg DD	**–**	**–**	1,66,352.118	1,664.45
Mahindra Manulife Liquid Reg-G	**1,48,274.552**	**1,970.92**	–	–
Total	**1,48,274.552**	**1,970.92**	1,66,352.118	1,664.45
Quoted				
Aggregate book value	**–**	1,956.70	–	1,664.96
Aggregate market value	**–**	1,970.92	–	1,664.45
Unquoted				
Aggregate book value	**–**	–	–	–

Note No. 4 - Loans

₹ in Lakhs

Particulars	**As at 31 March 2021**		As at 31 March 2020	
	Current	**Non-Current**	Current	Non-Current
Loans to related parties (Refer Note Below)				
– Unsecured, considered good	**11,865.00**	**22,475.00**	18,125.00	16,800.00
TOTAL LOANS	**11,865.00**	**22,475.00**	18,125.00	16,800.00

Note: Intercorporate Deposits (ICDs) placed with related parties.

₹ in Lakhs

Particulars	**As at 31 March 2021**	As at 31 March 2020
ICDs with Mahindra & Mahindra Financial Services Limited	400.00	2,125.00
ICDs with Mahindra Rural Housing Finance Limited	33,940.00	32,800.00
Total	34,340.00	34,925.00

The above Intercorporate Deposits have been given for general business purpose of the receipient.

Note No. 5 - Other financial assets

₹ in Lakhs

Particulars	**As at 31 March 2021**		As at 31 March 2020	
	Current	**Non-Current**	Current	Non-Current
Financial assets at amortised cost				
Interest Accrued but not due*	**1,569.74**	**94.48**	1,450.35	224.65
Security Deposits	**–**	**97.14**	–	97.14
Bank Deposit with more than 12 months maturity	**–**	**60.00**	–	60.00
Others	**0.25**	**–**	0.25	–
TOTAL	**1,569.99**	**251.62**	1,450.60	381.79

The Bank Deposit with more than 12 months maturity is under lien to the IRDAI as per the IRDAI (Insurance Brokers) Regulations 2018.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 6 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

₹ in Lakhs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Current Tax:		
In respect of current year	**1,322.00**	2,059.00
In respect of prior years	**–**	–
	1,322.00	2,059.00
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(126.42)**	(5.03)
	(126.42)	(5.03)
Total income tax expense	**1,195.58**	2,053.97

(b) Income Tax recognised in other comprehensive income

₹ in Lakhs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Current Tax:		
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	**(11.24)**	74.74
Unrecognised tax loss used to reduce current tax expense	**–**	–
Others	**–**	–
	(11.24)	74.74
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**(11.24)**	74.74
Total income tax expense	**(11.24)**	74.74

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

₹ in Lakhs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Profit before tax	**4,398.28**	7,390.16
Income tax expense calculated at 25.17%	**1,107.05**	1,860.10
Effect of expenses that is non-deductible in determining taxable profit	**298.39**	432.17
Effect of tax incentives and concessions (other allowances)	**(209.86)**	(238.30)
Income tax expense recognised In profit or loss	**1,195.58**	2,053.97

(d) Movement in deferred tax balances

₹ in Lakhs

Particulars	For the year ended 31 March 2021			
	Opening Balance	**Recognised in profit and Loss**	**Recognised in OCI**	**Closing Balance**
Tax effect of items constituting deferred tax assets				
Employee Benefits	**309.16**	**16.75**	**(11.24)**	**314.67**
Property, Plant and Equipment	**89.87**	**32.83**	**–**	**122.70**
Amortization and Interest in respect of lease payments	**18.61**	**(5.90)**	**–**	**12.71**
Provisions	**54.38**	**82.74**	**–**	**137.12**
	472.02	**126.42**	**(11.24)**	**587.20**
Net Tax Asset (Liabilities)	**472.02**	**126.42**	**(11.24)**	**587.20**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 6 - Current Tax and Deferred Tax (Cont)

₹ in Lakhs

Particulars	For the year ended 31 March 2020			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Employee Benefits	251.16	(16.74)	74.74	309.16
Property, Plant and Equipment	65.92	23.95	–	89.87
Amortization and Interest in respect of lease payments	–	18.61	–	18.61
Provisions	75.17	(20.80)	–	54.37
	392.25	5.03	74.74	472.01
Net Tax Asset (Liabilities)	392.25	5.03	74.74	472.01

Note No. 7 - Other assets

₹ in Lakhs

Particulars	**As at 31 March 2021**		As at 31 March 2020	
	Current	**Non-Current**	Current	Non- Current
(a) Advances other than capital advances				
(i) Earnest Money Deposit	**0.15**	**–**	0.15	–
(ii) Balances with government authorities (other than income taxes)	**708.47**	**–**	814.32	–
(iii) Other assets	**512.46**	**0.98**	584.68	1.23
(b) Capital Advance	**–**	**–**	–	7.74
(c) Advance payment of tax	**–**	**1,183.23**	–	856.69
Total Other Assets	**1,221.08**	**1,184.21**	1,399.15	865.66

Note No. 8 - Trade receivables

₹ in Lakhs

Particulars	**As at 31 March 2021**	As at 31 March 2020
	Current	Current
Trade receivables		
(a) Secured, considered good	**–**	–
(b) Unsecured, considered good	**5,823.05**	5,679.77
(c) Significant increase in credit risk	**–**	–
(d) Credit Impaired	**380.99**	191.21
Less: Allowance for Expected Credit Loss	**380.99**	191.21
Total	**5,823.05**	5,679.77
Of the above, trade receivables from:		
– Related Parties	**1,267.00**	1,271.61
– Others	**4,556.05**	4,408.16
Total	**5,823.05**	5,679.77

Note No. 9 - Cash and Bank Equivalents

₹ in Lakhs

Particulars	**As at 31 March 2021**	As at 31 March 2020
Cash and cash equivalents		
(a) Balances with banks	**1,163.97**	1,297.76
(b) Cash on hand	**15.78**	12.48
Total Cash and cash equivalent	**1,179.75**	1,310.24

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 10 - Equity Share Capital

Particulars	**As at 31 March 2021**		As at 31 March 2020	
	No. of shares	**₹ in Lakhs**	No. of shares	₹ in Lakhs
Authorised:				
Equity shares of Rs. 10/- each with voting rights	**1,50,00,000**	**1,500.00**	1,50,00,000	1,500.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10/- each with voting rights	**1,03,09,280**	**1,030.93**	1,03,09,280	1,030.93
Total	**1,03,09,280**	**1,030.93**	1,03,09,280	1,030.93

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the Period.

Particulars	**Opening Balance**	**Fresh Issue**	**Bonus**	**ESOP**	**Closing Balance**
(a) Equity Shares with Voting rights*					
Year ended 31 March 2021					
No. of Shares	1,03,09,280	–	–	–	1,03,09,280
Amount (₹ in Lakhs)	1,030.93	–	–	–	1,030.93
Year ended 31 March 2020					
No. of Shares	1,03,09,280	–	–	–	1,03,09,280
Amount (₹ in Lakhs)	1,030.93	–	–	–	1,030.93

*** Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to approval of the shareholders in the ensuing annual general meeting. Further, the Board of Directors may also announce an interim dividend which would need to be confirmed by the shareholders at the forthcoming Annual General Meeting. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	**No. of Shares**		
	Equity Shares with Voting rights	**Equity Shares with Differential Voting rights**	**Others**
As at 31 March 2021			
Mahindra and Mahindra Financial Services Limited, the Holding Company	**82,47,424**	**–**	**–**
As at 31 March 2020			
Mahindra and Mahindra Financial Services Limited, the Holding Company	82,47,424	–	–

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

Class of shares/Name of shareholder	**As at 31 March 2020**		As at 31 March 2019	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra and Mahindra Financial Services Limited	**82,47,424**	**80%**	82,47,424	80%
Inclusion Resource Pte Limited	**20,61,856**	**20%**	20,61,856	20%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 11 - Other Equity

Description of the Nature and Purpose of Other Equity

Securities Premium: The securities premium is used to record the premium on issue of shares. The reserve can be utilized in accordance with the provisions of Companies Act, 2013.

General Reserve: The general reserve comprises of transfer of profits from retained earnings for appropriation purposes. The reserve can be distributed / utilized in accordance with the provisions of Companies Act, 2013.

₹ in Lakhs

	Reserves and Surplus			Items of other comprehensive income	
	Securities Premium	General Reserve	Retained Earnings	Remeasurement (loss) / gain (net) on defined benefit plans	Total
As at 1 April 2019	**1,589.50**	**1,658.43**	**33,999.37**	**(191.84)**	**37,055.46**
Profit / (Loss) for the year	–	–	5,336.19	–	5,336.19
Other Comprehensive Income / (Loss)	–	–	–	(222.21)	(222.21)
Dividend paid on Equity Shares	–	–	(773.20)	–	(773.20)
Dividend Distribution Tax	–	–	(158.93)	–	(158.93)
Transfers to Reserves	–	–	–	–	–
Transfers from retained earnings	–	–	–	–	–
As at 1 April 2020	**1,589.50**	**1,658.43**	**38,403.43**	**(414.05)**	**41,237.31**
Profit / (Loss) for the year	–	–	3,202.71	–	3,202.71
Other Comprehensive Income / (Loss)	–	–	–	33.42	33.42
Dividend paid on Equity Shares	–	–	–	–	–
Dividend Distribution Tax	–	–	–	–	–
Transfers to Reserves	–	–	–	–	–
Transfers from retained earnings (Issue of bonus shares and related expenses)	–	–	–	–	–
As at 31 March 2021	**1,589.50**	**1,658.43**	**41,606.14**	**(380.63)**	**44,473.44**

Details of dividend paid/proposed

₹ in Lakhs

Particulars	**31-Mar-21**	31-Mar-20
Cash dividends on equity shares declared and paid		
Final dividend for the year ended on 31 March 2020: Rs. NIL per share (31 March 2019: Rs 7.50 per share)	–	773.20
Dividend Distribution Tax on final dividend	–	158.93
Interim dividend for the Year ended on 31 March 2020: Rs 0 per share (31 March 2018 : Rs 0 per share)	–	–
	–	932.13
Proposed dividends on Equity shares		
Final dividend for the year ended on 31 March 2021: Rs.3.00 per share (31 March 2020: Rs. NIL per share)	–	–
Dividend Distribution Tax on proposed dividend	–	–
	–	–

Proposed dividends on equity shares are subject to approval in annual general meeting and are not recognised as a liability as at 31 March.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 12 - Provisions

₹ in Lakhs

Particulars		As at 31 March 2021		As at 31 March 2020	
		Current	**Non- Current**	Current	Non- Current
(a)	**Provision for employee benefits**				
	– Gratuity	**83.53**	**529.29**	74.37	548.60
	– Leave Encashment	**103.20**	**682.26**	93.21	628.94
	– Others	**2,788.95**	**–**	2,751.68	–
(b)	**Other Provisions**				
	– Provision for tax (net of advance tax paid)	**16.13**	**–**	16.13	–
Total Provisions		**2,991.81**	**1,211.55**	2,935.39	1,177.54

Note No. 13 - Trade Payables

₹ in Lakhs

Particulars		As at 31 March 2021	As at 31 March 2020
		Current	Current
<u>Payables</u>			
(I)	**Trade Payables**		
(i)	total outstanding dues of micro enterprises and small enterprises#	**5.51**	0.51
(ii)	total outstanding dues of creditors other than micro enterprises and small enterprises**	**6,548.89**	4,959.31
(II)	**Other Payables**	**–**	–
(i)	total outstanding dues of micro enterprises and small enterprises	**–**	–
(ii)	total outstanding dues of creditors other than micro enterprises and small enterprises	**–**	–
Total		**6,554.40**	4,959.82

On the basis of confirmations received from parties

** Including amount payable to related parties of Rs.58.62 Lakhs (PY: Rs.34.15 lakhs)

Note No. 14 - Other Financial Liabilities

₹ in Lakhs

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	**Non-Current**	Current	Non-Current
Other Financial Liabilities Measured at Amortised Cost				
(i) Other liabilities				
(1) Others	**48.78**	**–**	46.50	–
(2) Lease liability-building (Note 24)	**434.51**	**1,277.44**	469.86	1,677.25
Total other financial liabilities	**483.29**	**1,277.44**	516.36	1,677.25

Note No. 15 - Other Liabilities

₹ in Lakhs

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	**Non-Current**	Current	Non-Current
Statutory dues				
– taxes payable (other than income taxes)	**601.23**	**–**	639.08	–
– Employee Recoveries and Employer Contributions	**388.95**	**–**	248.76	–
TOTAL OTHER LIABILITIES	**990.18**	**–**	887.84	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 16 - Revenue from Operations

₹ in Lakhs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from rendering of services		
Brokerage	**16,524.50**	17,718.13
Broker retainer fees	**3,802.70**	6,865.89
Handling charges	**3,241.35**	5,799.83
Consultancy fees	**33.51**	98.90
Total Revenue from Operations	**23,602.06**	30,482.75

Note No. 17 - Other Income

₹ in Lakhs

	Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a)	Interest Income		
	– On Financial Assets at Amortised Cost	**3,031.67**	3,144.85
(b)	Dividend Income		
	– On Financial Assets Fair Value through Profit or Loss	**10.03**	46.96
(c)	Miscellaneous Income	**17.81**	1.59
(d)	Capital Gain on redemption of mutual funds	**62.26**	0.06
(e)	Profit due to change in fair value of investments	**14.22**	–
(f)	Gain on foreign exchange	**2.85**	12.67
(g)	Rent Concessions (on account of Covid-19)*	**114.75**	–
Total Other Income		**3,253.59**	3,206.13

* shown separately as required as per notification no.359 issued by Ministry of Corporate Affairs dated July 24, 2020.

Note No. 18 - Employee Benefits Expense

₹ in Lakhs

	Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
(a)	Salaries and wages, including bonus*	**8,843.47**	8,615.32
(b)	Contribution to provident and other funds	**488.33**	463.14
(c)	Gratuity Expenses	**176.38**	118.73
(d)	Share based payment transactions expenses	**–**	–
	Cash-settled share-based payments	**1,007.12**	2,613.01
(e)	Staff welfare expenses	**26.79**	220.94
Total Employee Benefit Expense		**10,542.09**	12,031.14

* Including payments to Key Mangerial Person of Rs. 294.44 lakhs (PY: Rs. 459.16 lakhs)

Cash-settled share-based payments

In respect of the Cash-settled share-based payments, Employee Stock Options (ESOS) of the ultimate holding company Mahindra & Mahindra Limited and the holding company Mahindra & Mahindra Financial Services Limited (MMFSL) are issued to eligible employees of the Company. The Company makes the necessary payment to the respective Ultimate holding company and holding company. Further refer Note No. 27 for Employees Phantom Stock Option Plan 2019

Note No. 19 - Other Expenses

₹ in Lakhs

	Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a)	Distribution fees*	**7,169.16**	8,195.60
(b)	Power & fuel	**36.82**	89.01
(c)	Rates and taxes	**7.27**	37.90
(d)	Insurance	**373.08**	399.67
(e)	Postage, Telephone and Communication	**151.40**	106.12
(f)	Software Charges	**6.84**	2.08
(g)	Repairs - Others	**95.29**	106.76
(h)	Administration Support Charges	**188.11**	175.62
(i)	Manpower Contracting Charges	**636.30**	644.53
(j)	Advertisement	**–**	4.02
(k)	Sales promotion expenses	**369.00**	164.00
(l)	Travelling and Conveyance Expenses	**256.87**	840.18
(m)	Expenditure on corporate social responsibilty (CSR) under section 135 of the Companies Act, 2013. (Note 32.3)	**180.71**	185.20
(n)	Provision for doubtful trade and other receivables	**189.78**	338.24
(o)	Auditors remuneration and out-of-pocket expenses	**13.08**	13.37
	(i) As Auditors	**5.00**	5.00
	(ii) For Other services	**8.00**	8.00
	(iii) For reimbursement of expenses	**0.08**	0.37
(p)	Directors' Commission	**171.27**	142.70
(q)	Directors' Sitting Fees	**11.20**	7.10
(r)	Legal and other professional costs	**412.66**	518.02
(s)	Loss on sale of property, plant and equipments	**1.23**	21.61
(t)	Loss due to change in fair value of investments	**–**	0.51
(u)	Miscellaneous expenses	**611.70**	1,198.41
Total Other Expenses		**10,881.77**	13,190.65

* Distribution fees are the payments made to Motor Insurance Service Providers (Automotive Dealers) as per the Guidelines issued under section 34 of the Insurance Act, 1938 and section 14 of the IRDA Act, 1999 on Motor Insurance Service Provider with effect from 1st November 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 20 - Earnings per Share

Particulars	For the year ended 31 March 2021 ₹ Per Share	For the year ended 31 March 2020 ₹ Per Share
Basic Earnings per share	**31.07**	51.76
Diluted Earnings per share	**31.07**	51.76

Equity shares of Rs. 10/- each with voting rights

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

₹ in Lakhs

	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit / (loss) for the year attributable to owners of the Company	**3,202.70**	5,336.19
Less: Preference dividend and tax thereon	**–**	–
Profit / (loss) for the year used in the calculation of basic earnings per share	**3,202.70**	5,336.19
Weighted average number of equity shares (nos)	**1,03,09,280**	1,03,09,280
Earnings per share - Basic (`)	**31.07**	51.76

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective Periods, if any.

₹ in Lakhs

	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit / (loss) for the year used in the calculation of basic earnings per share	**3,202.70**	5,336.19
Add: Adjustments, if any	**–**	–
Profit / (loss) for the year used in the calculation of diluted earnings per share	**3,202.70**	5,336.19
Profits used in the calculation of diluted earnings per share	**3,202.70**	5,336.19

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	For the year ended 31 March 2021	For the year ended 31 March 2020
Weighted average number of equity shares used in the calculation of Basic EPS	**1,03,09,280**	1,03,09,280
Add: Effect of Warrants, if any	**–**	–
ESOPs, if any	**–**	–
Convertible bonds, if any	**–**	–
Others if any	**–**	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**1,03,09,280**	1,03,09,280

21 (a) : Right to use assets-Building

₹ in Lakhs

Description of Assets	Right to use assets-Building	Total
I. Gross Carrying Amount		
Balance as at 1 April 2020	**2,562.89**	2,562.89
Reclassifciation on account of adoption of Ind AS 116	**–**	–
Additions	**–**	–
Balance as at 31 Mar 2021	**2,562.89**	2,562.89
II. Accumulated depreciation and impairment		
Balance as at 1 April 2020	**489.71**	489.71
Amortisation expense for the year	**485.63**	485.63
Balance as at 31 Mar 2021	**975.34**	975.34
III. Net carrying amount (I-II)	**1,587.55**	1,587.55

₹ in Lakhs

Description of Assets	Right to use assets-Building	Total
I. Gross Carrying Amount		
Balance as at 1 April 2019	**–**	–
Reclassifciation on account of adoption of Ind AS 116	**–**	–
Additions	**2,562.89**	2,562.89
Balance as at 31 Mar 2020	**2,562.89**	2,562.89
II. Accumulated depreciation and impairment		
Balance as at 1 April 2019	**–**	–
Amortisation expense for the year	**489.71**	489.71
Balance as at 31 Mar 2020	**489.71**	489.71
III. Net carrying amount (I-II)	**2,073.18**	2,073.18

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

21 (b) : Depreciation & Amortisation Expenses

₹ in Lakhs

Depreciation & Amortisation Expenses	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Tangible Assets (Note 1)	**312.51**	318.26
Intangible Assets (Note 2)	**69.67**	85.82
Right to use asset - Building	**485.63**	489.71
Total	**867.81**	893.79

Note No. 22 - Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position. The Company is subject to minimum capital requirements as stipulated by the IRDAI (Insurance Brokers) Regulations, 2018.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

₹ in Lakhs

	31-Mar-21	31-Mar-20
Equity	**45,504.36**	42,268.23
Less: Cash and cash equivalents	**(1,179.75)**	(1,310.24)
	44,324.61	40,957.99

Categories of financial assets and financial liabilities

₹ in Lakhs

As at 31 March 2021

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	**1,100.00**	**–**	**–**	**1,100.00**
Loans	**22,475.00**	**–**	**–**	**22,475.00**
Other Financial Assets	**251.62**	**–**	**–**	**251.62**
Current Assets				
Investments	**7,350.00**	**1,970.92**	**–**	**9,320.92**
Trade Receivables	**5,823.05**	**–**	**–**	**5,823.05**
Cash & Cash Equivalents	**1,179.75**	**–**	**–**	**1,179.75**
Loans	**11,865.00**	**–**	**–**	**11,865.00**
Other Financial Assets	**1,569.99**	**–**	**–**	**1,569.99**
Non-current Liabilities				
Other Financial Liabilities	**1,277.44**	**–**	**–**	**1,277.44**
Current Liabilities				
Trade Payables	**6,554.40**	**–**	**–**	**6,554.40**
Other Financial Liabilities	**483.29**	**–**	**–**	**483.29**

₹ in Lakhs

As at 31 March 2020

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	3,075.00	–	–	3,075.00
Loans	16,800.00	–	–	16,800.00
Other Financial Assets	381.79	–	–	381.79
Current Assets				
Investments	–	1,664.45	–	1,664.45
Trade Receivables	5,679.77	–	–	5,679.77
Cash & Cash Equivalents	1,310.24	–	–	1,310.24
Loans	18,125.00	–	–	18,125.00
Other Financial Assets	1,450.60	–	–	1,450.60
Non-current Liabilities				
Other Financial Liabilities	1,677.25	–	–	1,677.25
Current Liabilities				
Trade Payables	4,959.82	–	–	4,959.82
Other Financial Liabilities	**516.36**	**–**	**–**	**516.36**

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company.

Trade receivables consist of institutional customers, largely insurance companies. The Company deals only with those insurance companies who have obtained an acceptable level of credit rating. The Company does not have significant credit risk exposure to any single external counterparty. Out of total outstanding 22% of the debtors are pertaining to group companies.

The credit risk on liquid funds invested in Fixed Deposits with companies and Intercorporate Deposits is limited because the counterparties are group companies.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

As at 31 March 2021

	Not due	Less than 6 months past due	More than 6 months past due	Total
Gross carrying amount		**5,816.34**	**387.70**	**6,204.04**
Loss allowance provision		**20.50**	**360.49**	**380.99**
		5,795.84	**27.21**	**5,823.05**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 22 - Financial Instruments (Cont)

As at 31 March 2020

	Not due	Less than 6 months past due	More than 6 months past due	Total
Gross carrying amount		5,482.16	388.82	5,870.98
Loss allowance provision		17.19	174.02	191.21
		5,464.97	214.80	5,679.77

Reconciliation of loss allowance provision for Trade Receivables

₹ in Lakhs

Particulars	31-Mar-21	31-Mar-20
Balance as at beginning of the year	**191.21**	109.75
Impairment losses recognised in the year based on lifetime expected credit losses	**–**	–
– On receivables originated in the year	**189.78**	81.46
Impairment losses recognised in the year based on 12 month expected credit losses	**–**	–
– On receivables originated in the year	**–**	–
Balance at end of the year	**380.99**	191.21

The loss allowance provision has changed during the period due to delays in recovery of brokerage on insurance contracts brokered.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

₹ in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31-Mar-21				
Non-interest bearing	**7,037.69**	**–**	**–**	**–**
Total	**7,037.69**	**–**	**–**	**–**
31-Mar-20				
Non-interest bearing	5,476.18	–	–	–
Total	**5,476.18**	**–**	**–**	**–**

(iii) Financing arrangements

The Company does not feel the need to have any borrowing facilities at this stage

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

₹ in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31-Mar-21				
Non-interest bearing	**1,569.74**	**191.62**	**–**	**–**
Fixed interest rate instruments	**0.25**	**60.00**	**–**	**–**
Total	**1,569.99**	**251.62**	**–**	**–**
31-Mar-20				
Non-interest bearing	1,450.35	321.79	–	–
Fixed interest rate instruments	0.25	60.00	–	–
Total	**1,450.60**	**381.79**	**–**	**–**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company invests in fixed rate instruments taking into account the current liquidity requirements. All such transactions are carried out within the guidelines set by the Board of Directors.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's/ Company's exposure to currency risk relates primarily to the Company's operating activities in reinsurance broking when transactions are denominated in a different currency from the Company's functional currency.

The Company mitigates its foreign currency risk by entering into reinsurance contracts wherein the risk is to the account of the cedant insurers or the reinsurers.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	31-Mar-21	31-Mar-20
Trade Receivables	USD	–	–
	EUR	–	–
	GBP	–	–
Trade Payables	USD	–	–
	EUR	–	–
	GBP	–	–

Foreign Currency Sensitivity

In management's opinion, any sensitivity analysis is not representative of the inherent foreign exchange risk because the exposure is to the account of the cedant insurer or reinsurer.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 22 - Financial Instruments (Cont)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company manages its interest rate risk by having a balanced portfolio of long-term as well as short-term fixed deposits with companies as well as intercorporate deposits.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for non-derivative instruments at the end of reporting period.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans given and investments in fixed deposits effected. With all other variables held constant, the Company's profit before tax is affected through the impact on fixed rate investments and interest bearing loans as follows:

₹ in Lakhs

	Currency	**Increase/ decrease in basis points**	**Effect on profit before tax**
31-Mar-21	**INR**	**+50**	**213.95**
	INR	**-50**	**(213.95)**
31-Mar-20	INR	+50	190.00
	INR	-50	(190.00)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note No. 23 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

₹ in Lakhs

	31-Mar-21		31-Mar-20	
Particulars	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties	**34,340.00**	**34,340.00**	34,925.00	34,925.00
– trade and other receivables	**5,823.05**	**5,823.05**	5,679.77	5,679.77
– other financial assets	**1,821.61**	**1,821.61**	1,832.39	1,832.39
– fixed Deposits with Companies	**8,450.00**	**8,450.00**	3,075.00	3,075.00
Total	**50,434.66**	**50,434.66**	45,512.16	45,512.16
Financial liabilities				
Financial liabilities held at amortised cost				
– trade and other payables	**6,554.40**	**6,554.40**	4,959.82	4,959.82
– other financial laibilities	**1,760.73**	**1,760.73**	2,193.61	2,193.61
Total	**8,315.13**	**8,315.13**	7,153.43	7,153.43

Fair value hierarchy as at 31 March 2021

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties	–	**34,340.00**	–	**34,340.00**
– trade and other receivables	–	**5,823.05**	–	**5,823.05**
– other financial assets	–	**1,821.61**	–	**1,821.61**
– fixed Deposits with companies	–	**8,450.00**	–	**8,450.00**
Total	–	**50,434.66**	–	**50,434.66**
Financial liabilities				
Financial liabilities held at amortised cost				
– trade and other payables	–	**6,554.40**	–	6,554.40
– other financial laibilities	–	**1,760.73**	–	1,760.73
Total	–	**8,315.13**	–	**8,315.13**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 23 - Fair Value Measurement (Cont)

Fair value hierarchy as at 31st March 2020

	Level 1	Level 2	Level 3	Total
Financial assets carried at Amortised Cost				
– loans to related parties	–	34,925.00	–	34,925.00
– trade and other receivables	–	5,679.77	–	5,679.77
– other financial assets	–	1,832.39	–	1,832.39
– fixed Deposits with companies	–	3,075.00	–	3,075.00
Total	–	45,512.16	–	45,512.16
Financial liabilities				
Financial liabilities held at amortised cost				
– trade and other payables	**–**	**4,959.82**	**–**	4,959.82
– other financial laibilities	**–**	**2,193.61**	**–**	2,193.61
Total	–	7,153.43	–	7,153.43

The fair values of the financial assets and financial liabilities included in the level 2 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties. In the opinion of the management, the difference between the carrying value of the above stated financial assets and liabilities is not materially different from their fair value. Accordingly, the fair value and carrying amount are the same.

Note No. 24 - Leases

Company as a lessee

Following are the changes in the carrying value of Right to use asset for the year ended March 31, 2021

₹ in Lakhs

	Category of Asset	
	Building	
Particulars	**For the year ended 31 March 2021**	For the year ended 31 March 2020
Balance at the beginning	**2,073.18**	–
Reclassifciation on account of adoption of Ind AS 116	**–**	2,562.89
Additions	**–**	–
Deletions	**–**	–
Depreciation	**486**	489.71
Balance at the end	**1,587.55**	2,073.18

Following is the movement in the lease liabilties during the year ended March 31, 2021

₹ in Lakhs

Particulars	**For the year ended 31 March 2021**	For the year ended 31 March 2020
Balance at the beginning	**2,147.10**	–
Reclassifciation on account of adoption of Ind AS 116	**–**	2,562.89
Additions	**–**	–
Deletions	**–**	–
Finance Cost accrued during the year	**165.70**	183.14
Payment of lease liabilities	**600.86**	598.93
Balance at the end	**1,711.94**	2,147.10

Note No. 25 - Segment information

The Company has determined the operating segment based of structure of reports reviewed by the Strategic Management Council. For management purposes, the Company is organised into a single business unit and has only one reportable segment namely “Insurance Broking services”. The geographical segment is based on the location of client, whether in India or outside India. The Strategic Management Council of the Company monitors the operating results of its business unit for the purpose of making decisions about resource allocation and performance assessment

₹ in Lakhs

Geographic information	**Year Ended 31 March 2021**	Year Ended 31 March 2020
Revenue from external customers		
India	**23,602.06**	30,482.75
Outside India	**–**	–
Total revenue per statement of profit or loss	**23,602.06**	30,482.75

All Non-current operating assets comprising property, plant and equipment, investment properties and intangible assets, if any are located in India.

Revenue from major products and services

The following is an analysis of the Company’s revenue from continuing operations from its major products and services:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 25 - Segment information (Cont)

₹ in Lakhs

	Year Ended 31 March 2021	Year Ended 31 March 2020
Insurance Broking and auxillary activities	**23,602.06**	30,482.75
Total	**23,602.06**	30,482.75

Revenues from transactions with a single external customer amounts to 10% or more of the entity's revenues.

Note No. 26 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating Rs. 444.74 Lakhs (F-2020 : Rs.426.93 Lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently."

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Leave Encashment

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by acturial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid or availed as a result of the unused entitllement that has accumulated at the balance sheet date. Expense on non accumulating compensated absences is recognised in the period in which the absences occur.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

		Valuation as at	
	31-Mar-21	**31-Mar-20**	**31-Mar-19**
Discount rate(s)	**6.91%**	6.41%	7.67%
Expected rate(s) of salary increase	**7%**	7%	7%
Attrition Rate	**Attrition rate of 24% up to the age of 30, 11% up to age of 44 and 9% thereafter**	Attrition rate of 25% up to the age of 30, 12% up to age of 44 and 9% thereafter	Attrition rate of 20% up to the age of 35, 9% up to age of 45 and 3% thereafter

Defined benefit plans – as per actuarial valuation on 31st March, 2021

₹ in Lakhs

Particulars	**Funded Plan**		**Unfunded Plans**	
	Gratuity		**Exigency leave / Earned leave**	
	2021	2020	**2021**	2020
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:				
Service Cost				
Current Service Cost	**136.45**	97.96	**140.91**	148.90
Past service cost and (gains)/losses from settlements	**–**	–	**–**	–
Net interest expense	**39.93**	24.76	**46.29**	41.24
Acquisition adjustment due to transfer out	**–**	(3.99)	**–**	–
Components of defined benefit costs recognised in profit or loss	**176.38**	118.73	**187.20**	190.14
Remeasurement on the net defined benefit liability				
Return on plan assets (excluding amunt included in net interest expense)	**–**	–	**–**	–
Actuarial gains and loss arising form changes in financial assumptions	**–**	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 26 - Employee benefits (Cont)

₹ in Lakhs

Particulars	Funded Plan Gratuity 2021	Funded Plan Gratuity 2020	Unfunded Plans Exigency leave / Earned leave 2021	Unfunded Plans Exigency leave / Earned leave 2020
Actuarial gains and loss arising form experience adjustments	**(44.66)**	296.95	**–**	–
Others (describe)	**–**	–	**–**	–
Components of defined benefit costs recognised in other comprehensive income	**(44.66)**	296.95	**–**	–
Total	**(44.66)**	296.95	**–**	–
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March				
1. Present value of defined benefit obligation as at 31st March	**1,197.24**	1,089.09	**785.46**	722.14
2. Fair value of plan assets as at 31st March	**584.43**	466.12	**–**	–
3. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March	**(612.82)**	(622.97)	**(785.46)**	(722.14)
4. Current portion of the above	**83.53**	74.37	**103.20**	93.20
5. Non current portion of the above	**529.29**	548.60	**682.26**	628.94
II. Change in the obligation during the year ended 31st March				
1. Present value of defined benefit obligation at the beginning of the year	**1,089.09**	715.12	**722.14**	537.67
2. Add/(Less) on account of Scheme of Arrangement/Business	**–**	3.45	**–**	–
Transfer	**–**	(3.99)	**–**	–
3. Expenses Recognised in Profit and Loss Account				
– Current Service Cost	**136.45**	97.96	**140.91**	148.90
– Past Service Cost	**–**	–	**–**	–
– Interest Expense (Income)	**69.81**	54.85	**46.29**	41.24
4. Recognised in Other Comprehensive Income	**–**	–	**–**	–
Remeasurement gains/(losses)				
– Actuarial Gain (Loss) arising from:	**–**	–	**–**	–
i. Demographic Assumptions	**3.96**	(25.67)	**–**	–
ii. Financial Assumptions	**(37.33)**	131.86	**(123.88)**	(5.67)
iii. Experience Adjustments	**(41.17)**	160.66	**–**	–
5. Benefit payments	**(23.57)**	(45.15)	**–**	–
6. Others (Specify)	**–**	–	**–**	–
7. Present value of defined benefit obligation at the end of the year	**1,197.24**	1,089.09	**785.46**	722.14
III. Change in fair value of assets during the year ended 31st March				
1. Fair value of plan assets at the beginning of the year	**466.12**	392.35	**–**	–
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	**–**	3.45	**–**	–
3. Expenses Recognised in Profit and Loss Account	**–**	–	**–**	–
– Expected return on plan assets	**29.88**	30.09	**–**	–
4. Recognised in Other Comprehensive Income	**–**	–	**–**	–
Remeasurement gains/(losses)	**–**	–	**–**	–
– Actual Return on plan assets in excess of the expected return	**(29.88)**	(30.09)	**–**	–
– Others (Specify)	**–**	–	**–**	–
5. Contributions by employer (including benefit payments recoverable)	**141.87**	115.47	**–**	–
6. Recoverable/Recovered from LIC	**–**	–	**–**	–
7. Benefit payments	**(23.57)**	(45.15)	**–**	–
8. Fair value of plan assets at the end of the year	**584.43**	466.12	**–**	–
IV. The Major categories of plan assets				
– Insurer managed funds	**100%**	100%	**–**	–
V. Actuarial assumptions				
1. Discount rate	**6.91%**	6.41%	**6.91%**	6.41%
2. Expected rate of return on plan assets	**6.41%**	7.67%	**–**	–
3. Attrition rate	**Attrition rate of 24% up to the age of 30, 11% up to age of 44 and 9% thereafter**	Attrition rate of 25% up to the age of 30, 12% up to age of 44 and 9% thereafter	**Attrition rate of 24% up to the age of 30, 11% up to age of 44 and 9% thereafter**	Attrition rate of 25% up to the age of 30, 12% up to age of 44 and 9% thereafter

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 26 - Employee benefits (Cont)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

₹ in Lakhs

Principal assumption		Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	**2021**	**1**	**(84.83)**	**93.16**
	2020	1	(78.01)	84.71
Salary growth rate	**2021**	**1**	**92.14**	**(85.50)**
	2020	1	83.34	(78.28)
Life expectancy	**2021**	**+/- 1 year**	**Negligible**	**Negligible**
	2020	+/- 1 year	Negligible	Negligible

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

₹ in Lakhs

Principal assumption		Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	**2021**	**1**	**(66.06)**	**75.51**
	2020	1	(58.12)	66.42
Salary growth rate	**2021**	**1**	**74.70**	**(66.59)**
	2020	1	65.38	(58.33)
Life expectancy	**2021**	**+/- 1 year**	**Negligible**	**Negligible**
	2020	+/- 1 year	Negligible	Negligible

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

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs. 150 lakhs to the gratuity trusts during the next financial year of 2021.

Maturity profile of defined benefit obligation:

₹ in Lakhs

Gratuity	2021	2020
Within 1 year	**206.15**	192.10
1 - 2 year	**210.73**	193.14
2 - 3 year	**228.12**	240.17
3 - 4 year	**251.56**	260.79
4 - 5 year	**285.89**	286.71

₹ in Lakhs

Leave Encashment	2021	2020
Within 1 year	**132.39**	101.58
1 - 2 year	**121.17**	101.98
2 - 3 year	**117.87**	109.38
3 - 4 year	**124.12**	112.44
4 - 5 year	**128.27**	116.04

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

VIII. Experience Adjustments:	Period Ended 2021	2020	2019	2018	2017
	Gratuity				
1. Defined Benefit Obligation	**1,197.24**	1,089.09	715.12	563.39	292.76
2. Fair value of plan assets	**584.43**	466.12	392.35	343.42	296.21
3. Surplus/(Deficit)	**(612.82)**	(622.97)	(322.77)	(219.97)	3.45
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**(74.54)**	266.85	36.38	178.81	51.64
5. Experience adjustment on plan assets [Gain/(Loss)]	**(29.88)**	(30.09)	(25.62)	(21.80)	(15.85)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

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

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

Note No 27: Employees Share Based Payments (Employees Phantom Stock Option Plan 2019)

On January 18, 2019, Board of Directors approved the MIBL Employees Phantom Stock Option Plan 2019 (MIBL EPSOP 2019) for grant of stock options to the employees, within the meaning of the MIBL-EPSOP 2019 plan. The specific employees to whom the options would be granted and their eligibility criteria shall be determined by the Nomination and Remuneration Committee of the Board (Committee) from time to time on the basis of one or more factors including but not limited to longevity, total experience and role of the Employee. The options granted under EPSOP 2019 would vest after 1 (one) year but not later than the maximum vesting Period of 4 (four) years from the grant date of such options.

The Committee has prescribe the vesting schedule of the options granted under the plan, unless otherwise decided in exceptional cases like retirements:

Vesting Dates	Vesting Percentage
1st Anniversary from date of Grant	25% of Options granted
2nd Anniversary from date of Grant	25% of Options granted
3rd Anniversary from date of Grant	25% of Options granted
4th Anniversary from date of Grant	25% of Options granted

The Company will process vested options for settlement at each vesting date and determines appreciation in respect of all such Options with reference to Fair Market Value prevailing as on date of Vesting calculated as prescribed by MIBL EPSOP 2019. The Company recognises the fair value of the liability and expense for these plans over the vesting period based on the management's estimate of the vesting and forfeiture conditions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No 27: Employees Share Based Payments (Employees Phantom Stock Option Plan 2019) (Cont)

Employees Phantom Stock Option Plan

Grant date	Exercise Price	Total Options granted	Options vested and Exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
Grant I	10.00	3,02,326	1,44,577	1,57,749	1,44,577	27,894	1,29,855
Grant II	10.00	4,905	4,905	–	4,905	–	–
Grant III	10.00	9,070	3,024	6,046	3,024	1,295	4,751
Grant IV	10.00	7,268	–	7,268	–	–	7,268
Total		**3,23,569**	**1,52,506**	**1,71,063**	**1,52,506**	**29,189**	**1,41,874**

Movement of Phantom stock options during the year

Total for all grants	No. of Options	Range of exercise prices Rs.	Weighted average exercise price Rs.	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	2,27,785	10.00	10.00	NA
Granted during the year	7,268			2.00
Forfeited/ Lapsed during the year	19,543			NA
Exercised during the year	73,636			NA
Outstanding at the end of the year	1,41,874			2.00
Exercisable at the end of the year	0			NA

Significant assumptions used to estimate the fair value of options granted during the year.

Variables

1. Risk Free Interest Rate	4.86
2. Expected Life	1.55
3. Expected Volatility	48.30
4. Dividend Yield	1.01
5. Price of the underlying share in market at the time of the option grant (Rs.)	1791

Total Expenses recognised for the year ended on 31st March 2021

The total expense recognised from share-based payment transactions for the year ended on 31st March 2021 is Rs. 11.56 lakhs (PY. Rs.27.98 lakhs)

Annex 2

Requirements under Companies Act, 2013

Summary of Status of EPSOPs Granted

The position of the existing schemes is summarized as under -

Sr. No.	Particulars	Employees Phantom Stock Option Plan 2019
I.	**Details of the EPSOPS**	
1.	Date of Shareholder's Approval	18-01-2019
2.	Total Number of Options approved	5,15,464
3.	Vesting Requirements	As per vesting schedule
4.	ExercisePrice or Pricing formula (Rs.)	₹ 10.00
5.	Maximum term of Options granted (years)	4 years
6.	Source of shares	
7.	Variation in terms of ESOP	N.A
II.	**Option Movement during the year**	
1.	No. of Options Outstanding at the beginning of the year	2,27,785
2.	Options Granted during the year	7,268
3.	Options Forfeited	19,543
4.	Options Lapsed during the year	0
5.	Options Vested during the year	73,636
6.	Options Exercised during the year	73,636
7.	Total number of shares arising as a result of exercise of options	0
8.	Money realised by exercise of options (Rs.)	0
9.	Number of options Outstanding at the end of the year	1,41,874
10.	Number of Options exercisable at the end of the year	0

III. Weighted average exercise price of Options granted during the year whose

(a) Exercise price equals market price	NA	
(b) Exercise price is greater than market price	NA	
(c) Exercise price is less than market price		10.00

Weighted average fair value of options granted during the year whose

(a) Exercise price equals market price	NA	
(b) Exercise price is greater than market price	NA	
(c) Exercise price is less than market price		1,754.18

The weighted average market price of options exercised during the year

No Options Exercised during the year

IV. Employee-wise details of options granted during the financial year 2020-21 to:

(i) Senior managerial personnel :

Name	No. of options granted
	–
	–
	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No 27: Employees Share Based Payments (Employees Phantom Stock Option Plan 2019) (Cont)

(ii) Employees who were granted, during the year, options amounting to 5% or more

Name	No. of options granted
RAJESHWAR PRASAD	2,079
AJIT MATHEWS	1,410
DEEPAK JANU TAMBE	1,728
SWATI VERMA BERA	2,051

(iii) Identified employees who were granted option, during the year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

Name	No. of options granted
Not Applicable	NIL

V. Method and Assumptions used to estimate the fair value of options granted during the year:

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model are as follows:

Date of grant	Particulars
1. Risk Free Interest Rate	4.86
2. Expected Life	1.55
3. Expected Volatility	48.30
4. Dividend Yield	1.01
5. Price of the underlying share in market at the time of the option grant (Rs.)	1,791.00

Assumptions:

Stock Price: Closing price on National Stock Exchange on the date of grant has been considered

Volatility: The historical volatility over the expected life has been considered to calculate the fair value.

Risk-free rate of return: The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.

Exercise Price: Exercise Price of each specific grant has been considered.

Time to Maturity: Time to Maturity/Expected Life of options is the period for which the Company expects the options to be live.

Expected divided yield: Expected dividend yield has been calculated as an average of dividend yields for five financial years preceding the date of the grant.

VI	Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20	Not Applicable

Note No. 28 - Related Party Transactions

Name of the parent Company	**: Mahindra & Mahindra Financial Services Limited**
Name of the Ultimate parent Company	**: Mahindra & Mahindra Limited**
Name of the Fellow subsidiaries	**: Mahindra Rural Housing Finance Limited**
	: Mahindra Integrated Business Solutions Limited
	: Mahindra First Choice Services Limited
	: N.B.S. International Limited
	: Mahindra Retail Limited
	: Mahindra Engineering & Chemical Products Ltd
Key Management Personnel (KMP)	**: Dr Jaideep Devare, Managing Director (Till 25th Dec 2020)**
	: Rupa Joshi, Company Secretary
	: Saurabh Dharadhar, Chief Financial Officer
Directors	**: Rajeev Dubey, Chairman**
	: Ramesh Iyer, Non Executive Director
	: V Ravi, Non Executive Director (Till 15th Sep 2020)
	: Hemant Sikka, Non Executive Director
	: Jyotin Mehta, Independent Director (w.e.f. 30th Mar 2020)
	: Nityanath Ghanekar, Independent Director (Till 29th Mar 2020)
	: Anjali Raina, Independent Director
	: Derek Nazareth, Nominee Director
	: Vivek Karve, Non Executive Director (w.e.f 05th Jan 2021)
	: Rajnish Agarwal, Non Executive Director (w.e.f 05th Jan 2021)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 28 - Related Party Transactions (Cont)

Details of transaction between the Company and its related parties are disclosed below:

₹ in Lakhs

Particulars	For the year ended	Parent Company and Ultimate Parent company	KMP/Directors of the Company	Fellow subsidiaries
Nature of transactions with Related Parties				
Purchase of property and other assets	31-Mar-21	–	–	–
including intangibles	*31-Mar-20*	*17.28*	–	*34.30*
Rendering of services	31-Mar-21	3,241.35	–	–
	31-Mar-20	*5,799.83*	–	–
Receiving of services	31-Mar-21	226.84	294.44	464.89
	31-Mar-20	*258.25*	*459.16*	*573.04*
Interest Income	31-Mar-21	514.62	–	2,477.01
	31-Mar-20	*319.48*	–	*2,821.45*
Loans given (including Fixed Deposits &	31-Mar-21	5,375.00	–	25,440.00
Intercorporate Deposits placed during the year)	*31-Mar-20*	*6,575.00*	–	*32,800.00*
Repayment of loans (incl Fixed Deposits matured &	31-Mar-21	1,725.00	–	24,300.00
Intercorporate Deposits withdrawn during the year)	*31-Mar-20*	*5,300.00*	–	*29,500.00*
Dividend Paid	31-Mar-21	–	–	–
	31-Mar-20	*618.56*	–	–
Commission and other benefits to directors	31-Mar-21	–	182.47	–
	31-Mar-20	–	*149.80*	–

Nature of Balances with Related Parties	Balance as on	Parent Company and Ultimate Parent company	KMP/Directors of the Company	Fellow subsidiaries
Trade payables	31-Mar-21	57.87	–	0.75
	31-Mar-20	*25.86*	–	*8.29*
Loans & advances given (incl. Fixed Deposits	31-Mar-21	8,850.00	–	33,940.00
and Intercorporate Deposits placed)	*31-Mar-20*	*5,200.00*	–	*32,800.00*
Other balances (including Trade Receivables	31-Mar-21	1,868.19	–	1,060.19
and Interest Accrued)	*31-Mar-20*	*1,508.36*	–	*1,429.89*

Compensation of key managerial personnel

The remuneration of directors and other members of key managerial personnel during the year was as follows:

₹ in Lakhs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Short-term employee benefits	**294.44**	459.16
Post-employment benefits[1]	–	–
Other long-term benefits[1]	–	–
Termination benefits	–	–
Share-based payment[2]	–	–

[1] Figures not available separately for gratuity and leave encashment

[2] Included in the Stock Option Charge paid to parent company for its Stock Options granted to Key Managerial Personnel

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Note No. 29 - Revenue from contract with customers

A. Country-wise break up of Revenue

₹ in Lakhs

31-Mar-21

Country	Revenue from contracts with customers (IndAS 115)	Revenue from operations from other than customers	Total Revenue from Operations	Other Income	Total Income
India	23,602.06	–	23,602.06	3,253.59	26,855.65
Total	23,602.06	–	23,602.06	3,253.59	26,855.65

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 29 - Revenue from contract with customers (Cont)

₹ in Lakhs

31-Mar-20

Country	Revenue from contracts with customers (IndAS 115)	Revenue from operations from other than customers	Total Revenue from Operations	Other Income	Total Income
India	30,482.75	–	30,482.75	3,206.13	33,688.88
Total	30,482.75	–	30,482.75	3,206.13	33,688.88

B. Breakup of Revenue into contracts entered in previous year and in current year

₹ in Lakhs

Particulars	31-Mar-21	31-Mar-20
Revenue from PO/ contract/agreement entered into previous year	**23,542.45**	30,423.24
Revenue from New PO/ contract/agreement entered into current year	**59.61**	59.51
Total Revenue recognised during the period	**23,602.06**	30,482.75

C. Reconciliation of revenue from contract with customer

₹ in Lakhs

Particulars	31-Mar-21	31-Mar-20
Revenue from contract with customer as per the contract price	**23,602.06**	30,482.75
Adjustments made to contract price on account of :-		
a) Discounts/Rebates/Incentives	**–**	–
b) Sales Returns/Reversals	**–**	–
c) Deferrment of revenue	**–**	–
d) Changes in estimates of variable consideration	**–**	–
e) Recognition of revenue from contract liability out of opening balance of contract liability	**–**	–
f) Any other adjustments	**–**	–
Revenue from contract with customer as per the statement of Profit and Loss	**23,602.06**	30,482.75

D. Revenue to be recognised for performance obligation(s) not satisfied or partially satisfied at the end of the current year in respect of contracts with customer that are in place (i.e. signed agreements/ Pos/Wos/SOWs, etc) at the end of reporting period.

The company has reviewed the contract with insurers and customers and indentified claims handling services as an area that is affected by the new accounting standard. The application of new standard results in the indentifiaction of separate performance obligation for handling claims on behalf of customers as part of insurance brokerage customary business practice. The new standard requires the deferral of revenue recognition untill the performance obligation is satisifed. Based on the results of the review, the company does not expect a material imapct on the statement of profit and loss.

E. Break-up of Provision for Expected Credit Losses recognised in P&L

₹ in Lakhs

Particulars	31-Mar-21	31-Mar-20
Expected Credit loss recognised during the year on trade receivables	**189.78**	81.46
Expected Credit loss recognised during the year on contract assets	**–**	–
Expected Credit loss recognised during the year on others	**–**	–
Total	**189.78**	81.46

Note No. 30 - Income received from Insurer and Insurer's group companies

As per regulation 34 (6) of IRDAI (Insurance Brokers) Regulations, 2018, following are the details of all the incomes received from insurers and insurer's group companies

A. Details of incomes received from insurers (Top 15+ Others)

₹ in Lakhs

Particulars	Year Ended 31 March 2021
Tata AIG General Insurance Co Ltd	**2,257.59**
ICICI Lombard General Insurance Ltd	**2,092.25**
Liberty Videocon General Insurance Co Ltd	**1,443.87**
Iffco Tokio General Insurance Co Ltd	**1,415.99**
Royal Sundaram Alliance Insurance Co Ltd	**1,126.55**
New India Assurance Co Ltd	**1,065.28**
Future Generali Insurance Co Ltd	**1,005.99**
Cholamandalam MS General Insurance Co Ltd	**810.88**
United India Insurance Co Ltd	**745.60**
Bharti AXA General Insurance Co Ltd	**726.32**
Bajaj Allianz General Insurance Co Ltd	**570.94**
Oriental Insurance Co Ltd	**569.31**
HDFC Ergo General Insurance Company Limited	**518.35**
MAGMA HDI General Insurance Co Ltd	**402.91**
GO DIGIT General Insurance Limited	**326.57**
Others	**1,446.09**
Total Revenue	**16,524.49**

₹ in Lakhs

Particulars	Year Ended 31 March 2020
Tata AIG General Insurance Co Ltd	2,506.33
Iffco Tokio General Insurance Co Ltd	2,037.79
ICICI Lombard General Insurance Ltd	2,000.98
Royal Sundaram Alliance Insurance Co Ltd	1,715.84
Liberty Videocon General Insurance Co Ltd	1,403.78
New India Assurance Co Ltd	1,281.81
Bharti AXA General Insurance Co Ltd	1,246.73
United India Insurance Co Ltd	793.00
Oriental Insurance Co Ltd	670.30
Cholamandalam MS General Insurance Co Ltd	654.62
Future Generali Insurance Co Ltd	636.33
Bajaj Allianz General Insurance Co Ltd	524.96
GO DIGIT General Insurance Limited	416.66
HDFC Ergo General Insurance Company Limited	401.56
MAGMA HDI General Insurance Co Ltd	311.03

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 30 - Details of Payments received by the group companies and/or associates and/or related parties of the insurance broker from any insurer and the details thereof. (Cont)

₹ in Lakhs

Particulars	Year Ended 31 March 2020
Others	1,116.42
Total Revenue	**17,718.14**

B. The Company has not received any income from any of the insurers' group companies.

Note No. 30 - Details of Payments received by the group companies and/or associates and/or related parties of the insurance broker from any insurer and the details thereof.

As per regulation 34 (6) of IRDAI (Insurance Brokers) Regulations, 2018, following are the details of payments received by the group companies and/or associates and/or related parties of the insurance broker from any insurer and the details thereof.

As per the information received from the group companies, payments received by Mahindra & Mahindra Financial Services Limited ("MMFSL")

₹ in Lakhs

Name of Insurance Company	Year Ended 31 March 2021*
Bajaj Allianz General Insurance Co Ltd	**17.70**
Cholamandalam MS General Insurance Co Ltd	**169.21**
Future Generali India Insurance Co Ltd	**166.03**
Go Digit General Insurance Company Ltd	**6.84**
ICICI Lombard General Insurance Ltd	**291.10**
IFFCO Tokio General Insurance Co Ltd	**169.92**
Royal Sundaram Alliance Insurance Co Ltd	**1,879.56**
Tata AIG General Insurance Co Ltd	**276.95**
Total	**2,977.31**

* Payments are received towards usage of office space of MMFSL branches for display of marketing material/advertisements of insurnace companies.

₹ in Lakhs

Name of Insurance Company	Year Ended 31 March 2020*
Bajaj Allianz General Insurance Co Ltd	27.00
Go Digit General Insurance Company Ltd	32.87
Cholamandalam MS General Insurance Co Ltd	308.93
Future Generali India Insurance Co Ltd	102.71
ICICI Lombard General Insurance Ltd	194.40
IFFCO Tokio General Insurance Co Ltd	162.82
Liberty Videocon General Insurance Co Ltd	108.00
Liberty General Insurance Co Ltd	324.00
Royal Sundaram Alliance Insurance Co Ltd	3,353.56
Tata AIG General Insurance Co Ltd	532.10
Total	**5,146.39**

* Payments are received towards usage of office space of MMFSL branches for display of marketing material/ advertisements of insurnace companies.

Note No. 31 - Contingent liabilities and commitments

Contingent liabilities (to the extent not provided for)		**₹ in Lakhs**
	As at 31 March 2021	**As at 31 March 2020**
Contingent liabilities		
Short Deduction of TDS and Interest thereon	**3.19**	16.51

₹ in Lakhs

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Commitments #		
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
Commitments for the acquisition of intangible assets	**75.83**	150.93

Note No. 32- Additional Information to the Financial Statements

32.1 Dividend

In respect of the current year, the directors propose that a dividend of Rs.3 per share be paid on equity shares at the board meeting held on 15th April 2021. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members on June 18, 2021. The total estimated equity dividend to be paid is Rs.309.28 lakhs.

32.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

₹ in Lakhs

	Particulars	**31-Mar-21**	**31-Mar-20**
(i)	Principal amount remaining unpaid to MSME suppliers as on	**5.51**	0.51
(ii)	Interest due on unpaid principal amount to MSME suppliers as on	**–**	–
(iii)	The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day	**–**	–
(iv)	The amount of interest due and payable for the year (without adding the interest under MSME Development Act)	**–**	–
(v)	The amount of interest accrued and remaining unpaid as on	**–**	–
(vi)	The amount of interest due and payable to be disallowed under Income Tax Act, 1961	**–**	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

32.3 Corporate Social Responsibility (CSR)

₹ in Lakhs

Particulars	**31-Mar-21**	**31-Mar-20**
Amount required to be spent as per section 135 of the Act	**180.71**	184.88
Amount spent during the year on:		
(i) Construction/acquistion of an asset	**–**	–
(ii) On purpose other than (i) above	**180.71**	185.20
Total	**180.71**	185.20

32.4 Note on COVID 19

The "severe acute respiratory syndrome coronavirus 2 (SARS-Co-V-2)", generally known as COVID -19, which was declared as a pandemic by WHO on March 11, 2020, continues to spread across India and there is unprecedented level of disruption on socio economic front across the country. Globally, countries and businesses are under intermittent lockdowns. Considering the severe health hazard associated with COVID-9 pandemic, the Government of India and respective State Governments have been intermittently declaring lockdowns or curfews. However such lockdowns and curfews have not affected the company's financial statements for the year ended March 31, 2021. Since there is a high level of uncertainty about the time required for things to get normal, the extent to which COVID-19 pandemic will impact the company's future operations and financial result is dependent upon the further developments, which are highly uncertain.

Note No. 33 - Previous year figures

– Previous year figures have been regrouped /reclassified wherever found necessary.

The financial statements of Mahindra Insurance Brokers Limited were approved by the Board of Directors and authorised for issue on April 15, 2021.

Signatures to Notes 1 to 33

As per our report of even date
For Mukund M. Chitale & Co.
Chartered Accountants
Firm Regn No. 106655W

Saurabh M. Chitale
Partner
Membership No. 111383
Place: Mumbai
Date: April 15, 2021

For and on behalf of the Board of Directors

Rajeev Dubey	Ramesh Iyer	Vivek Karve	Hemant Sikka	Jyotin Mehta
Chairman	**Director**	**Director**	**Director**	**Director**
DIN: 00104817	DIN: 00220759	DIN: 06840707	DIN: 00922281	DIN: 00033518
Anjali Raina	Derek Nazareth	Rajnish Agarwal	Rupa Joshi	Saurabh V. Dharadhar
Director	**Director**	**Director**	**Company Secretary**	**Chief Financial Officer**
DIN: 02327927	DIN: 07031760	DIN: 03335692	Mem No.: ACS 17395	

Place: Mumbai
Date: April 15, 2021

INDEPENDENT AUDITORS' REPORT

To the Members of **Mahindra Rural Housing Finance Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra Rural Housing Finance Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matter

Key audit matter	**How the matter was addressed in our audit**
Impairment of loans and advances	
Refer to the accounting policies in "Note 2.5 (ii) and (vi) to the Financial Statements: Impairment of Financial Statements and Estimation uncertainty relating to the global health pandemic from COVID-19 and current Macro-economic scenario", "Note 4 to the Financial Statements: Loans" and "Note 45 (ii) to the Financial Statements: Credit Risk Management"	
The Company has recorded impairment loss allowance of Rs. 52,347 lakhs as at 31 March 2021 and has recognized a reversal of Rs. 5,413 lakhs for the year ended 31 March 2021 in its statement of profit and loss. Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) model. The estimation of impairment loss allowance on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: • Data inputs - The application of ECL model requires several data inputs. This increases the risk that the data that has been used to derive assumptions in the model, which are used for ECL calculations, may not be complete and accurate. • Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Exposures at Default ("EAD"), Probabilities of Default ("PD") and Loss Given Default ("LGD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach.	Our key audit procedures included: • Performed end to end process walkthroughs to identify the key systems, applications and controls used in the impairment loss allowance processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the impairment loss allowance process. • Assessed the design and implementation of controls in respect of the Company's impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance and the related disclosures on credit risk management. • Testing management's controls over authorisation and calculation of post model adjustments and management overlays.

Key audit matter	How the matter was addressed in our audit
• Economic scenarios – Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19. • Qualitative adjustments/ management overlays – Adjustments to the model-driven ECL results as overlays are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. As at 31 March 2021, overlays represent approximately 18% of the ECL balances. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of impairment loss allowances is dependent on future developments, which are highly uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter. Disclosures: The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	• Evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings. • Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of periods considered, economic forecasts, weights, and model assumptions applied. • Test of details on post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 related overlays, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data. • Testing the 'Governance Framework' over validation, implementation and model monitoring in line with the RBI guidance. • Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the financial statements are appropriate and sufficient. Involvement of specialists - we involved financial risk modelling specialists for the following: • Evaluating the appropriateness of the Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used (including management overlays). • The reasonableness of the Company's considerations of the impact of the current economic environment due to COVID-19 on the impairment loss allowance determination. We have involved IT specialists in performing the following key audit procedures: • Performed control testing on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems. • Tested key controls operating over information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.

Key audit matter	How the matter was addressed in our audit
The Company's financial accounting and reporting processes are dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. In addition, the prevailing COVID-19 situation has caused the required IT systems to be made accessible on a remote basis and at the same time there are increasing challenges to protect the integrity of the Company's systems and data. We have identified 'IT systems and controls' as key audit matter because of the high level automation, number of systems being used by the management, current remote working situation and the inherent risks/ complexity of the IT architecture.	• Tested the design and operating effectiveness of key controls over user access management which includes granting access / right, new user creation, removal of user rights and preventive controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting systems, we independently perform procedures to determine that these control remained unchanged during the year or were changed following the standard change management process. • Other areas that were tested include password policies, security configurations, system interface controls, controls over changes to applications and databases and controls to ensure that developers and production support did not have access to change applications, the operating system or databases in the production environment. • Assessment of data security controls in the context of a large population of staff working from remote location at the year end.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit / loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements - Refer Note 37 to the financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company has not entered into derivative contracts during the year - Refer Note 39 to the financial statements;

iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company; and

iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sagar Lakhani
Partner
Membership No: 111855
ICAI UDIN: 21111855AAAABR8242

Mumbai
20 April 2021

Annexure A to the Independent Auditor's Report - 31 March 2021

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2021, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified by the management according to a programme of phased verification, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, the fixed assets have been physically verified by management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The Company is in the business of providing Housing Finance Services and consequently, does not hold any inventory. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

iii. According to the information and explanations given to us and based on the audit procedures conducted by us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

v. According to the information and explanations given to us and based on the examination of records, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of sections 73, 74, 75 and 76 or any other relevant provisions of the Act and Rules framed thereunder, to the extent notified, apply . Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any activities conducted/ services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, duty of customs, duty of excise, value added tax and service tax.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the following dues have not been deposited by the Company on account of any disputes.

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	37.76	2011-12	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	7.62	2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	22.55	2013-14	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	332.95	2016-17	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	465.00	2017-18	Assessing Officer (AO)

viii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, or debenture holders during the year. The Company did not have any borrowings from the government during the year.

ix. According to the information and explanations given to us and based on our examination of the records, the Company has utilised the money raised by way of issue of non- convertible debentures and terms loans during the year for the purpose for which they were raised. During the year, the Company has not raised moneys by way of initial public offer or further public offer.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or any material instance of fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.

xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under Section 45- IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sagar Lakhani
Partner
Membership No: 111855
ICAI UDIN: 21111855AAAABR8242

Mumbai
20 April 2021

Annexure B to the Independent Auditors' report on the financial statements of Mahindra Rural Housing Finance Limited for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Rural Housing Finance Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

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

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sagar Lakhani
Partner
Membership No: 113156
ICAI UDIN: 21111855AAAABR8242

Mumbai
20 April 2021

BALANCE SHEET AS AT 31 MARCH 2021

Particulars	Note	(Rs. in Lakhs) As at 31 March 2021	(Rs. in Lakhs) As at 31 March 2020
ASSETS			
1) Financial Assets			
a) Cash and cash equivalents	3	**21,813.65**	9,238.78
b) Bank balance other than (a) above		**47,437.81**	–
c) Loans	4	**712,810.50**	787,008.00
d) Investments	5	**81,328.67**	11,509.35
e) Other financial assets	6	**617.66**	353.03
		864,008.29	808,109.16
2) Non-financial Assets			
a) Current tax assets (Net)		**81.48**	528.62
b) Deferred tax Assets (Net)	7	**8,594.36**	8,448.75
c) Property, Plant and Equipment	8	**4,553.38**	5,294.35
d) Other intangible assets	9	**41.92**	47.50
e) Other non-financial assets	10	**4,332.99**	1,342.57
		17,604.13	15,661.79
TOTAL ASSETS		**881,612.42**	823,770.95
LIABILITIES AND EQUITY			
LIABILITIES			
1) Financial Liabilities			
a) Payables	11		
I) Trade Payables			
i) total outstanding dues of micro enterprises and small enterprises		**1.45**	0.07
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**8,367.15**	4,909.81
II) Other Payables			
i) total outstanding dues of micro enterprises and small enterprises		**–**	–
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**22.89**	20.25
b) Debt Securities	12	**283,647.72**	199,973.34
c) Borrowings (Other than Debt Securities)	13	**365,559.99**	418,904.33
d) Subordinated Liabilities	14	**46,009.47**	41,015.78
e) Other financial liabilities	15	**35,739.78**	31,133.71
		739,348.45	695,957.29
2) Non-Financial Liabilities			
a) Current tax liabilities (Net)		**–**	345.84
b) Provisions	16	**1,482.17**	2,093.21
c) Other non-financial liabilities	17	**507.75**	560.46
		1,989.92	2,999.51
3) EQUITY			
a) Equity Share capital	18	**12,166.19**	12,144.25
b) Other Equity	19	**128,107.86**	112,669.90
		140,274.05	124,814.15
TOTAL LIABILITIES AND EQUITY		**881,612.42**	823,770.95
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the financial statements.	1 to 53		

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:101248W/W-100022

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Sagar Lakhani
Partner
Membership No: 111855

Ramesh Iyer
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Anuj Mehra
Managing Director
[DIN: 02712119]

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

Mumbai
20 April 2021

Mumbai
20 April 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

Particulars	Note	(Rs. in Lakhs) Year ended 31 March 2021	(Rs. in Lakhs) Year ended 31 March 2020
REVENUE FROM OPERATIONS			
i) Interest income	20	**143,407.61**	151,293.77
ii) Dividend income	21	**–**	243.16
iii) Fees and commission income	22	**485.80**	714.51
iv) Net gain on fair value changes	23	**950.65**	2.08
I Total revenue from operations		**144,844.06**	152,253.52
II Other income	24	**622.77**	506.99
III Total Income (I+II)		**145,466.83**	152,760.51
EXPENSES			
i) Finance costs	25	**60,264.78**	59,499.68
ii) Fees and commission expense	26	**197.28**	200.05
iii) Impairment on financial instruments	27	**26,202.02**	26,112.52
iv) Employee benefits expenses	28	**26,342.69**	30,659.74
v) Depreciation and amortization	29	**1,596.22**	1,695.74
vi) Others expenses	30	**11,333.13**	14,032.86
IV Total Expenses (IV)		**125,936.12**	132,200.59
V Profit before tax (III - IV)		**19,530.71**	20,559.92
VI Tax expense:			
i) Current tax		**4,785.00**	6,850.00
ii) Deferred tax		**(137.63)**	(1,025.98)
iii) (Excess) / Short Provision for Income Tax - earlier years		**(217.25)**	(119.80)
		4,430.12	5,704.22
VII Profit for the year (V - VI)		**15,100.59**	14,855.70
VIII Other Comprehensive Income			
i) Items that will not be reclassified to profit or loss			
– Remeasurement loss on defined benefit plans		**(31.72)**	(132.68)
ii) Income tax impact thereon		**7.98**	17.79
Other Comprehensive Income		**(23.74)**	(114.89)
IX Total Comprehensive Income for the year (VII+VIII) (Comprising Profit and other Comprehensive Income for the year)		**15,076.85**	14,740.81
X Earnings per equity share (for continuing operations)	31		
(Face value - Rs. 10/- per share)			
Basic (Rupees)		**12.43**	12.24
Diluted (Rupees)		**12.35**	12.12
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the financial statements.	1 to 53		

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:101248W/W-100022

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Sagar Lakhani
Partner
Membership No: 111855

Ramesh Iyer
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Anuj Mehra
Managing Director
[DIN: 02712119]

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

Mumbai
20 April 2021

Mumbai
20 April 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

		(Rs. in Lakhs)	(Rs. in Lakhs)
A	**Equity Share Capital**	**31 March 2021**	31 March 2020
	Balance at the beginning of the year	**12,288.79**	12,288.79
	Changes in Equity share capital during the year		
	Add: Fresh allotment of shares:		
	– Issue of Shares	**–**	–
	– Shares issued under Employees' Stock Option Scheme	**–**	–
		12,288.79	12,288.79
	Less: Shares issued to ESOS Trust but not allotted to employees	**122.60**	144.54
	Balance at the end of the year	**12,166.19**	12,144.25

B Other Equity

	Reserves and Surplus					
	Statutory reserves	**Securities premium**	**General reserves**	**Employee stock options outstanding**	**Retained earnings or Profit & loss account**	**Total**
Balance as at 01 April 2019	21,579.93	42,706.41	290.00	193.02	35,808.77	100,578.13
Profit for the year	–	–	–	–	14,855.70	14,855.70
Other Comprehensive Income	–	–	–	–	(114.89)	(114.89)
Total Comprehensive Income for the year	–	–	–	–	14,740.81	14,740.81
Dividend paid on equity shares (including tax thereon)	–	–	–	–	(2,963.07)	(2,963.07)
Transfers to Securities premium on exercise of employee stock options	–	32.49	–	(32.49)	–	–
Allotment of equity shares by ESOP Trust to employees	–	80.42	–	–	–	80.42
ESOP outstanding reserve account	–	–	–	143.93	–	143.93
Share based payment expense	–	–	–	89.68	–	89.68
Transfers to Statutory reserves	4,150.00	–	–	–	(4,150.00)	–
Balance as at 31 March 2020	**25,729.93**	**42,819.32**	**290.00**	**394.14**	**43,436.51**	**112,669.90**
Balance as at 01 April 2020	**25,729.93**	**42,819.32**	**290.00**	**394.14**	**43,436.51**	**112,669.90**
Profit for the year	–	–	–	–	15,100.59	15,100.59
Other Comprehensive Income	–	–	–	–	(23.74)	(23.74)
Total Comprehensive Income	–	–	–	–	15,076.85	15,076.85
Transfers to Securities premium on exercise of employee stock options	–	89.23	–	(89.23)	–	–
Allotment of equity shares by ESOP Trust to employees	–	125.10	–	–	–	125.10
ESOP outstanding reserve account	–	–	–	159.14	–	159.14
Share based payment expense	–	–	–	76.87	–	76.87
Transfers to Statutory reserves	3,075.00	–	–	–	(3,075.00)	–
Balance as at 31 March 2021	**28,804.93**	**43,033.65**	**290.00**	**540.92**	**55,438.36**	**128,107.86**

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:101248W/W-100022

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Sagar Lakhani
Partner
Membership No: 111855

Ramesh Iyer
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Anuj Mehra
Managing Director
[DIN: 02712119]

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

Mumbai
20 April 2021

Mumbai
20 April 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

Particulars		(Rs. in Lakhs) Year ended 31 March 2021	(Rs. in Lakhs) Year ended 31 March 2020
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxes		**19,530.71**	20,559.92
Add/(Less):			
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortisation expense		**1,596.22**	1,695.74
Impairment on financial instruments		**28,251.31**	26,419.86
Interest income		**(141,037.24)**	(151,285.50)
Interest expense		**59,597.49**	58,740.82
Loss/ (profit) on sale of property, plant and equipment		**9.59**	3.28
Employee compensation expense on account of ESOP scheme		**236.00**	233.61
Dividend income from investment in mutual funds		**–**	(243.16)
Profit on sale of investments in mutual funds		**(585.56)**	(487.42)
Interest on deposits with banks		**(2,370.37)**	(8.27)
Net gain / (loss) on financial instruments at FVTPL		**(950.65)**	(2.08)
Operating profit before working capital changes	I	**(35,722.50)**	(44,373.20)
Working capital changes			
Loans		**44,075.14**	(25,070.83)
Other financial assets		**(41.25)**	(37.93)
Other non-financial assets		**(3,439.78)**	(722.08)
Trade Payable		**3,461.36**	(33.13)
Other liabilities		**915.15**	(8,933.83)
Provision		**(642.76)**	217.63
	II	**44,327.86**	(34,580.17)
Cash used in operations	(I+II)	**8,605.36**	(78,953.37)
Interest received on loans		**142,908.29**	131,853.37
Interest paid		**(56,178.39)**	(49,735.98)
Income tax paid (net of refunds)		**(4,466.45)**	(6,510.45)
NET CASH GENERATED FROM / USED IN OPERATING ACTIVITIES (A)		**90,868.81**	(3,346.43)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets		**(41.14)**	(772.91)
Proceeds from sale of property, plant and equipment		**39.52**	23.43
Purchase of investments		**(281,289.43)**	(525,833.66)
Proceeds from sale of investments		**213,006.33**	514,813.81
Investments in term deposits with banks		**(170,999.84)**	–
Proceeds from term deposits with banks		**123,562.03**	–
Interest from term deposits with banks		**2,146.99**	8.27
Dividend received from investment in mutual funds		**–**	243.16
NET CASH USED IN INVESTING ACTIVITIES (B)		**(113,575.54)**	(11,517.90)
CASH FLOW FROM FINANCING ACTIVITIES			
Debt securities issued		**168,500.00**	137,000.00
Debt securities repaid		**(84,350.00)**	(178,500.00)
Subordinated liabilities issued		**5,000.00**	10,000.00
Subordinated liabilities repaid		**–**	–
Borrowings other than debt securities issued		**234,860.00**	306,100.00
Borrowings other than debt securities repaid		**(288,224.45)**	(250,068.61)
Dividend paid including dividend distribution tax		**–**	(2,963.07)
Payment for principal portion of lease liability		**(503.95)**	(447.83)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)		**35,281.60**	21,120.49
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**12,574.87**	6,256.16
Cash and Cash Equivalents at the beginning of the year		**9,238.78**	2,982.62
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**21,813.65**	9,238.78

Particulars	**(Rs. in Lakhs)** **Year ended 31 March 2021**	(Rs. in Lakhs) Year ended 31 March 2020
Cash and cash equivalents at the end of the year		
– Cash on hand	**1,196.84**	182.95
– Balances with banks in current accounts	**2,161.88**	9,055.83
– Term deposits with original maturity up to 3 months	**18,454.93**	**–**
Total	**21,813.65**	**9,238.78**

Notes:

1) The above Statement of Cash Flow has been prepared under the 'Indirect method' as set out in the Ind AS 7 'Statement of Cash Flows'.

2) During the year, the Company has incurred an amount of Rs. 756.25 Lakhs in cash (31 March 2020: Rs. 611.25 Lakhs) towards corporate social responsibility (CSR) expenditure (refer note 38)

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:101248W/W-100022

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Sagar Lakhani
Partner
Membership No: 111855

Ramesh Iyer
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Anuj Mehra
Managing Director
[DIN: 02712119]

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

Mumbai
20 April 2021

Mumbai
20 April 2021

Notes to the Financial Statements for the year ended 31 March 2021

1 COMPANY INFORMATION

Mahindra Rural Housing Finance Limited ('the Company'), incorporated in India is a Housing Finance Company ('HFC') engaged in providing housing finance through its pan India branch network. In exercise of the powers conferred on the National Housing Bank vide Section 29A of The National Housing Bank Act, 1987, the Company has been granted Certificate of Registration dated 13 August 2007 to commence the business of a housing finance institution without accepting public deposits. The Company fulfils the Principal Business Criteria as laid down under paragraph 4.1.17, of the Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 ('Master Directions'). The Company's financial assets constitute more than 60% of its total assets and out of the total assets, the Company has financed over 50% towards housing loans to individuals.

The Company is a subsidiary of Mahindra & Mahindra Financial Services Limited. Mahindra & Mahindra Limited is the ultimate holding company.

The Company's registered office is at Mahindra Towers, 4th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai 400018, India.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance and basis for preparation and presentation of financial statements

These standalone or separate financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 ("the Act") and in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020.

Any application guidance/ clarifications/ directions issued by Reserve Bank of India (RBI), National Housing Bank (NHB) or other regulators are implemented as and when they are issued/ applicable.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These separate financial statements were approved by the Company's Board of Directors and authorised for issue on 20 April 2021.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

2.4 Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

2.5 Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

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

Following are the areas that involve a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

(i) Effective Interest Rate (EIR) Method

The Company recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

(ii) Impairment of Financial Assets

The measurement of impairment losses on loan assets and commitments, requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL model, including the various formulas and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weights, to derive the economic inputs into the ECL model
- Management overlay used in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios.

It has been the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary (refer note 45)

(iii) Provisions and other contingent liabilities:

The Company does not recognise a contingent liability but discloses its existence in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs. Contingent Liabilities in respect of show cause notices are considered only when converted into demands.

The reliable measure of the estimates and judgements pertaining to litigations and the regulatory proceedings in the ordinary course of the Company's business are disclosed as contingent liabilities.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Notes to the Financial Statements for the year ended 31 March 2021

(iv) Provision for income tax and deferred tax assets:

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax, including the amount expected to be paid / recovered for uncertain tax positions. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

(v) Defined Benefit Plans:

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(vi) Estimation uncertainty relating to the global health pandemic from COVID-19 and current Macro-economic scenario:

The Covid-19 outbreak and its effect on the economy has impacted our customers and our performance, and the future effects of the outbreak remain uncertain. The outbreak necessitated government to respond at unprecedented levels to protect public health, local economies and livelihoods. There remains a risk of subsequent waves of infection, as evidenced by the recently emerged variants of the virus.

Economic forecasts are subject to a high degree of uncertainty in the current environment. Limitations of forecasts and economic models require a greater reliance on management judgement in addressing both the error inherent in economic forecasts and in assessing associated ECL outcomes.

The calculation of ECL under Ind AS 109 involves significant judgements, assumptions and estimates. The level of estimation uncertainty and judgement has increased during financial year as a result of the economic effects of the Covid-19 outbreak, including significant judgements relating to:

- the selection and weighting of economic scenarios, given rapidly changing economic conditions in an unprecedented manner, uncertainty as to the effect of government and RBI support measures designed to alleviate adverse economic impacts, and a wider distribution of economic forecasts than before the pandemic. The key judgements are the length of time over which the economic effects of the pandemic will occur, the speed and shape of recovery. The main factors include the effectiveness of pandemic containment measures, the pace of roll-out and effectiveness of vaccines, and the emergence of new variants of the virus, plus a range of geopolitical uncertainties, which together represent a very high degree of estimation uncertainty, particularly in assessing worst case scenario;
- estimating the economic effects of those scenarios on ECL, where there is no observable historical trend that can be reflected in the models that will accurately represent the effects of the economic changes of the severity and speed brought about by the Covid-19 outbreak. Modelled assumptions and linkages between economic factors and credit losses may underestimate or overestimate ECL in these conditions, and there is significant uncertainty in the estimation of parameters such as collateral values and loss severity; and
- the identification of customers experiencing significant increases in credit risk and credit impairment, particularly where those customers have accepted payment deferrals and other reliefs designed to address short-term liquidity issues given muted default experience to date.

Judgements (including overlays) in relation to credit impairments and the impact of macro-economic risks on the credit environment, in particular those arising from the COVID-19 pandemic, were discussed throughout the year. The management focused on the key assumptions, methodologies and in-model and post model adjustments applied to provisions under Ind AS 109. The economic uncertainty and unprecedented conditions not experienced since the implementation of Ind AS 109 challenged the usefulness of model outputs. While the use of judgemental overlays and post-model adjustments should ideally be limited, their extensive use was deemed appropriate during the financial year, and are likely to continue to be required in future reporting periods.

As a result of government and bank support measures, significant credit deterioration has not yet occurred. This delay increases uncertainty on the timing of the stress and the realisation of defaults. Management has applied COVID-19 specific adjustments to modelled outputs to reflect the temporary nature of ongoing government support, the uncertainty in relation to the timing of stress and the degree to which economic consensus has yet captured the range of economic uncertainty. As a result, ECL is higher than would be the case if it were based on the forecast economic scenarios alone.

The Company has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 March 2021 about future events that the management believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and recoverable amount assessments of non-financial assets.

The impact of the COVID-19 pandemic on each of these accounting estimates is discussed further in the relevant note to these Financial Statements. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions (refer note 45).

(vii) Going Concern

COVID 19 has an adverse impact on the functioning of the financial sector companies, notwithstanding this the financial statements of the Company are prepared on a going concern basis.

Management is of the view that it is considered appropriate to prepare these financial statements on a going concern basis as the Company expects to generate sufficient cash flows from operating activities and unused lines of credit to meet its obligations in the foreseeable future (refer note 44 and note 45 (iii)).

2.6 Revenue recognition:

a) Recognition of interest income

Effective Interest Rate (EIR) method

Interest income is recognised in the statement of profit and loss using the effective interest method for all financial instruments measured at amortised cost. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the statement of profit and loss.

Notes to the Financial Statements for the year ended 31 March 2021

Interest income

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Additional interest income is recognised when it becomes measurable and when it is not unreasonable to expect its ultimate collection.

b) Fee and commission income

Fee based income are recognised when they become measurable and when it is probable to expect their ultimate collection.

c) Dividend and interest income on investments

Dividends are recognised in the statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

Interest income from investment is recognised when it is certain that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.7 Property, Plant and Equipments (PPE)

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under Other non-financial assets. Capital work in progress comprises the cost of Property, Plant and Equipment that are not ready for its intended use at the reporting date. Capital work-in-progress is stated at cost, net of impairment loss, if any.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis. Depreciation methods, useful lives and residual values are reviewed in each financial year, and changes, if any, are accounted for prospectively.

In accordance with Ind AS 116 - Leases, applicable effective from 01 April 2019, the Right-Of-Use assets (Freehold premises) are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-Of-Use assets (Freehold premises) are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured.

The estimated useful lives used for computation of depreciation are as follows:

Assets	Useful life
Buildings	- 60 years
Computers	- 3 years
Furniture and fixtures	- 10 years
Vehicles	- 8 years
Office equipments	- 5 years
Right-Of-Use assets (Leasehold premises)	- 2 to 10 years

For following assets the useful life is taken as estimated by the management based on the actual usage pattern of the assets:

- Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.
- Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of the vehicle for the Company, as against the useful life of 8 years as mentioned in Schedule II.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Assets retired from active use and held for disposal are generally stated at the lower of their net book value and net realizable value. Any gain or loss arising on derecognition of the asset (caculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the statement of profit and loss in the year the asset is derecognised.

2.8 Intangible assets:

Intangible assets are stated at cost less accumulated amortization and accumulated impairment loss, if any.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is taken as 36 months based on management's estimates of useful life. Amortisation is calculated using the Straight line method to write down the cost of intangible assets over their estimated useful lives.

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

2.9 Cash and cash equivalent:

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

2.10 Financial instruments:

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at Fair Value Through Profit and Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the statement of profit and loss.

Classification and subsequent measurement

- ***Financial assets***

  On initial recognition, a financial asset is classified as measured at

  - *Amortised cost;*
  - *Fair Value Through Other Comprehensinve Income (FVTOCI) - debt instruments;*
  - *Fair Value Through Other Comprehensinve Income (FVTOCI) - equity instruments;*
  - *Fair Value Through Profit and Loss (FVTPL)*

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. The financial asset is held with the objective to hold financial asset in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest ('SPPI') on the principal amount outstanding. Accordingly, the Company measures bank balances and loans at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Notes to the Financial Statements for the year ended 31 March 2021

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

Subsequent measurement and gains and losses:

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in Statement of profit and loss. Any gain and loss on derecognition is recognised in Statement of profit and loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of profit and loss.

Financial liabilities and equity instruments:

Classification as debt or equity -

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments -

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities -

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognised in the statement of profit and loss.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

Impairment of financial instruments

Equity instruments are not subject to impairment under Ind AS 109.

Financial assets carried at amortised cost:

The Company recognises lifetime expected credit loss (ECL) when there has been a significant increase in credit risk since initial recognition and when the financial assets carried at amortised cost is credit impaired. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on historical experience and forward-looking information.

Management overlay is used to adjust the ECL allowance in circumstances where management judges that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to the Company's lending portfolios. Emerging local or global macro economic, micro economic or political events, and natural disasters that are not incorporated in to the current parameters, risk ratings, or forward looking information are examples of such circumstances. The use of management overlay may impact the amount of ECL recognised.

The expected credit losses on these financial assets are estimated using a historical credit loss experience, adjusted for factors that are specific to the general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. It has been the Company's policy to regularly review its model in the context of actual loss experience and provide for additional impairment allowance due to management overlay when necessary (refer note 45)

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made from written off assets are netted off against the amount of financial assets written off during the year under "bad debts/loss on termination" forming part of "impairment on financial instruments" in statement of profit and loss.

Loan contract renegotiation and modifications:

Loans are identified as renegotiated and classified as credit impaired when we modify the contractual payment terms due to significant credit distress of the borrower. Renegotiated loans remain classified as credit impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non payment of future cash flows and retain the designation of renegotiated until maturity or derecognition.

A loan that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms, or if the terms of an existing agreement are modified such that the renegotiated loan is a substantially different financial instrument. Any new loans that arise following derecognition events in these circumstances are considered to be originated credit impaired financial asset and will continue to be disclosed as renegotiated loans.

Other than originated credit-impaired loans, all other modified loans could be transferred out of stage 3 if they no longer exhibit any evidence of being credit impaired and, in the case of renegotiated loans, there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows over the minimum observation period, and there are no other indicators of impairment. These loans could be transferred to stage 1

Notes to the Financial Statements for the year ended 31 March 2021

or 2 based on the risk assessment mechanism by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms). Any amount written off as a result of the modification of contractual terms would not be reversed.

Loan modifications that are not identified as renegotiated are considered to be commercial restructuring. Where a commercial restructuring results in a modification (whether legalised through an amendment to the existing terms or the issuance of a new loan contract) such that the Company's rights to the cash flows under the original contract have expired, the old loan is derecognised and the new loan is recognised at fair value. The rights to cash flows are generally considered to have expired if the commercial restructure is at market rates and no payment-related concession has been provided. Mandatory and general offer loan modifications that are not borrower-specific, for example market-wide customer relief programmes announced by the Regulator or other statutory body, have not been classified as renegotiated loans and so have not resulted in derecognition, but their stage allocation is determined considering all available and supportable information under our ECL impairment policy.

2.11 Employee benefits:

a) Short-term employee benefits

All employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. Short-term employee benefit obligations are measured on an undiscounted basis and these are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Contribution to provident fund, ESIC and National Pension Scheme

The defined contribution plans i.e. provident fund (administered through Regional Provident Fund Office), superannuation fund and employee state insurance corporation and National Pension Scheme are post-employment benefit plans under which a Company pays fixed contributions and will have no legal and constructive obligation to pay further amounts beyond its contributions. The Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Company's contribution paid/payable during the year to provident fund, superannuation scheme, employees state insurance corporation (ESIC) and national pension scheme (NPS) is recognised in the Statement of profit and loss.

c) Gratuity

The Company's liability towards gratuity scheme is determined by actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/termination benefits.

"The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss."

"When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement gains/losses

Remeasurement of defined benefit plans, comprising of acturial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to the statement of profit and loss in the subsequent period.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in Statement of profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Remeasurement gains or losses on long-term compensated absences that are classified as other long-term benefits are recognised in the statement of profit and loss.

d) Superannuation fund

The Company makes contribution to the Superannuation scheme, a defined contribution plan, administered by Life Insurance Corporation of India, which are charged to the statement of profit and loss. The Company has no obligation to the scheme beyond its contributions.

e) Leave encashment / compensated absences / sick leave

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

f) Employee stock options:

Equity-settled share-based payments to employees are recognised as an expense at the fair value of stock options at the grant date. The fair value determined at the grant date of the Equity-settled share-based payments is expensed on a stright-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

2.12 Finance costs:

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortised cost, i.e., bank term loans, non-convertible debentures, inter corporate deposits, commercial papers and subordinated debts, to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

Interest expense on lease liabilities (Ind AS 116 - Leases) computed by applying the Company's weighted average incremental borrowing rate has been included under finance costs.

2.13 Taxation - Current and deferred tax:

Income tax expense comprises of current tax and deferred tax. Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

a) Current tax:

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Current tax is recognised in statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity respectively.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) **Deferred tax:**

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

2.14 Securities issue expenses:

Expenses incurred in connection with the fresh issue of Share capital are adjusted against Securities premium reserve.

2.15 Impairment of non financial assets:

The Company reviews the carrying amounts of its tangible and other intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the assets is considered impaired, and is written down to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognised in the statement of profit and loss.

2.16 Provisions:

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.17 Leases:

The Company as a lessee -

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipments and general purpose office equipments used for operating activities. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments that are not paid at the commencement date, discounted using the Company's incremental average borrowing rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

In the Balance Sheet, ROU assets have been included in property, plant and equipment and Lease liabilities have been included in Other financial liabilities and the principal portion of lease payments have been classified as financing cash flows. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

In accordance with Ind AS 116, Leases, the financial information have been presented in the following manner.

a) ROU assets and lease liabilities have been included within the line items "Property, plant and equipment" and "Other financial liabilities" respectively in the Balance sheet;

b) Interest expenses on the lease liability and depreciation charge for the right-to-use asset have been included within the line items "Finance costs" and "Depreciation, amortization and impairment" respectively in the statement of profit or loss;

c) Short-term lease payments and payments for leases of low-value assets, where exemption as permitted under this standard is availed, have been recognized as expense on a straight line basis over the lease term in the statement of profit or loss.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

d) Cash payments for the principal of the lease liability have been presented within "financing activities" in the statement of cash flows;

The disclosures pertaining to Ind AS 116 are set out under note no. 35.

2.18 Corporate Social Responsibility (CSR) expenses

The Corporate Social Responsibility Committee ('CSR Committee' Board level) is responsible to formulate and recommend to the Board the CSR Policy indicating the activities falling within the purview of Schedule VII to the Companies Act, 2013, to be undertaken by the Company, to recommend the amount to be spent on CSR activities and to monitor the CSR Policy periodically.

Funding and Allocation:

For achieving the CSR objectives through implementation of meaningful and sustainable CSR Projects, the CSR Committee will allocate for its Annual CSR Budget, 2% of the average net profits of the Company made during the three immediately preceding financial years, calculated in accordance with the relevant Sections of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Company may spend upto 5% of the total CSR expenditure in one financial year on building CSR capabilities. The Company may also make contributions to its Corporate Foundations/Trusts i.e. K. C. Mahindra Education Trust and Mahindra Foundation, towards its corpus for projects approved by the Board. The CSR Committee will approve the CSR budget annually.

Any unspent amount at the end of the financial year will be treated as per the provisions of the existing CSR Law. Any surplus arising out of the CSR Projects or Programs or activities shall not form part of the business profit of the Company.

The Company has identified CSR Thrust Areas for undertaking CSR Projects/ programs/activities in India. The actual distribution of the expenditure among these thrust areas will depend upon the local needs as may be determined by the need identification studies or discussions with local governments/Grampanchayat/ NGOs. The Company shall give preference to the local area and areas around which the Company operates for CSR spending. Thrust areas include health, education, environment and other activities.

The amount spent or contribution / donations made towards CSR activities is charged to Donations and Corporate Social Responsibility (CSR) expenses respectively, in the statement of Profit and Loss (Refer note 30)

2.19 Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year.

2.20 New standards or amendments to the existing standards and other pronouncements:

i) New Standards issued or amendments to the existing standard but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2021.

ii) Other recent pronouncements

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013 revising Division I, II and III of Schedule III and are applicable from April 1, 2021. The amendments primarily relate to:

a) Change in existing presentation requirements for certain items in Balance sheet, for eg. lease liabilities, security deposits, current maturities of long term borrowings, effect of prior period errors on Equity Share capital.

b) Additional disclosure requirements in specified formats, for eg. ageing of trade receivables, trade payables, capital work in progress, intangible assets, shareholding of promoters, etc.

c) Disclosure if funds have been used other than for the specific purpose for which it was borrowed from banks and financial institutions.

d) Additional Regulatory Information, for eg.,compliance with layers of companies, title deeds of immovable properties, financial ratios, loans and advances to key managerial personnel, etc.

e) Disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency.

The amendments are extensive and the Company is evaluating the same.

3 Cash and cash equivalents

	31 March 2021	31 March 2020
Cash on hand	**1,196.84**	182.95
Balances with banks in current accounts	**2,161.88**	9,055.83
Term deposits with original maturity up to 3 months	**18,454.93**	–
Total	**21,813.65**	9,238.78

4 Loans

		31 March 2021	31 March 2020
A)	**Loans (at amortised cost):**		
	i) Loans against assets	**764,604.31**	844,274.29
	ii) Other loans and advances	**66.43**	115.06
	Total (A) - Gross	**764,670.74**	844,389.35
	Less: Impairment loss allowance	**(51,860.24)**	(57,381.35)
	Total (A) - Net	**712,810.50**	787,008.00
B)	i) Secured by tangible assets (hypothecation on land and/or building)	**761,339.58**	841,702.25
	ii) Unsecured	**3,331.16**	2,687.10
	Total (B) - Gross	**764,670.74**	844,389.35
	Less: Impairment loss allowance	**(51,860.24)**	(57,381.35)
	Total (B) - Net	**712,810.50**	787,008.00
C)	**I) Loans in India**		
	i) Public Sector	**–**	–
	ii) Others	**764,670.74**	844,389.35
	Total (C) - Gross	**764,670.74**	844,389.35
	Less: Impairment loss allowance	**(51,860.24)**	(57,381.35)
	Total (C) (I) - Net	**712,810.50**	787,008.00
	II) Loans outside India	**–**	–
	Less: Impairment loss allowance	**–**	–
	Total (C) (II) - Net	**–**	–
	Total C (I) and C (II)	**712,810.50**	787,008.00

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

5 Investments

	31 March 2021	31 March 2020
A) At Fair Value		
i) Through Profit or Loss		
Units of mutual funds	**81,328.67**	11,509.35
Total (Gross)	**81,328.67**	11,509.35
Less: Impairment loss allowance	**–**	–
Total (Net)	**81,328.67**	11,509.35

6 Other financial assets

	31 March 2021	31 March 2020
Security deposits for office premises / others	**376.17**	342.23
Insurance claims receivable	**18.11**	10.80
Interest accrued on Term Deposit	**223.38**	–
Total	**617.66**	353.03

7 Deferred tax assets

	31 March 2021	31 March 2020
Tax effect of items constituting deferred tax liabilities:		
– FVTPL through Investment	239.78	0.52
Total (A)	239.78	0.52
Tax effect of items constituting deferred tax assets:		
Provision for employee benefits	**343.35**	539.05
Allowance for Expected Credit Loss (ECL)	**5,675.24**	4,641.77
Effective Interest Rate (EIR) - financial instruments	**2,335.25**	2,897.68
Depreciation on property, plant and equipment	**345.42**	273.33
Leases	**85.96**	53.56
Other provisions	**48.92**	43.88
Total (B)	**8,834.14**	8,449.27
Total (A+B)	**8,594.36**	8,448.75

8 Property, plant and equipments

Particulars	Buildings*	Computers	Furniture and fixtures	Vehicles	Office equipments	Right-of-use assets (Leasehold Premises)	Total
GROSS CARRYING AMOUNT							
Balance as at 01 April 2019	23.12	1,710.49	871.69	1,169.92	1,675.17	–	5,450.39
Additions during the year	–	93.46	74.54	379.35	147.95	3,798.86	4,494.16
Disposals / deductions during the year	–	16.04	4.58	95.66	54.17	–	170.45
Balance as at 31 March 2020	**23.12**	**1,787.91**	**941.65**	**1,453.61**	**1,768.95**	**3,798.86**	**9,774.10**
Balance as at 01 April 2020	23.12	1,787.91	941.65	1,453.61	1,768.95	3,798.86	9,774.10
Additions during the year	–	162.35	61.92	33.95	174.24	408.28	840.74
Disposals / deductions during the year	–	99.81	42.09	94.12	282.74	–	518.76
Balance as at 31 March 2021	**23.12**	**1,850.45**	**961.48**	**1,393.44**	**1,660.45**	**4,207.14**	**10,096.08**
ACCUMULATED DEPRECIATION							
Balance as at 01 April 2019	1.29	1,033.73	476.47	417.74	1,066.73	–	2,995.96
Additions during the year	0.38	362.49	90.86	240.30	272.86	660.64	1,627.53
Disposals / deductions during the year	–	15.98	3.93	73.99	49.84	–	143.74
Balance as at 31 March 2020	**1.67**	**1,380.24**	**563.40**	**584.05**	**1,289.75**	**660.64**	**4,479.75**
Balance as at 01 April 2020	1.67	1,380.24	563.40	584.05	1,289.75	660.64	4,479.75
Additions during the year	0.39	302.20	86.76	235.42	275.15	632.68	1,532.60
Disposals / deductions during the year	–	99.08	34.54	66.29	269.74	–	469.65
Balance as at 31 March 2021	**2.06**	**1,583.36**	**615.62**	**753.18**	**1,295.16**	**1,293.32**	**5,542.70**
NET CARRYING AMOUNT							
As at 31 March 2020	**21.45**	**407.67**	**378.25**	**869.56**	**479.20**	**3,138.22**	**5,294.35**
As at 31 March 2021	**21.06**	**267.09**	**345.86**	**640.26**	**365.29**	**2,913.82**	**4,553.38**

*** Secured non convertible debentures (NCDs) have pari passu charges on buildings whose carrying amount is Rs. 21.45 Lakhs (31 March 2020 - Rs. 21.83 Lakhs)**

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

9 Other intangible assets

Particulars	Computer software
GROSS CARRYING AMOUNT	
Balance as at 01 April 2019	207.44
Additions during the year	–
Disposals / deductions during the year	–
Balance as at 31 March 2020	**207.44**
Balance as at 01 April 2020	207.44
Additions during the year	58.04
Disposals / deductions during the year	–
Balance as at 31 March 2021	**265.48**
ACCUMULATED DEPRECIATION	
Balance as at 01 April 2019	91.73
Additions during the year	68.21
Disposals / deductions during the year	–
Balance as at 31 March 2020	**159.94**
Balance as at 01 April 2020	159.94
Additions during the year	63.62
Disposals / deductions during the year	–
Balance as at 31 March 2021	**223.56**
NET CARRYING AMOUNT	
As at 31 March 2020	**47.50**
As at 31 March 2021	**41.92**

10 Other non-financial assets

	31 March 2021	31 March 2020
Capital advances	**18.62**	467.98
Prepaid expenses	**929.24**	657.09
Other advances	**3,385.13**	217.50
Total	**4,332.99**	1,342.57

11 Payables

	31 March 2021	31 March 2020
I) Trade payables		
i) total outstanding dues of micro enterprises and small enterprises	**1.45**	0.07
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**8,367.15**	4,909.81
II) Other payables		
i) total outstanding dues of micro enterprises and small enterprises	**–**	–
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**22.89**	20.25
	8,391.49	4,930.13

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below:

		31 March 2021	31 March 2020
a)	Dues remaining unpaid to any supplier at the period end		
	– Principal	**1.45**	0.07
	– Interest on the above	**–**	–
b)	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the period		
	– Principal paid beyond the appointed date	**187.88**	49.47
	– Interest paid in terms of Section 16 of the MSMED Act	**1.49**	0.93
c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the period	**–**	–
d)	Amount of interest accrued and remaining unpaid	**–**	–
e)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**–**	–

12 Debt Securities

	31 March 2021	31 March 2020
At Amortised cost		
i) Bonds / Debentures (Secured)		
– Non-convertible debentures	**205,389.16**	199,973.34
ii) Bonds / Debentures (Unsecured)		
– Non-convertible debentures	**78,258.56**	–
Total	**283,647.72**	199,973.34
Debt securities in India	**283,647.72**	199,973.34
Debt securities outside India	**–**	–
Total	**283,647.72**	**199,973.34**

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

There are no debt securities measured at FVTPL or designated at FVTPL

Details of Bonds / Debentures (Secured) - Non-convertible debentures#:

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	**Amount**	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	**8.10%-9.75%**	**84,800.00**	7.76%-8.85%	79,350.00
Maturing between 1 year to 3 years	**6.90%-9.25%**	**106,500.00**	7.82%-9.75%	86,800.00
Maturing between 3 years to 5 years	**7.75%**	**10,000.00**	8.27%-9.25%	29,500.00
Maturing beyond 5 years	**8.30%-9.18%**	**4,510.00**	8.30%-9.18%	4,510.00
Total at face value		**205,810.00**		200,160.00
Less: Unamortised finance cost		**420.84**		186.66
Total amortised cost		**205,389.16**		199,973.34

Secured by pari passu charges on Building (forming part of PPE) and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured debentures.

The rates mentioned above are the applicable rates as at the yearend. These includes floating rate loans which are based on Marginal Cost of fund based Lending Rate (MCLR) / Treasury bill (T-bill) based spreads.

The funds raised by the Company during the year by issue of Secured Non Convertible Debentures/Bonds were utilised for the purpose intended i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

Details of Bonds / Debentures (Unsecured) - Non-convertible debentures:

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	**Amount**	Interest rate range	Amount
Repayable on maturity:				
Maturing between 1 year to 3 years	**6.85%-7.55%**	**78,500.00**	–	–
Total at face value		**78,500.00**		–
Less: Unamortised discounting charges		**241.44**		–
Total amortised cost		**78,258.56**		–

13 **Borrowings (Other than Debt Securities)**

	31 March 2021	31 March 2020
At Amortised cost		
i) Term loans		
Secured -		
– from banks	**277,894.80**	352,781.63
– from other parties (National Housing Bank)	**23,925.19**	22.70
ii) Loans from related parties		
Unsecured -		
– Inter-corporate deposits (ICDs)	**63,740.00**	66,100.00
Total	**365,559.99**	418,904.33
Borrowings in India	**365,559.99**	418,904.33
Borrowings outside India	**–**	–
Total	**365,559.99**	418,904.33

There are no borrowings measured at FVTPL or designated at FVTPL

Details of term loans from banks (Secured)

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	**Amount**	Interest rate range	Amount
1) Repayable on maturity:				
Maturing within 1 year	**5.40%-8.20%**	**46,500.00**	7.80%-9.75%	77,500.00
Maturing between 1 year to 3 years	**7.60%-9.50%**	**65,000.00**	7.90%-9.50%	77,500.00
Total		**111,500.00**		155,000.00

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
2) Repayable in installments:				
i) Quarterly -				
Maturing within 1 year	**5.60%-8.50%**	**25,972.22**	8.15%-9.25%	20,590.28
Maturing between 1 year to 3 years	**5.60%-8.50%**	**22,048.61**	8.15%-9.25%	25,520.83
Maturing between 3 years to 5 years	**5.60%-6.90%**	**3,750.00**	–	–
Sub total		**51,770.83**		46,111.11
ii) Half yearly -				
Maturing within 1 year	**7.50%**	**10,000.00**	9.50%	3,333.33
Maturing between 1 year to 3 years	**7.50%**	**5,000.00**	8.45%-9.50%	18,333.34
Sub total		**15,000.00**		21,666.67
iii) Yearly -				
Maturing within 1 year	**7.35%-9.50%**	**24,100.00**	8.05%-9.70%	45,400.00
Maturing between 1 year to 3 years	**7.35%-9.50%**	**56,300.00**	8.05%-9.70%	60,650.00
Maturing between 3 years to 5 years	**7.55%-7.70%**	**19,250.00**	8.65%-9.70%	24,000.00
Sub total		**99,650.00**		130,050.00
Total		**166,420.83**		197,827.78
Total (1+2) (As per contractual terms)		**277,920.83**		352,827.78
Less: unamortized finance cost		**26.03**		46.15
Total amortized cost		**277,894.80**		352,781.63

Secured by exclusive charge on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans.

The rates mentioned above are the applicable rates as at the yearend. These includes floating rate loans which are based on Marginal Cost of fund based Lending Rate (MCLR) / Treasury bill (T-bill) based spreads.

Details of Secured term loans from other parties (National Housing Bank)

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
1) Repayable in installments:				
Quarterly -				
Maturing within 1 year	**8.00%**	**4,800.00**	8.85%	22.70
Maturing between 1 year to 3 years	**8.00%**	**12,800.00**	–	–
Maturing between 3 years to 5 years	**8.00%**	**6,325.19**	–	–
Total		**23,925.19**		22.70
Less: unamortized finance cost		**–**		–
Total amortized cost		**23,925.19**		22.70

Secured by exclusive charge on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans.

Details of Inter-corporate deposits (ICDs) (Unsecured):

From the Balance Sheet date	As at 31 March 2021		As at 31 March 2020	
	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:				
Maturing within 1 year	**6.25%-8.55%**	**41,265.00**	7.20%-8.50%	35,900.00
Maturing between 1 year to 3 years	**6.25%-8.95%**	**22,475.00**	**7.55%-8.95%**	**30,200.00**
Total		**63,740.00**		66,100.00
Less: unamortized finance cost		**–**		–
Total amortized cost		**63,740.00**		66,100.00

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

The rates mentioned above are the applicable rates as at the yearend. These includes floating rate loans which are based on Marginal Cost of fund based Lending Rate (MCLR) / Treasury bill (T-bill) based spreads.

14 Subordinated liabilities

	31 March 2021	31 March 2020
At Amortised cost		
Unsecured Subordinated redeemable non-convertible debentures	**46,009.47**	41,015.78
Total	**46,009.47**	41,015.78
Subordinated liabilities in India	**46,009.47**	41,015.78
Subordinated liabilities outside India	**–**	–
Total	**46,009.47**	41,015.78

There are no subordinated liabilities measured at FVTPL or designated at FVTPL

Details of Subordinated liabilities (at Amortised cost) - Unsecured Subordinated redeemable non-convertible debentures#:

From the Balance Sheet date	**As at 31 March 2021**		As at 31 March 2020	
	Interest rate range	**Amount**	Interest rate range	Amount
A) Issued on private placement basis				
Repayable on maturity:				
Maturing between 3 years to 5 years	**8.40%-9.50%**	**7,000.00**	8.40%	1,000.00
Maturing beyond 5 years	**7.90%-9.40%**	**39,200.00**	8.40%-9.50%	40,200.00
Sub-total at face value		**46,200.00**		41,200.00
Less: Unamortised finance cost		**190.53**		184.22
Total amortised cost		**46,009.47**		41,015.78

The funds raised by the Company during the year by issue of Unsecured Subordinated reedemable Non Convertible Debentures/Bonds were utilised for the purpose intended i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

15 Other financial liabilities

	31 March 2021	31 March 2020
Interest accrued but not due on borrowings	**26,757.30**	23,509.22
Credit balances in current accounts with banks as per books	**1.77**	2.13
Insurance premium payable	**1,393.73**	1,063.18
Salary, bonus and performance pay payable	**3,837.36**	2,895.38
Provision for expenses	**411.96**	216.04
Lease liabilities	**3,255.36**	3,351.03
Other liabilities	**82.30**	96.73
Total	**35,739.78**	31,133.71

16 Provisions

	31 March 2021	31 March 2020
Provision for employee benefits		
– Gratuity	**–**	257.21
– Leave encashment	**994.81**	1,456.58
Provision for loan commitment	**487.36**	379.42
Total	**1,482.17**	2,093.21

17 Other non-financial liabilities

	31 March 2021	31 March 2020
Statutory dues payable	507.75	560.46
Total	**507.75**	560.46

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

18 Equity Share capital

	31 March 2021	31 March 2020
Authorised capital:		
150,000,000 (31 March 2020: 150,000,000) Equity shares of Rs.10/- each	**15,000.00**	15,000.00
	15,000.00	15,000.00
Issued capital:		
122,887,870 (31 March 2020: 122,887,870) Equity shares of Rs.10/- each	**12,288.79**	12,288.79

	31 March 2021	31 March 2020
Subscribed and paid-up capital:		
122,887,870 (31 March 2020: 122,887,870) Equity shares of Rs.10/- each fully paid up	**12,288.79**	12,288.79
Less: Shares issued to ESOS Trust but not allotted to employees	**122.60**	144.54
Total	**12,166.19**	12,144.25

		As at 31 March 2021		As at 31 March 2020	
		No. of shares	**Rs. in lakhs**	No. of shares	Rs. in lakhs
a)	**Reconciliation of number of equity shares:**				
	Balance at the beginning of the year	**122,887,870**	**12,288.79**	122,887,870	12,288.79
	Add: Fresh allotment of shares:				
	Issue of Shares	**–**	**–**	–	–
	Shares issued under Employees' Stock Option Scheme	**–**	**–**	–	–
	Less: Shares issued to ESOS Trust but not allotted to employees	**(1,225,967)**	**(122.60)**	(1,445,449)	(144.54)
	Balance at the end of the year	**121,661,903**	**12,166.19**	121,442,421	12,144.25
b)	**Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates:**				
	Holding Company: Mahindra & Mahindra Financial Services Limited	**120,952,678**	**12,095.27**	120,952,678	12,095.27
	(including 12 shares held jointly with nominees)				
	Percentage of holding (%)	**98.43%**	**98.43%**	98.43%	98.43%
c)	**Shareholders holding more than 5 percent shares:**				
	Mahindra & Mahindra Financial Services Limited	**120,952,678**	**12,095.27**	120,952,678	12,095.27
	Percentage of holding (%)	**98.43%**	**98.43%**	98.43%	98.43%

d) Terms / rights attached to equity shares:

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

19 Other Equity

Description of the nature and purpose of Other Equity:

Statutory reserve

As per Section 29C of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. The Company transfers an amount to Special Reserve at year end. The Company does not anticipate any withdrawal from Special Reserve in the foreseeable future.

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is created through annual transfer of profits at a specified percentage in accordance with applicable regulations under the erstwhile Companies Act, 1956. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid up capital of the Company for that year, then the total dividend distribution is less than the total distributable profits for that year. Consequent to introduction of the Companies Act, 2013, the requirement to mandatorily transfer specified percentage of net profits to General reserve has been withdrawn. However, the amount previously transferred to the General reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

Employee stock options outstanding

The Employee Stock Options outstanding represents amount of reserve created by recognition of compensation cost at grant date fair value on stock options vested but not exercised by employees.

Retained earnings

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

Details of dividends proposed

	For the year ended	
	31 March 2021	31 March 2020
Face value per share (Rupees)	**10.00**	10.00
Dividend percentage	**NIL**	NIL
Dividend per share (Rupees)	**–**	–
Dividend on Equity shares	**–**	–
Estimated dividend distribution tax	**–**	–
Total Dividend including Dividend distribution tax	**–**	–

The Board of Directors of the Company did not recommend any dividend for the current financial year ended 31 March 2021.

20 Interest income

	31 March 2021	31 March 2020
(A) On financial assets measured at amortised cost		
Interest on loans	**141,036.74**	151,284.60
Other interest income	**0.50**	0.90
(B) Interest on deposits with banks		
Interest on deposits with banks	**2,370.37**	8.27
Total (A+B)	**143,407.61**	151,293.77

21 Dividend income

	31 March 2021	31 March 2020
Dividend income from investments in mutual funds	–	243.16
Total	–	243.16

22 Fees and commission income

	31 March 2021	31 March 2020
Service charges and other fees on loan transactions	**485.80**	714.51
Total	**485.80**	714.51

23 Net gain / (loss) on fair value changes

	31 March 2021	31 March 2020
Net gain / (loss) on financial instruments at FVTPL		
– Mutual fund units	**950.65**	2.08
Total	**950.65**	2.08

24 Other income

	31 March 2021	31 March 2020
Net gain on sale of current investments (net)	**585.56**	487.42
Others	**37.21**	19.57
Total	**622.77**	506.99

25 Finance costs

	31 March 2021	31 March 2020
On financial liabilities measured at amortised cost		
Interest on borrowings	**34,450.03**	36,397.88
Interest on debt securities	**21,334.94**	19,363.27
Interest on subordinated liabilities	**3,812.52**	2,979.67
Interest on lease liability	**271.70**	320.37
Other borrowing costs	**395.59**	438.49
Total	**60,264.78**	59,499.68

26 Fees and commission expense

	31 March 2021	31 March 2020
Fees, commission / brokerage	**197.28**	200.05
Total	**197.28**	200.05

27 Impairment on financial instruments

	31 March 2021	31 March 2020
On financial instruments measured at amortised cost		
Loans	**(5,521.11)**	21,431.49
Bad debts / Loss on termination	**31,615.20**	4,944.41
Loan commitment	**107.93**	(263.38)
Total	**26,202.02**	26,112.52

28 Employee benefits expenses

	31 March 2021	31 March 2020
Salaries and wages	**24,063.85**	27,261.67
Contribution to provident and other funds	**1,873.26**	2,543.92
Share based payments to employees	**249.05**	257.34
Staff welfare expenses	**156.53**	596.81
Total	**26,342.69**	30,659.74

29 Depreciation, amortization and impairment

	31 March 2021	31 March 2020
Depreciation on property, plant and equipment	**899.92**	966.89
Amortization of intangible assets	**63.62**	68.21
Amortization on right to use assets	**632.68**	660.64
Total	**1,596.22**	1,695.74

30 Other expenses

	31 March 2021	31 March 2020
Rent	**56.38**	108.74
Rates and taxes, excluding taxes on income	**47.60**	28.98
Electricity charges	**144.96**	199.24
Repairs and maintenance	**103.16**	156.63
Communication costs	**237.82**	412.11

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

	31 March 2021	31 March 2020
Printing and stationery	**203.52**	366.97
Travelling and conveyance expenses	**2,416.99**	5,045.60
Advertisement and publicity	**57.88**	115.69
Administration support charges	**725.87**	704.42
Directors' fees, allowances and expenses	**42.13**	38.37
Auditor's fees and expenses -		
- Audit fees	**30.76**	21.26
- Taxation matters	**1.64**	1.64
- Other services	**17.55**	8.61
- Reimbursement of expenses	**1.43**	1.85
Legal and professional charges	**1,420.53**	2,346.62
Insurance	**917.92**	929.80
Manpower outsourcing cost	**2,314.18**	953.40
Loss on sale / retirement of property, plant and equipment	**9.59**	3.28
Donations	**–**	3.83
Corporate Social Responsibility (CSR) expenditure	**756.25**	611.32
Other expenditure	**1,826.97**	1,974.50
Total	**11,333.13**	14,032.86

31 Earning Per Share

	31 March 2021	31 March 2020
Profit for the year (Rupees in lakhs)	**15,100.59**	14,855.70
Weighted average number of equity shares used in computing basic EPS	**121,463,073**	121,336,119
Effect of potential dilutive equity shares	**852,229**	1,036,290
Weighted average number of equity shares used in computing diluted EPS	**122,315,302**	122,372,409
Basic earnings per share (Rs.) (Face value of Rs. 10/- per share)	**12.43**	12.24
Diluted earnings per share (Rs.)	**12.35**	12.12

32 Employee Stock Option Scheme:

The Company has used fair value method to account for the compensation cost of stock options. Fair value of options is based on the valuation of the independent valuer using the Black -Scholes model.

Description of ESOP Scheme:

Particulars	**ESOP**
Vesting requirements	Stock Options due for vesting on each vesting date shall vest on the basis of time i.e. mere continuance of employment as on relevant date of vesting.
Vesting Conditions	25% on expiry of 12 months from the date of grant
	25% on expiry of 24 months from the date of grant
	25% on expiry of 36 months from the date of grant
	25% on expiry of 48 months from the date of grant
Method of Settlement	Equity settled

The Fair value of options, based on the valuation of the independent valuer as on the date of grant are:

	31 March 2021			31 March 2020		
Vesting Date	**No of years vesting**	**Fair Value (Rs.) per share**	**Exercise Price (Rs.)**	No of years vesting	Fair Value (Rs.) per share	Exercise Price (Rs.)
Grant Dated 18 January 2021	**4 Years**	**176.31**	**10.00**	–	–	–
Grant Dated 16 October 2019	**–**	**–**	**–**	4 Years	212.46	10.00

The Key assumptions used in Black-Scholes model for calculating fair value as on the date of grant are:

Variables#	**31 March 2021**	31 March 2020
1) Risk free interest rate	**3.55%**	3.97%
2) Expected life	**4 Years**	4 Years
3) Expected volatility	**44.68%**	38.80%
4) Price of the underlying share at the time of option grant (Rs.)	**185.00**	221.00

the value mentioned against each of the variables are based on the weighted average percentage of vesting.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

Number and weighted average exercise price of options

		31 March 2021		31 March 2020	
Sr. No	**Particulars**	**Number of options**	**Weighted Average Exercise Price**	Number of options	Weighted Average Exercise Price
1	Outstanding at the beginning of the year	**1,596,158**	**57.00**	1,501,914	67.00
2	Granted during the year	**155,891**	**10.00**	295,110	10.00
3	Forfeited / Lapsed during the year	**74,839**	**30.75**	59,785	47.00
4	Exercised during the year	**219,482**	**61.69**	141,081	67.00
5	Outstanding at the end of the year	**1,457,728**	**52.84**	1,596,158	57.00
6	Exercisable at the end of the year	**690,032**	**63.91**	418,672	67.00

Range of exercise price and weighted average remaining contractual life of outstanding options:

	31 March 2021			31 March 2020		
Grant date	**Number of Options Outstanding**	**Weighted Average Remaining Contractual Life (in years)**	**Weighted Average Exercise Price (Rs.)**	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price (Rs.)
07-Oct-17	**849,887**	**2.69**	**67.00**	1,071,178	3.51	67.00
08-Dec-17	**128,557**	**2.69**	**67.00**	128,557	3.69	67.00
16-Jan-18	**117,250**	**2.56**	**67.00**	122,250	3.56	67.00
16-Oct-19	**209,105**	**4.19**	**10.00**	274,173	5.03	10.00
18-Jan-21	**152,929**	**5.30**	**10.00**	–	–	–

33 Employee Benefits

General description of defined benefit plans:

Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering qualifying employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under The Payment of Gratuity Act, 1972. The Company makes annual contribution to the gratuity scheme adminstered by the Life Insurance Corporation of India through its gratuity fund.

Post retirement medical cover

The Company provides for post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility -

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets underperform compared to this yield, this will create or increase a deficit. The defined benefit plans may hold equity type assets, which may carry volatility and associated risk.

Change in bond yields -

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan's investment in debt instruments.

Variability in withdrawal rates -

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

Regulatory Risk -

Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to-date). There is a risk of change in the regulations requiring higher gratuity payments (e.g. raising the present ceiling of Rs. 20,00,000, raising accrual rate from 15/26 etc.).

Inflation risk -

The present value of some of the defined benefit plan obligations are calculated with reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability. The post retirement medical benefit obligation is sensitive to medical inflation and accordingly, an increase in medical inflation rate would increase the plan's liability.

Life expectancy -

The present value of defined benefit plan obligation is calculated by reference to the best estimate of the mortality of plan participants, both during and after the employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

Defined benefit plans:

	Particulars	Funded Plan Gratuity 31 March 2021	Funded Plan Gratuity 31 March 2020
I	**Amount recognised in the Statement of Profit and Loss for the year ended:**		
1	Current service cost	**137.53**	162.29
2	Interest cost on benefit obligation (Net)	**16.94**	6.72
3	Past service cost	**(284.11)**	–
4	Adjustment due to opening balance	**(6.64)**	(10.00)
5	**Total expenses included in employee benefits expense**	**(136.28)**	159.01
II	**Amount recognised in Other Comprehensive income for the year**		
1	Actuarial (gains)/losses arising from changes in demographic assumption	**29.17**	(34.32)
2	Actuarial (gains)/losses arising from changes in financial assumption	**4.38**	102.62
3	Actuarial (gains)/losses arising from changes in experience adjustment	**(1.83)**	64.38
4	Return on plan assets	**–**	–
	Recognised in other comprehensive income	**31.72**	132.68
III	**Change in the present value of obligation during the year**		
1	Present value of defined benefit obligation at the beginning of the year	**937.77**	630.19
2	Current service cost	**137.53**	162.29
3	Past service cost	**(284.11)**	–
4	Interest cost/income	**63.39**	48.33
5	Remeasurements (gains)/ losses		
	(i) Actuarial (gains)/losses arising from changes in demographic assumption	**29.17**	(34.32)
	(ii) Actuarial (gains)/losses arising from changes in financial assumption	**4.38**	102.62
	(iii) Actuarial (gains)/losses arising from changes in experience adjustment	**(1.83)**	64.38
6	Benefits paid	**(63.86)**	(35.72)
7	Present value of defined benefit obligation at the end of the year	**822.44**	937.77
IV	**Change in fair value of plan assets during the year**		
1	Fair value of plan assets at the beginning of the year	**680.56**	532.52
2	Interest income	**–**	–
3	Contributions by employer	**188.41**	132.15
4	Benefits paid	**(63.86)**	(35.72)
5	Return on plan assets excluding interest income	**46.46**	41.61
6	Adjustment to the change in opening balance of plan assets	**6.64**	10.00
7	Fair value of plan assets at the end of the year	**858.21**	680.56
V	**Net Asset/(Liability) recognised in the Balance Sheet as at**		
1	Present value of defined benefit obligation	**822.44**	937.77
2	Fair value of plan assets	**858.21**	680.56
3	Surplus/(Deficit)	**35.77**	(257.21)
4	Current portion of the above	**35.77**	(257.21)
5	Non current portion of the above	**–**	–
VI	**Actuarial assumptions and Sensitivity**		
1	Discount rate	**6.76%**	6.76%
2	Expected rate of return on plan assets	**–**	–
3	Salary growth rate	**7.00%**	7.00%
4	Attrition rate	**"37% for age upto 30, 32% for age 31-44, 15% for above 44"**	"52% for age upto 30, 41% for age 31-44, 33% for above 44"
5	In-service mortality	**"Indian Assured Lives Mortality (2012-14) Ultimate"**	"Indian Assured Lives Mortality (2012-14) Ultimate"

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as below:

Assumptions	31 March 2021	31 March 2020
One percentage point increase in discount rate	**(29.49)**	(20.57)
One percentage point decrease in discount rate	**32.11**	24.11
One percentage point increase in salary growth rate	**30.74**	23.82
One percentage point decrease in salary growth rate	**(29.69)**	(20.71)

Maturity profile of defined benefit obligation

	31 March 2021	31 March 2020
Within 1 year	**423.44**	797.52
Between 1 and 5 years	**2,603.93**	5,737.70

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

The plan assets have been primarily invested in government securities and corporate bonds.

The cost of the defined benefit plans and other long term benefits are determined using actuarial valuations. Actuarial valuations involve making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rate. Due to these complexity involved in the valuation it is highly sensitive to the changes in these assumptions. All assumptions are reviewed at each reporting date. The present value of the defined benefit obligation and the related current service cost and planned service cost were measured using the projected unit cost method.

During the year ended 31 March 2021, there was a revision in salary structure by reduction of basic pay with corresponding increase in variable pay of employees in certain grades made effective during the last quarter of the previous financial year which resulted in reduction in valuation of defined benefit obligation on account of gains recorded in past service cost amounting to Rs. 284.11 lakhs and the same was netted against expenses recognized in Statement of Profit and Loss under the head Employee Benefits Expense. Accordingly, the Company had recognized a net gain of Rs. 136.28 lakhs for the year ended 31 March 2021 in the Statement of Profit and Loss under the head Employee Benefits Expense.

During the year ended 31 March 2021, there was no increment in the salary due to lower business performance caused by COVID-19 led disruptions. As the salary structure primarily remained same as previous year, the actuarial valuation of defined benefit obligations for the current year were at same level as previous year except for change in assumptions or certain parameters used in valuation.

The Company's contribution to provident fund and superannuation fund aggregating Rs. 1,426.12 lakhs (31 March 2020 : Rs. 1,664.90 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expenses.

34 Operating segments

There is no separate reportable segment as per Ind AS 108 on "Operating Segments" in respect of the Company.

The Company operates in single segment only. There are no operations outside India and hence there is no external revenue or assets which require disclosure.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue in the year ended 31 March 2021 or 31 March 2020

35 Leases

In the cases where assets are taken on operating lease (as lessee) -

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipments and general purpose office equipments used for operating activities.

In accordance with the requirements under Ind AS 116, Leases, the Company has recognized the lease liability at the present value of the future lease payments discounted at the incremental borrowing rate at the date of initial application as at 1 April 2019, and thereafter, at the inception of respective lease contracts, ROU asset equal to lease liability is recognized at the incremental borrowing rate prevailed during that relevant period subject to certain practical expedients as allowed by the standard.

The weighted average incremental borrowing rate of 9.75% has been applied to lease liabilities recognised in the balance sheet at the date of initial application.

Maturity analysis – contractual undiscounted cash flows	31 March 2021	31 March 2020
Less than 1 year	**799.66**	786.19
1-3 years	**1,471.13**	1,474.63
3-5 years	**1,231.98**	1,202.39
More than 5 years	**706.89**	927.46
Total undiscounted lease liabilities	**4,209.66**	**4,390.67**

Other disclosures:

Following table summarizes other disclosures including the note references for the expense, asset and liability heads under which certain expenses, assets and liability items are grouped in the financial statements.

Particulars		31 March 2021	31 March 2020
i)	Depreciation charge for Right-Of-Use assets for Leasehold premises (presented under note - 29 "Depreciation, amortization and impairment")	**632.68**	660.64
ii)	Interest expense on lease liabilities (presented under note - 25 "Finance costs")	**271.70**	320.37
iii)	Expense relating to short-term leases	**–**	–
iv)	Expense relating to leases of low-value assets	**100.16**	108.74
v)	Payments for lease liability	**775.65**	768.20
vi)	Additions to right-of-use assets during the year	**408.28**	288.14
vii)	Carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset -		
	– Property taken on lease for office premises (presented under note - 8 "Property, plant and equipments")	**2,913.82**	3,138.22
viii)	Lease liabilities (presented under note - 15 "Other financial liabilities")	**3,255.36**	3,351.03

Pursuant to amendments brought in by the Ministry of Corporate Affairs through the Companies (Indian Accounting Standards) Amendment Rules, 2020 vide notification dated 24 July 2020, Ind AS 116 - Leases was amended by inserting certain paragraphs (46A and 46B) related to application of practical expedient to Covid-19-Related Rent Concessions. The Company had applied the practical expedient to all such rent concessions received during the year ended 31 March 2021 from certain Lessors that meet the conditions specified in paragraph 46B. The amount of rent concessions recognized in the statement of profit or loss for the current year is not material.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

36 Frauds reported during the period

There were 95 cases (31 March 2020: 279 cases) of frauds amounting to Rs. 255.91 Lakhs (31 March 2020: Rs. 239.84 Lakhs) reported during the year. The Company has recovered amount of Rs. 266.36 Lakhs (31 March 2020: Rs.106.96 Lakhs) and wherever required has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses are lodged with the insurance companies on merit basis.

37 Contingent liabilities and commitments (to the extent not provided for)

	31 March 2021	31 March 2020
i) Claims against the Company not acknowledged as debt		
Legal suits filed by customers	**134.36**	170.58
Income Tax	**116.87**	69.95
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**155.02**	108.78
Other commitments:		
Amount on account of loan sanctioned but not disbursed	**37,435.01**	41,981.03
Total	**37,841.26**	42,330.34

The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Income Tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial performance and financial position regarding the amounts disclosed above, it is not practicable to disclose information on the possibility of any reimbursements as it is determinable only on the occurrence of uncertain future events.

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

38 Corporate Social Responsibility (CSR)

The CSR activities of the Company shall include, but not limited to any or all of the sectors/activities as may be prescribed by Schedule VII of the Companies Act, 2013 amended from time to time. Further, the Company reviews the sectors/activities from time to time and make additions/ deletions/ clarifications to the above sectors/activities.

During the period, the Company has incurred an expenditure of Rs. 756.25 Lakhs (31 March 2020: Rs. 611.32 Lakhs) towards CSR activities which includes contribution / donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs. NIL (31 March 2020: Rs. 21.81 Lakhs) towards the CSR activities undertaken by the Company.

Detail of amount spent towards CSR activities:

a) Gross amount required to be spent by the Company during the period is Rs. 756.24 lakhs (31 March 2020: Rs. 611.25 lakhs).

b) Amount spent by the Company during the period:

		For the year ended 31 March 2021			For the year ended 31 March 2020		
Particulars		**In cash**	**Yet to be paid in cash**	**Total**	In cash	Yet to be paid in cash	Total
i)	Construction/acquisition of any asset	**–**	**–**	**–**	–	–	–
ii)	On purpose other than (i) above	**756.25**	**–**	**756.25**	611.32	–	611.32

39 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the period end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts has been made in the books of accounts. The Company has not entered into derivative contracts during the year.

40 Capital Management

The Reserve Bank of India vide its circular reference RBI/2020-21/60 DOR. NBFC (HFC). CC. No. 118/03.10.136/2020-21 dated 22 October 2020 has made applicable regulation issued by The Reserve Bank of India vide its circular reference RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 outlining the regulatory guidance in relation to Ind AS financial statements. This included guidance for computation of 'owned funds' , 'net owned funds' and 'regulatory capital'. Accordingly, effective from the financial year ended 31 March 2021, the 'regulatory capital' has been computed in accordance with these requirements.

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or convertible and/or combination of short term /long term debt as may be appropriate.

The Company determines the amount of capital required on the basis of its operations, capital expenditure and strategic investment plans. The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio.

The Company is subject to the capital adequacy requirements as per Chapter IV "Capital" of Master Directions. As per Capital requirement guidelines, the Company is required to maintain a capital adequacy ratio on an going basis consisting of Tier I and Tier II Capital which shall not be less than 14% on or before 31st March 2021 of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet. The Tier I capital at any point of time shall not be less than 10 percent. The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital.

Company has complied with all regulatory requirements related to regulatory capital and capital adequacy ratios as prescribed by RBI.

Regulatory capital

	31 March 2021	31 March 2020
Tier 1 capital	**130,685.04**	105,519.56
Tier 2 capital	**49,530.31**	44,110.22
Total capital	**180,215.35**	149,629.78
Risk weighted assets	**413,345.61**	347,640.16
Tier 1 capital ratio	**31.62%**	30.35%
Tier 2 capital ratio	**11.98%**	12.69%
Total capital ratio	**43.60%**	43.04%

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

"Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies including housing finance companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

"Owned Fund" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves including balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

Tier II capital" includes the following -

a. Preference shares other than those which are compulsorily convertible into equity;

b. Revaluation reserves at discounted rate of fifty-five per cent.

c. General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth per cent of risk weighted assets;

d. Hybrid debt capital instruments and

e. Subordinated debt;

to the extent the aggregate does not exceed Tier I capital.

41 Taxation

Deferred tax assets

	Balance as at 01 April 2019	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2020	**Charge/ (credit) to profit and loss**	**Charge/ (credit) to OCI**	**Balance as at 31 March 2021**
Tax effect of items constituting deferred tax liabilities:							
– FVTPL through investment	–	0.52	–	0.52	**239.26**	**–**	**239.78**
	–	**0.52**	**–**	**0.52**	**239.26**	**–**	**239.78**
Tax effect of items constituting deferred tax assets:							
– Provision for employee benefits & others	500.51	20.75	17.79	539.05	**(203.68)**	**7.98**	**343.35**
– Allowance for Expected Credit Loss (ECL)	1,313.08	3,328.68	–	4,641.77	**1,033.47**	**–**	**5,675.24**
– Effective Interest Rate (EIR) on financial instruments	5,292.13	(2,394.45)	–	2,897.68	**(562.43)**	**–**	**2,335.25**
– Depreciation on property, plant and equipment	299.25	(25.92)	–	273.33	**72.09**	**–**	**345.42**
– Lease liabilities	–	53.56	–	53.56	**32.40**	**–**	**85.96**
– Other provisions	–	43.88	–	43.88	**5.04**	**–**	**48.92**
	7,404.97	**1,026.50**	**17.79**	**8,449.27**	**376.89**	**7.98**	**8,834.14**
Total deferred tax assets (net)	7,404.97	1,025.98	17.79	8,448.75	**137.63**	**7.98**	**8,594.36**

Income tax recognised in Statement of Profit and loss

	31 March 2021	31 March 2020
Current tax:		
In respect of current year	**4,785.00**	6,850.00
In respect of prior years	**(217.25)**	(119.80)
	4,567.75	6,730.20
Deferred tax:		
In respect of current year origination and reversal of temporary differences	**(137.63)**	(3,082.01)
In respect of prior years	**–**	2,056.03
	(137.63)	(1,025.98)
Total income tax recognised in Statement of Profit and Loss	**4,430.12**	5,704.22

Income tax recognised in Other Comprehensive Income

	31 March 2021	31 March 2020
Deferred tax related to items recognised in Other Comprehensive Income during the year:		
Remeasurement of defined employee benefits for current year	**(7.98)**	(33.39)
Re-measurement of opening deferred tax assets due to income tax rate change from 34.944% to 25.168%*	**–**	15.60
Total income tax recognised in Other Comprehensive Income	**(7.98)**	(17.79)

* For the year ending 31 March 2020, the total impact due to re-measurement of opening deferred tax assets is of Rs. 2071.63 Lakhs, out of which Rs. 2056.03 Lakhs is debited to the deferred tax in statement of profit & loss and Rs. 15.60 Lakhs has been classified through OCI deferred tax.

Reconciliation of estimated income tax expense at tax rate to income tax expense reported in the statement of profit and loss:

	31 March 2021	31 March 2020
Profit before tax	**19,530.71**	20,559.92
Applicable income tax rate	**25.168%**	25.168%
Expected income tax expense	**4,915.49**	5,174.52
Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
Effect of income exempt from tax	–	(61.20)
Effect of expenses / provisions not deductible in determining taxable profit	**(268.12)**	(1,345.33)
Effect of differential tax rate (Re-measurement of opening deferred tax assets due to income tax rate change from 34.944% to 25.168%)*	–	2,056.03
Tax of earlier years	**(217.25)**	(119.80)
Income tax expense	**4,430.12**	5,704.22

*The Taxation Laws (Amendment) Ordinance, 2019 contained substantial amendments in the Income Tax Act 1961 and the Finance (No. 2) Act 2019 provided an option to domestic companies to pay income tax at a concessional rate. The Company had elected to apply the concessional tax rate. Accordingly, the Company has recognised the provision for income tax and re-measured the net deferred tax assets at concessional rate for the year ended 31 March 2020. Further, the opening net deferred tax asset has been re-measured at lower rate with a one-time impact of Rs. 2,071.63 lakhs, out of which Rs. 2056.03 lakhs is debited to the deferred tax in statement of profit & loss and Rs. 15.60 lakhs has been classified through deferred tax under other comprehensive income for the year ended 31 March 2020.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

42 Change in liabilities arising from financing activities

Particulars	31 March 2020	Cash flows	Amortisation of loan origination costs	New lease origination	31 March 2021
Debt securities	199,973.34	84,150.00	(475.62)	–	283,647.72
Borrowings other than debt securities	418,904.33	(53,364.45)	20.11	–	365,559.99
Subordinated liabilities	41,015.78	5,000.00	(6.31)	–	46,009.47
Dividend paid including dividend distribution tax	–	–	–	–	–
Lease liability	3,351.03	(503.95)	–	679.98	3,527.06
Total liabilities from financing activities	663,244.48	35,281.60	(461.82)	679.98	698,744.24

Particulars	31 March 2019	Cash flows	Amortisation of loan origination costs	New lease origination	31 March 2020
Debt securities	239,650.58	(41,500.00)	1,822.76	–	199,973.34
Borrowings other than debt securities	362,919.09	56,031.39	(46.15)	–	418,904.33
Subordinated liabilities	31,024.26	10,000.00	(8.48)	–	41,015.78
Dividend paid including dividend distribution tax	–	(2,963.07)	–	–	–
Lease liability	–	(768.20)	–	4,119.23	3,351.03
Total liabilities from financing activities	633,593.93	20,800.12	1,768.13	4,119.23	663,244.48

43 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled.

	31 March 2021			31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial Assets						
Cash and cash equivalents	21,813.65	–	21,813.65	9,238.78	–	9,238.78
Bank balance other than above	47,437.81	–	47,437.81	–	–	–
Loans	231,864.74	480,945.76	712,810.50	229,332.95	557,675.05	787,008.00
Investments	81,328.67	–	81,328.67	11,509.35	–	11,509.35
Other financial assets	307.05	310.61	617.66	62.85	290.18	353.03
Non-financial Assets						
Current tax assets (Net)	–	81.48	81.48	–	528.62	528.62
Deferred tax assets (Net)	–	8,594.36	8,594.36	–	8,448.75	8,448.75
Property, plant and equipment	–	4,553.38	4,553.38	–	5,294.35	5,294.35
Other intangible assets	–	41.92	41.92	–	47.50	47.50
Other non-financial assets	4,281.90	51.09	4,332.99	837.69	504.88	1,342.57
Total	387,033.82	494,578.60	881,612.42	250,981.62	572,789.33	823,770.95
Liabilities						
Financial Liabilities						
Payables						
I) Trade Payables						
i) total outstanding dues of micro enterprises and small enterprises	1.45	–	1.45	0.07	–	0.07
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	8,367.15	–	8,367.15	4,909.81	–	4,909.81
II) Other Payables						
i) total outstanding dues of micro enterprises and small enterprises	–	–	–	–	–	–
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	22.89	–	22.89	20.25	–	20.25
Debt Securities	84,621.13	199,026.59	283,647.72	79,258.04	120,715.30	199,973.34
Borrowings (Other than Debt Securities)	152,620.45	212,939.54	365,559.99	182,725.89	236,178.44	418,904.33

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

	31 March 2021 Within 12 months	31 March 2021 After 12 months	31 March 2021 Total	31 March 2020 Within 12 months	31 March 2020 After 12 months	31 March 2020 Total
Subordinated Liabilities	–	46,009.47	46,009.47	–	41,015.78	41,015.78
Other financial liabilities	33,007.44	2,732.34	35,739.78	22,726.43	8,407.28	31,133.71
Non-Financial Liabilities						
Current tax liabilities (Net)	–	–	–	345.84	–	345.84
Provisions	818.03	664.14	1,482.17	1,293.23	799.98	2,093.21
Other non-financial liabilities	507.75	–	507.75	560.46	–	560.46
Total	279,966.29	461,372.08	741,338.37	291,840.02	407,116.78	698,956.80
Net	107,067.53	33,206.52	140,274.05	(40,858.40)	165,672.55	124,814.15

44 Analysis of financial assets and liabilities and loan commitments

a The table below summarises the maturity pattern of certain items of assets and liabilities:

31 March 2021	Upto 1 month	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 years	Total
Financial Assets											
Cash and cash equivalents	7,338.65	–	14,475.00	–	–	–	–	–	–	–	21,813.65
Bank balance other than above	19,499.65	1,582.33	26,355.83	–	–	–	–	–	–	–	47,437.81
Financial investments	81,328.67	–	–	–	–	–	–	–	–	–	81,328.67
Loans	24,831.23	23,683.65	22,927.61	39,962.56	120,459.69	251,783.46	99,831.01	28,198.20	38,883.24	62,249.84	712,810.50
Other financial assets	203.53	18.76	57.97	14.00	12.79	82.34	64.20	132.32	31.74	–	617.66
Total Financial Assets	133,201.72	25,284.74	63,816.41	39,976.56	120,472.48	251,865.80	99,895.22	28,330.52	38,914.99	62,249.84	864,008.29
Financial Liabilities											
Debt securities	9,974.42	466.23	26,472.83	45,273.50	2,434.15	184,542.77	9,976.78	999.19	3,507.85	–	283,647.72
Borrowings (other than debt securities)	28,276.29	14,998.44	12,949.89	22,999.81	73,396.02	183,614.35	29,325.19	–	–	–	365,560.00
Subordinated liabilities	–	–	–	–	–	–	6,873.52	20,664.27	18,471.68	–	46,009.47
Other financial liabilities	10,591.65	6,488.37	10,666.72	12,318.54	1,333.65	1,065.64	1,023.37	538.97	104.36	–	44,131.27
Total Financial Liabilities	48,842.36	21,953.04	50,089.44	80,591.85	77,163.82	369,222.77	47,198.86	22,202.43	22,083.90	–	739,348.47
Total Financial Assets / (Liabilities) - Net	84,359.36	3,331.70	13,726.97	(40,615.29)	43,308.66	(117,356.96)	52,696.36	6,128.09	16,831.09	62,249.84	124,659.83

b The table below summarises the contractual expiry by maturity of the undiscounted cash flows of the Company's loan commitments

31 March 2021	Up to 3 months	Over 3 months & upto 12 months	Total
Loan commitments	29,511.57	7,923.44	37,435.01

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

a The table below summarises the maturity pattern of certain items of assets and liabilities:

31 March 2020	Upto 1 month	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 years	Total
Financial Assets											
Cash and cash equivalents and other bank balances	9,238.78	–	–	–	–	–	–	–	–	–	9,238.78
Financial investments	11,507.28	–	–	–	–	–	–	–	–	–	11,507.28
Loans	72,889.83	13,247.44	19,081.86	39,838.17	82,149.69	295,900.68	147,005.13	36,579.31	40,620.75	70,407.67	817,720.53
Other financial assets	17.63	12.42	14.15	5.15	11.73	68.67	60.37	90.66	72.25	–	353.03
Total Financial Assets	93,653.52	13,259.86	19,096.01	39,843.33	82,161.42	295,969.36	147,065.50	36,669.96	40,693.00	70,407.67	838,819.62
Financial Liabilities											
Debt securities	15,350.00	11,500.00	1,000.00	15,000.00	36,500.00	86,800.00	29,500.00	1,000.00	3,510.00	–	200,160.00
Borrowings (other than debt securities)	12,552.78	25,650.00	15,694.44	37,349.09	79,000.00	212,204.17	36,500.00	–	–	–	418,950.48
Subordinated liabilities	–	–	–	–	–	–	1,000.00	18,200.00	22,000.00	–	41,200.00
Other financial liabilities	3,927.19	8,658.55	5,153.86	4,858.06	4,923.12	6,738.79	961.58	719.52	123.16	0.00	36,063.84
Total Financial Liabilities	31,829.97	45,808.55	21,848.30	57,207.15	120,423.12	305,742.96	67,961.58	19,919.52	25,633.16	0.00	696,374.32
Total Financial Assets / (Liabilities) - Net	61,823.55	(32,548.70)	(2,752.29)	(17,363.83)	(38,261.70)	(9,773.60)	79,103.92	16,750.44	15,059.84	70,407.67	142,445.30

b The table below summarises the contractual expiry by maturity of the undiscounted cash flows of the Company's loan commitments

31 March 2020	Up to 3 months	Over 3 months & upto 12 months	Total
Loan commitments	20,990.52	20,990.51	41,981.03

45 Financial Risk Management Framework

In the course of its business, the Company is exposed to certain financial risks namely credit risk, interest risk, currency risk & liquidity risk.The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors.

Board of Directors of the Company have established Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring risk management policies for its business. The Company's financial services businesses are exposed to high credit risk given the unbanked rural customer base. The credit risk is managed through credit norms established based on historical experience.

i) Market Risk

Market the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the return.

a) Pricing Risk

The Company's investment in Mutual Funds is exposed to pricing risk. A 1 percent increase in Net Assets Value (NAV) would increase profit before tax by approximately Rs 813.29 lakhs (31st March 2020 : Rs 115.09 lakhs). A similar percentage decrease would have resulted equivalent opposite impact.

b) Currency Risk

The Company does not have significant foreign currency exposure. As a result, the Company is not exposed to currency risk.

c) Interest Rate Risk

The Company uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day-to-day operations. Further, certain interest bearing liabilities carry variable interest rates.

Interest Rate sensitivity

The sensitivity analyses below have been determined based on exposure to financial instruments at the end of the reporting year. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting year was outstanding for the whole year. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the financial assets & liabilities.

With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings and floating rate advances given, as follows:

	Currency	Increase/ decrease in basis points	Effect on profit before tax	Effect on pre-tax equity
Year ended 31 March 2021	**INR**	**100**	**720.29**	**–**
Year ended 31 March 2020	INR	100	1,258.64	–

Offsetting of balances: The Company has not offset financial assets and financial liabilities.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

ii) Credit Risk Management

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its loans primarily based on days past due monitoring as at a period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

Credit quality of financial assets

The following table sets out information about credit quality of loan assets measured at amortised cost primarily based on months past due information. The amount represents gross carrying amount.

Particulars	31 March 2021	31 March 2020
Gross carrying value of loan assets		
Neither Past due nor impaired	**373,684.69**	497,117.82
30 days past due	**81,516.30**	54,767.22
31 - 90 days past due	**208,876.36**	164,783.15
Impaired (more than 90 days past due)	**100,593.39**	127,721.16
Total Gross carrying value as at reporting date	**764,670.74**	844,389.35

The Company reviews the credit quality of its loans based on the ageing of the loan at the period end. Since the company is into retail home loan lending business, there is no significant credit risk of any individual customer that may impact company adversely, and hence, the Company has calculated its ECL allowances on a collective basis.

Inputs considered in the ECL model

In assessing the impairment of loan assets under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorises loan assets into stages primarily based on the Days Past Due status.

Stage 1 : 0-30 days past due

Stage 2 : 31-90 days past due

Stage 3 : More than 90 days past due

(a) RBI COVID-19 Regulatory Package

In accordance with the Reserve Bank of India (RBI) notification no. RBI/2019-20/186 DOR.No.BP.BC.47/21.04.048/2019-20 dated 27th March, 2020, RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020 and Press Release: 2019-2020/2392 dated 22 May 2020 relating to 'COVID-19 - Regulatory Package', the Company, as per its Board approved policy and ICAI advisories, has granted moratorium upto six months on the payment of installments which became due between 1 March 2020 and 31 August 2020 to all eligible borrowers. This relaxation did not automatically trigger a significant increase in credit risk. The Company continued to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period did not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria and accordingly, the staging of such borrowers as at 31 March 2021 is based on days past dues status considering the benefit of moratorium period.

During the previous year ended 31 March 2020, in accordance with the Reserve Bank of India (RBI) notification relating to 'COVID-19 - Regulatory Package', till the date of results, the Company, as per its Board approved policy and ICAI advisories, has granted moratorium upto three months on the payment of installments falling due between 1 March 2020 and 31 May 2020 to all eligible borrowers. And in respect of accounts overdue but standard (i.e, stage 1 and stage 2) at 29 February 2020 where moratorium benefit has been granted, for the purpose of staging of those accounts and for determination of impairement loss allowance as at 31 March 2020, the days past due status as on 29 February 2020 has been considered.

(b) Impact of COVID-19

The impact of COVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to COVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy.

The Covid-19 outbreak and its effect on the economy has impacted our customers and our performance, and the future effects of the outbreak remain uncertain. The outbreak necessitated government to respond at unprecedented levels to protect public health, local economies and livelihoods. There remains a risk of subsequent waves of infection, as evidenced by the recently emerged variants of the virus.

Across the geographies and segments where we operate, the Covid-19 outbreak has led to a worsening of economic conditions and increased uncertainty, which has been reflected in higher ECL provisions. Furthermore, credit losses may increase due to exposure to vulnerable sectors of the economy such as retail, hospitality and commercial real estate. The impact of the pandemic on the long-term prospects of businesses in these sectors is uncertain and may lead to significant credit losses on specific exposures, which may not be fully captured in ECL estimates.

The significant changes in economic and market drivers, customer behaviours and government actions caused by Covid-19 have materially impacted the performance of financial models. ECL model performance has been significantly impacted, which has increased reliance on management judgement in determining the appropriate level of ECL estimates. The reliability of ECL models under these circumstances has also been impacted by the unprecedented response from governments to provide a variety of economic stimulus packages to support livelihoods and businesses. Historical observations on which the models were built do not reflect these unprecedented support measures. We continue to monitor credit performance against the level of government support and customer relief programmes.

While the methodologies and assumptions applied in the impairment loss allowance calculations have primarily remained unchanged from those applied while preparing the financial results for the period ended March 2020, the Company has separately incorporated estimates, assumptions and judgements specific to the impact of the COVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance and has included management overlay amounting to Rs. 9,745.41 lakhs (31 March 2020: Rs. 15,451.93 lakhs) in the total impairment provision recognised in the statement of profit and loss. The final impact of this pandemic and the Company's impairment loss allowance estimates are inherently uncertain, and hence, the actual impact may be different than that estimated based on the conditions prevailing as at the date of approval of these financial results. The management will continue to closely monitor the material changes in the macro-economic factors impacting the operations of the Company.

(c) Definition of default

The Company considers a financial asset to be in "default" and therefore Stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.

(d) Exposure at default

"Exposure at Default" (EAD) represents the gross carrying amount of the assets subject to impairment calculation. Future Expected Cash flows (Principal and Interest) for future years has been used as exposure for Stage 2.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

(e) Estimations and assumptions considered in the ECL model

The Company has made the following assumptions in the ECL Model:

a. "Loss given default" (LGD) is common for all three Stages and is based on loss in past portfolio. Actual cashflows on the past portfolio are discounted at portfolio EIR rate for arriving at the loss rate.

b. "Probability of Default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD at 100%. This is calculated as an average of the last 60 months yearly movement of default rates and further adjusted for macro economic factors.

(f) Measurement of ECL

ECL is measured as follows:

– financial assets that are not credit impaired at the reporting date: for Stage 1, gross exposure is multiplied by PD and LGD percentage to arrive at the ECL. For Stage 2, future Expected Cash flows (Principal and Interest) for respective future years is multiplied by respective years Marginal PDs and LGD percentage and thus arrived ECL is then discounted with the respective loan EIR to calculate the present value of ECL.

– financial assets that are credit impaired at the reporting date: the difference between the gross exposure at reporting date and computed carrying amount considering EAD net of LGD and actual cash flows till reporting date;

– undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive.

(g) Forward Looking Information

Historical PDs have been converted into forward looking PD which incorporates the forward looking economic outlook. Considering that major chunk of borrowers in the retail portfolio is from rural area, Agriculture (real change % p.a.) is used as a macroeconomic variable.

The macroeconomic variables considered by the Company are robust reflections of the state of economy which result into systematic risk for the respective portfolio segments.

Additionally, three different scenarios have been considered for ECL calculation. Along with the actual numbers (considered for base case scenario), other scenarios take care of the worsening as well as improving forward looking economic outlook. As at 31 March 2021, the probability assigned to base case scenario assumptions have been updated to reflect the rapidly evolving situation with respect to Covid-19. This includes an assessment of the effectiveness of stimulus packages announced by government and regulatory measures imparted by RBI. These are considered in determining the length and severity of the forecast economic downturn. The Company's base case economic forecast scenarios reflects a deterioration in economic conditions in the first quarter with a gradual improvement thereafter. In addition to the base case forecast which reflects largely the negative economic consequences of COVID-19, greater weighting has been applied to the downside scenarios given the Company's assessment of downside risks.

(h) Assessment of significant increase in credit risk

When determining whether the credit risk has increased significantly since initial recognition, the Company considers both quantitative and qualitative information and analysis based on the Company's historical experience, including forward-looking information. The Company considers reasonable and supportable information that is relevant and available without undue cost and effort. The Company's accounting policy is not to use the practical expedient that the financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Company monitors all financial assets and loan commitments that are subject to impairment for significant increase in credit risk.

Based on the assessment by the Company, the RBI moratorium relaxation offered to the customers recognising the potential detrimental impact of COVID-19 has not been deemed to be automatically triggering significant increase in credit risk. The Company continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria.

As a part of the qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. In such instances, the Company treats the customer at default and therefore, assesses such loans as Stage 3 for ECL calculations, following are such instances:

– A Stage 3 customer having other loans which are in Stage 1 or 2.

– Cases where Company suspects fraud and legal proceedings are initiated.

Further, the Company classifies certain category of exposures in to Stage 3 and makes accelerated provision upto 100% based on qualitative assessment implying the significant deterioration in asset quality or increase in credit risk on selective basis

Assessment of loan modifications on credit risk

In response to the economic fall-out on account of Covid-19 pandemic, RBI on August 6, 2020 announced resolution plan framework vide circular no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 for personal loan customers. Loan modifications executed under these schemes have not been classified as renegotiated as they are as a result of market-wide customer relief programme and not borrower-specific. We continue to monitor the recoverability of loans granted in accordance with these circulars.The on-going and future performance of such loans remains an area of uncertainty at 31 March 2021. The relevant details in respect of these loans have been presented under note 46.

(i) Policy for write off of Loan Assets

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the loan outstanding dues. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made from written off assets are netted off against the amount of financial assets written off during the year under "bad debts/loss on termination" forming part of "impariment on financial instruments" in statement of profit and loss.

(j) Analysis of inputs to the ECL model with respect to macro economic variable

The below table shows the values of the forward looking macro economic variable used in each of the scenarios for the ECL calculations. For this purpose, the Company has used the data source of Economist Intelligence Unit.The upside and downside % change has been derived using historical standard deviation from the base scenario based on previous 8 years change in the variable.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

ECL scenario for Macro Economic Variable Probability Assigned	Year		Best Case	Base Case	Worst Case
			10%	65%	25%
Agriculture (% real change p.a)					
	2020	%	5.4	3.0	0.6
	2021	%	5.4	3.0	0.6
	2022	%	5.5	3.1	0.7
	2023	%	5.7	3.3	0.9
	2024	%	7.4	5.0	2.5
	2025	%	6.2	3.8	1.3
	2026	%	4.7	2.2	(0.2)
	Subsequent Years	%	4.3	1.9	(0.5)

Impairment loss

The expected credit loss allowance provision for loans is determined as follows:

	Performing Loans - 12 month ECL	Underperforming loans - lifetime ECL not credit impaired	Impaired loans - lifetime ECL credit impaired	Total
Gross Balance as at 31 March 2021	**455,200.99**	**208,876.36**	**100,593.39**	**764,670.74**
Expected credit loss rate	**1.34%**	**8.55%**	**27.73%**	
Carrying amount as at 31 March 2021 (net of impairment provision)	**449,095.07**	**191,017.30**	**72,698.14**	**712,810.51**
Gross Balance as at 31 March 2020	551,885.04	164,783.15	127,721.16	844,389.35
Expected credit loss rate	1.04%	6.19%	32.45%	
Carrying amount as at 31 March 2020 (net of impairment provision)	546,159.15	154,578.84	86,270.01	787,008.00

Level of Assessment - Aggregation Criteria

The Company recognises the expected credit losses (ECL) on a collective basis that takes into account comprehensive credit risk information.

Considering the economic and risk characterstics, pricing range, sector concentration, the Company calculates ECL on a collective basis for all stages - Stage 1, Stage 2 and Stage 3 assets.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to loans is, as follows :

Gross exposure reconciliation - Loans

Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount balance as at 1 April 2019	539,528.34	160,582.65	104,763.77	804,874.76
– Transfers to Stage 1	(89,415.09)	72,032.83	17,382.26	–
– Transfers to Stage 2	23,434.31	(42,431.27)	18,996.96	–
– Transfers to Stage 3	3,906.13	1,691.53	(5,597.66)	–
– Loans that have been derecognised during the period	(25,629.75)	(8,284.37)	(6,545.96)	(40,460.08)
New loans originated during the year	148,298.06	7,061.38	104.61	155,464.05
Write-offs	–	–	(8,676.93)	(8,676.93)
Remeasurement of net exposure	(48,236.96)	(25,869.60)	7,294.11	(66,812.45)
Gross carrying amount balance as at 31 March 2020	**551,885.04**	**164,783.15**	**127,721.16**	**844,389.35**
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	**(106,033.41)**	**96,339.22**	**9,694.19**	**–**
– Transfers to Stage 2	**33,037.11**	**(42,261.47)**	**9,224.36**	**–**
– Transfers to Stage 3	**3,199.59**	**1,927.71**	**(5,127.30)**	**–**
– Loans that have been derecognised during the period	**(31,372.27)**	**(8,593.21)**	**(23,917.77)**	**(63,883.25)**
New loans originated during the year	**58,242.67**	**2,701.28**	**–**	**60,943.95**
Write-offs	**(0.76)**	**–**	**(26,040.06)**	**(26,040.82)**
Remeasurement of net exposure	**(53,756.98)**	**(6,020.32)**	**9,038.81**	**(50,738.49)**
Gross carrying amount balance as at 31 March 2021	**455,200.99**	**208,876.36**	**100,593.39**	**764,670.74**

* The contractual amount outstanding on financial assets that have been written off during the year ended 31 March 2021 and were still subject to enforcement activity was Rs. 8,009.65 Lakhs (31 March 2020 : Rs. 3767.25 Lakhs)

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

Gross exposure reconciliation - Loan commitments

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2019	62,474.75	1,003.42	51.59	63,529.76
– Transfers to Stage 1	(114.15)	114.15	–	–
– Transfers to Stage 2	8.21	(8.21)	–	–
– Transfers to Stage 3	–	–	–	–
– Loans that have been derecognised during the period	(60,034.26)	(992.57)	(51.59)	(61,078.42)
New loans originated during the year	40,840.91	328.82	0.60	41,170.33
Write-offs	–	–	–	–
Remeasurement of net exposure	(1,572.04)	(68.60)	–	(1,640.64)
Gross carrying amount balance as at 31 March 2020	**41,603.42**	**377.01**	**0.60**	**41,981.03**
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	**(949.23)**	**946.43**	**2.80**	–
– Transfers to Stage 2	**19.35**	**(21.75)**	**2.40**	–
– Transfers to Stage 3	–	–	–	–
– Loans that have been derecognised during the period	**(36,351.86)**	**(350.24)**	**(0.60)**	**(36,702.70)**
New loans originated during the year	**34,291.32**	**663.35**	–	**34,954.67**
Write-offs	–	–	–	–
Remeasurement of net exposure	**(2,259.59)**	**(537.76)**	**(0.64)**	**(2,797.99)**
Gross carrying amount balance as at 31 March 2021	**36,353.41**	**1,077.04**	**4.56**	**37,435.01**

Reconciliation of ECL balance on loans

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2019	4,991.61	10,721.81	20,236.44	35,949.86
– Transfers to Stage 1	(891.81)	708.88	182.93	–
– Transfers to Stage 2	1,564.67	(2,833.06)	1,268.39	–
– Transfers to Stage 3	824.83	374.37	(1,199.20)	–
– Loans that have been derecognised during the period	(211.28)	(553.13)	(1,928.60)	(2,693.01)
New loans originated during the year	1,469.75	436.65	60.25	1,966.65
Write-offs	–	–	(1,264.61)	(1,264.61)
Net remeasurement of loss allowance	(2,021.88)	1,348.79	24,095.55	23,422.46
ECL allowance balance as at 31 March 2020	**5,725.89**	**10,204.31**	**41,451.15**	**57,381.35**
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	**(1,230.80)**	**1,110.64**	**120.16**	–
– Transfers to Stage 2	**2,042.88**	**(2,613.28)**	**570.40**	–
– Transfers to Stage 3	**782.32**	**443.96**	**(1,226.28)**	–
– Loans that have been derecognised during the period	**(313.32)**	**(545.78)**	**(8,500.79)**	**(9,359.89)**
New loans originated during the year	**734.88**	**230.82**	–	**965.70**
Write-offs	**(0.02)**	–	**(16,074.26)**	**(16,074.28)**
Net remeasurement of loss allowance	**(1,635.91)**	**9,028.40**	**11,554.87**	**18,947.36**
ECL allowance balance as at 31 March 2021	**6,105.92**	**17,859.07**	**27,895.25**	**51,860.24**

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

Reconciliation of ECL balance on loan commitments

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2019	558.45	67.00	17.35	642.80
– Transfers to Stage 1	(0.78)	0.78	–	–
– Transfers to Stage 2	0.55	(0.55)	–	–
– Transfers to Stage 3	–	–	–	–
– Loans that have been derecognised during the period	(544.93)	(66.27)	(17.35)	(628.55)
New loans originated during the year	352.98	20.36	0.19	373.53
Write-offs	–	–	–	–
Net remeasurement of loss allowance	(10.39)	2.03	–	(8.36)
ECL allowance balance as at 31 March 2020	**355.88**	**23.35**	**0.19**	**379.42**
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	**(11.15)**	**11.13**	**0.02**	–
– Transfers to Stage 2	**1.20**	**(1.35)**	**0.15**	–
– Transfers to Stage 3	–	–	–	–
– Loans that have been derecognised during the period	**(313.62)**	**(21.69)**	**(0.19)**	**(335.50)**
New loans originated during the year	**391.10**	**48.02**	–	**439.12**
Write-offs	–	–	–	–
Net remeasurement of loss allowance	**(14.99)**	**18.51**	**0.80**	**4.32**
ECL allowance balance as at 31 March 2021	**408.42**	**77.97**	**0.97**	**487.36**

The increase in ECL of the portfolio was driven by an increase in the size of the portfolio, movements between stages as a result of increases in credit risk and due to deterioration in economic conditions.

Significant changes in the gross carrying value that contributed to change in loss allowance

The Company provides loans to retail individual customers in rural and semi urban areas which are of small ticket size. Change in any single customer repayment will not impact significantly to Company's provisioning. All customers are being monitored based on past due and corrective actions are taken accordingly to limit the Company's risk.

Concentration of Credit Risk

Company's loan portfolio is predominantly to finance retail home loans. The Company manages concentration of risk primarily by geographical region in India.The following tables show the geographical concentrations of loans:

Particulars	As at 31 March 2021	As at 31 March 2020
Concentration by Geographical region in India:		
North	**56,240.09**	63,910.54
East	**8,725.56**	8,331.85
West	**369,770.00**	444,777.96
South	**329,935.09**	327,369.00
Total Carrying Value	**764,670.74**	844,389.35

Maximum exposure to credit risk

The maximum exposure to credit risk of loans is their carrying amount. The maximum exposure is before considering the effect of mitigation through collateral.

Collaterals

Narrative description of collateral

Collateral primarily include land and constructed/purchased house property by retail loan customers. Company generally does not obtain additional collateral during the term of the loan.

The below tables provide an analysis of the fair values of collateral held for credit impaired assets:

31 March 2021	Maximum exposure to Credit Risk	Land and Building	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Loans:						
a) Loans against assets	**100,591.34**	**184,021.44**	**(86,680.26)**	**97,341.18**	**3,250.16**	**27,893.12**
b) Others	**2.05**	–	–	–	**2.05**	**2.13**
Total	**100,593.39**	**184,021.44**	**(86,680.26)**	**97,341.18**	**3,252.21**	**27,895.25**

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

31 March 2020	Maximum exposure to Credit Risk	Land and Building	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Loans:						
a) Loans against assets	127,709.15	351,686.04	(226,513.05)	125,172.99	2,536.16	41,439.14
b) Others	12.01	–	–	–	12.01	12.01
Total	127,721.16	351,686.04	(226,513.05)	125,172.99	2,548.17	41,451.15

The Company has provided for additional impairment for the shortfall in collateral value on its credit impaired assets.

Collaterals repossessed

Company did not obtain non financial assets during the year by taking possession of collateral it held as security.

Quantitative information of collateral - credit impaired assets

The Company holds residential properties as collateral for the housing loans it grants to its customers. The Company monitors its exposure to retail lending using the Loan To Value (LTV) ratio, which is calculated as the ratio of the gross amount of the loan - or the amount committed for loan committments - to the value of the collateral. The value of the collateral for residential housing loans is typically based on the collateral value at origination.

(Gross value of total loans to value of collateral)

	Gross Value of total loans	
Loan To Value	**31 March 2021**	31 March 2020
Upto 50%	**296,862.84**	326,461.95
51 - 70%	**322,783.12**	359,923.90
71 - 100%	**144,958.35**	157,888.44
Above 100%	**–**	–
	764,604.31	844,274.29

(Gross value of credit impaired loans to value of collateral)

	Gross value of loans in stage 3	
Loan To Value	**31 March 2021**	31 March 2020
Upto 50%	**32,708.66**	42,500.99
51 - 70%	**48,616.78**	57,917.14
71 - 100%	**19,265.90**	27,290.86
Above 100%	**–**	–
	100,591.34	127,708.99

Disclosure as required under RBI notification no. RBI/2019-20/220 DOR. No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 on COVID-19 Regulatory Package - Asset Classification and Provisioning

		31 March 2021	31 March 2020
i)	Respective amounts in SMA/ overdue categories, where the moratorium/deferment was extended*	**478,816.95**	233,128.35
ii)	Respective amount where asset classification benefits is extended	**NIL****	18,381.36
iii)	Provision made on the cases where asset classification benefit is extended ***	**NIL**	NIL
iv)	Provisions adjusted during the respective accounting periods against slippages and the residual provisions	**NIL**	NIL

* Outstanding as on 31 March 2021 and 31 March 2020 respectively on account of all cases in SMA / overdue categories where moratorium benefit was extended by the Company up to 31 August 2020.

** There are NIL accounts where asset classification benefit is extended till 31 March 2021. Post the moratorium period, the movement of ageing has been at actuals.

*** The Company has made adequate provision for impairment loss allowance (as per ECL model) for the year ended 31 March 2021. Further the Company created an additional general provision for regulatory submission in Q4 2020 and Q1 2021 amounting to Rs. 12,891.60 Lakhs. The residual provisions had been written back / adjusted by the Company in March 2021 as per the circular

iii) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company also has Inter corporate deposits line available from holding company & fellow subsidiary companies within its group to meet any short term fund requirements.

Maturity profile of non-derivative financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted contractual cash flows of financial liabilities based on the earliest date on which the Company may be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is calculated considering interest rate prevailing as at respective year end date.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31 March 2021				
Trade Payable:	**8,368.60**	**–**	**–**	**–**
Other Payable	**22.89**	**–**	**–**	**–**
Debt Securities:				
– Principal	**84,800.00**	**185,000.00**	**10,000.00**	**4,510.00**
– Interest	**31,316.55**	**25,653.46**	**2,360.44**	**1,049.43**
Borrowings (Other than Debt Securities):				
– Principal	**152,637.22**	**183,623.61**	**29,325.19**	**–**
– Interest	**23,495.76**	**16,325.27**	**1,535.37**	**–**
Subordinated liabilities:				
– Principal	**–**	**–**	**7,000.00**	**39,200.00**
– Interest	**4,080.58**	**8,166.57**	**8,074.07**	**8,959.92**
Other financial liabilities:	**33,007.44**	**1,065.64**	**1,023.37**	**643.34**
Total	**337,729.04**	**419,834.55**	**59,318.44**	**54,362.69**
31 March 2020				
Trade payable	4,909.88	–	–	–
Other payable	20.25	–	–	–
Debt Securities:				
– Principal	79,350.00	86,800.00	29,500.00	4,510.00
– Interest	19,363.49	22,818.88	3,666.57	1,455.75
Borrowings (Other than Debt Securities):				
– Principal	182,746.31	212,204.17	24,000.00	–
– Interest	29,988.21	22,759.06	1,462.80	–
Subordinated liabilities:				
– Principal	–	–	1,000.00	40,200.00
– Interest	3,690.86	7,372.63	7,378.92	10,586.70
Other financial liabilities:	22,726.43	6,603.02	961.58	842.68
Total	342,795.43	358,557.76	67,969.87	57,595.13

iv) Measurement of Fair Value

Valuation technique for fair value measurement

Fair value of loans & borrowings are calculated using a portfolio based approach, grouping them as far as possible into homogenous groups based on similar characteristics (such as tenor & rates of interest). Using the discounted cash flow approach, the values are then calculated for the portfolio considering all significant characteristics of the loans and borrowings.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments measured at amortised cost

Particulars	Carrying Value	Fair value	Fair value		
			Level 1	Level 2	Level 3
As at 31 March 2021					
Financial assets					
a) Cash and cash equivalent	**21,813.65**	**21,813.65**	**21,813.65**	**–**	**–**
b) Bank balances other than (a) above	**47,437.81**	**47,437.81**	**47,437.81**	**–**	**–**
c) Loans	**712,810.50**	**710,189.51**	**–**	**–**	**710,189.51**
d) Other financial assets	**617.66**	**617.66**	**–**	**617.66**	**–**
Total	**782,679.62**	**780,058.63**	**69,251.46**	**617.66**	**710,189.51**
Financial liabilities					
a) Trade Payables	**8,368.60**	**8,368.60**	**–**	**8,368.60**	**–**
b) Other Payable	**22.89**	**22.89**	**–**	**22.89**	**–**
c) Debt securities	**283,647.72**	**284,552.70**	**284,552.70**	**–**	**–**
d) Borrowings other than debt securities	**365,559.99**	**365,376.20**	**–**	**365,376.20**	**–**
e) Subordinated Liabilities	**46,009.47**	**46,189.20**	**46,189.20**	**–**	**–**
f) Other financial liabilities	**35,739.78**	**35,739.78**	**–**	**35,739.78**	**–**
Total	**739,348.45**	**740,249.37**	**330,741.90**	**409,507.47**	**–**

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

Particulars	Carrying Value	Fair value	Fair value Level 1	Level 2	Level 3
As at 31 March 2020					
Financial assets					
a) Cash and cash equivalent	9,238.78	9,238.78	9,238.78	–	–
b) Bank balances other than (a) above	–	–	–	–	–
c) Loans	787,008.00	784,331.68	–	–	784,331.68
d) Other financial assets	353.03	353.03	–	353.03	–
Total	796,599.81	793,923.49	9,238.78	353.03	784,331.68
Financial liabilities					
a) Trade payables	4,909.88	4,909.88	–	4,909.88	–
b) Other payable	20.25	20.25	–	20.25	–
c) Debt securities	199,973.34	199,392.54	199,392.54	–	–
d) Borrowings other than debt securities	418,904.33	418,091.79	–	418,091.79	–
e) Subordinated liabilities	41,015.78	39,722.98	39,722.98	–	–
f) Other financial liabilities	31,133.71	31,133.71	–	31,133.71	–
Total	695,957.29	693,271.15	239,115.52	454,155.63	–

There were no transfers between Level 1, Level 2 and Level 3 during the year.

Financial instruments regularly measured using fair value - recurring items

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/ financial liabilities	Fair Value								
	Financial assets/ financial liabilities	Category	As at 31 March 2021	As at 31 March 2020	Fair value hierarchy	Valuation technique(s)	Key inputs	Significant unobservable input(s) for level 3 hierarchy	Relationship of unobservable inputs to fair value and sensitivity
Investment in Mutual Funds	Financial Assets	Financial instrument measured at FVTPL	**81,328.67**	11,509.35	Level 1	Quoted market price			

46 Disclosure as required under Guidelines on Resolution Framework for COVID-19-related Stress issued by RBI vide notification no. RBI/2020-21/16 DOR. No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020

During the year, to relieve COVID-19 pandemic related stress, the Company has invoked resolution plans for eligible borrowers based on the parameters laid down in accordance with the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on 6 August 2020.

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	–	–	–	–	–
Corporate persons	–	–	–	–	–
Of which, MSMEs	–	–	–	–	–
Others - Housing Loan	39	335.69	–	–	25.25

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

47 Disclosure as required under RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 on Implementation of Indian Accounting Standards

i) A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109 for the year ended 31 March 2021

Asset Classification as per NHB Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)= (3) - (4)	(6)	(7)= (4) - (6)
Performing Assets						
Standard	Stage 1	455,200.99	6,105.92	449,095.07	1,401.92	4,704.00
	Stage 2	208,876.36	17,859.07	191,017.29	615.12	17,243.95
Subtotal for standard		664,077.35	23,964.99	640,112.36	2,017.04	21,947.95
Non-Performing Assets (NPA)						
Substandard	Stage 3	20,998.25	5,128.00	15,870.25	3,192.39	1,935.61
Doubtful - up to 1 year	Stage 3	28,993.77	6,198.56	22,795.21	5,652.67	545.89
1 to 3 years	Stage 3	36,268.12	8,855.97	27,412.15	8,970.63	(114.66)
More than 3 years	Stage 3	14,039.83	7,419.30	6,620.53	6,623.33	795.97
Subtotal for doubtful		79,301.72	22,473.83	56,827.89	21,246.63	1,227.20
Loss	Stage 3	293.42	293.42	–	296.96	(3.54)
Subtotal for NPA		100,593.39	27,895.25	72,698.14	24,735.98	3,159.27
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	36,353.41	408.42	35,944.99	–	408.42
	Stage 2	1,077.04	77.97	999.08	–	77.97
	Stage 3	4.56	0.97	3.58	–	0.97
Subtotal		37,435.01	487.36	36,947.65	–	487.36
Total	Stage 1	491,554.40	6,514.34	485,040.06	1,401.92	5,112.42
	Stage 2	209,953.40	17,937.04	192,016.37	615.12	17,321.92
	Stage 3	100,597.95	27,896.22	72,701.72	24,735.98	3,160.24
Total (Including commitments)		802,105.75	52,347.60	749,758.15	26,753.02	25,594.58

Since the total impairment allowances under Ind AS 109 is higher than the total provisioning required under IRACP (including standard asset provisioning) as at 31 March 2021, no amount is required to be transferred to 'Impairment Reserve' for the financial year. The gross carrying amount of asset as per Ind AS 109 and Loss allowances (Provisions) thereon includes interest accrual on net carrying value of stage - 3 assets as permitted under Ind AS 109. While, the provisions required as per IRACP norms does not include any such interest as interest accrual on NPAs is not permitted under IRACP norms.

The balance in the 'Impairment Reserve' (as and when created) shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI

ii) In terms of recommendations as per above referred notification, the Company has adopted the same definition of default for accounting purposes as guided by the definition used for regulatory purposes.

As at 31 March 2021 and 31 March 2020, there were no loan accounts that are past due beyond 90 days but not treated as impaired, i.e. all 90+ days ageing loan accounts have been classified as Stage-3 and no dispensation is considered in stage-3 classification.

48 Disclosures pertaining to Fund raising by issuance of Debt Securities by Large Corporates as per SEBI notification no. SEBI/HO/DDHS/CIR/P/2018/144 dated 26 November 2018

As per the definition given in above referred notification, the Company is a Large Corporate and hence is required to disclose the following information about its borrowings.

(i) Initial disclosure as per Annexure - 'A' for the year ended 31 March 2021

Sr.no.	Particulars	
1	Name of the Company	Mahindra Rural Housing Finance Limited
2	CIN	U65922MH2007PLC169791
3	Outstanding borrowing of the Company as on 31 March 2021	Rs. 6,95,217.18 Lakhs
4	Highest credit rating during the financial year along with name of the credit rating agency	a) Bank Borrowings –IND AA+/ STABLE b) NCD/Sub-Debt – IND AA+/ STABLE, CARE AA+/STABLE, CRISIL AA+/STABLE c) Short term external credit rating (Commercial Papers)-IND A1+,CRISIL A1+
5	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	BSE Limited

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2021

(ii) Initial disclosure as per Annexure - 'A' for the year ended 31 March 2020

Sr.no.	Particulars	
1	Name of the Company	Mahindra Rural Housing Finance Limited
2	CIN	U65922MH2007PLC169791
3	Outstanding borrowing of the Company as on 31 March 2020	Rs. 6,59,893.45 Lakhs
4	Highest credit rating during the financial year along with name of the credit rating agency	a) Bank Borrowings –IND AA+/ STABLE b) NCD/Sub-Debt – IND AA+/ STABLE, CARE AA+/STABLE, CRISIL AA+/STABLE c) Short term external credit rating (Commercial Papers)-IND A1+,CRISIL A1+
5	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	BSE Limited

(iii) Annual disclosure as per Annexure - B1 for the year ended 31 March 2021 and 31 March 2020

Sr. no.	Particulars	Year ended 31 March 2021	Year ended 31 March 2020
1	Incremental borrowing done (a)	**270,540.00**	166,200.00
2	Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)	**67,635.00**	41,550.00
3	Actual borrowings done through debt securities (c)	**153,500.00**	45,000.00
4	Shortfall in the mandatory borrowing through debt securities, if any (d) = (b)-(c)	**NIL**	NIL
5	Reasons for short fall, if any, in mandatory borrowings through debt securities	**NA**	NA

Notes:

(i) Figures pertain to long-term borrowing basis original maturity of more than one year (excludes intercorporate borrowings between parent & subsidiaries); and

(ii) Figures are taken on the basis of cash flows / principal maturity value, excluding accrued interest, if any.

49 Disclosures on COVID-19 Relief Schemes announced by the Government of India, Ministry of Finance

(i) Scheme for Grant of Ex-gratia payment

The Government of India, Ministry of Finance, vide its notification dated 23 October 2020, had announced COVID-19 Relief Scheme for grant of Ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts ("the Scheme"), as per the eligibility criteria and other aspects specified therein and irrespective of whether RBI moratorium was availed or not. During the year, the Company had implemented the Scheme and credited the accounts of or remitted amounts to the eligible borrowers as per the Scheme.

The Statement of claim for Rs. 2,821.06 lakhs towards the amount of ex-gratia interest credited to the accounts of or paid to the eligible borrowers in specified loan accounts has been submitted to the relevant authority as designated by Government of India, Ministry of Finance and the same has been included as Ex-gratia interest receivables under Other non-financial assets as per note 10.

(ii) Refund/adjustment of 'interest on interest'

The Company vide Supreme Court judgment dated 23 March 2021 in the matter of Small Scale Industrial Manufacturers Association vs UOI & Ors and other connected matters and in accordance with RBI Circular no. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 has put in place a Board approved policy to refund / adjust the 'interest on interest' charged to borrowers during the moratorium period. i.e. 1 March 2020 to 31 August 2020.

In line with the RBI circular dated 7 April 2021 and the Indian Banks' Association (IBA) advisory letter dated 19 April 2021, the Company has calculated such additional interest on interest and made as estimated provision of Rs. 9.09 Lakhs in the financial statements.

50 Compensation of key management personnel of the Company

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company or its employees.

Name of the KMP	Nature of transactions	31 March 2021	31 March 2020
Mr. Anuj Mehra (Managing Director)			
	Gross Salary including perquisites	**221.82**	226.96
	Others - Contribution to Funds	**6.00**	5.26
	Other long-term benefits	**–**	–
	Stock Option	**46.94**	37.85
		274.76	270.07
Mrs. Anjali Raina (Independent Director)			
	Commission	**8.25**	7.50
	Other benefits	**4.90**	4.30
		13.15	11.80
Mr. Jyotin Mehta (Independent Director)			
	Commission	**8.25**	–
	Other benefits	**4.90**	–
		13.15	–
Mr. Narendra Mairpady (Independent Director)			
	Commission	**8.25**	7.50
	Other benefits	**4.10**	3.60
		12.35	11.10
Mr. Nityanath Ghanekar (Independent Director)			
	Commission	**–**	7.50
	Other benefits	**–**	4.80
		–	12.30

Notes to the Financial Statements for the year ended 31 March 2021

51 Related party disclosures:

i) As per Ind AS 24 on 'Related party disclosures', the related parties of the Company are as follows:

a)	**Ultimate Holding Company**	Mahindra & Mahindra Limited
b)	**Holding Company**	Mahindra & Mahindra Financial Services Limited
c)	**Fellow Subsidiaries:** (entities with whom the Company has transactions)	Mahindra Insurance Brokers Limited Mahindra Asset Management Company Private Limited (up to 29 April 2020)* NBS International Limited Mahindra Integrated Business Solutions Private Limited Mahindra Logistics Limited Mahindra Vehicle Manufacturers Limited Mahindra Holidays and Resorts India Limited Mahindra Defence Systems Limited Mahindra Retail Limited Mahindra First Choice Wheels Limited Mahindra Water Utilities Limited Mahindra Intertrade Limited
d)	**Associates of Ultimate Holding Company/Holding Company** (entities with whom the Company has transactions)	Tech Mahindra Limited Swaraj Engines Limited Mahindra Manulife Investment Management Private Limited (w.e.f. 30 April 2020)*
e)	**Key Management Personnel:**	Mr. Anuj Mehra (Managing Director) Mr. Jyotin Mehta (Independent Director) Mrs. Anjali Raina (Independent Director) Mr. Narendra Mairpady (Independent Director) Mr. Nityanath Ghanekar (Independent Director)#

* Mahindra Asset Management Company Private Limited, ceased to be a fellow subsidiary w.e.f. 30th April 2020 and has been an Associate Company of the Holding Company since then. The name of the Company has also changed from Mahindra Asset Management Company Private Limited to Mahindra Manulife Investment Management Private Limited

\# Ceased to be director w.e.f. 29th March 2020

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

	Holding Company		Fellow Subsidiaries		Associates of Ultimate Holding Company/ Holding Company		Key Management Personnel	
Particulars	**Year ended 31 Mar 2021**	Year ended 31 Mar 2020	**Year ended 31 Mar 2021**	Year ended 31 Mar 2020	**Year ended 31 Mar 2021**	Year ended 31 Mar 2020	**Year ended 31 Mar 2021**	Year ended 31 Mar 2020
Interest expense								
– Mahindra & Mahindra Limited	**1,004.14**	1,317.78	**–**	–	**–**	–	**–**	–
– Mahindra & Mahindra Financial Services Limited	**–**	–	**–**	–	**–**	–	**–**	–
– Mahindra Insurance Brokers Limited	**–**	–	**2,477.01**	2,821.45	**–**	–	**–**	–
– Mahindra Asset Management Company Private Limited. (up to 29 April 2020)*	**–**	–	**–**	410.49	**–**	–	**–**	–
– Mahindra Logistics Limited	**–**	–	**51.64**	115.42	**–**	–	**–**	–
– Mahindra Vehicle Manufacturers Limited	**–**	–	**–**	385.10	**–**	–	**–**	–
– Mahindra Holidays and Resorts India Limited	**–**	–	**1,239.08**	56.88	**–**	–	**–**	–
– Tech Mahindra Limited	**–**	–	**–**	–	**1,357.04**	1,276.77	**–**	–
– Swaraj Engines Limited	**–**	–	**–**	–	**69.40**	74.78	**–**	–
– Mahindra Manulife Investment Management Private Limited (w.e.f. 30 April 2020)*	**–**	–	**–**	–	**409.48**	–	**–**	–
– Mahindra Water Utilities Limited	**–**	–	**63.05**	10.32	**–**	–	**–**	–
– Mahindra Intertrade Limited	**–**	–	**75.90**	37.69	**–**	–	**–**	–
– Mahindra First Choice Wheels Ltd.	**–**	–	**189.34**	248.32	**–**	–	**–**	–
Other expenses								
– Mahindra & Mahindra Limited	**93.25**	120.01	**–**	–	**–**	–	**–**	–
– Mahindra & Mahindra Financial Services Limited	**849.26**	802.17	**–**	–	**–**	–	**–**	–
– NBS International Limited	**–**	–	**0.52**	4.46	**–**	–	**–**	–
– Mahindra Integrated Business Solutions Private Limited	**–**	–	**851.98**	871.09	**–**	–	**–**	–
– Mahindra Defence Systems Limited	**–**	–	**–**	–	**–**	–	**–**	–
– Mahindra Holidays and Resorts India Limited	**–**	–	**0.36**	0.08	**–**	–	**–**	–
– Mahindra Retail Limited	**–**	–	**–**	62.86	**–**	–	**–**	–
– Mahindra First Choice Wheels Ltd.	**–**	–	**32.40**	–	**–**	–	**–**	–
– Mahindra Engineering & Chemical Products Limited	**–**	–	**24.41**	–	**–**	–	**–**	–
ESOP Expenses								
– Mahindra & Mahindra Financial Services Limited	**13.05**	23.73	**–**	–	**–**	–	**–**	–

Notes to the Financial Statements for the year ended 31 March 2021

	Holding Company		Fellow Subsidiaries		Associates of Ultimate Holding Company/ Holding Company		Key Management Personnel	
Particulars	**Year ended 31 Mar 2021**	Year ended 31 Mar 2020	**Year ended 31 Mar 2021**	Year ended 31 Mar 2020	**Year ended 31 Mar 2021**	Year ended 31 Mar 2020	**Year ended 31 Mar 2021**	Year ended 31 Mar 2020
Remuneration								
– Mr. Anuj Mehra	**–**	–	**–**	–	**–**	–	**274.76**	270.07
– Mr. Nityanath Ghanekar	**–**	–	**–**	–	**–**	–	**–**	12.30
– Mr. Jyotin Mehta	**–**	–	**–**	–	**–**	–	**13.15**	–
– Mrs. Anjali Raina	**–**	–	**–**	–	**–**	–	**13.15**	11.80
– Mr. Narendra Mairpady	**–**	–	**–**	–	**–**	–	**12.35**	11.10
Purchase of fixed assets								
– Mahindra & Mahindra Limited	**30.10**	230.91	**–**	–	**–**	–	**–**	–
– Mahindra & Mahindra Financial Services Limited	**–**	9.19	**–**	–	**–**	–	**–**	–
– NBS International Limited	**–**	–	**–**	10.86	**–**	–	**–**	–
– Mahindra Retail Limited	**–**	–	**–**	83.76	**–**	–	**–**	–
– Mahindra Engineering & Chemical Products Limited	**–**	–	**53.93**	–	**–**	–	**–**	–
Dividend paid								
– Mahindra & Mahindra Financial Services Limited	**–**	2,419.05	**–**	–	**–**	–	**–**	–
Inter corporate deposits taken–								
– Mahindra & Mahindra Limited	**–**	20,000.00	**–**	–	**–**	–	**–**	–
– Mahindra Insurance Brokers Limited	**–**	–	**27,090.00**	32,800.00	**–**	–	**–**	–
– Mahindra Holidays and Resorts India Limited	**–**	–	**14,000.00**	6,500.00	**–**	–	**–**	–
– Swaraj Engines Limited	**–**	–	**–**	–	**1,000.00**	1,000.00	**–**	–
– Mahindra Logistics Limited	**–**	–	**–**	1,500.00	**–**	–	**–**	–
– Mahindra Water Utilities Limited	**–**	–	**–**	1,300.00	**–**	–	**–**	–
– Mahindra Intertrade Limited	**–**	–	**–**	1,500.00	**–**	–	**–**	–
– Mahindra First Choice Wheels Ltd.	**–**	–	**1,000.00**	5,000.00	**–**	–	**–**	–
Inter corporate deposits repaid / matured								
– Mahindra & Mahindra Limited	**15,000.00**	5,000.00	**–**	–	**–**	–	**–**	–
– Mahindra Insurance Brokers Limited	**–**	–	**25,950.00**	29,500.00	**–**	–	**–**	–
– Tech Mahindra Limited	**–**	–	**–**	–	**–**	10,000.00	**–**	–
– Swaraj Engines Limited	**–**	–	**–**	–	**1,000.00**	–	**–**	–
– Mahindra Logistics Limited	**–**	–	**1,500.00**	1,500.00	**–**	–	**–**	–
– Mahindra Vehicle Manufacturers Limited	**–**	–	**–**	5,000.00	**–**	–	**–**	–
– Mahindra Water Utilities Limited	**–**	–	**–**	500.00	**–**	–	**–**	–
– Mahindra Intertrade Limited	**–**	–	**1,500.00**	–	**–**	–	**–**	–
– Mahindra First Choice Wheels Ltd.	**–**	–	**500.00**	3,000.00	**–**	–	**–**	–

* Mahindra Asset Management Company Private Limited, ceased to be a fellow subsidiary w.e.f. 30th April 2020 and has been an Associate Company of the Holding Company since then. The name of the Company has also changed from Mahindra Asset Management Company Private Limited to Mahindra Manulife Investment Management Private Limited

Notes to the Financial Statements for the year ended 31 March 2021

iii) Balances as at the end of the year:

	Holding Company		Fellow Subsidiaries		Associates of Ultimate Holding Company/ Holding Company		Key Management Personnel	
Particulars	**Year ended 31 Mar 2021**	Year ended 31 Mar 2020	**Year ended 31 Mar 2021**	Year ended 31 Mar 2020	**Year ended 31 Mar 2021**	Year ended 31 Mar 2020	**Year ended 31 Mar 2021**	Year ended 31 Mar 2020
Balances as at the end of the year								
Subordinate debt held (including interest accrued but not due)								
– Mahindra Asset Management Company Private Limited. (up to 29 April 2020)*	–	–	–	4,857.91	–	–	–	–
– Mahindra Manulife Investment Management Private Limited (w.e.f. 30 April 2020)*	–	–	–	–	**4,857.61**	–	–	–
Non Convertible Debenture held (including interest accrued but not due)								
– Tech Mahindra Limited	–	–	–	–	**17,322.19**	15,965.16	–	–
Payables								
– Mahindra & Mahindra Limited	**32.24**	16.63	–	–	–	–	–	–
– Mahindra & Mahindra Financial Services Limited	**167.54**	140.59	–	–	–	–	–	–
– Mahindra Insurance Brokers Limited	–	–	–	14.42	–	–	–	–
– Mahindra Integrated Business Solutions Private Limited	–	–	**49.48**	9.40	–	–	–	–
– NBS International Limited	–	–	**0.10**	–	–	–	–	–
– Mahindra Retail Limited	–	–	–	4.24	–	–	–	–
– Mahindra First Choice Wheels Ltd.	–	–	**6.28**	–	–	–	–	–
– Mahindra Engineering & Chemical Products Limited	–	–	**3.98**	–	–	–	–	–
Inter corporate deposits outstanding (including interest accrued but not due)								
– Mahindra & Mahindra Limited	**5,016.48**	20,810.56	–	–	–	–	–	–
– Mahindra Insurance Brokers Limited	–	–	**35,000.19**	34,215.43	–	–	–	–
– Mahindra Logistics Limited	–	–	–	1,554.38	–	–	–	–
– Swaraj Engines Limited	–	–	–	–	**1,037.51**	1,067.30	–	–
– Mahindra First Choice Wheels Ltd.	–	–	**2,526.21**	2,003.74	–	–	–	–
– Mahindra Water Utilities Limited	–	–	**808.01**	807.93	–	–	–	–
– Mahindra Intertrade Limited	–	–	–	1,533.92	–	–	–	–
– Mahindra Holidays and Resorts India Limited	–	–	**21,233.49**	6,551.19	–	–	–	–

* Mahindra Asset Management Company Private Limited, ceased to be a fellow subsidiary w.e.f. 30th April 2020 and has been an Associate Company of the Holding Company since then. The name of the Company has also changed from Mahindra Asset Management Company Private Limited to Mahindra Manulife Investment Management Private Limited

Notes to the Financial Statements for the year ended 31 March 2021

52 Balance Sheet Disclosures as required under Master Direction Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021

These disclosures are made pursuant to Reserve Bank of India Master Direction DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 (as amended), to the extent applicable to the Company.

The Reserve Bank of India vide its circular reference RBI/2020-21/60 DOR.NBFC (HFC). CC. No. 118/03.10.136/2020-21 dated 22 October 2020 has made applicable regulation issued by The Reserve Bank of India vide its circular reference RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated 13 March 2020 outlining the regulatory guidance in relation to Ind AS financial statements. This included guidance for computation of 'owned funds' , 'net owned funds' and 'regulatory capital'. Accordingly, effective from 31 March 2021, CRAR has been computed in accordance with these requirements read with the requirements of the Master Directions.

Consequently the amounts for 31 March 2021 are being disclosed as per the requirements of the Master Directions based on the financial statements as per the Indian Accounting Standards prescribed under Sec 133 of The Companies Act, 2013. However the amounts for 31 March 2020 are as based on the previous Generally Accepted Accounting Principles and then applicable regulatory guidelines issued by National Housing Bank.

Summary of Significant Accounting Policies

The accounting policies regarding key areas of operations are disclosed as note 2 to the financial statement for the year ended 31 March 2021.

I Capital

(Rs. in Lakhs)

	Particulars	31 March 2021	31 March 2020
(i)	CRAR (%)	**43.60%**	43.04%
(ii)	CRAR - Tier I Capital (%)	**31.62%**	30.35%
(iii)	CRAR - Tier II Capital (%)	**11.98%**	12.69%
(iv)	Amount of suboridnated debt raised as Tier - II Capital	**44,600**	41,000
(v)	Amount raised by issue of Perpetual Debt Instruments	**Nil**	Nil

II Investments

The investments outstanding details are as under:

(Rs. in Lakhs)

	Particulars	31 March 2021	31 March 2020
1	**Value of Investments**		
(i)	Gross value of Investments*		
	(a) In India	**81,328.67**	11,507.28
	(b) Outside India	**–**	–
(ii)	Provisions for Depreciation		
	(a) In India	**–**	–
	(b) Outside India	**–**	–
(iii)	Net value of Investments		
	(a) In India	**81,328.67**	11,507.28
	(b) Outside India	**–**	–
2	**Movement of provisions held towards depreciation on investments**		
(i)	Opening balance	**–**	–
(ii)	Add: Provisions made	**–**	–
(iii)	Less: Write-off / Written-back of excess provisions during the year	**–**	–
(iv)	Closing balance	**–**	–

* Value of investments represent fair value of investment

III Derivatives

The Company has not entered into any derivatives during the current year or previous year.

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

	Particulars	31 March 2021	31 March 2020
(i)	The notional principal of swap agreements	**Not Applicable**	Not Applicable
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements		
(iii)	Collateral required by the HFC upon entering into swaps		
(iv)	Concentration of credit risk arising from the swaps		
(v)	The fair value of the swap book		

b) Exchange Traded Interest Rate (IR) Derivative

	Particulars	31 March 2021	31 March 2020
(i)	The notional principal amount of exchange traded IR derivatives undertaken during the year (instrument wise)	**Not Applicable**	Not Applicable
	(a)		
	(b)		
	(c)		
(ii)	The notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2021 (instrument wise)		
	(a)		
	(b)		
	(c)		
(iii)	The notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument wise)		
	(a)		
	(b)		
	(c)		
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument wise)		
	(a)		
	(b)		
	(c)		

c) Disclosures on Risk Exposure in Derivatives

A Qualitative Disclosure

The Company does not trade in derivatives and hence, this disclosure is not applicable.

Notes to the Financial Statements for the year ended 31 March 2021

B Quantitative Disclosure

Particulars	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	**Not Applicable**	Not Applicable
(ii) Marked to Market Positions		
(a) Assets (+)		
(b) Liability (-)		
(iii) Credit Exposure		
(iv) Unhedged Exposures		

IV Securitization

The Company has not entered into any transactions of securitization / assignment during the current year or previous year.

a)

Particulars	31 March 2021	31 March 2020
1 No. of SPVs sponsored by the HFC for securitisation transactions	**Not Applicable**	Not Applicable
2 Total amount of securitised assets as per books of the SPVs sponsored		
3 Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet		
(I) Off-balance sheet exposures towards credit enhancements		
(a)		
(b)		
(II) On-balance sheet exposures towards credit enhancements		
(a)		
(b)		
4 Amount of exposures to securitisation transactions other than MRR		
(I) Off-balance sheet exposures towards credit enhancements		
(a) Exposure to own securitisation		
i)		
ii)		
(b) Exposure to third party securitisation		
i)		
ii)		
(II) On-balance sheet exposures towards credit enhancements		
(a) Exposure to own securitisation		
i)		
ii)		
(b) Exposure to third party securitisation		
i)		
ii)		

b) Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction

Particulars	31 March 2021	31 March 2020
(i) No. of accounts	**Not Applicable**	Not Applicable
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC		
(iii) Aggregate consideration		
(iv) Additional consideration realized in respect of accounts transferred in earlier years		
(v) Aggregate gain / loss over net book value		

c) Details of Assignment transactions undertaken by HFCs

Particulars	31 March 2021	31 March 2020
(i) No. of accounts	**Not Applicable**	Not Applicable
(ii) Aggregate value (net of provisions) of accounts assigned		
(iii) Aggregate consideration		
(iv) Additional consideration realized in respect of accounts transferred in earlier years		
(v) Aggregate gain / loss over net book value		

d) Details of non-performing financial assets purchased / sold

i Details of non-performing financial assets purchased

Particulars	31 March 2021	31 March 2020
1 (a) No. of accounts purchased during the year	**Not Applicable**	Not Applicable
(b) Aggregate outstanding		
2 (a) Of these, number of accounts restructured during the year		
(b) Aggregate outstanding		

ii Details of non-performing financial assets sold

Particulars	31 March 2021	31 March 2020
1 No. of accounts sold	**Not Applicable**	Not Applicable
2 Aggregate outstanding		
3 Aggregate consideration received		

VI Exposure

a) Exposure to real estate sector

(Rs. In Lakhs)

Category	31 March 2021	31 March 2020
a) Direct exposure		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	**764,604.31**	791,119.96
Of the above Individual housing loan upto Rs.15 lakh	**717,121.30**	773,317.73

Notes to the Financial Statements for the year ended 31 March 2021

(Rs. In Lakhs)

		Category	31 March 2021	31 March 2020
	(ii)	Commercial Real Estate -		
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	**Nil**	Nil
	(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
		a) Residential	**Nil**	Nil
		b) Commercial Real Estate	**Nil**	Nil
b)	Indirect Exposure			
		Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**Nil**	Nil

b) The Company does not have any exposure towards capital market.

	Particulars	31 March 2021	31 March 2020
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	**Not Applicable**	Not Applicable
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures and units of equity oriented mutual funds;	**Not Applicable**	Not Applicable
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	**Not Applicable**	Not Applicable
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	**Not Applicable**	Not Applicable
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	**Not Applicable**	Not Applicable
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	**Not Applicable**	Not Applicable
(vii)	bridge loans to companies against expected equity flows / issues;	**Not Applicable**	Not Applicable
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	**Not Applicable**	Not Applicable
	Total exposure to capital market	**Not Applicable**	Not Applicable

c) The Company has not financed any parent Company products and accordingly no disclosure is made.

d) The Company has not exceeded the prudential exposure limits w.r.t. Single Borrower Limit (SBL)/Group Borrower Limit (GBL) and accordingly no disclosure is made.

e) The Company has not given any unsecured advances against collateral of rights, licenses, authorisations, etc. and accordingly no disclosure is made.

f) Exposure to group companies engaged in real estate business.

(Rs. in Lakhs)

SN	Particulars	31 March 2021	% of NOF
(i)	Exposure to any single entity in a group engaged in real estate business	31.88	2.44%
(ii)	Exposure to all entities in a group engaged in real estate business	31.88	2.44%

VII Miscellaneous

a) The Company has not obtained registration from any Financial sector regulator other than National Housing Bank.

b) No penalty has been imposed on the Company by National Housing Bank/ Reserve Bank of India or any other regulator.

c) Related Party Policy :

All contracts / arrangements/transactions entered into by the Company during the current year with related parties were in the ordinary course of business and on an arm's length basis (refer note 51).

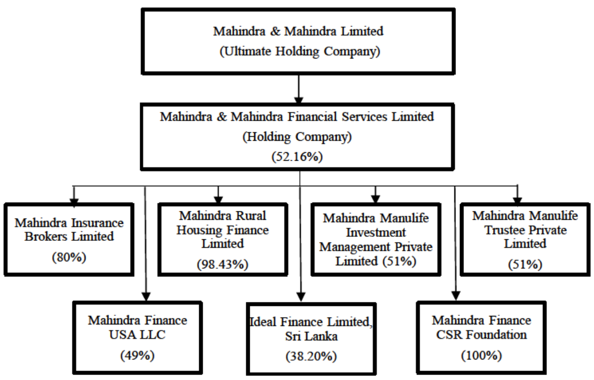
Pursuant to section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

The policy on related party transactions is approved by the audit committee and the board of directors of the Company and is available on the website of the Company.

Notes to the Financial Statements for the year ended 31 March 2021

d) Group Structure

Below is the diagramatic representation of group structure as of 31 March 2021:



e) Rating assigned by Credit Rating Agencies and migration of rating during the year.

During the year under consideration, India Ratings & Research Private Limited has reaffirmed the rating to the Company's Bank facilities, Non-Convertible Debentures and Subordinated Debt as 'IND AA+/stable' outlook and 'IND A1+' rating to the Commercial Paper Issued by the Company.

CARE Ratings Limited (Formerly known as 'Credit Analysis & Research Limited') has reaffirmed the rating to the Company's Non-Convertible Debentures and Subordinated Debt as 'CARE AA+/stable' outlook.

CRISIL Ratings Limited has reaffirmed 'CRISIL AA+/Stable' outlook to the Company's Non-Convertible Debentures and Subordinated Debt and 'CRISIL A1+' rating to the Company's Commercial Paper.

f) Remuneration of Independent Directors

(Rs. in Lakhs)

Particulars of Remuneration	Names of Directors				
Independent Directors	Mr. Jyotin Mehta	Mr. Nityanath Ghanekar	Mrs. Anjali Raina	Mr. Narendra Mairpady	Total
Fee for attending board / committee meetings	4.90	–	4.90	4.10	**13.90**
	–	(4.80)	(4.30)	(3.60)	**(12.70)**

(Rs. in Lakhs)

Particulars of Remuneration	Names of Directors				
Independent Directors	Mr. Jyotin Mehta	Mr. Nityanath Ghanekar	Mrs. Anjali Raina	Mr. Narendra Mairpady	Total
Commission	8.25	–	8.25	8.25	**24.75**
	–	(7.50)	(7.50)	(7.50)	**(22.50)**
Total	**13.15**	–	**13.15**	**12.35**	**38.65**
	–	(12.30)	(11.80)	(11.10)	**(35.20)**

Notes: Figures in bracket represent corresponding figures of previous year.

g) Net profit or loss for the period, prior period items and change in accounting policies

There are no such material items which require disclosures in the notes to accounts in terms of the relevant accounting standards.

VIII During the year there were no circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

IX Other Disclosures

a) Provisions and Contingencies

(Rs. in Lakhs)

Breakup of "Provisions & Contingencies" shown under the head Expenditure in Statement of Profit and Loss	**31 March 2021**	31 March 2020
1. Provisions for depreciation on Investment	–	–
2. Provision towards non performing assets (Stage 3 assets)	**(13,555.90)**	15,180.80
3. Provision made towards Income Tax	**4,785.00**	6,850.00
4. Other Provision and Contingencies	**–**	–
5. Provision for Standard Assets (Stage 1 and Stage 2 assets)	**8,034.79**	849.99

The Company has complied with the standard Ind AS 109 for the computation of impairment allowance and has complied with the Master Directions, for classifying an asset as non-performing in preparation of accounts.

(Rs. in Lakhs)

Breakup of Loan & Advances and Provisions thereon	**Housing**		**Non Housing**	
	31 March 2021	31 March 2020	**31 March 2021**	31 March 2020
Standard Assets				
a) Total Outstanding Amount	**640,758.23**	703,061.24	**23,319.11**	24,133.98
b) Provisions made	**23,185.07**	2,965.92	**779.91**	144.30
Sub-Standard Assets				
a) Total Outstanding Amount	**20,313.40**	32,138.40	**684.86**	908.97
b) Provisions made	**4,981.62**	7,468.48	**146.39**	219.85
Doubtful Assets - Category – I				
a) Total Outstanding Amount	**28,022.64**	19,895.71	**971.13**	502.04
b) Provisions made	**5,916.93**	7,160.16	**281.62**	203.24

Notes to the Financial Statements for the year ended 31 March 2021

(Rs. in Lakhs)

Breakup of Loan & Advances and Provisions thereon	Housing		Non Housing	
	31 March 2021	31 March 2020	**31 March 2021**	31 March 2020
Doubtful Assets - Category – II				
a) Total Outstanding Amount	**35,276.09**	31,642.96	**992.03**	846.84
b) Provisions made	**8,505.34**	19,209.12	**350.63**	537.94
Doubtful Assets - Category – III				
a) Total Outstanding Amount	**13,716.00**	4,073.49	**323.83**	118.61
b) Provisions made	**7,237.66**	4,073.49	**181.64**	118.61
Loss Assets				
a) Total Outstanding Amount	**265.15**	271.15	**28.27**	24.25
b) Provisions made	**265.15**	271.15	**28.27**	24.25
a) Total Outstanding Amount	**738,351.51**	**791,082.95**	**26,319.23**	**26,534.69**
b) Provisions made	**50,091.77**	**41,148.32**	**1,768.46**	**1,248.19**

Insurance component in Loans has been classified under Non Housing Loans amounting to Rs. 19,975.09 Lakhs as of 31 March 2021 and Rs. 20,741.44 Lakhs as of 31 March 2020.

The Reserve Bank of India vide its circular reference RBI/2020-21/60 DOR. NBFC (HFC). CC. No. 118/03.10.136/2020-21 dated 22 October 2020 has made applicable the circular no RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated 13 March 2020 on implementation of Indian Accounting Standards to Housing Finance Companies also. In line with the same and the Master Directions, the provisioning as of 31 March 2021 has been made in accordance with the respective Ind AS guidance.

For the year ended 31 March 2020, the Company has made adequate provision for Non Performing Assets identified, in accordance with the Housing Finance Companies (NHB) Directions, 2010. As per the practice consistently followed, the Company has also made additional provision on prudential basis. The cumulative additional provision made by the Company as on 31 March 2020 was Rs. 6,573.13 Lakhs. Further in line with circular DOR.No.BP.BC.63/21.04.048/2020-21 dated 17 April 2020 issued by Reserve Bank of India, on COVID regulatory package - asset classification & provisioning, the Company has made an additional provisioning amounting of Rs. 932.21 Lakhs. This provision is 5% of the outstanding balance on the loan accounts specified as per the circular to be created as on 31 March 2020, where asset classification benefit was extended.

In line with Notification No. NHB.HFC.DIR.3/CMD/2011 & Notification No. NHB.HFC.DIR.18/MD&CEO/2017 (effective date 02 August, 2017) issued by National Housing Bank, the Company has made a provision 0.40 % and 0.25 % respectively on outstanding Standard Assets as of 31 March 2020.

b) Draw Down from Reserves

The Company has not withdrawn any amount from any reserve in the current year or in the previous year.

c) Concentration of Public Deposits, Advances, Exposures and NPAs

i) Concentration of Public Deposits (for Public Deposit taking/ holding HFCs)

(Rs. in Lakhs)

Particulars	31 March 2021	31 March 2020
Total deposits of twenty largest depositors	**Not Aplicable**	Not Aplicable
Percentage of deposits of twenty largest depositors to total deposits of the deposit taking HFC		

ii) Concentration of Loans & Advances

(Rs. in Lakhs)

Particulars	31 March 2021	31 March 2020
Total loans & advances to twenty largest borrowers	**665.25**	658.32
Percentage of loans & advances to twenty largest borrowers to total advances of the HFC	**0.09%**	0.08%

iii) Concentration of all exposure (including off-balance sheet exposure)

(Rs. in Lakhs)

Particulars	31 March 2021	31 March 2020
Total exposure to twenty largest borrowers / customers	**691.20**	680.60
Percentage of exposure to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers	**0.09%**	0.08%

iv) Concentration of NPAs

(Rs. in Lakhs)

Particulars	31 March 2021	31 March 2020
Total exposure to top ten NPA accounts	**324.12**	266.07

v) Sector – wise NPAs

(Rs. in Lakhs)

Sl. No.		Sector	Percentage of NPAs to Total Advances in that sector
a)	**Housing loans:**		
	1	Individuals	13.22%
	2	Builders/Project loans	Nil
	3	Corporates	Nil
	4	Others (specify)	Nil
b)	**Non-housing loans:**		
	1	Individuals	11.40%
	2	Builders/Project loans	Nil
	3	Corporates	Nil
	4	Others (specify)	Nil

Notes to the Financial Statements for the year ended 31 March 2021

d) i) **Movement of NPAs**

(Rs. in Lakhs)

Particulars	31 March 2021	31 March 2020
(I) Net NPAs to Net Advances (%)	**9.87%**	6.57%
(II) Movement of NPAs (Gross)		
a) Opening balance	**127,721.16**	76,264.47
b) Additions during the year	**43,896.60**	70,982.80
c) Reductions during the year	**(71,024.37)**	(56,824.83)
d) Closing balance	**100,593.39**	90,422.44
(III) Movement of Net NPAs		
a) Opening balance	**86,270.01**	52,158.99
b) Additions during the year	**19,448.99**	43,169.82
c) Reductions during the year	**(33,020.87)**	(44,192.66)
d) Closing balance	**72,698.13**	51,136.15
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	**41,451.15**	24,105.48
b) Provisions made during the year	**24,447.61**	27,812.99
c) Write-off of short provision/ write-back of excess provisions	**(38,003.51)**	(12,632.18)
d) Closing balance	**27,895.25**	39,286.29

ii) **Movement of standard assets provision**

(Rs. in Lakhs)

Particulars	31 March 2021	31 March 2020
a) Opening balance	**15,930.20**	2,260.23
b) Provisions made during the year	**8,034.79**	849.99
c) Closing balance	**23,964.99**	3,110.22

e) **Overseas Assets**

The Company does not own any overseas asset and the area of operations is only India. The Company does not have any joint venture partners or overseas subsidiaries

(Rs. in Lakhs)

Particulars	31 March 2021	31 March 2020
No overseas assets	**Not Applicable**	Not Applicable

f) **Off-balance Sheet SPVs sponsored**

Name of the SPV sponsored	
Domestic	**Overseas**
Not Applicable	Not Applicable

X **Disclosure of customers complaints**

Particulars	31 March 2021	31 March 2020
a) No. of complaints pending at the beginning of the year	**39**	521
b) No. of complaints received during the year	**3321**	3661
c) No. of complaints redressed during the year	**3289**	4143
d) No. of complaints pending at the end of the year	**71**	39

V **Assets Liability Management**

31 March 2021 (Rs. in Lakhs)

Particulars	1 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Liabilities											
Deposits	–	–	–	–	–	–	–	–	–	–	–
Borrowing from bank	**4,999.96**	**9,000.00**	**276.34**	**14,998.44**	**12,949.89**	**13,574.81**	**55,556.02**	**161,139.36**	**29,325.19**	–	**301,820.01**
Market borrowing	–	–	**23,974.42**	**466.23**	**26,472.83**	**54,698.50**	**20,274.15**	**207,017.76**	**16,850.30**	**43,642.99**	**393,397.19**
Foreign currency liabilities	–	–	–	–	–	–	–	–	–	–	–
Assets											
Advances	**4,966.25**	**5,959.49**	**13,905.49**	**23,683.65**	**22,927.61**	**39,962.56**	**120,459.69**	**251,783.46**	**99,831.01**	**129,331.29**	**712,810.50**
Investments	**100,228.67**	–	**4,579.58**	**1,582.33**	**40,830.83**	–	–	–	–	–	**147,221.41**
Foreign currency assets	–	–	–	–	–	–	–	–	–	–	–

Notes to the Financial Statements for the year ended 31 March 2021

31 March 2020 **(Rs. in Lakhs)**

Particulars	Upto 31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 years	Total
Liabilities											
Deposits	–	–	–	–	–	–	–	–	–	–	–
Borrowing from bank	7,277.78	22,500.00	15,694.44	29,849.09	59,025.00	182,004.17	36,500.00	–	–	–	352,850.48
Market borrowing	20,625.00	14,650.00	1,000.00	22,500.00	56,475.00	117,000.00	30,500.00	19,200.00	25,510.00	–	307,460.00
Foreign currency liabilities	–	–	–	–	–	–	–	–	–	–	–
Assets											
Advances	7,038.34	10,135.72	17,174.40	43,794.83	90,984.55	274,390.74	170,244.18	92,485.36	40,406.40	72,568.86	819,223.39
Investments	11,507.28	–	–	–	–	–	–	–	–	–	11,507.28
Foreign currency assets	–	–	–	–	–	–	–	–	–	–	–

XI Movement of Statutory Reserve

(As per Section 29C of the National Housing Bank Act, 1987)

(Rs. in Lakhs)

Particulars	**31 March 2021**	31 March 2020
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	**160.00**	135.00
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	**25,569.93**	21,444.93
Total	**25,729.93**	21,579.93
Addition/Appropriation/Withdrawal during the year		
Add:		
a) Amount Transferred u/s 29C of the NHB Act, 1987	**25.00**	25.00
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	**3,050.00**	4,125.00
Less:		
a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act 1987	**–**	–
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purposes of provision u/s 29C of the NHB Act, 1987	**–**	–
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	**185.00**	160.00
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	**28,619.93**	25,569.93
Total	**28,804.93**	25,729.93

Notes to the Financial Statements for the year ended 31 March 2021

XII As required under Guidelines on Liquidity Risk Management Framework for NBFCs issued by RBI vide notification no. RBI/2019-20/88 DOR.NBFC (PD) CC. No. 102/03.10.001/2019-20 dated 4 November 2019 and Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 dated 17 February 2021

Public disclosure on liquidity risk

Funding Concentration based on significant counterparty (both deposits and borrowings)

(Rs. in Lakhs)

Sr. No.	Type of instrument	Number of Significant Counter parties	Amount (Rs. In Lakhs)	% of Total deposits	% of Total Liabilities
1	Deposits	Nil	Nil	Nil	Nil
2	Borrowings	23	628,236.00	NA	84.74%

Top 20 large deposits (amount in Rs. lakhs and % of total deposits)

(Rs. in Lakhs)

Sr. No.	Description	Amount (Rs. in Lakhs)	% of Total Deposits
1	NA	Nil	Nil

Top 10 borrowings (amount in Rs. lakhs and % of total borrowings)

(Rs. in Lakhs)

Sr. No.	Description	Amount (Rs. in Lakhs)	% of Total Borrowings
1	Total for top 10 borrowings	454,648.00	65.40%

Funding concentration based on significant instrument / product

(Rs. in Lakhs)

Sr. No.	Name of the instrument /product	Amount (Rs. in Lakhs)	% of Total Liabilities
1	**Bank borrowings**	**301,846.02**	**40.72%**
2	**Non-convertible debentures**	**284,310.00**	**38.35%**
3	**Inter corporate deposits**	**63,740.00**	**8.60%**
4	**Sub debt**	**46,200.00**	**6.23%**
		696,096.02	**93.90%**
Funding concentration pertaining to insignificant instruments/products		**–**	**0.00%**
Total borrowings under all instruments/products		**696,096.02**	**93.90%**

Stock Ratios:

(Rs. in Lakhs)

Sr. No.	Type of instrument/product	Amount (Rs. in Lakhs)	% of Total Public funds	% of Total Liabilities	% of Total deposits
1	Commercial papers (CPs)	Nil	Nil	Nil	Nil
2	NCDs with original maturity of less than one year	Nil	Nil	Nil	Nil
3	Other short-term liabilities	28,000.00	4.03%	3.78%	Nil

Institutional set-up for liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long-term funding and liquidity management requirements. The ALCO meets regularly to review the liquidity position based on future cash flows. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The Company also maintains adequate liquid assets, banking facilities and reserve borrowing facilities to hedge against unexpected requirements.

In order to achieve above, the Company also has an Investment Policy to ensure that safety, liquidity and return on the surplus funds are given appropriate weightages and are placed in that order of priority. Investments are as per the operational parameters and framework within the limits as may be set by the Board for investment. The Board approves revising the limit as and when required. The policy is also reviewed periodically in the background of developments in the money markets and on the external factors proactively to reduce the risk in the investments. A well-defined front and back office mechanism is in place to ensure a system of checks and balances.

Definition of terms as used in the table above:

a) **Significant counterparty**

A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

b) **Significant instrument/product:**

A "Significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC's total liabilities.

c) **Total liabilities:**

Total liabilities include all external liabilities (other than equity).

d) **Public funds:**

"Public funds" includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of commercial papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue.

It includes total borrowings outstanding under all types of instruments/products.

e) **Other short-term liabilities:**

All short-term borrowings other than CPs and NCDs with original maturity less than 12 months.

Notes to the Financial Statements for the year ended 31 March 2021

XIII Schedule to the Balance Sheet of the Company

In compliance with Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Direction, 2021

(Rs. in Lakhs)

Annex III Schedule to the Balance Sheet of an HFC				
Particulars Liabilities side			**Amount outstanding**	**Amount overdue**
(1)	**Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:**			
	(a)	Debentures : Secured	**225,125.91**	–
		: Unsecured	**80,801.63**	–
		(other than falling within the meaning of public deposits*)		
	(b)	Deferred credits	–	–
	(c)	Term loans	**302,165.08**	–
	(d)	Inter-corporate loans and borrowing	**65,621.89**	–
	(e)	Commercial paper	–	–
	(f)	Public deposits*	–	–
	(g)	Other loans (Sub ordinate debt)	**48,259.96**	–
	* Please see Note 1 below			
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**			
	(a)	In the form of Unsecured debentures	–	–
	(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	–	–
	(c)	Other public deposits	–	–
	* Please see Note 1 below			
Assets side			**Amount outstanding**	
(3)	**Break-up of loans and advances including bills receivables [other than those included in (4) below]:**			
	(a)	Secured	**761,339.58**	
	(b)	Unsecured	**3,331.16**	
(4)	**Break up of leased assets and stock on hire and other assets counting towards asset financing activities**			
	(i)	Lease assets including lease rentals under sundry debtors		
		(a) Financial lease	**NA**	
		(b) Operating lease	**NA**	

(Rs. in Lakhs)

Assets side				**Amount outstanding**	
	(ii)	Stock on hire including hire charges under sundry debtors			
		(a)	Assets on hire	**NA**	
		(b)	Repossessed assets	**NA**	
	(iii)	Other loans counting towards asset financing activities			
		(a)	Loans where assets have been repossessed	**NA**	
		(b)	Loans other than (a) above	**NA**	
(5)	**Break-up of Investments**				
	Current investments				
	1	**Quoted**			
		(i)	Shares		
			(a) Equity	–	–
			(b) Preference	–	–
		(ii)	Debentures and bonds	–	–
		(iii)	Units of mutual funds	**81,328.67**	–
		(iv)	Government securities	–	–
		(v)	Others (please specify)	–	–
	2	**Unquoted**			
		(i)	Shares		
			(a) Equity	–	–
			(b) Preference	–	–
		(ii)	Debentures and bonds	–	–
		(iii)	Units of mutual funds	–	–
		(iv)	Government securities	–	–
		(v)	Others (please specify)	–	–
	Long term investments				
	1	**Quoted**			
		(i)	Shares		
			(a) Equity	–	–
			(b) Preference	–	–
		(ii)	Debentures and bonds	–	–
		(iii)	Units of mutual funds	–	–
		(iv)	Government securities	–	–
		(v)	Others (please specify)	–	–
	2	**Unquoted**			
		(i)	Shares		
			(a) Equity	–	–
			(b) Preference	–	–
		(ii)	Debentures and bonds	–	–
		(iii)	Units of mutual funds	–	–
		(iv)	Government securities	–	–
		(v)	Others (please specify)	–	–

Notes to the Financial Statements for the year ended 31 March 2021

(6) Borrower group-wise classification of assets financed as in (3) and (4) above: (Please see Note 2 below)

(Rs. in Lakhs)

Category			Amount net of provisions		
			Secured	Unsecured	Total
	1	**Related Parties ****			
		(a) Subsidiaries	–	–	–
		(b) Companies in the same group	–	–	–
		(c) Other related parties	–	–	–
	2	**Other than related parties**	712,747.45	63.05	712,810.50

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) : (Please see Note 3 below)

(Rs. in Lakhs)

Category			Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
	1	**Related Parties ****		
		(a) Subsidiaries	–	–
		(b) Companies in the same group	–	–
		(c) Other related parties	–	–
	2	**Other than related parties**	81,328.67	81,328.67

** As per notified Accounting Standard (Please see Note 3)

(8) Other information

(Rs. in Lakhs)

Particulars			Amount
	(i)	**Gross non-performing assets**	
		(a) Related parties	–
		(b) Other than related parties	**100,593.39**
	(ii)	**Net non-performing assets**	
		(a) Related parties	–
		(b) Other than related parties	**72,698.14**
	(iii)	**Assets acquired in satisfaction of debt**	–

Notes:

1 As defined in Paragraph 4.1.30 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

2 Provisioning norms shall be applicable as prescribed in these Directions.

3 All notified Accounting Standards are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.

XIV The Company has not granted any loans or advances against collateral of gold jewellery.

53 Events after reporting date

There have been no significant events after the reporting date that require disclosure in these financial statements.

Signatures to Notes 1 to 53

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:101248W/W-100022

Sagar Lakhani
Partner
Membership No: 111855

Mumbai
20 April 2021

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Ramesh Iyer
Director
[DIN: 00220759]

Jyotin Mehta
Director
[DIN: 00033518]

Anuj Mehra
Managing Director
[DIN: 02712119]

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

Mumbai
20 April 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra Manulife Investment Management Private Limited (formerly known as Mahindra Asset Management Company Private Limited)

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of **Mahindra Manulife Investment Management Private Limited (formerly known as Mahindra Asset Management Company Private Limited)** ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Financial Statements and our auditors' report thereon.

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

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

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

Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order;

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

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

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;

   g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAPC8992
Mumbai, April 15, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the financial statements of **Mahindra Manulife Investment Management Private Limited (formerly known as Mahindra Asset Management Company Private Limited)** ("the Company") for the year ended March 31, 2021

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment.

   (b) These Property, Plant & Equipment have been physically verified by the management of the Company during the year at reasonable interval. No material discrepancies were identified on such verification and have been properly accounted for in the books of account.

   (c) The Company has no immovable properties and hence Clause 3(i)(c) is not applicable to the Company.
2. The Company does not hold any physical inventories. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.
3. No parties are covered in the register maintained under section 189 of Companies Act, 2013 by the Company. Therefore, clauses 3(iii) (a), (b) & (c) of the Order, is not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of 186 of the Act. During the year, the Company has not provided loan to any of its directors, therefore, provisions of section 185 were not applicable during the year.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits to which the directives of the Reserve Bank of India and the provisions of Sections 73-76 of the Act and the rules framed there under to the extent modified apply. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
6. According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
7. (a) According to the records of the Company examined by us and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income Tax, Customs Duty, Cess and other statutory dues applicable to it with the concerned authorities.

   (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Wealth Tax, Excise Duty, Service Tax, Goods and Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year-end for a period of more than six months from the date they became payable.

   (c) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income-tax, sales tax, service tax, excise duty, customs duty and value added tax and cess which have not been deposited on account of any dispute.
8. Based on the records examined by us and according to the information and explanations given to us, the Company has not taken any loans or borrowings from financial institutions, government and has not issued any debentures.
9. The Company did not raise any money by way of initial public offer, further public offer (including debt instruments) or term loan during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
10. Based on the records examined by us and according to the information and explanations given to us, there were no material frauds by the Company or on the Company by its officers or employees noticed or reported during the year.
11. Based on the records examined by us and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and hence paragraph 3(xii) of the Order is not applicable to the Company.
13. Based on the records examined by us and according to the information and explanations given to us, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. Based on the records examined by us and according to the information and explanations given to us, the Company has made private placement of shares during the year. The requirements of section 42 of the Act have been complied with and the amount raised has been used for the purpose for which the funds were raised.
15. Based on the records examined by us and according to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAPC8992
Mumbai, April 15, 2021

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of **Mahindra Manulife Investment Management Private Limited (formerly known as Mahindra Asset Management Company Private Limited)** ("the Company") as of March 31, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting with reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to these Financial Statements

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

Opinion

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

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAPC8992
Mumbai, April 15, 2021

BALANCE SHEET AS AT MARCH 31, 2021

Rs. in lakhs

Particulars	Note No.	As at 31 March 2021	As at 31 March 2020
ASSETS			
Financial Assets			
a) Cash and cash equivalents	3	6.18	5.78
b) Receivables	4		
i) Trade Receivables		175.55	22.44
c) Investments	5	19,085.40	7,148.77
d) Other Financial assets	6	10,891.77	236.11
		30,158.90	7,413.10
Non-financial Assets			
a) Current tax assets (Net)	7	84.18	401.36
b) Property, Plant and Equipment	8	156.88	169.62
c) Right of Use Asset	8	393.64	502.07
d) Other Intangible assets	9	16.05	29.01
e) Other non-financial assets	10	248.54	302.70
		899.29	1,404.76
Total Assets		31,058.19	8,817.86
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
a) Payables	11		
I) Trade Payables			
i) total outstanding dues of micro and small enterprises		11.48	25.03
ii) total outstanding dues of creditors other than micro and small enterprises		246.72	203.88
b) Other financial liabilities	12	1,275.75	1,042.42
		1,533.95	1,271.33
Non-financial Liabilities			
a) Provisions	13	908.19	626.16
b) Other non-financial liabilities	14	138.02	118.09
		1,046.21	744.25
EQUITY			
a) Equity Share capital	15	38,294.12	21,000.00
b) Other Equity	16	(9,816.09)	(14,197.72)
		28,478.03	6,802.28
Total Liabilities and Equity		31,058.19	8,817.86
Summary of significant accounting policies	2		

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached.

For B. K. KHARE & CO.
Chartered Accountants
Firm's Registration No: 105102W

Shirish Rahalkar
Partner
Membership No: 111212

Place : Mumbai
Date : April 15, 2021

For and on behalf of the Board of Directors

Mahindra Manulife Investment Management Private Limited
(Formerly known as Mahindra Asset Management Company Private Limited)

Ramesh Iyer
Chairman
[DIN: 0000220759]

Ashutosh Bishnoi
Managing Director & CEO
[DIN: 0002926849]

Chitra Andrade
Director
[DIN: 0008090478]

Ashwini Sankhe
Chief Financial Officer

Ravi Dayma
Company Secretary

Vijay Ramchandran
Director
[DIN: 0002639324]

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Rs. in lakhs

	Particulars	Note No.	Year ended 31 March 2021	Year ended 31 March 2020
I.	**Revenue from operations**			
i)	Fees and commission Income	**17**	**1,460.95**	1,265.02
I.	**Total Revenue from operations**		**1,460.95**	1,265.02
II.	Other Income	**18**	**1,590.87**	430.89
III.	**Total Income (I+II)**		**3,051.82**	1,695.91
	Expenses			
i)	Employee Benefits Expenses	**19**	**3,959.61**	3,446.62
ii)	Finance costs	**20**	**41.07**	50.07
iii)	Depreciation, amortization and impairment	**21**	**249.31**	268.40
iv)	Others expenses	**22**	**1,474.17**	1,720.64
IV	**Total Expenses (IV)**		**5,724.16**	5,485.73
V.	**Profit/(loss) before exceptional items and tax (III-IV)**		**(2,672.34)**	(3,789.82)
VI.	**Exceptional items**		**–**	–
VII.	**Profit/(loss) before tax (V-VI)**		**(2,672.34)**	(3,789.82)
VIII.	**Tax expense:**			
	(i) Current tax		**–**	–
	(ii) Deferred tax		**–**	–
IX.	**Profit/(loss) for the year from continuing operations (VII-VIII)**		**(2,672.34)**	(3,789.82)
X.	Profit/(loss) from discontinued operations		**–**	–
XI.	Tax expense of discontinued operations		**–**	–
XII.	**Profit/(loss) from discontinued operations(After tax) (X-XI)**		**–**	–
XIII.	**Profit/(loss) for the year (IX+XII)**		**(2,672.34)**	(3,789.82)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021 (CONTINUED)

Rs. in lakhs

Particulars	Note No.	Year ended 31 March 2021	Year ended 31 March 2020
XIV. Other Comprehensive Income	**23**		
(A) i) Items that will not be reclassified to profit or loss		**7.51**	(17.57)
- Remeasurement gain/(loss) on defined benefit plans		**7.51**	(17.57)
ii) Income tax impact thereon		**–**	–
Total Other Comprehensive Income		**7.51**	(17.57)
XV. Total Comprehensive Income for the year (XIII+XIV) (Comprising Profit/(Loss) and other Comprehensive Income for the year)		**(2,664.83)**	(3,807.39)
XVI. Earnings per equity share (for continuing operations)			
Basic (Rupees)	**24**	**(0.72)**	(2.07)
Diluted (Rupees)		**(0.72)**	(2.07)
XVII. Earnings per equity share (for discontinued operations)			
Basic (Rupees)		**–**	–
Diluted (Rupees)		**–**	–
XVII. Earnings per equity share (for continuing and discontinued operations)			
Basic (Rupees)		**(0.72)**	(2.07)
Diluted (Rupees)		**(0.72)**	(2.07)
Summary of significant accounting policies	**2**		

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached.

For B. K. KHARE & CO.

Chartered Accountants
Firm's Registration No: 105102W

Shirish Rahalkar
Partner
Membership No: 111212

Place : Mumbai
Date : April 15, 2021

For and on behalf of the Board of Directors

Mahindra Manulife Investment Management Private Limited
(Formerly known as Mahindra Asset Management Company Private Limited)

Ramesh Iyer
Chairman
[DIN: 0000220759]

Ashutosh Bishnoi
Managing Director & CEO
[DIN: 0002926849]

Chitra Andrade
Director
[DIN: 0008090478]

Ashwini Sankhe
Chief Financial Officer

Ravi Dayma
Company Secretary

Vijay Ramchandran
Director
[DIN: 0002639324]

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A. Equity share capital

Rs. in lakhs

Particulars	Amount
As at 1 April 2020	21,000.00
Changes in equity share capital during the year	17,294.12
As at 31 March 2021	**38,294.12**
As at 1 April 2019	16,000.00
Changes in equity share capital during the year	5,000.00
As at 31 March 2020	**21,000.00**

B. Other Equity

Rs. in lakhs

Particulars	Securities Premium	Reserves and Surplus Retained earnings or Profit & loss account	Other Comprehensive Income (OCI) Remeasurement loss (net) on defined benefit plans	Total
Balance as at 01 April 2020	–	(14,168.45)	(29.27)	(14,197.72)
Profit/(Loss) for the year	–	(2,672.34)	–	(2,672.34)
Other Comprehensive Income	–	–	7.51	7.51
Total Comprehensive Income for the year	–	(2,672.34)	7.51	(2,664.83)
Securities premium on fresh issue of equity share capital	7,071.55	–	–	7,071.55
Share issue expenses	(25.09)	–	–	(25.09)
Balance as at 31 March 2021	**7,046.46**	**(16,840.79)**	**(21.76)**	**(9,816.09)**
Balance as at 01 April 2019	–	(10,245.94)	(11.70)	(10,257.64)
Profit/(Loss) for the year	–	(3,789.82)	–	(3,789.82)
Other Comprehensive Income	–	–	(17.57)	(17.57)
Total Comprehensive Income for the year	–	(3,789.82)	(17.57)	(3,807.39)
Share issue expenses	–	(132.69)	–	(132.69)
Balance as at 31 March 2020	**–**	**(14,168.45)**	**(29.27)**	**(14,197.72)**

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached.

For B. K. KHARE & CO.
Chartered Accountants
Firm's Registration No: 105102W

Shirish Rahalkar
Partner
Membership No: 111212

Place : Mumbai
Date : April 15, 2021

For and on behalf of the Board of Directors

Mahindra Manulife Investment Management Private Limited
(Formerly known as Mahindra Asset Management Company Private Limited)

Ramesh Iyer
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Director
[DIN: 0008090478]

Ashwini Sankhe
Chief Financial Officer

Ravi Dayma
Company Secretary

Vijay Ramchandran
Director
[DIN: 0002639324]

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

Rs. in lakhs

		Year ended 31 March 2021	Year ended 31 March 2020
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Loss before exceptional items and taxes	**(2,672.34)**	(3,789.82)
	Adjustments to reconcile Loss before tax to net cash flows:		
	Add: Non-cash expenses		
	Depreciation, amortization and impairment	**89.95**	107.95
	Fixed Assets written off	**–**	0.20
	Interest on lease liability	**41.07**	50.07
	Amortization on Right of Use asset	**159.36**	160.45
	Remeasurement gain/(loss) on defined benefit plans	**7.51**	(17.57)
		297.89	301.10
	Less: Income considered separately		
	Net gain on fair value changes (unrealised) - Mutual fund units	**(589.94)**	55.84
	Interest income from investing activities	**(759.12)**	(411.99)
	Net gain on sale investments	**(216.70)**	(70.29)
		(1,565.76)	(426.44)
	Operating Loss before working capital changes	**(3,940.21)**	(3,915.16)
	Changes in -		
	Trade receivables	**(153.10)**	130.08
	Interest accrued on investments	**(254.49)**	(1.08)
	Other financial assets	**(1.16)**	(4.35)
	Other non-financial assets	**54.17**	(59.47)
	Trade Payables	**29.29**	78.75
	Other financial liabilities	**282.11**	84.99
	Other non-financial liabilities	**19.93**	13.72
	Provisions	**282.04**	197.40
	Cash used in operations	**258.79**	440.04
	Income taxes paid (net of refunds)	**317.18**	(14.52)
	NET CASH USED IN OPERATING ACTIVITIES (A)	**(3,364.24)**	(3,489.64)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, plant and equipment and intangible assets	**(72.95)**	(126.57)
	Proceeds from sale of Property, plant and equipment	**8.62**	–
	Placement of term deposit with banks	**(10,400.00)**	–
	Purchase of investments at FVTPL	**(26,482.00)**	(6,387.00)
	Proceeds from sale of investments at FVTPL	**15,352.02**	4,901.00
	Interest income received on investments measured at amortised cost	**759.12**	411.99
	NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES (B)	**(20,835.18)**	(1,200.58)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021 (CONTINUED)

		Rs. in lakhs	
		Year ended 31 March 2021	Year ended 31 March 2020
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issue of Equity shares (net of issue expenses)	**24,340.58**	4,867.31
	Payment of principal portion of lease liability	**(132.76)**	(167.05)
	Payment of interest portion of lease liability	**(8.00)**	(9.78)
	NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES (C)	**24,199.82**	4,690.48
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**0.40**	0.26
	Cash and Cash Equivalents at the beginning of the year	**5.78**	5.52
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (refer note no. 3)	**6.18**	5.78
	Components of Cash and Cash Equivalents		
	Particulars		
	Cash and cash equivalents at the end of the year		
	– Cash on hand	**0.63**	1.68
	– Balances with banks in current accounts	**5.55**	4.10
	Total	**6.18**	5.78

Notes:

The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows'.

As per our report of even date attached.

For B. K. KHARE & CO.

Chartered Accountants
Firm's Registration No: 105102W

Shirish Rahalkar
Partner
Membership No: 111212

Place : Mumbai
Date : April 15, 2021

For and on behalf of the Board of Directors

Mahindra Manulife Investment Management Private Limited
(Formerly known as Mahindra Asset Management Company Private Limited)

Ramesh Iyer
Chairman
[DIN: 0000220759]

Ashutosh Bishnoi
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Chitra Andrade
Director
[DIN: 0008090478]

Ashwini Sankhe
Chief Financial Officer

Ravi Dayma
Company Secretary

Vijay Ramchandran
Director
[DIN: 0002639324]

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1. CORPORATE INFORMATION

Mahindra Manulife Investment Management Private Limited (formerly known as Mahindra Asset Management Company Private Limited) ('the Company'), was incorporated under the Companies Act, 1956 on June 20, 2013. As on March 31, 2021, the company is a joint venture of Mahindra & Mahindra Financial Services Ltd. and Manulife Investment Management (Singapore) Pte. Ltd. The Company has a license from the Securities & Exchange Board of India to provide investment management services to the schemes of Mahindra Manulife Mutual Fund (formerly known as Mahindra Mutual Fund). SEBI granted the certificate of registration to Mahindra Manulife Mutual Fund (formerly known as Mahindra Mutual Fund) on February 4, 2016. The Company earns fees from investment management activities provided to the schemes of Mahindra Manulife Mutual Fund (formerly known as Mahindra Mutual Fund). As on March 31, 2021, the Company was managing sixteen schemes of Mahindra Manulife Mutual Fund (formerly known as Mahindra Mutual Fund).

Change in shareholding of the Company

As on March 31, 2020, the Company had issued 21,00,00,000 (Twenty-one crore) shares to Mahindra and Mahindra Financial Services Ltd ('MMFSL') and its nominees and was a subsidiary of MMFSL. On June 21, 2019, MMFSL and the Company entered into a Share Subscription Agreement ('SSA') with Manulife Investment Management (Singapore) Pte Ltd ('Manulife Singapore'). As per the SSA and subsequent amendments thereto, Manulife Singapore was to hold 49% stake in the Company after the completion of all the formalities required in the Agreement including the receipt of regulatory approvals. Subsequent to the signing of the Agreement, the Company received the required approvals from the Competition Commission of India as well as the Securities and Exchange Board of India. In an Extraordinary General Meeting held on April 15, 2020, the shareholders of the Company approved an offer of 17,29,41,180 (Seventeen crore twenty-nine lakh forty-one thousand one hundred and eighty) equity shares. MMFSL also proposed to sell 1,47,00,000 (One crore forty-seven lakh) number of shares of the Company to Manulife Singapore. These transactions were completed on April 29, 2020 and accordingly MMFSL now holds 51% of the equity of the Company and Manulife Singapore holds 49% of the equity of the Company. The Company received an amount of Rs. 243.66 crores at Rs. 14.09 per equity share.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance and basis for preparation and presentation of financial statements

These standalone or separate financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

The financial statements of the Company for the year ended March 31, 2021 were approved for issue by the Company's Board of Directors on April 15, 2021.

2.2. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

2.3. Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value.

2.4. Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.5. Use of estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities:

Fair value of financial assets, liabilities and investments

The Company measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) require management's best estimate about future developments.

Defined benefit obligations

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

2.6. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Fees from management of mutual fund schemes

Fees from management of mutual fund schemes are recognised on an accrual basis at specific rates, applied on the average daily net assets of the schemes of Mahindra Manulife Mutual Fund in accordance with the Investment Management Agreement between the Company and the Trustees of Mahindra Manulife Mutual Fund and SEBI (Mutual Fund) Regulations, 1996 as amended from time to time. Amount disclosed as fees are exclusive of GST.

Other Income

The gains/losses on sale of investments are recognised in the Statement of Profit and Loss on the trade day and it is determined on FIFO ('first in first out') method.

Recognition of Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

Recognition of Dividend Income

Dividend from investments are recognised in the Statement of Profit and Loss when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

2.7. Property, Plant and Equipment ('PPE')

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date.

In accordance with Ind AS 116 - Leases, applicable effective from 01 April 2019, the Right-of-Use assets (Freehold premises) are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-Use assets (Freehold premises) are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets.

- Motor vehicles where useful life is assumed at four years as against eight years as per Schedule II since the employees to whom these vehicles have been allotted, in accordance with the terms of their employment, are entitled to change their vehicles every four years, and
- Fixed assets individually having a value less than Rs 5,000 are fully depreciated in the year of purchase.

Further, residual value for all assets is considered as zero due to the difficulty in estimating the same and in the case of motor cars, having regard to terms of employment under which these are allotted to the employees.

Accordingly, useful life of assets is estimated as follows:

Assets	Useful life
Vehicles	- 4 years
Computers	- 3 years
Furniture and fixtures	- 10 years
Office equipment	- 5 years
Right-Of-Use assets (Leasehold premises)	- Over the period of lease

PPE is de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income/netted off from any loss on disposal in the Statement of Profit and Loss in the year the asset is de-recognised.

2.8. Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any.

Intangible assets comprise of computer software which is amortised over the estimated useful life. The maximum period for such amortisation is taken as 36 months based on management's estimates of useful life. Amortisation is calculated using the Straight line method to write down the cost of intangible assets over their estimated useful lives.

2.9. Cash and cash equivalent

Cash comprises of cash on hand and bank balances.

2.10. Foreign exchange transactions and translations

Initial recognition

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and the foreign currency on the transaction date.

Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the Statement of Profit and Loss. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

2.11. Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as - measured at:

— Amortised cost; or

— Fair Value through Other Comprehensive Income (FVTOCI) - debt investment; or

— Fair Value through Other Comprehensive Income (FVTOCI) - equity investment; or

— Fair Value through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as amortised cost or FVTOCI are measured at FVTPL.

The financial assets held with the objective to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of interest on the principal amount outstanding are measured at amortised cost on the reporting date. Accordingly, the Company measures investment in Non-Convertible debentures at amortised cost. Interest income and impairment if any, is recognised in the Statement of Profit and Loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVTOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to the Statement of Profit and Loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for medium or long- term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments as FVTOCI as the Company believes that this provides a more meaningful presentation of medium or long-term strategic investments, than reflecting changes in fair value immediately in the Statement of Profit and Loss. Dividend income, if any, received on such equity investments are recognised in the Statement of Profit and Loss.

Equity investments that are not designated to be measured at FVTOCI are designated to be measured as FVTPL. Subsequent changes in fair value are recognised in the Statement of Profit and Loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost. Interest expense are recognised in the Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in the Statement of Profit and Loss.

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the Statement of Profit and Loss.

Impairment of financial assets

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVTOCI, the loss allowance is recognised in OCI and is not reduced from the carrying amount of the financial asset in the balance sheet.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Profit and Loss.

2.12. Security deposits measured at amortised cost

The Company's rent/lease agreements for the rented/ leased office premises are cancellable with a notice period of 2-3 months. All the agreements are considered to be short term in nature. Accordingly, the Company has not applied the provisions of Ind AS 109 - Financial Instruments for taking the effect of fair valuation of security deposits in the financial statements and the deposits.

2.13. Employee Benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Contribution paid/payable during the year to Superannuation Fund, ESIC and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

Contribution to provident fund

Company's contribution paid/payable during the year to provident fund is recognised in the Statement of Profit and Loss.

Gratuity

The Company's liability towards gratuity scheme is determined by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains/losses

Remeasurement of defined benefit plans, comprising of actuarial gains or losses, return on plan assets excluding interest income are recognised immediately in the Balance Sheet with corresponding debit or credit to other comprehensive income. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent period.

Remeasurement gains or losses on long term compensated absences that are classified as other long term benefits are recognised in the Statement of Profit and Loss.

Superannuation fund

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to the Statement of Profit and Loss. The Company has no obligation under this scheme beyond its contribution.

Leave encashment/compensated absences/sick leave

The Company provides for the encashment/availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/ availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Employee Share based payments

Cash-settled share-based payments to employees are measured at the fair value of the equity instruments at each reporting date. Any change in fair value is recognized for the vested period in the Statement of Profit and Loss for the period.

2.14. Scheme related expenses

As per SEBI circular dated October 22, 2018, all scheme related expenses subsequent to that date are to be borne by the mutual fund schemes. As a result, the investment management fees subsequent to this date are received net of all scheme expenses. Expenses of schemes of Mahindra Manulife Mutual Fund (formerly known as Mahindra Mutual Fund) in excess of the limits in accordance with the SEBI (Mutual Fund) Regulations, 1996 are borne by the Company and are recognised in the Statement of Profit and Loss.

New Fund Offer ('NFO') expenses

Expenses pertaining to NFO are charged to the Statement of Profit and Loss in the year in which these expenses are incurred which is in compliance with SEBI (Mutual Fund) Regulations 1996.

2.15. Finance Costs

Finance costs include interest expense accrued on a time basis, by reference to the principal outstanding. Effective from 1 April 2019, on application of Ind AS 116 (Leases), interest expense on lease liabilities computed by applying the Company's weighted average incremental borrowing rate has been included under finance costs.

2.16. Income taxes

Current tax

Current tax comprises amount of tax payable in respect of the taxable income for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2.17. Securities issue expenses

Expenses incurred in connection with the fresh issue of share capital are adjusted against Securities premium.

2.18. Impairment of non-financial assets

The Company reviews the carrying amounts of its tangible and other intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the assets is considered impaired, and is written down to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognised in the statement of profit and loss.

2.19. Provisions

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.20. Leasing

Where the Company is the lessee

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipments used for operating activities. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The Company has adopted Ind AS 116 dealing with leases from April 1, 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. The Company recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

2.21. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit/ loss for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares, etc that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3. Cash and cash equivalents

Rs. in lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Cash on hand	**0.63**	1.68
Balances with banks in current accounts	**5.55**	4.10
Total	**6.18**	5.78

4. Receivables

Rs. in lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
i) Trade receivables		
Unsecured, considered good:		
– Debts outstanding for a year not exceeding six months	**175.55**	22.44
Total	**175.55**	22.44

No trade or other receivable is due from directors or other officers of the company either severally or jointly with any other person nor any trade or other receivable is due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivable is due within one month from the date of the invoice.

5. Investments

	Particulars	As at 31 March 2021 Units	As at 31 March 2021 NAV (Rs. in lakhs)	As at 31 March 2020 Units	As at 31 March 2020 NAV (Rs. in lakhs)
A)	**At Fair Value**				
i)	Through Other Comprehensive Income				
	Unquoted Investment in Equity Shares				
	Equity Investment in MF Utilities India Pvt Ltd (Face value of Rs. 1/- each)	**5,00,000**	**9.60**	5,00,000	9.60
ii)	Through Profit or Loss				
	Unquoted Investment in Mutual Fund				
	Mahindra Manulife Liquid Fund –Direct Growth (Face value of Rs. 1000/- each)	**10,02,111**	**13,400.10**	5,000	64.43
	Mahindra Manulife Ultra Short Term Fund –Direct Growth (Face value of Rs. 1000/- each)	**5,000**	**54.37**	55,561	573.77
	Mahindra Manulife Low Duration Fund - Direct Growth (Face value of Rs. 1000/- each)	**5,000**	**67.18**	1,05,842	1,340.27
	Mahindra Manulife ELSS Kar Bachat Yojana - Direct Growth (Face value of Rs. 10/- each)	**5,00,000**	**81.61**	5,00,000	47.03
	Mahindra Manulife Equity Savings Dhan Sanchay Yojana - Direct Growth (Face value of Rs 10/- each)	**5,00,000**	**75.31**	5,00,000	54.17
	Mahindra Manulife Multi Cap Badhat Yojana - Direct Growth (Face value of Rs. 10/- each)	**5,00,000**	**83.42**	5,00,000	46.60
	Mahindra Manulife Mid Cap Unnati Yojana - Direct Growth (Face value of Rs. 10/- each)	**5,00,000**	**71.57**	5,00,000	40.35
	Mahindra Manulife Credit Risk Fund - Direct Growth (Face value of Rs. 10/- each)	**5,00,000**	**59.73**	5,00,000	56.82
	Mahindra Manulife Rural Bharat and Consumption Yojana - Direct Growth (Face value of Rs. 10/- each)	**5,00,000**	**60.52**	5,00,000	40.08
	Mahindra Manulife Large Cap Pragati Yojana - Direct Growth (Face value of Rs. 10/- each)	**5,00,000**	**67.70**	5,00,000	40.26
	Mahindra Manulife Hybrid Equity Nivesh Yojana - Direct Growth (Face value of Rs. 10/- each)	**5,00,000**	**72.18**	5,00,000	45.84
	Mahindra Manulife Overnight Fund - Direct Growth (Face value of Rs. 1000/- each)	**5,000**	**53.24**	5,000	51.66
	Mahindra Manulife Top 250 Nivesh Yojana - Direct Growth (Face value of Rs. 10/- each)	**5,00,000**	**66.84**	5,00,000	37.89
	Mahindra Manulife Arbitrage Yojana - Direct Growth (Face value of Rs. 10/- each)	**4,99,975**	**51.02**	–	–
	Mahindra Manulife Focused Equity Yojana - Direct Growth (Face value of Rs. 10/- each)	**4,99,975**	**60.68**	–	–
	Mahindra Manulife Short term Fund - Direct Growth (Face value of Rs. 10/- each)	**4,99,975**	**50.31**	–	–
	Total (Gross)		**14,385.40**		2,448.77
	Less : Impairment loss allowance		–		–
	Total (Net) - A		**14,385.40**		2,448.77

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

	Particulars	As at 31 March 2021 Units	As at 31 March 2021 NAV (Rs. in lakhs)	As at 31 March 2020 Units	As at 31 March 2020 NAV (Rs. in lakhs)
B)	**At Amortised cost**				
	Secured redeemable non-convertible debentures 8.9% Non Convertible Debentures of Mahindra Rural Housing Finance Ltd. (Face value of Rs. 10 Lakh/- each)	**300**	**3,000**	**300**	3,000
	8.4% Non Convertible Debentures of Mahindra Rural Housing Finance Ltd. (Face value of Rs. 10 Lakh/- each)	**170**	**1,700**	**170**	1,700
	Total (Gross)		**4,700**		4,700
	Less : Impairment loss allowance		–		–
	Total (Net) - B		**4,700**		4,700
	Total (Gross : A+B)		**19,085.40**		7,148.77
	Less : Impairment loss allowance		–		–
	Total (Net) - C		**19,085.40**		7,148.77

6. Other financial assets

Rs. in lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Interest accrued on investments	**412.41**	157.91
Term deposit with banks	**10,400.00**	–
Security Deposits for office premises/others	**76.49**	75.33
Other Receivables	**2.87**	2.87
Total	**10,891.77**	236.11

7. Current tax assets

(i) Tax deducted/collected at source net of provision for taxes

Rs. in lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
TDS/TCS Receivable	**84.18**	401.36
Total	**84.18**	401.36

(ii) Unused tax losses - Revenue in nature

Rs. in lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Expiry period		
Upto Five years	**5,850.85**	2,357.45
More than Five years	**10,461.57**	11,075.94
No Expiry Date	**315.99**	249.45
Total	**16,628.41**	13,682.84

8. Property, Plant and Equipments

As at 31 March 2021 Rs. in lakhs

	GROSS BLOCK AT COST				DEPRECIATION & IMPAIRMENT LOSSES OR REVERSALS				NET BLOCK	
Asset description	**As at 01 April 2020**	**Additions**	**Deductions/ adjustments**	**As at 31 March 2021**	**As at 01 April 2020**	**Additions**	**Deductions/ adjustments**	**As at 31 March 2021**	**As at 31 March 2021**	**As at 01 April 2020**
Computers	112.03	15.84	–	127.87	88.84	16.35	–	105.19	22.68	23.19
Furniture and fixtures	39.39	4.17	–	43.56	10.26	4.00	–	14.26	29.30	29.13
Vehicles	275.77	49.26	8.62	316.41	170.56	50.11	–	220.67	95.74	105.21
Office equipments	29.17	3.58	0.10	32.65	17.08	6.42	0.01	23.49	9.16	12.09
Leased Asset (ROU)	662.52	61.55	10.62	713.45	160.45	159.36	–	319.81	393.64	502.07
Total	1,118.88	134.40	19.34	1,233.94	447.19	236.24	0.01	683.42	550.52	671.69

As at 31 March 2020 Rs. in lakhs

	GROSS BLOCK AT COST				DEPRECIATION & IMPAIRMENT LOSSES OR REVERSALS				NET BLOCK	
Asset description	**As at 01 April 2019**	**Additions**	**Deductions/ adjustments**	**As at 31 March 2020**	**As at 01 April 2019**	**Additions**	**Deductions/ adjustments**	**As at 31 March 2020**	**As at 31 March 2020**	**As at 01 April 2019**
Computers	96.80	15.57	0.34	112.03	62.12	26.86	0.14	88.84	23.19	34.68
Furniture and fixtures	30.75	8.64	–	39.39	6.61	3.65	–	10.26	29.13	24.14
Vehicles	203.77	72.00	–	275.77	108.80	61.76	–	170.56	105.21	94.98
Office equipments	26.62	2.55	–	29.17	11.59	5.49	–	17.08	12.09	15.03
Leased Asset (ROU)	–	662.52	–	662.52	–	160.45	–	160.45	502.07	–
Total	357.94	761.28	0.34	1,118.88	189.12	258.21	0.14	447.19	671.69	168.82

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

9. Other Intangible Assets

As at 31 March 2021 — Rs. in lakhs

	GROSS BLOCK AT COST				AMORTISATION & IMPAIRMENT LOSSES OR REVERSALS				NET BLOCK	
Asset description	As at 01 April 2020	Additions	Deductions/ adjustments	As at 31 March 2021	As at 01 April 2020	Additions	Deductions/ adjustments	As at 31 March 2021	As at 31 March 2021	As at 01 April 2020
Computer software	94.41	0.10	–	94.51	65.40	13.06	–	78.46	16.05	29.01
Total	94.41	0.10	–	94.51	65.40	13.06	–	78.46	16.05	29.01

As at 31 March 2020 — Rs. in lakhs

	GROSS BLOCK AT COST				AMORTISATION & IMPAIRMENT LOSSES OR REVERSALS				NET BLOCK	
Asset description	As at 01 April 2019	Additions	Deductions/ adjustments	As at 31 March 2020	As at 01 April 2019	Additions	Deductions/ adjustments	As at 31 March 2020	As at 31 March 2020	As at 01 April 2019
Computer software	66.60	27.81	–	94.41	55.21	10.19	–	65.40	29.01	11.39
Total	66.60	27.81	–	94.41	55.21	10.19	–	65.40	29.01	11.39

10. Other non-financial assets

Rs. in lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Prepaid expenses	82.53	93.66
Balances with Government Authorities	161.48	189.27
Other advances	4.53	19.77
Total	248.54	302.70

11. Trade Payables

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated year and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below:

Rs. in lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Total outstanding dues of Micro and small enterprises		
a) Dues remaining unpaid to any supplier at the year end		
– Principal	11.48	25.03
– Interest on the above	–	–
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year	–	–
– Principal paid beyond the appointed date	–	–
– Interest paid in terms of section 16 of the MSMED Act	–	–
c) Amount of interest due and payable for the year of delay on payments made beyond the appointed day during the year	–	–
d) Amount of interest accrued and remaining unpaid at the year end	–	–
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	–	–
Total outstanding dues of creditors other than micro and small enterprises	246.72	203.88
Total	258.20	228.91

12. Other financial liabilities

Rs. in lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for Salary, Bonus and performance pay	782.24	506.20
Provision for expenses	6.52	0.46
Long term Lease Liability	486.99	535.76
Total	1,275.75	1,042.42

13. Provisions

Rs. in lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits		
– Gratuity	136.51	94.33
– Leave encashment	254.29	173.26
– Share based compensation to employees	517.39	358.57
Total	908.19	626.16

14. Other non-financial liabilities

Rs. in lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
TDS Payable	76.23	71.32
GST Payable	34.41	24.61
Other statutory dues and taxes payable	27.38	22.16
Total	138.02	118.09

15. Note on Equity Share capital and Shareholding Pattern

Particulars	As at 31 March 2021 No. of shares in lakhs	As at 31 March 2021 Rs. in lakhs	As at 31 March 2020 No. of shares in lakhs	As at 31 March 2020 Rs. in lakhs
Authorised capital :				
Equity shares of Rs.10/- each	4,000.00	40,000.00	4,000.00	4,000.00
	4,000.00	40,000.00	4,000.00	4,000.00
Issued capital :				
Equity shares of Rs.10/- each	3,829.41	38,294.12	2,100.00	21,000.00
	3,829.41	38,294.12	2,100.00	21,000.00
Subscribed and paid-up capital :				
Equity shares of Rs.10/- each	3,829.41	38,294.12	2,100.00	21,000.00
Total	3,829.41	38,294.12	2,100.00	21,000.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of shares in lakhs	Rs. in lakhs	No. of shares in lakhs	Rs. in lakhs
a) Reconciliation of number of equity shares				
Balance at the beginning of the year	**2,100.00**	**21,000.00**	1,600.00	16,000.00
Add : Fresh allotment of shares :				
- Shares issued during the year	**1,729.41**	**17,294.12**	500.00	5,000.00
Balance at the end of the year	**3,829.41**	**38,294.12**	2,100.00	21,000.00
b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/ associates:				
Holding company				
Mahindra & Mahindra Financial Services Limited				
Percentage of holding (51%)	**1,953.00**	**19,530.00**		
Percentage of holding (100%)			2,100.00	21,000.00
c) Shareholders holding more than 5 percent shares:				
Mahindra & Mahindra Financial Services Limited				
Percentage of holding (51%)	**1,953.00**	**19,530.00**		
Percentage of holding (100%)			2,100.00	21,000.00
Manulife Investment Management (Singapore) Pte Limited	**1,876.41**	**18,764.12**	–	–
Percentage of holding (49%)				

d) The Company has only one class of equity shares having a par value of Rs.10/- per share.

16. Other Equity

Description of the nature and purpose of Other Equity

Securities Premium: The securities premium is used to record the premium on issue of shares. The reserve can be utilized in accordance with the provisions of Companies Act, 2013

Rs. in lakhs

Particulars	Securities premium	Retained earnings or Profit & loss account	Other Comprehensive Income (OCI) Remeasurement loss (net) on defined benefit plans	Total
Balance as at 01 April 2019	–	(10,245.94)	(11.70)	(10,257.64)
Profit/(Loss) for the year	–	(3,789.82)	–	(3,789.82)
Other Comprehensive Income	–	–	(17.57)	(17.57)
Total Comprehensive Income for the year	–	**(3,789.82)**	**(17.57)**	**(3,807.39)**
Share issue expenses	–	(132.69)	–	(132.69)
Balance as at 31 March 2020	–	**(14,168.45)**	**(29.27)**	**(14,197.72)**
Balance as at 01 April 2020	–	(14,168.45)	(29.27)	(14,197.72)
Profit/(Loss) for the year	–	(2,672.34)	–	(2,672.34)
Other Comprehensive Income	–	–	7.51	7.51
Total Comprehensive Income for the year	–	**(2,672.34)**	**7.51**	**(2,664.83)**
Securities premium on fresh issue of equity share capital	7,071.55	–	–	7,071.55
Share issue expenses	(25.09)	–	–	(25.09)
Balance as at 31 March 2021	**7,046.46**	**(16,840.79)**	**(21.76)**	**(9,816.09)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

17. Fees and commission income

Rs. in lakhs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Fees earned from management of mutual fund schemes	**1,460.95**	1,265.02
Total	**1,460.95**	1,265.02

18. Other income

Rs. in lakhs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income on financial instruments measured at amortised cost	**759.12**	411.99
Interest on Income Tax Refund	**25.11**	4.45
Net profit/(loss) on sale of investments	**216.70**	70.29
Net gain/(loss) on fair value changes		
A) Net gain/(loss) on financial instruments at FVTPL		
i) On trading portfolio		
- Unrealised gain on Investments	**589.94**	(55.84)
Total	**1,590.87**	430.89

19. Employee benefits expenses

Rs. in lakhs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries and wages	**3,474.80**	3,172.81
Contribution to provident funds and other funds	**207.84**	174.96
Share based compensation to employees	**262.34**	77.55
Staff welfare expenses	**14.63**	21.30
Total	**3,959.61**	3,446.62

20 Finance costs

Rs. in lakhs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
On Lease Liability		
Interest on lease liability	**41.07**	50.07
Total	**41.07**	50.07

21 Depreciation, amortization and impairment

Rs. in lakhs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation on Property, Plant and Equipment	**76.89**	97.76
Amortization and impairment of intangible assets	**13.06**	10.19
Amortization on leased assets	**159.36**	160.45
Total	**249.31**	268.40

22 Other expenses

Rs. in lakhs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Rent, taxes and energy costs	**27.22**	32.35
Repairs and maintenance	**39.77**	33.09
Communication Costs	**49.93**	73.00
Printing and stationery	**9.65**	11.61
Advertisement and publicity	**238.62**	207.35
Marketing Expenses	**198.82**	315.71
Directors' fees, allowances and expenses	**21.60**	12.20
Auditor's fees and expenses -		
– Audit fees	**4.50**	4.50
– Other services	**6.50**	3.30
– Reimbursement of expenses	–	0.30
Legal and professional charges	**106.29**	149.14
Insurance	**54.89**	53.97
Manpower outsourcing cost	**115.74**	104.77
Distributor Training expenses	**5.01**	83.85
Conference & Seminar expenses	**1.91**	80.38
Membership & Subscription fees	**118.68**	99.21
Travelling & Conveyance expenses	**33.84**	158.11
Other expenditure	**441.20**	297.80
Total	**1,474.17**	1,720.64

Previous year's figures have been regrouped/ reclassified wherever found necessary.

23. Other Comprehensive Income

Rs. in lakhs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
A) (i) Items that will not be reclassified to profit or loss		
– Changes in revaluation surplus	–	–
– Remeasurement gain/(loss) on defined benefit plans	**7.51**	(17.57)
– Net gain/(loss) on equity instruments through OCI	–	–
– Any other - specify	–	–
(ii) Income tax impact thereon	–	–
Total Other Comprehensive Income	**7.51**	(17.57)

24. Earning Per Share (EPS)

Rs. in lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Profit/ (Loss) for the year	**(2,672.34)**	(3,789.82)
Weighted average number of Equity Shares used in computing basic EPS	**3,696.74**	1,834.97
Effect of potential dilutive Equity Shares	–	–
Weighted average number of Equity Shares used in computing diluted EPS	**3,696.74**	1,834.97
Basic Earnings per share (Rs.) (Face value of Rs. 10/- per share)	**(0.72)**	(2.07)
Diluted Earnings per share (Rs.)	**(0.72)**	(2.07)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

25 Employee benefits

Details of defined benefit plans as per actuarial valuation are as follows:

	Funded Plan Gratuity		Unfunded Plans Exigency leave/Earned leave	
	Year ended 31 March		Year ended 31 March	
Particulars	**2021**	2020	**2021**	2020
I. Amounts recognised in the Statement of Profit & Loss				
Current service cost	**46.41**	43.44	**67.23**	49.84
Net Interest cost	**6.49**	2.57	**11.92**	8.73
Actuarial (gain)/loss	**(7.51)**	17.57	**1.87**	0.59
Interest income	**(3.21)**	(2.87)	–	–
Total expenses included in employee benefits expense	**42.18**	60.71	**81.03**	59.16
II. Amount recognised in Other Comprehensive income				
Remeasurement (gains)/losses:				
a) Actuarial (gains)/losses arising from changes in -				
– demographic changes	**0.64**	(0.70)	–	–
– financial assumptions	**(0.64)**	11.99	–	–
– experience adjustments	**(10.31)**	3.39	–	–
b) Return on plan assets, excluding amount included in net interest expense/(income)	**2.80**	2.90	–	–
Total amount recognised in other comprehensive income	**(7.51)**	17.57	–	–
III. Changes in the defined benefit obligation				
Opening defined benefit obligation	**135.06**	71.48	**173.26**	114.10
Add/(less) on account of business combination/transfers				
Current service cost	**46.41**	43.44	**67.23**	49.84
Past service cost	–	–	–	–
Interest expense	**9.29**	5.47	**11.92**	8.73
Remeasurement (gains)/losses arising from changes in -			**1.87**	0.59
– demographic changes	**0.64**	(0.70)	–	–
– financial assumptions	**(0.64)**	11.99	–	–
– experience adjustments	**(10.31)**	3.39	–	–
Benefits paid	–	–	–	–
Closing defined benefit obligation	**180.45**	135.06	**254.29**	173.26
IV. Change in the fair value of plan assets during the year				
Opening Fair value of plan assets	**40.73**	37.86	–	–
Interest income	**3.21**	2.87	–	–
Expected return on plan assets	–	–	–	–
Contributions by employer	–	–	–	–
Adjustment due to change in opening balance of Plan assets	–	–	–	–
Actual Benefits paid	–	–	–	–
Closing Fair value of plan assets	**43.94**	40.73	–	–
V. Net defined benefit obligation				
Defined benefit obligation	**180.45**	135.06	**254.29**	173.26
Fair value of plan assets	**43.94**	40.73	–	–
Surplus/(Deficit)	**(136.51)**	(94.33)	**(254.29)**	(173.26)
Current portion of the above	**(34.40)**	(28.43)	**(47.04)**	(35.62)
Non current portion of the above	**(102.11)**	(65.90)	**(207.25)**	(137.64)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Details of defined benefit plans as per actuarial valuation are as follows:

Particulars	Funded Plan Gratuity Year ended 31 March 2021	Funded Plan Gratuity Year ended 31 March 2020	Unfunded Plans Exigency leave/Earned leave Year ended 31 March 2021	Unfunded Plans Exigency leave/Earned leave Year ended 31 March 2020
Actuarial assumptions and Sensitivity				
I. Actuarial assumptions				
Discount Rate (p.a.)	**6.91%**	6.88%	**6.91%**	6.88%
Attrition rate	**0-5.45%**	0-6.21%	**0-5.45%**	0-6.21%
Expected rate of return on plan assets (p.a.)				
Rate of Salary increase (p.a.)	**7.00%**	7.00%	**7.00%**	7.00%
In-service Mortality	**100% of IALM (2012 - 14)**	100% of IALM (2012 - 14)	**100% of IALM (2012 - 14)**	100% of IALM (2012 - 14)
II. Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as follows:				
One percentage point increase in discount rate	**(18.61)**	(24.27)	**(30.61)**	(20.99)
One percentage point decrease in discount rate	**20.91**	11.21	**36.49**	25.08
One percentage point increase in Salary growth rate	**20.67**	11.14	**36.09**	24.80
One percentage point decrease in Salary growth rate	**(18.84)**	(24.50)	**(30.85)**	(21.15)
III. Maturity profile of defined benefit obligation				
Within 1 year	**46.83**	40.81	**63.31**	47.47
Between 2 and 5 years	**43.16**	47.11	**30.83**	29.33

26 Financial Instruments

i) Financial Instruments regularly measured using Fair Value - recurring items

Rs. in lakhs

Financial assets/financial liabilities	Financial assets/ financial liabilities	Category	Fair Value As at 31 March 2021	Fair Value As at 31 March 2020	Fair value hierarchy	Valuation technique(s)
1) Investment in Mutual Funds	Financial Assets	Financial instrument measured at FVTPL	14,375.80	2,439.17	Level 1	NAV
2) Investment in equity instruments-Unquoted	Financial Assets	Financial instrument designated at FVTOCI	9.60	9.60	Level 3	Cost
3) Investment in non-convertible debentures	Financial Assets	Financial instrument designated at FVTOCI	4,700.00	4,700.00	Level 3	Amortised Cost

ii) Financial Instruments measured at amortised cost

Rs. in lakhs

Particulars	Carrying Value	Fair value	Fair value Level 1	Fair value Level 2	Fair value Level 3
As at 31 March 2021					
Financial assets					
a) Cash and cash equivalent	**6.18**	**6.18**	**6.18**	–	–
b) Trade Receivables	**175.55**	**175.55**	–	**175.55**	–
c) Financial investments - at amortised cost	**4,700.00**	**4,700.00**	**4,700.00**	–	–
d) Other financial assets	**10,891.77**	**10,891.77**	**412.41**	**10,479.36**	–
Total	**15,773.50**	**15,773.50**	**5,118.59**	**10,654.91**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Rs. in lakhs

Particulars	Carrying Value	Fair value	Fair value Level 1	Fair value Level 2	Fair value Level 3
Financial liabilities					
a) Trade Payables	**258.20**	**258.20**	–	**258.20**	–
b) Other financial liability	**1,275.75**	**1,275.75**	–	**1,275.75**	–
Total	**1,533.95**	**1,533.95**	–	**1,533.95**	–
As at 31 March 2020					
Financial assets					
a) Cash and cash equivalent	5.78	5.78	5.78	–	–
b) Trade Receivables	22.44	22.44	–	22.44	–
c) Financial investments - at amortised cost	4,700.00	4,700.00	4,700.00	–	–
d) Other financial assets	236.11	236.11	157.91	78.20	–
Total	4,964.33	4,964.33	4,863.69	100.64	–
Financial liabilities					
a) Trade Payables	228.91	228.91	–	228.91	–
b) Other financial liability	1,042.42	1,042.42	–	1,042.42	–
Total	1,271.33	1,271.33	–	1,271.33	–

Except for the above, carrying value of Other financial assets/liabilities represent reasonable estimate of fair value.

There were no transfers between Level 1 and Level 2 during the year.

27 Financial Risk Management

In the course of its business, the Company is exposed to certain financial risks: liquidity risk and market risk. The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

Liquidity Risk Management

The Company manages liquidity risk by maintaining by continuously monitoring forecast and actual cash flows.

Maturity profile of non-derivative financial liabilities

Rs. in lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
As at 31 March 2021				
Trade Payables	**258.20**	–	–	–
Other financial liabilities	**788.76**	**298.68**	**139.84**	**48.47**
Total	**1046.96**	**298.68**	**139.84**	**48.47**
As at 31 March 2020				
Trade Payables	228.91	–	–	–
Other financial liabilities	611.35	190.30	159.38	81.39
Total	840.26	190.30	159.38	81.39

Market Risk Management

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company invests in fixed rate instruments, units of mutual fund taking into account the current liquidity requirements. There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

28 Related party disclosures:

i) As per Ind AS 24 on 'Related party disclosures', the related parties of the Company are as follows:

a) **Holding Company**
Mahindra & Mahindra Financial Services Ltd

b) **Ultimate Holding Company**
Mahindra & Mahindra Ltd

c) **Fellow Subsidiaries/Associate Companies:**
(entities with whom the Company has transactions)
Mahindra Rural Housing Finance Limited
NBS International Limited
Mahindra Retail Limited
Mahindra Integrated Business Solutions Private Limited
Mahindra Engineering & Chemical Products Ltd

d) **Key Management Personnel:**
Mr. Ashutosh Bishnoi, Managing Director & Chief Executive Officer

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

Rs. in lakhs

Particulars	Holding Company		Ultimate Holding Company		Fellow Subsidiaries/ Associate Companies/ Associate Joint Ventures		Key Management Personnel	
	Year ended 31 March 2021	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020
Issue of Equity Shares								
Mahindra & Mahindra Financial Services Ltd	–	5,000.00						
Purchase of fixed assets								
Mahindra Engineering & Chemical Products Ltd					7.96	–		
Mahindra & Mahindra Ltd			–	3.37				
Interest income								
Mahindra Rural Housing Finance Ltd					409.48	410.49		
Other expenses								
Mahindra Retail Limited					1.56	13.51		
Mahindra Integrated Business Solutions Pvt Ltd					26.35	2.17		
NBS International Limited					–	0.29		
Mahindra Engineering & Chemical Products Ltd					10.28	–		
Mahindra & Mahindra Financial Services Ltd	107.85	18.10						
Mahindra & Mahindra Ltd			9.47	34.37				
Reimbursement of expenses								
Mahindra & Mahindra Financial Services Ltd	28.93	–						
Remuneration								
Managing Director & Chief Executive Officer							383.53	316.96

iii) Balances as at the end of the year:

Rs. in lakhs

Particulars	Holding Company		Ultimate Holding Company		Fellow Subsidiaries/ Associate Companies/ Associate Joint Ventures	
	As at 31 March 2021	As at 31 March 2020	**As at 31 March 2021**	As at 31 March 2020	**As at 31 March 2021**	As at 31 March 2020
Balances as at the end of the period						
Investments						
Investments in Non convertible debentures (including interest accrued but not due)						
Mahindra Rural Housing Finance Limited					**4,857.61**	4,857.91
Trade Payables						
Mahindra & Mahindra Financial Services Ltd	**4.78**	3.08				
Mahindra Integrated Business Solutions Private Limited					**2.16**	–
Mahindra Retail Limited					–	4.42
Mahindra & Mahindra Ltd			–	8.55		
Mahindra Engineering & Chemical Products Ltd					**0.18**	**–**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

29 Disclosure on Employee Share-based Compensation Scheme (Cash-settled phantom share based payments)

The Company has a Long Term Incentive Compensation Scheme ('LTIC') for eligible employees. The same was announced in Financial Year 2018-19. The LTIC payment calculation is based on a framework of phantom shares. The cash-settled share-based amount is measured at the fair value of the liability as per the requirements of Ind AS 102 Share-based payments. Until the liability is settled, the Company shall remeasure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the Statement of profit and loss for the period.

Accordingly, a charge to Statement of Profit and loss for the year ended March 31, 2021 is Rs. 262.34 lakhs.

Summary of phantom shares

	FY 2019-20		FY 2020-21	
Particulars	**No. of phantom shares**	**Weighted average allocation price (Rs.)**	**No. of phantom shares**	**Weighted average allocation price (Rs.)**
Phantom shares outstanding as on 1st April 2019 & 2020	77,16,919	2.44	87,20,960	2.62
Phantom shares granted during the year	10,04,041	3.98	17,55,176	3.48
Phantom shares forfeited during the year	–	–	(4,06,742)	3.98
Phantom shares outstanding as on 31st March 2019 & 2020	87,20,960	2.62	1,00,69,394	2.71

Information in respect of outstanding phantom shares as at 31st March 2021:

Fair Value of phantom shares at the allocation date	Range of Allocation price	Number of Phantom shares outstanding as on 31.03.2021	Weighted average remaining period	Fair Value of Share as on 31.03.2021
Rs. 10.27	Rs. 2.05 (at 80% discount)	64,93,583	5 months	Rs. 12.16
Rs. 11.32	Rs. 4.53 (at 60% discount)	12,23,336	14 months	Rs. 12.16
Rs. 9.95	Rs. 3.98 (at 60% discount)	5,97,299	26 months	Rs. 12.16
Rs. 8.70	Rs. 3.48 (at 60% discount)	17,55,176	38 months	Rs. 12.16

Period of payout	Payout period completed as on 31 March 2021	Payout period remaining as on 31 March 2021	Provision (Rs. in lakhs)
April 1 2017 to March 31 2021	48 months	–	178.83
April 1 2017 to March 31 2022	48 months	12 months	206.85
April 1 2018 to March 31 2021	36 months	–	23.35
April 1 2018 to March 31 2022	36 months	12 months	21.02
April 1 2018 to March 31 2023	36 months	24 months	25.22
April 1 2019 to March 31 2022	24 months	12 months	8.15
April 1 2019 to March 31 2023	24 months	24 months	7.33
April 1 2019 to March 31 2024	24 months	36 months	8.80
April 1 2020 to March 31 2023	12 months	24 months	12.70
April 1 2020 to March 31 2024	12 months	36 months	11.43
April 1 2020 to March 31 2025	12 months	48 months	13.72
Total Provision made as on 31 March 2021			**517.39**

Valuation of the Company has been done by assigning a valuation percentage to the average assets under management of the company for March 2021. A different valuation percentage was assigned to different asset classes. The total value of the company is divided by the total number of shares outstanding as on reporting date, to arrive at the fair value per share of the Company.

30 Leases

Company as a lessee

Following are the changes in the carrying value of Right to Use asset for the year ended 31 March 2021

		Rs. in lakhs
	Category of Asset Building	
Particulars	**For the year ended 31 March 2021**	For the year ended 31 March 2020
Balance at the beginning	**502.07**	–
Reclassifciation on account of adoption of Ind AS 116	–	–
Additions	**61.55**	662.52
Deletions	**10.62**	–
Amortisation on ROU Asset for the year	**159.36**	160.45
Balance at the end	**393.64**	502.07

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Following is the movement in the lease liabilties during the year ended 31 March 2021

		Rs. in lakhs
Particulars	**For the year ended 31 March 2021**	For the year ended 31 March 2020
Balance at the beginning	**535.76**	–
Reclassifciation on account of adoption of Ind AS 116	–	–
Additions	**61.55**	662.52
Deletions	**10.62**	–
Finance Cost accured during the year	**41.07**	50.07
Payment of lease liabilties	**140.76**	176.83
Balance at the end	**486.99**	535.76

The table below provides details regarding the contactual maturities of lease liabilities on an undiscounted basis:

		Rs. in lakhs
Particulars	**For the year ended 31 March 2021**	For the year ended 31 March 2020
Less than one year	**124.53**	176.12
One to five years	**342.77**	420.11
More than five years	**54.96**	97.78
Balance at the end	**522.26**	694.01

The effect of adoption of Ind AS 116 Leases has resulted in an additional debit of Rs 45.38 lakhs in the Statement of profit and loss for the year ended 31 March 2021.

31 Operating Segments

There is no separate reportable segment as per Ind AS 108 on “Operating Segments” in respect of the Company. For management purposes, the Company is organised into a single business unit and has only one reportable segment namely ‘Investment Management services’. There are no operations outside India and hence there is no external revenue or assets which require disclosure.

32 Social Security code

The new Code on Social Security, 2020 has been enacted, which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes will be applicable and the rules, are yet to be notified. The Company will complete its evaluation and will give appropriate impact in its financial statements in the period in which, the Code and the Rules become effective.

33 Impact of COVID-19

The Company is in the business of providing investment management services to the schemes of Mahindra Manulife Mutual Fund and earns fees for providing these services. Due to COVID-19, the uncertainty related to long term revival of economic activity is likely to impact investment returns in near future and hence, affect inflows into financial instruments. During the financial year 2020-21, the Company has received an equity infusion which will address liquidity concerns. The Company does not expect any major impact on its operations.

Signatures to Significant accounting policies and Notes to the financial statements – 1 to 33

For B. K. KHARE & CO.

Chartered Accountants
Firm’s Registration No: 105102W

Shirish Rahalkar
Partner
Membership No: 111212

Place : Mumbai
Date : April 15, 2021

For and on behalf of the Board of Directors

Mahindra Manulife Investment Management Private Limited
(Formerly known as Mahindra Asset Management Company Private Limited)

Ramesh Iyer
Chairman
[DIN: 0000220759]

Ashutosh Bishnoi
Managing Director & CEO
[DIN: 0002926849]

Chitra Andrade
Director
[DIN: 0008090478]

Ashwini Sankhe
Chief Financial Officer

Ravi Dayma
Company Secretary

Vijay Ramchandran
Director
[DIN: 0002639324]

INDEPENDENT AUDITORS' REPORT

To the Members of
Mahindra Manulife Trustee Private Limited
(Formerly known as Mahindra Trustee Company Private Limited)

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of **Mahindra Manulife Trustee Private Limited (Formerly known as Mahindra Trustee Company Private Limited)** ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013, as amended ('the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Information other than the Financial Statements and Auditor's report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Financial Statements and our auditors' report thereon.

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

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

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

Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order;

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

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

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;

   g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & CO.
Chartered Accountants
Firm Registration Number: 105102W

Shirish Rahalkar
Partner
Membership Number: 111212
UDIN: 21111212AAAAPD7978

Mumbai, April 16, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the financial statements of **Mahindra Manulife Trustee Private Limited (Formerly known as Mahindra Trustee Company Private Limited)** for the year ended March 31, 2021

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment.

   (b) These Property, Plant & Equipment have been physically verified by the management of the Company during the year at reasonable interval. No material discrepancies were identified on such verification and have been properly accounted for in the books of account.

   (c) The Company has no immovable properties and hence Clause 3(i)(c) is not applicable to the Company.

2. The Company does not hold any physical inventories. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

3. No parties are covered in the register maintained under section 189 of Companies Act, 2013 by the Company. Therefore, clauses 3(iii) (a), (b) & (c) of the Order, is not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of 186 of the Act. During the year, the Company has not provided loan to any of its directors, therefore, provisions of section 185 were not applicable during the year.

5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits to which the directives of the Reserve Bank of India and the provisions of Sections 73-76 of the Act and the rules framed there under to the extent modified apply. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

6. According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

7. (a) According to the records of the Company examined by us and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income Tax, Customs Duty, Cess and other statutory dues applicable to it with the concerned authorities.

   (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Wealth Tax, Excise Duty, Service Tax, Goods and Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year-end for a period of more than six months from the date they became payable.

   (c) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income-tax, sales tax, service tax, excise duty, customs duty and value added tax and cess which have not been deposited on account of any dispute.

8. Based on the records examined by us and according to the information and explanations given to us, the Company has not taken any loans or borrowings from financial institutions, government and has not issued any debentures.

9. The Company did not raise any money by way of initial public offer, further public offer (including debt instruments) or term loan during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

10. Based on the records examined by us and according to the information and explanations given to us, there were no material frauds by the Company or on the Company by its officers or employees noticed or reported during the year.

11. Based on the records examined by us and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and hence paragraph 3(xii) of the Order is not applicable to the Company.

13. Based on the records examined by us and according to the information and explanations given to us, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. Based on the records examined by us and according to the information and explanations given to us, the Company has made private placement of shares during the year. The requirements of section 42 of the Act have been complied with and the amount raised has been used for the purpose for which the funds were raised.

15. Based on the records examined by us and according to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

16. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration Number: 105102W

Shirish Rahalkar
Partner
Membership Number: 111212
UDIN: 21111212AAAAPD7978

Mumbai, April 16, 2021

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of **Mahindra Manulife Trustee Private Limited (Formerly known as Mahindra Trustee Company Private Limited)** ("the Company") as of March 31, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting with Reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls over Financial Reporting with Reference to these Financial Statements

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

Opinion

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

For B. K. Khare & Co.
Chartered Accountants
Firm Registration Number: 105102W

Shirish Rahalkar
Partner
Membership Number: 111212
UDIN: 21111212AAAAPD7978

Mumbai, April 16, 2021

BALANCE SHEET AS AT 31ST MARCH 2021

Rs. in lakhs

		Note No.	As at 31st March 2021	As at 31st March 2020
I	**ASSETS**			
1	**NON CURRENT ASSETS**			
	(a) Property, Plant and Equipment	3	**0.48**	0.14
	(b) Income Tax Assets (Net)	5	**–**	–
	(c) Other Non-current Assets	6	**–**	–
	Total Non-Current Assets		**0.48**	0.14
2	**CURRENT ASSETS**			
	(a) Financial Assets			
	(i) Investments	4	**82.56**	12.38
	(ii) Trade Receivables	7	**4.92**	1.76
	(iii) Cash and Cash Equivalents	8	**1.49**	1.25
	(b) Current Tax Assets (Net)	5	**4.60**	2.09
	(c) Other Current Assets	6	**4.82**	4.44
	Total Current Assets		**98.39**	21.92
	TOTAL ASSETS		**98.87**	22.06
II	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	(a) Equity Share Capital	9	**98.04**	50.00
	(b) Other Equity	10	**(2.97)**	(29.63)
	Total Equity		**95.07**	20.37
2	**LIABILITIES**			
	2A NON-CURRENT LIABILITIES			
	(a) Other non-current liabilities	11	**1.00**	1.00
	Total Non-Current Liabilities		**1.00**	1.00
	2B CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Trade Payables	12	**1.95**	0.40
	(b) Other Current Liabilities	11	**0.85**	0.29
	Total Current Liabilities		**2.80**	0.69
	TOTAL EQUITY AND LIABILITIES		**98.87**	22.06
Summary of significant accounting policies		2		

The accompanying statement of significant accounting policies and notes referred to above are an integral part of the Balance Sheet.

This is the Balance Sheet referred in our report of even date.

For and on behalf of the Board of Directors
Mahindra Manulife Trustee Private Limited
(Formerly known as Mahindra Trustee Company Private Limited)

For B. K. Khare & Co.
Chartered Accountants
Firm Regn No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Manohar Bhide
Chairman
[DIN NO. 0000001826]

Gautam Parekh
Director
[DIN NO. 0000365417]

Suneet Maheshwari
Director
[DIN NO. 0000420952]

A K Sridhar
Director
[DIN NO. 0000046719]

Avni Shroff
Company Secretary

Mukul Gupta
Director
[DIN NO. 0008730748]

Place: Mumbai
Date: April 16, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021

Rs. in lakhs

	Particulars	Note No.	Year ended 31st March 2021	Year ended 31st March 2020
I	Revenue from operations	13	**33.03**	20.87
II	Other income	14	**2.73**	1.01
III	**Total Revenue (I + II)**		**35.76**	21.88
IV	**Expenses**			
	(a) Employee benefit expenses	15	**3.61**	–
	(a) Depreciation and amortisation	16	**0.08**	0.08
	(b) Other expenses	17	**33.04**	23.64
	Total Expenses [(a) + (b) + (c)]		**36.73**	23.72
V	**Loss before tax (III - IV)**		**(0.97)**	(1.84)
VI	**Tax Expense**	18		
	(1) Current tax		**–**	–
	(2) Tax expense of earlier years		**–**	–
	(3) Deferred tax		**–**	–
	Total tax expense [(1) + (2) + (3)]		**–**	–
VII	**Loss for the year (V - VI]**		**(0.97)**	(1.84)
VIII	**Other comprehensive income**			
A	(i) Items that will not be reclassified to profit or loss		**–**	–
	(a) Remeasurements of the defined benefit liabilities/(asset)		**–**	–
	(b) Equity instruments through other comprehensive income		**–**	–
	(c) Others (specify nature)		**–**	–
IX	**Total comprehensive income for the period (VII + VIII)**		**(0.97)**	(1.84)
X	**Earnings per equity share (Rs.):**			
	(1) Basic	19	**(0.10)**	(0.37)
	(2) Diluted	19	**(0.10)**	(0.37)
XI	**Earnings per equity share (for discontinued operation) (Rs.):**			
	(1) Basic		**–**	–
	(2) Diluted		**–**	–
XII	**Earnings per equity share (for continuing and discontinued operations) (Rs.):**			
	(1) Basic		**(0.10)**	(0.37)
	(2) Diluted		**(0.10)**	(0.37)
	Summary of significant accounting policies	2		

The accompanying statement of significant accounting policies and notes referred to above are an integral part of the Statement of Profit & Loss.

This is the Statement of Profit and Loss referred in our report of even date.

For and on behalf of the Board of Directors
Mahindra Manulife Trustee Private Limited
(Formerly known as Mahindra Trustee Company Private Limited)

For B. K. Khare & Co.
Chartered Accountants
Firm Regn No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Manohar Bhide
Chairman
[DIN NO. 0000001826]

Gautam Parekh
Director
[DIN NO. 0000365417]

Suneet Maheshwari
Director
[DIN NO. 0000420952]

A K Sridhar
Director
[DIN NO. 0000046719]

Avni Shroff
Company Secretary

Mukul Gupta
Director
[DIN NO. 0008730748]

Place: Mumbai
Date: April 16, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2021

A. Equity share capital

Rs. in lakhs

Particulars	Amount
As at 1 April 2020	50.00
Changes in equity share capital during the year	48.04
As at 31 March 2021	**98.04**

Rs. in lakhs

Particulars	Amount
As at 1 April 2019	50.00
Changes in equity share capital during the year	–
As at 31 March 2020	**50.00**

B. Other Equity

Rs. in lakhs

Particulars	Securities Premium	Profit & Loss Balance	Total
As at 1 April 2020	–	(29.63)	(29.63)
Loss for the year	–	(0.97)	(0.97)
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	–	(0.97)	(0.97)
Securities premium on fresh issue of equity share capital	27.71	–	27.71
Share issue expenses	(0.08)	–	(0.08)
As at 31 March 2021	**27.63**	**(30.60)**	**(2.97)**

Rs. in lakhs

Particulars	Securities Premium	Profit & Loss Balance	Total
As at 1 April 2019	–	(27.79)	(27.79)
Loss for the year	–	(1.84)	(1.84)
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	–	(1.84)	(1.84)
As at 31 March 2020	**–**	**(29.63)**	**(29.63)**

For and on behalf of the Board of Directors
Mahindra Manulife Trustee Private Limited
(Formerly known as Mahindra Trustee Company Private Limited)

For B. K. Khare & Co.
Chartered Accountants
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Avni Shroff
Company Secretary

Mukul Gupta
Director
[DIN NO. 0008730748]

Place: Mumbai
Date: April 16, 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2021

Rs. in lakhs

Particulars	**For the year ended 31st March 2021**	For the year ended 31st March 2020
Cash flows from operating activities		
Loss before tax for the year	**(0.97)**	(1.84)
Adjustments for:		
Investment income recognised in Statement of Profit and Loss	**(2.73)**	(0.74)
Depreciation debited to Statement of Profit and Loss	**0.08**	0.08
Operating Loss before working capital changes (I)	**(3.62)**	(2.50)
Movements in working capital:		
(Increase)/decrease in trade receivables	**(3.16)**	0.03
(Increase)/decrease in other assets	**(0.38)**	(0.44)
Increase/(decrease) in trade and other payables	**1.55**	0.22
Increase/(decrease) in other liabilities	**0.56**	(0.03)
Net movements in working capital (II)	**(1.43)**	(0.22)
Cash used in operations (I+II)	**(5.05)**	(2.72)
Income taxes paid (III)	**(2.51)**	2.56
Net cash used in operating activities (I+II+III)	**(7.56)**	(0.16)
Cash flows from investing activities		
Purchase of fixed assets	**(0.42)**	–
Purchase of investments	**(96.95)**	(22.05)
Proceeds from sale of investments	**29.50**	22.20
Net cash (used in)/generated by investing activities (IV)	**(67.87)**	0.15
Cash flow from financing activities		
Issue of equity shares (net off share issue expenses)	47.96	–
Securities Premium received	27.71	–
Net cash used in financing activities (V)	75.67	–
Net increase in cash and cash equivalents (I+II+III+IV+V)	**0.24**	(0.01)
Cash and cash equivalents at the beginning of the year	**1.25**	1.26
Cash and cash equivalents at the end of the year	**1.49**	1.25

Note: The above cash flow statement has been prepared under the “indirect method” as set out in Indian Accounting Standard (Ind AS 7)- ‘Statement of Cash Flows’.

For and on behalf of the Board of Directors
Mahindra Manulife Trustee Private Limited
(Formerly known as Mahindra Trustee Company Private Limited)

For B. K. Khare & Co.
Chartered Accountants
Firm Regn No. 105102W

Shirish Rahalkar
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Director
[DIN NO. 0000046719]

Avni Shroff
Company Secretary

Mukul Gupta
Director
[DIN NO. 0008730748]

Place: Mumbai
Date: April 16, 2021

Notes to the Financial Statements for the year ended March 31, 2021

1. CORPORATE INFORMATION

Mahindra Manulife Trustee Private Limited (formerly known as Mahindra Trustee Company Private Limited) ('the Company'), was incorporated under the Companies Act, 1956 on July 10, 2013. The company is a joint venture of Mahindra & Mahindra Financial Services Ltd. and Manulife Investment Management (Singapore) Pte. Ltd. The Company is incorporated to function as a Trustee to Mahindra Manulife Mutual Fund (formerly known as Mahindra Mutual Fund). The Company has entered into Investment Management Agreement with Mahindra Manulife Investment Management Private Limited (formerly known as Mahindra Asset Management Company Private Limited) ('Investment Manager') for managing the schemes of Mahindra Manulife Mutual Fund (formerly known as Mahindra Mutual Fund).

Change in shareholding of the Company

On June 21, 2019, MMFSL and the Company entered into a Share Subscription Agreement (`SSA') with Manulife Investment Management (Singapore) Pte Ltd (`Manulife Singapore'). As per the SSA and subsequent amendments thereto, Manulife Singapore was to hold 49% stake in the Company after the completion of all the formalities required in the Agreement including the receipt of regulatory approvals. Subsequent to the signing of the Agreement, the Company has received the required approvals from the Competition Commission of India as well as the Securities and Exchange Board of India. In an Extraordinary General Meeting held on April 15, 2020, the shareholders of the Company approved an offer of 4,80,400 equity shares to Manulife Singapore. The allotment of these equity shares to Manulife Singapore was completed on April 29, 2020 and accordingly MMFSL now holds 51% of the equity of the Company and Manulife Singapore holds 49% of the equity of the Company. The Company received an amount of Rs 75.75 lakhs at Rs 15.77 per equity share as consideration for the issue of shares.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance and basis for preparation and presentation of financial statements

These standalone or separate financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

The financial statements of the Company for the year ended March 31, 2021 were approved for issue by the Company's Board of Directors on April 16, 2021.

2.2. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency.

2.3. Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values.

2.4. Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.5. Use of estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities:

Fair value of financial assets, liabilities and investments

The Company measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) require management's best estimate about future developments.

2.6. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from Operations:

Trusteeship Fees (net of tax)

Trusteeship Fees are recognised as revenue when the trusteeship services are performed for the schemes of Mahindra Manulife Mutual Fund (formerly known as Mahindra Mutual Fund). Amount disclosed as fees are exclusive of GST.

Other Income

The gains/losses on sale of investments are recognised in the Statement of Profit and Loss on the trade day and it is determined on FIFO ('first in first out') method.

Recognition of Dividend Income

Dividend from investments are recognised in the Statement of Profit and Loss when the right to receive payment is established.

Recognition of Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

2.7. Property, plant and equipment ('PPE')

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under Long term loans and advances. Capital work in progress comprises the cost of Property, Plant and Equipments that are not ready for its intended use at the reporting date.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets:

Fixed assets having value individually less than Rs 5,000 are fully depreciated in the period of purchase. Further, residual value for all assets is considered as zero due to the difficulty in estimating the same. Accordingly, useful life of assets is estimated as follows:

Notes to the Financial Statements for the year ended March 31, 2021

Computer	– 3 years
Furniture	– 10 years
Office Equipment	– 5 years
Assets costing less than Rs 5,000	< 1 year

PPE is de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income/netted off from any loss on disposal in the Statement of Profit and Loss in the year the asset is de-recognised.

2.8. Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets comprise of computer software which is amortised over the estimated useful life. The maximum period for such amortisation is taken as 36 months based on management's estimates of useful life. Amortisation is calculated using the Straight line method to write down the cost of intangible assets over their estimated useful lives.

2.9. Cash and cash equivalent

Cash comprises of cash on hand and bank balances.

2.10. Foreign exchange transactions and translations

Initial recognition

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and the foreign currency on the transaction date.

Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the Statement of Profit and Loss. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

2.11. Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

Classification and subsequent measurement Financial assets

On initial recognition, a financial asset is classified as - measured at:

- Amortised cost; or
- Fair Value through Other Comprehensive Income (FVTOCI) - debt investment; or
- Fair Value through Other Comprehensive Income (FVTOCI) - equity investment; or
- Fair Value through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

The financial assets held with the objective to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of interest on the principal amount outstanding are measured at amortised cost on the reporting date. Interest income and impairment, if any, are recognised in the Statement of Profit and Loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVTOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to the Statement of Profit and Loss on disposal of the investments.

These investments in equity are not held for trading. Instead, they are held for medium or long- term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments as FVTOCI as the Company believes that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in the Statement of Profit and Loss. Dividend income, if any, received on such equity investments are recognised in the Statement of Profit and Loss.

Equity investments that are not designated to be measured at FVTOCI are designated to be measured at FVTPL. Subsequent changes in fair value are recognised in the Statement of Profit and Loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost. Interest expense are recognised in the Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in the Statement of Profit and Loss.

De-recognition of financial assets

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for the amount it may have to pay.

If the Company enters into transactions whereby it transfers assets recognised on its Balance Sheet, but retains either all or substantially all

Notes to the Financial Statements for the year ended March 31, 2021

of the risks and rewards of the transferred assets, the transferred assets are not de-recognised and the proceeds received are recognised as a collateralised borrowing.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the Statement of Profit and Loss.

Impairment of financial assets

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVTOCI, the loss allowance is recognised in OCI and is not reduced from the carrying amount of the financial asset in the balance sheet.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Profit and Loss.

Impairment of non financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of the value in use or fair value less cost to sell, of the asset or cash-generating unit, as the case may be, is estimated and impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) earlier. The reversal of an impairment loss is recognised in Statement of Profit and Loss.

2.12. Employee Benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Leave encashment/compensated absences/sick leave

The Company provides for the encashment/availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

2.13. Income taxes

Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.14. Securities issue expenses

Expenses incurred in connection with fresh issue of Share capital are adjusted against Securities premium as per the provisions of Ind AS 32 – Financial Instruments Presentation.

2.15. Provisions

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.16. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit/ loss for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares, etc

Notes to the Financial Statements for the year ended March 31, 2021

that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

NOTE NO. 3 - PROPERTY, PLANT AND EQUIPMENT

Rs. in lakhs

Description of Assets	Computers	Total
I. Gross Carrying Amount		
Balance as at 1 April 2020	0.24	0.24
Additions during the year	0.42	0.42
Acquisitions through business combinations	–	–
Disposals during the year	–	–
Reclassified as held for sale	–	–
Others	–	–
Balance as at 31 March 2021	**0.66**	**0.66**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2020	0.10	0.10
Depreciation expense for the year	0.08	0.08
Eliminated on disposal of assets	–	–
Eliminated on reclassification as held for sale	–	–
Impairment losses recognised in profit or loss	–	–
Reversals of impairment losses recognised in profit or loss	–	–
Others	–	–
Balance as at 31 March 2021	**0.18**	**0.18**
III. Net carrying amount (I-II)	**0.48**	**0.48**

Rs. in lakhs

Description of Assets	Computers	Total
I. Gross Carrying Amount		
Balance as at 1 April 2019	**0.24**	**0.24**
Additions during the year	–	–
Acquisitions through business combinations	–	–
Disposals during the year	–	–
Reclassified as held for sale	–	–
Others	–	–
Balance as at 31 March 2020	**0.24**	**0.24**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2019	0.02	0.02
Depreciation expense for the year	0.08	0.08
Eliminated on disposal of assets	–	–
Eliminated on reclassification as held for sale	–	–
Impairment losses recognised in profit or loss	–	–
Reversals of impairment losses recognised in profit or loss	–	–
Others	–	–
Balance as at 31 March 2020	**0.10**	**0.10**
III. Net carrying amount (I-II)	**0.14**	**0.14**

NOTE NO. 4. INVESTMENTS

Rs. in lakhs

Particulars	As at March 31, 2021 Current	Non Current	As at March 31, 2020 Current	Non Current
Investments Carried at Fair Value				
Unquoted				
Mahindra Manulife Ultra Short Term Fund	–	–	6.33	–
Mahindra Manulife Liquid Fund	**82.56**	–	3.05	–
Mahindra Manulife Low Duration Fund	–	–	3.00	–
Total Investments	**82.56**	–	12.38	–

NOTE NO. 5. NON CURRENT & CURRENT INCOME TAX ASSETS

(i) Tax deducted at source net of provision for tax

Rs. in lakhs

Particulars	As at March 31, 2021 Current	Non Current	As at March 31, 2020 Current	Non Current
(a) Advance Income Tax				
(i) TDS Receivable (Net of provision for tax)	**4.60**	–	2.09	–
Total Income Tax Assets	**4.60**	–	2.09	–

(ii) Unused tax losses - Revenue in nature

Rs. in lakhs

Particulars	As at March 31, 2021 Current	Non Current	As at March 31, 2020 Current	Non Current
Expiry period				
Upto Five years	–	**25.20**	–	25.20
More than Five years	–	**5.24**	–	2.84
No Expiry Date	–	**0.24**	–	0.12
Total	–	**30.68**	–	28.16

Notes to the Financial Statements for the year ended March 31, 2021

NOTE NO. 6. OTHER NON CURRENT & CURRENT ASSETS

Rs. in lakhs

Particulars	As at March 31, 2021 Current	Non Current	As at March 31, 2020 Current	Non Current
(a) Advances other than capital advances				
(i) Other assets	**4.82**	–	4.44	–
Total Other Assets	**4.82**	–	4.44	–

NOTE NO. 7. TRADE RECEIVABLES

Rs. in lakhs

Particulars	As at March 31, 2021 Current	Non Current	As at March 31, 2020 Current	Non Current
Trade receivables				
(a) Unsecured, considered good	**4.92**	–	1.76	–
(b) Doubtful	–	–	–	–
Less: Allowance for Credit Losses	–	–	–	–
Total	**4.92**	–	1.76	–
Of the above, trade receivables from:				
– Related Parties	–	–	–	–
– Others	**4.92**	–	1.76	–
Total Trade receivables	**4.92**	–	1.76	–

NOTE NO. 8. CASH AND BANK BALANCES

Rs. in lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents		
(a) Balances with banks	**1.49**	1.25
(b) Cash on hand	–	–
Total Cash and cash equivalents	**1.49**	1.25

NOTE NO. 9. EQUITY SHARE CAPITAL

Particulars	As at March 31, 2021 No. of shares in lakhs	Rs. in lakhs	As at March 31, 2020 No. of shares in lakhs	Rs. in lakhs
Authorised:				
Equity shares of Rs. 10/- each with voting rights	**10.00**	**100.00**	10.00	100.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10/- each with voting rights	**9.80**	**98.04**	5.00	50.00
Total	**9.80**	**98.04**	5.00	50.00

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rs. in lakhs

Particulars	Opening Balance	Fresh Issue	Other Changes	Closing Balance
(a) Equity Shares with Voting rights*				
Year Ended 31 March 2021				
No. of Shares in lakhs	**5.00**	**4.80**	–	**9.80**
Amount	**50.00**	**48.04**	–	**98.04**
Year Ended 31 March 2020				
No. of Shares in lakhs	5.00	–	–	5.00
Amount	50.00	–	–	50.00

***Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(ii) Details of shares held by the holding company, the ultimate holding company, their associates and subsidiaries:

No. of Shares in lakhs

Particulars	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2021			
Mahindra and Mahindra Financial Services Limited Percentage of holding (51%)	**5.00**	–	–
As at 31 March 2020			
Mahindra and Mahindra Financial Services Limited, the Holding Company (100%)	5.00	–	–

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

Class of shares/Name of shareholder	As at March 31, 2021 Number of shares held in lakhs	% holding in that class of shares	As at March 31, 2020 Number of shares held in lakhs	% holding in that class of shares
Equity shares with voting rights				
Mahindra and Mahindra Financial Services Limited	**5.00**	**51%**	5.00	100%
Manulife Investment Management (Singapore) Pte Limited	**4.80**	**49%**	**–**	**–**

NOTE NO. 10. OTHER EQUITY

Description of the Nature and Purpose of Other Equity

Securities Premium: The securities premium is used to record the premium on issue of shares. The reserve can be utilized in accordance with the provisions of Companies Act, 2013

Rs. in lakhs

Particulars	Reserves and Surplus: Securities premium	Retained earnings or Profit & loss account	Total
Balance as at 01 April 2019	–	(27.79)	(27.79)
Profit/(Loss) for the year	–	(1.84)	(1.84)
Other Comprehensive Income	–	–	–
Total Comprehensive Income for the year	–	**(1.84)**	**(1.84)**

Notes to the Financial Statements for the year ended March 31, 2021

Rs. in lakhs

Particulars	Reserves and Surplus: Securities premium	Reserves and Surplus: Retained earnings or Profit & loss account	Total
Share issue expenses	–	–	–
Balance as at 31 March 2020	–	**(29.63)**	**(29.63)**
Balance as at 01 April 2020	–	(29.63)	(29.63)
Profit/(Loss) for the year	–	(0.97)	(0.97)
Other Comprehensive Income	–	–	–
Total Comprehensive Income for the year	–	**(0.97)**	**(0.97)**
Securities premium on fresh issue of equity share capital	27.71	–	27.71
Share issue expenses	(0.08)	–	(0.08)
Balance as at 31 March 2021	**27.63**	**(30.60)**	**(2.97)**

NOTE NO. 11. OTHER LIABILITIES

Rs. in lakhs

Particulars	As at March 31, 2021 Current	As at March 31, 2021 Non Current	As at March 31, 2020 Current	As at March 31, 2020 Non Current
(a) Other non current liabilities	–	**1.00**	–	1.00
(b) Other Current Liabilities				
Statutory dues				
- taxes payable (other than income taxes)	**0.80**	–	0.29	–
- income taxes payable	**0.04**	–	–	–
- Professional tax payable	**0.01**	–	–	–
Total Other liabilities	**0.85**	**1.00**	0.29	1.00

NOTE NO. 12. TRADE PAYABLES

Rs. in lakhs

Particulars	As at March 31, 2021 Current	As at March 31, 2021 Non Current	As at March 31, 2020 Current	As at March 31, 2020 Non Current
Trade payable - Micro and small enterprises	**0.76**	–	–	–
Trade payable - Other than micro and small enterprises	**1.19**	–	0.40	–
Total trade payables	**1.95**	–	0.40	–

NOTE NO. 13. REVENUE FROM OPERATIONS

Rs. in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Trusteeship Fees	**33.03**	20.87
Total Revenue from Operations	**33.03**	20.87

NOTE NO. 14. OTHER INCOME

Rs. in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Profit on sale/redemption of Investment	**1.38**	0.52
(b) Unrealised gain/(loss) on Mutual Fund Investment	**1.35**	0.22
(c) Interest on Income tax refund	–	0.27
Total Other Income	**2.73**	1.01

NOTE NO. 15 - EMPLOYEE BENEFIT EXPENSES

Rs. in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Salaries and wages	**3.61**	–
Total Employee Benefit Expenses	**3.61**	–

NOTE NO. 16 - DEPRECIATION AND AMORTISATION

Rs. in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Depreciation on Property, Plant and Equipment	**0.08**	0.08
Total Depreciation and amortisation	**0.08**	0.08

NOTE NO. 17 - OTHER EXPENSES

Rs. in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Legal & Professional Charges	**0.93**	0.64
(b) Directors' Sitting Fees	**30.30**	20.90
(c) Travelling & Conveyance Expenses	**0.04**	0.81
(d) Marketing Expenses	**1.00**	1.00
(e) Auditors remuneration and out-of-pocket expenses		–
– Audit fees	**0.20**	0.20
– Other services	–	–
(f) Other Expenses	**0.57**	0.09
Total Other expenses	**33.04**	23.64

NOTE NO. 18 - CURRENT TAX AND DEFERRED TAX

Income Tax recognised in profit or loss

Rs. in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current Tax:		
In respect of current year	–	–
In respect of prior years	–	–
	–	–

Notes to the Financial Statements for the year ended March 31, 2021

Rs. in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	–	–
	–	–
Total income tax expense on continuing operations	–	–

NOTE NO. 19 - EARNINGS PER SHARE

in Rupees

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	Per Share	Per Share
Basic earnings per share	**(0.10)**	(0.37)
Diluted earnings per share	**(0.10)**	(0.37)

Basic earnings per share
The earnings and weighted average number of ordinary shares (in lakhs) used in the calculation of basic earnings per share are as follows:

Rs. in lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit/(loss) for the year attributable to owners of the Company	**(0.97)**	(1.84)
Less: Preference dividend and tax thereon	–	–
Profits used in the calculation of basic earnings per share	**(0.97)**	(1.84)
Weighted average number of equity shares (nos in lakhs)	**9.44**	5.00
Earnings per share - Basic (in Rupees)	**(0.10)**	(0.37)

NOTE NO. 20 - RELATED PARTY DISCLOSURES:

i) **As per Ind AS 24 on 'Related party disclosures', the related parties of the Company are as follows:**

(a) **Holding Company**

Mahindra & Mahindra Financial Services Ltd

(b) **Ultimate Holding Company**

Mahindra & Mahindra Ltd

(c) **Fellow Subsidiaries/Associate Companies**

Mahindra Integrated Business Solutions Private Limited

ii) **The nature and volume of transactions of the Company during the year with above related parties were as follows:**

Rs. in lakhs

Particulars	Holding Company Year ended March 31, 2021	Holding Company Year ended March 31, 2020	Fellow Subsidiaries/ Associate Companies Year ended March 31, 2021	Fellow Subsidiaries/ Associate Companies Year ended March 31, 2020
Expenses				
Mahindra & Mahindra Financial Services Ltd	**1.12**	1.12	–	–
Mahindra Integrated Business Solutions Private Limited	–	–	**0.04**	–

iii) **Balances as at the end of the year:**

Rs. in lakhs

Particulars	Holding Company Year ended March 31, 2021	Holding Company Year ended March 31, 2020	Fellow Subsidiaries/ Associate Companies Year ended March 31, 2021	Fellow Subsidiaries/ Associate Companies Year ended March 31, 2020
Other Non-current Liabilities				
Mahindra & Mahindra Financial Services Ltd	**1.00**	1.00	–	–
Trade Payables				
Mahindra Integrated Business Solutions Private Limited	–	–	**0.03**	–

NOTE NO. 21 - COVID-19 IMPACT

The Company is in the business of providing trustee services to the schemes of Mahindra Manulife Mutual Fund and earns fees for providing these services. Due to COVID-19, the uncertainty related to long term revival of economic activity is likely to impact investment returns in near future and hence affect inflows into financial instruments. During the financial year 2020-21, the Company has received an equity infusion which will address liquidity concerns. The Company does not expect any major impact on its operations.

Signatures to significant accounting policies and Notes to the financial statements 1 to 21

For and on behalf of the Board of Directors
Mahindra Manulife Trustee Private Limited
(Formerly known as Mahindra Trustee Company Private Limited)

For B. K. Khare & Co.
Chartered Accountants
Firm Regn No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Manohar Bhide
Chairman
[DIN NO. 0000001826]

Gautam Parekh
Director
[DIN NO. 0000365417]

Suneet Maheshwari
Director
[DIN NO. 0000420952]

A K Sridhar
Director
[DIN NO. 0000046719]

Avni Shroff
Company Secretary

Mukul Gupta
Director
[DIN NO. 0008730748]

Place: Mumbai
Date: April 16, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra Finance CSR Foundation.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying Ind AS Financial Statements of **Mahindra Finance CSR Foundation** ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Income and Expenditure, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (herein referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Companies Act,2013, as amended ('the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its financial performance, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Financial Statements and our auditors' report thereon.

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

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

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

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities For The Audit Of The Financial Statements

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

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

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

- Section 143(3)(i) mandates the auditor to comment on whether the Company has adequate internal financial controls over financial reporting of the Company and the operating effectiveness of such controls. In terms of paragraph 5 of Ministry of Corporate Affairs notification number G.S.R. 583 (E) dated June 13, 2017, and as amended from time to time, exemption has been provided to private limited companies fulfilling certain criteria mentioned in the notification, from the applicability of requirement of reporting in terms of section 143(3)(i). As the Company meets the relevant criteria specified in the said notification for the Financial Year 2020-21, the requirement of Section 143(3)(i) is not applicable to the Company and accordingly no report has been made under the said clause.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As requirements by the Companies (Auditor's Report) Order, 2016/2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, is not applicable to the Company, no comment on report specified in paragraphs 3 and 4 of the Order is made;
2. As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) The Balance Sheet, the Statement of Statement of Income and Expenditure, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
   e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
   f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations which would impact its financial position;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. There were no amounts which were required to the Investor Education and Protection Fund by the Company.

For **B.K KHARE & CO.**
Chartered Accountants
FRN: 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAPE8350

Place: Mumbai
Dated: 16th April, 2021.

BALANCE SHEET AS AT 31 MARCH, 2021

INR Rupees

Particulars	Note	As at 31 March, 2021	As at 31 March, 2020
ASSETS			
Financial Assets			
a) Cash and cash equivalents	1	**7,94,10,294.68**	9,870.20
b) Bank balances other than cash and cash equivalents	2	**55,00,000.00**	–
c) Other current assets	3	**12,627.40**	–
		8,49,22,922.08	9,870.20
Non-financial Assets			
		–	–
		–	–
Total Assets		**8,49,22,922.08**	9,870.20
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
a) Other payables	4	**46,250.00**	–
b) Other financial liabilities	5	**20,000.00**	25,000.00
		66,250.00	25,000.00
Non-Financial Liabilities			
a) Other non-financial liabilities	6	**3,750.00**	–
		3,750.00	–
EQUITY	7		
(a) Equity share capital		**10,000.00**	10,000.00
(b) Other equity		**8,48,42,922.08**	(25,129.80)
		8,48,52,922.08	(15,129.80)
Total Liabilities and Equity		**8,49,22,922.08**	**9,870.20**

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

As per our report of even date attached.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No: 105102W

For and on behalf of the Board of Directors
Mahindra Finance CSR Foundation

Shirish Rahalkar
Partner
Membership No: 111212

Rajesh Vasudevan
Director
[DIN: 02711990]

Vinay Deshpande
Chairman
[DIN: 01904423]

Place: Mumbai
Date: 16 April, 2021

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 MARCH, 2021

INR Rupees

	Particulars	Note	Year ended 31 March 2021	For the period from 2 April 2019 to 31 Mar 2020
I	**Revenue receipts (Donations)**	8	**10,59,14,913.00**	11,50,000.00
II	**Other Income**	9	**12,627.40**	–
III	**Total income (I+II)**		**10,59,27,540.40**	11,50,000.00
	Expenses			
	(i) Finance costs	10	**75.52**	129.80
	(ii) Corporate Social Responsibility expenses	11	**2,09,74,913.00**	11,50,000.00
	(iii) Other Expenses	12	**84,500.00**	25,000.00
IV	**Total expenses (IV)**		**2,10,59,488.52**	11,75,129.80
V	**Excess of income over expenditure (III-IV)**		**8,48,68,051.88**	(25,129.80)
VI	**Earnings per equity share (face value Rs. 10/- per equity share)**	13		
	Basic (Rupees)		**84,868.05**	(25.13)
	Diluted (Rupees)		**84,868.05**	(25.13)

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

As per our report of even date attached.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No: 105102W

For and on behalf of Board of Directors
Mahindra Finance CSR Foundation

Shirish Rahalkar
Partner
Membership No: 111212

Rajesh Vasudevan
Director
[DIN: 02711990]

Vinay Deshpande
Chairman
[DIN: 01904423]

Place: Mumbai
Date: 16 April, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2021

A. Equity share capital

INR Rupees

Particulars	Amount
Issued, Subscribed and fully paid up:	
Balance as at 1 April 2019	–
Changes during the year:	
i) Fresh allotment of shares	10,000.00
ii) Allotment of shares by ESOS Trust to employees	–
Balance as at 31 March 2020	10,000.00
Issued, Subscribed and fully paid up:	
Balance as at 1 April 2020	**10,000.00**
Changes during the year:	
i) Fresh allotment of shares	**–**
ii) Allotment of shares by ESOS Trust to employees	**–**
Balance as at 31 March 2021	**10,000.00**

B. Other Equity

Particulars	**Reserves and Surplus**									
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	**Capital redemption reserves**	**Securities premium reserve**	**General reserves**	**Debenture Redemption Reserves (DRR)**	**Employee stock options outstanding**	**Retained earnings**	**Debt instruments through OCI**	**Equity instruments through OCI**	**Total**
Balance as at 1 April 2019	–	–	–	–	–	–	–	–	–	–
Profit/(loss) for the year	–	–	–	–	–	–	–	–	–	–
Other Comprehensive Income / (loss)	–	–	–	–	–	–	–	–	–	–
Total Comprehensive Income for the year	–	–	–	–	–	–	–	–	–	–
Excess of expenditure over income	–	–	–	–	–	–	(25,129.80)	–	–	(25,129.80)
Balance as at 31 March 2020	–	–	–	–	–	–	(25,129.80)	–	–	(25,129.80)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

Particulars	Reserves and Surplus									
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	Capital redemption reserves	Securities premium reserve	General reserves	Debenture Redemption Reserves (DRR)	Employee stock options outstanding	Retained earnings	Debt instruments through OCI	Equity instruments through OCI	Total
Balance as at 1 April 2020	–	–	–	–	–	–	(25,129.80)	–	–	(25,129.80)
Profit/(loss) for the year	–	–	–	–	–	–	–	–	–	–
Other Comprehensive Income / (loss)	–	–	–	–	–	–	–	–	–	–
Total Comprehensive Income for the year	–	–	–	–	–	–	–	–	–	–
Excess of income over expenditure	–	–	–	–	–	–	8,48,68,051.88	–	–	8,48,68,051.88
Balance as at 31 March 2021	–	–	–	–	–	–	8,48,42,922.08	–	–	8,48,42,922.08

As per our report of even date attached.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No: 105102W

For and on behalf of Board of Directors
Mahindra Finance CSR Foundation

Shirish Rahalkar
Partner
Membership No: 111212

Rajesh Vasudevan
Director
[DIN: 02711990]

Vinay Deshpande
Chairman
[DIN: 01904423]

Place: Mumbai
Date: 16 April, 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2021

	Particulars	Year ended 31 March 2021	INR Rupees For the period from 2 April 2019 to 31 Mar 2020
A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Excess of expenditure over income	**8,48,68,051.88**	(25,129.80)
	Adjustments to reconcile profit before tax to net cash flows:		
	Add: Non-cash expenses	**–**	–
		–	–
	Less: Income considered separately	**–**	–
	Income from investing activities	**(12,627.40)**	–
	Operating profit before working capital changes	**8,48,55,424.48**	(25,129.80)
	Changes in -		
	Other financial liabilities	**(5,000.00)**	25,000.00
	Other Payables	**46,250.00**	–
	Other non-financial liabilities	**3,750.00**	–
	Cash used in operations	**45,000.00**	25,000.00
	NET CASH USED IN OPERATING ACTIVITIES (A)	**8,49,00,424.48**	(129.80)
B)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of investments at amortised cost	**(55,00,000.00)**	–
	NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)	**(55,00,000.00)**	–
C)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Issue of equity shares	**–**	10,000.00
	NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	**–**	10,000.00
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**7,94,00,424.48**	9,870.20
	Cash and Cash Equivalents at the beginning of the year	**9,870.20**	–
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (refer note 3)	**7,94,10,294.68**	9,870.20
	Components of Cash and Cash Equivalents		
	Balances with banks in current accounts	**10,294.68**	–
	Term deposits with original maturity up to 3 months	**7,94,00,000.00**	9,870.20
	Total	**7,94,10,294.68**	9,870.20

Notes :

The above Statement of Cash Flow has been prepared under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows'.

As per our report of even date attached.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No: 105102W

For and on behalf of the Board of Directors
Mahindra Finance CSR Foundation

Shirish Rahalkar
Partner
Membership No: 111212

Rajesh Vasudevan
Director
[DIN: 02711990]

Vinay Deshpande
Chairman
[DIN: 01904423]

Place: Mumbai
Date: 16 April, 2021

Notes Forming part of the financial statements for the year ended 31 March, 2021

1 COMPANY INFORMATION

Mahindra Finance CSR Foundation ('the Company'), incorporated in India, is a public limited company, headquartered in Mumbai dated April 2, 2019. The Company has received license under Section 8 (1) of the Companies Act, 2013. The Company is established to undertake, by itself or joining, collaborating with, or participating in, projects that, support, promote and enhance: education, including special education, especially among children, women, elderly and the differently abled; employment, vocational skills, and sustainable livelihood; curative and preventive healthcare measures; sanitation and availability of safe drinking water; measures eradicating hunger, poverty and malnutrition; sustainability environmental and ecological balance; protection of flora and fauna, animal welfare, agro forestry; conservation of natural resources; maintenance of quality of soil, air and water; including but not limited to, rehabilitation efforts prior, during and or after natural disasters. The objective of the Company is to work, contribute towards all activities outlined by, but not restricted to, Section 135, Schedule VII of the Companies Act, 2013, the related rules and the amendments thereto from time to time.

Further, the company received its registration under section 12AA of the Income Tax Act 1961 on 29 November, 2019 and certificate under section 80G of the Income Tax Act,1961 on 24 December, 2019 valid from 3 June, 2019.

None of the objects of the Company will be carried out on commercial basis. The Company is a subsidiary of Mahindra & Mahindra Financial Services Limited.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting

These financial statements are the company's first Ind–AS financial statement. The financial statements have been prepared on a historical cost convention and on an accrual basis.

2.2 Functional and presentation currency

'These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest rupee, unless otherwise indicated.

2.3 Revenue recognition

The revenue is measured on actual receipt basis of donations received.

2.4 Provisions

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.5 Finance Act 2020 brought about changes in the existing norms for exemptions under Section 80G and Section 12A of the Income Tax Act, 1961. There provisions were initially made effective from 1st June 2020. Due to the current Covid -19 crisis, the Central Board of Direct Taxes (CBDT) has made applicable the new provisions by introducing The Income Tax (6th Amendment) Rules, 2021 vide notification dated 26th March, 2021, effective from 1st April 2021 whereby all existing institutions already registered under Section 80G and Section 12AA, would be required to re-apply to the income tax authorities for renewal of their registration. The Company is in the process of re-applying for its registrations with the Income Tax office.

2.6 As per the provisions of Section 11(2) of the Income Tax Act, 1961, Mahindra Finance CSR Foundation was required to apply at least 85% of its income to Charitable or religious purposes during the previous year. However, the Company has not applied 85% of its income as per section 11(2) of the Act. The Company undertakes to accumulate or set apart an amount of Rs. 6,89,78,921 for the CSR Flagship program for Drivers Community purpose and the required compliances under the Income-tax Act, 1961 would be complied with. The Company shall make an application in the prescribed Form 10 to accumulate or set apart the aforesaid amount for carrying out the above CSR activity.

The company was incorporated in the previous year due to which the comparative figures are not comparable.

INR Rupees

1 Cash and cash equivalents

	31 March 2021	31 March 2020
Cash on hand	–	–
Balances with banks in current accounts	10,294.68	9,870.20
Term deposits with original maturity up to 3 months	7,94,00,000.00	–
	7,94,10,294.68	9,870.20

2 Bank balances other than cash and cash equivalents

	31 March 2021	31 March 2020
Term deposits with maturity less than 12 months -	55,00,000.00	–
	55,00,000.00	–

3 Other current assets

	31 March 2021	31 March 2020
Interest accrued on - Bank deposits	12,627.40	–
	12,627.40	–

4 Other payables

	31 March 2021	31 March 2020
Total outstanding dues of creditors other than micro enterprises and small enterprises	46,250.00	–
	46,250.00	–

5 Other financial liabilities

	31 March 2021	31 March 2020
Provision for expenses	20,000.00	25,000.00
	20,000.00	25,000.00

6 Other non financial liabilities

	31 March 2021	31 March 2020
Statutory dues and taxes payable	3,750.00	–
	3,750.00	–

7 Equity Share capital

	31 March 2021	31 March 2020
Authorised:		
1,000 (31 March 2019: Nil) Equity shares of Rs. 10/- each	10,000.00	10,000.00
Issued, Subscribed and paid-up:		
1,000 (31 March 2019: Nil) Equity shares of Rs. 10/- each fully paid up	10,000.00	10,000.00
Issued, Subscribed and paid-up Share capital	10,000.00	10,000.00

Notes forming part of the Financial Statements as at 31 March 2021

INR Rupees

		As at 31 March 2021		As at 31 March 2020	
		No. of shares	INR Rupees	No. of shares	INR Rupees
a)	**Reconciliation of number of equity shares and amount outstanding:**				
	Issued, Subscribed and paid-up:				
	Balance at the beginning of the year	**1,000.00**	10,000.00	**–**	–
	Add : Fresh allotment of shares:	**–**	–	**1,000.00**	10,000.00
	Balance at the end of the year	**1,000**	10,000.00	**1,000.00**	10,000.00
b)	Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates:				
	Holding company : Mahindra & Mahindra Financial Services Limited	**1,000**	10,000.00	**1,000.00**	10,000.00
	(Equity shares of Rs. 10/- each)				
	Percentage of holding (%)	**100%**	100%	**100%**	100%

Other Equity	**31 March 2021**	31 March 2020
Surplus in Statement of Profit and Loss:		
Balance as at the beginning of the year	**(25,129.80)**	–
Add : Excess of expenditure over income for the current period transferred from Statement of Income and Expenditure	**8,48,68,051.88**	(25,129.80)
Balance Loss carried to Balance Sheet	**8,48,42,922.08**	(25,129.80)
Less : Allocations & Appropriations :	**–**	–
Balance as at the end of the period	**8,48,42,922.08**	(25,129.80)
Total	**8,48,42,922.08**	(25,129.80)

8 Revenue receipts

	For the year ended 31 Mar 2021	For the period from 2 April 2019 to 31 Mar 2020
Donations received	**10,59,14,913.00**	11,50,000.00
	10,59,14,913.00	11,50,000.00

9 Other Income

	For the year ended 31 Mar 2021	For the period from 2 April 2019 to 31 Mar 2020
Interest Income on Bank Deposit	**12,627.40**	–
	12,627.40	–

10 Finance costs

	For the year ended 31 Mar 2021	For the period from 2 April 2019 to 31 Mar 2020
Bank charges	**75.52**	129.80
	75.52	129.80

11 Corporate Social Responsibility expenses

	For the year ended 31 Mar 2021	For the period from 2 April 2019 to 31 Mar 2020
Corporate Social Responsibility expenses		
– Promotion of education	**3,36,880.00**	6,50,000.00
– Promotion of sports	**–**	5,00,000.00
– Flagship program Welfare programs for Drivers & their family	**2,06,38,033.00**	–
	2,09,74,913.00	11,50,000.00

12 Other Expenses

	For the year ended 31 Mar 2021	For the period from 2 April 2019 to 31 Mar 2020
Auditor's fees and expenses	**54,500.00**	25,000.00
Legal and professional charges	**28,000.00**	–
Membership and Subsription	**2,000.00**	**–**
	84,500.00	25,000.00

13 Earning Per Share (EPS)

	31 March 2021	31 March 2020
Profit / (Loss) for the year	**8,48,68,051.88**	(25,129.80)
Weighted average number of Equity Shares	**1,000.00**	1,000.00
Basic Earnings per share (Rs.) (Face value of Rs. 10/- per share)	**84,868.05**	(25.13)
Diluted Earnings per share (Rs.)	**84,868.05**	(25.13)

Independent Auditor's Report
To The Members of Mahindra Lifespace Developers Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Mahindra Lifespace Developers Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of Matter

We draw attention to Note 39 of the standalone financial statements, which describes that the potential impact of COVID-19 pandemic on the financial statements of the Company are dependent on future developments, which remain uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Carrying values of Inventories (Construction work in Progress and Stock in Trade)**	**Principal audit procedures performed:**
	There is a risk that the valuation of inventory may be misstated as it involves the determination of net realizable value (NRV) and estimated total construction cost of completion of each of the projects which is an area of judgement. Refer Notes 2.17 and 11 to the Standalone Financial Statements	We assessed the Company's process for the valuation of inventories. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • Evaluated the design of the internal controls relating to the valuation of inventories. • Tested the operating effectiveness of controls for the review of estimates involved for the expected cost of completion of projects including construction cost incurred, construction budgets and net realizable value. We carried out a combination of procedures involving enquiry and observation, and inspection of evidence in respect of operation of these controls. Additionally we carried out site visits for a number of projects in the year. Selected a sample of project specific inventories and performed the procedures around: • Construction costs incurred for the project specific inventories by testing the supporting documents, estimated total construction cost to be incurred for completing the construction of the project and corroborated the same with the reports from external supervising engineers, where applicable. Obtained the company's assessment of NRV for the project specific inventories.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Carrying values of Inventories (Construction work in Progress and Stock in Trade)**	**Principal audit procedures performed:**
		• Obtained the detailed project reviews to support the estimates and challenged the judgements underlying those reviews with senior operational and financial management. We focused on the significant judgements adopted by the Company, we critically assessed the forecast costs to complete. • The expected net amounts to be realized from the sale of inventories in the ordinary course of business by critically evaluating the estimates used by the Company for NRV of such inventory.

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, Management Discussion and Analysis Report, Corporate Governance Report and Business Responsibility Report, but does not include the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

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

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
Membership No. 100459
(UDIN: 21100459AAAAKC8824)

Place: Mumbai
Date: 12th May, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Mahindra Lifespace Developers Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
Membership No. 100459
(UDIN: 21100459AAAAKC8824)

Place: Mumbai
Date: 12th May, 2021

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the members of Mahindra Lifespace Developers Limited of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, Plant and Equipment).

(b) The fixed assets (Property, Plant and Equipment) were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets (Property, Plant and Equipment) at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) With respect to immovable properties of acquired land and buildings, according to the information and explanations given to us and the records examined by us and based on the examination of the court orders approving schemes of arrangements provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date. According to the information and explanation given to us, the Company does not have any other land or building other than administrative block and project facilities, temporarily constructed at the project sites and capitalised as Building.

(ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of title deeds, site visits by the Management and certification of extent of work completion by competent persons, are at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has granted unsecured loans to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company’s interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year-end.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and the provisions of sections 73 to 76 of the Act are not applicable and hence reporting under clause 3 (v) of the Order is also not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Goods and Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities. The provisions of Employees’ State Insurance and Excise Duty are not applicable to the operations of the Company.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31st March, 2021 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on 31st March, 2021 on account of disputes except as given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (₹ in lakh)
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	AY 2006-2007	240.23
		Commissioner of Income tax (Appeals)	AY 2007-2008	453.63
Finance Act, 1994	Service Tax	Appellate Authority - up to Commissioners/ Revisional authorities level	FY 2005 to 2010*	69.79
			FY 2010	339.72
			FY 2009 to 2014	67.70
			FY 2014 to 2016	41.54
Sales Tax and Value Added Tax Laws	Sales Tax and VAT	Appellate Authority- up to Commissioners/ Revisional authorities level	FY 2007 to 2010	2.89
		High Court	FY 2006 to 2010	276.59

* net of ₹ 7.75 lakhs paid under protest

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from debenture holders, financial institutions and government.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer/ further public offer (including debt instruments). The money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Ind AS financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
Membership No. 100459
(UDIN: 21100459AAAAKC8824)

Place: Mumbai
Date: 12th May, 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

(₹ in lakh)

	Note No.	**As at 31st March, 2021**	As at 31st March, 2020
I ASSETS			
1 NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**259.60**	449.89
(b) Right of Use Assets	5	**57.25**	514.55
(c) Capital Work-in-Progress		**1,459.19**	1,223.94
(d) Investment Property	6	**2,048.81**	2,094.82
(e) Intangible Assets	7	**3.73**	17.91
(f) Financial Assets			
(i) Investments	8	**46,995.29**	46,702.34
(g) Deferred Tax Asset (Net)	9	**3,633.70**	1,886.57
(h) Other Non Current Assets	10	**4,846.95**	4,113.49
TOTAL NON-CURRENT ASSETS		**59,304.52**	57,003.51
2 CURRENT ASSETS			
(a) Inventories	11	**103,173.54**	91,250.73
(b) Financial Assets			
(i) Trade Receivables	12	**5,016.03**	8,963.72
(ii) Cash and Cash Equivalents	13	**9,733.96**	7,331.34
(iii) Bank balances other than (ii) above	13	**1,088.59**	2,209.55
(iv) Loans	14	**8,083.20**	8,306.08
(v) Other Financial Assets	15	**7,578.37**	16,017.09
(c) Other Current Assets	10	**9,322.46**	8,908.49
TOTAL CURRENT ASSETS		**143,996.15**	142,987.00
TOTAL ASSETS (1+2)		**203,300.67**	199,990.51
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	16	**5,138.32**	5,136.14
(b) Other Equity	17	**139,406.50**	144,492.51
TOTAL EQUITY		**144,544.82**	149,628.65
LIABILITIES			
2 NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Lease Liabilities		**–**	96.17
(b) Provisions	18	**426.35**	272.18
TOTAL NON-CURRENT LIABILITIES		**426.35**	368.35
3 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	19	**11,140.04**	11,891.55
(ii) Lease Liabilities		**64.66**	443.38
(iii) Trade Payables			
Total Outstanding Dues of Micro Enterprises and Small Enterprises	20	**579.00**	153.98
Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	20	**8,861.51**	9,004.49
(iv) Other Financial Liabilities	21	**2,891.49**	3,637.02
(b) Other Current Liabilities	22	**32,684.94**	22,787.03
(c) Provisions	18	**728.75**	696.95
(d) Current Tax Liabilities (Net)		**1,379.11**	1,379.11
TOTAL CURRENT LIABILITIES		**58,329.50**	49,993.51
TOTAL EQUITY AND LIABILITIES (1+2+3)		**203,300.67**	199,990.51
Summary of Significant Accounting Policies	2		

The accompanying notes 1 to 45 are an integral part of these financial statements

As per our Report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration Number:- 117366W/W-100018

Ketan Vora
Partner
Membership No. 100459

Mumbai : 12th May, 2021

For and on behalf of the Board of Directors of
Mahindra Lifespace Developers Limited

Arun Nanda Chairman - DIN: 00010029
Arvind Subramanian Managing Director - DIN: 02551935
Ankit Shah Assistant Company Secretary
Vimal Agarwal Chief Financial Officer

Mumbai : 12th May, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in lakh)

		Note No.	For the year ended 31st March, 2021	For the year ended 31st March, 2020
I	**INCOME**			
	(a) Revenue from Operations	23	**8,963.59**	43,988.47
	(b) Other Income	24	**4,675.46**	8,080.93
	TOTAL INCOME (a + b)		**13,639.05**	52,069.40
II	**EXPENSES**			
	(a) Cost of Sales			
	- Cost of Projects	25	**8,042.60**	35,064.64
	- Operating Expenses	25	**89.14**	563.27
	(b) Employee Benefits Expense	26	**6,531.13**	7,162.01
	(c) Finance Costs	27	**366.60**	183.71
	(d) Depreciation and Amortisation Expense	4 to 7	**664.67**	725.98
	(e) Other Expenses	28	**4,911.49**	7,621.43
	TOTAL EXPENSES (a+b+c+d+e)		**20,605.63**	51,321.04
III	**(LOSS)/PROFIT BEFORE TAX AND EXCEPTIONAL ITEM (I - II)**		**(6,966.58)**	748.36
IV	**EXCEPTIONAL ITEM**	8	**–**	(23,731.31)
V	**(LOSS BEFORE TAX (III - IV)**		**(6,966.58)**	(22,982.95)
VI	**TAX (CREDIT)/EXPENSE**			
	(a) Current tax	29 (a)	**–**	–
	(b) Deferred tax	29 (a)	**(1,742.08)**	(382.44)
	TOTAL TAX (CREDIT)/EXPENSE (a+b)		**(1,742.08)**	(382.44)
VII	**LOSS AFTER TAX (V - VI)**		**(5,224.50)**	(22,600.51)
VIII	**OTHER COMPREHENSIVE (LOSS)/INCOME**			
	Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plans		**(20.08)**	114.30
	(b) Income tax relating to Items that will not be reclassified to profit or loss	29 (b)	**5.05**	(28.77)
	TOTAL OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR (a+b)		**(15.03)**	85.53
IX	**TOTAL COMPREHENSIVE LOSS FOR THE YEAR (VII + VIII)**		**(5,239.53)**	(22,514.98)
X	**EARNINGS PER EQUITY SHARE (face value of ₹ 10/- each) (₹)**			
	(a) Basic	30	**(10.17)**	(44.01)
	(b) Diluted	30	**(10.17)**	(43.90)
	Summary of Significant Accounting Policies	2		

The accompanying notes 1 to 45 are an integral part of these financial statements

As per our Report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration Number:- 117366W/W-100018

Ketan Vora
Partner
Membership No. 100459

Mumbai : 12th May, 2021

For and on behalf of the Board of Directors of
Mahindra Lifespace Developers Limited

Arun Nanda Chairman - DIN: 00010029
Arvind Subramanian Managing Director - DIN: 02551935

Ankit Shah
Assistant Company Secretary

Vimal Agarwal
Chief Financial Officer

Mumbai : 12th May, 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in lakh)

		For the year ended 31st March, 2021	For the year ended 31st March, 2020
A.	**Cash flows from operating activities:**		
	(Loss)/Profit before exceptional item and tax	**(6,966.58)**	748.36
	Adjustments for:		
	Finance Costs	**366.56**	183.71
	Interest Income	**(1,136.08)**	(1,293.08)
	Dividend Income	**(2,761.20)**	(3,085.00)
	Loss on disposal of Property Plant & Equipment and Intangible Assets	**58.99**	3.35
	Provision for diminition in value of investment	**–**	230.77
	Reversal of diminution in value of Investment	**–**	(1,800.00)
	Provision for doubtful debts	**12.43**	–
	Depreciation and Amortisation Expense	**664.67**	725.98
	Net gain arising on financial assets measured at fair value through profit or loss	**(541.11)**	(1,157.99)
	Expense Recognised in respect of equity-settled-share-based-payments	**137.81**	66.40
	Operating Loss before working capital changes	**(10,164.51)**	(5,377.50)
	Changes in:		
	Decrease in trade and other receivables	**3,515.46**	5,050.37
	(Increase)/Decrease in inventories	**(11,477.36)**	9,517.15
	Increase/(Decrease) in trade and other payables	**9,659.08**	(17,427.54)
	Cash used in operations	**(8,467.33)**	(8,237.52)
	Income taxes paid	**(732.62)**	(766.99)
	Net cash used in operating activities	**(9,199.95)**	(9,004.51)
B.	**Cash flows from investing activities**		
	Bank deposits (net)	**622.51**	8,437.89
	Changes in earmarked balances and margin accounts with banks	**498.48**	140.91
	Interest received	**9,056.82**	4,921.33
	Dividend received from Joint Ventures/Subsidiaries	**2,761.20**	3,085.00
	Inter-corporate Deposit Given	**(7,333.00)**	(7,366.85)
	Inter-corporate Deposit Realised	**7,560.00**	3,925.49
	Payment to acquire Property, Plant and Equipment	**(354.57)**	(341.90)
	Proceeds from disposal of property, plant and equipment	**77.52**	39.95
	Proceeds/(Purchase) from/of investment in subsidiaries and Joint Ventures	**766.37**	(2,638.36)
	Net cash generated from investing activities	**13,655.33**	10,203.46

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

(₹ in lakh)

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
C. Cash flows from financing activities		
Proceeds from issue of Equity shares of the Company	**2.82**	1.17
Proceeds from borrowings	**40,828.48**	56,775.62
Repayment of borrowings	**(41,580.01)**	(56,838.56)
Dividend Paid (including tax thereon)	**(18.16)**	(3,087.33)
Interest paid	**(815.29)**	(1,127.16)
Payment of lease liability	**(470.60)**	(492.00)
Net cash used in financing activities	**(2,052.76)**	(4,768.26)
Net increase/(decrease) in cash and cash equivalents	**2,402.62**	(3,569.31)
Cash and cash equivalents at the beginning of the year	**7,331.34**	10,900.65
Cash and cash equivalents at the end of the year	**9,733.96**	7,331.34

Summary of significant accounting policies (Refer Note 2)

The accompanying notes 1 to 45 are an integral part of these financial statements

Notes:

(a) The above Cash Flow Statement has been prepared under the "indirect method" as set out in 'Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flows'.

(b) Also refer note no. 13 - Cash and Bank Balances

As per our Report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration Number:- 117366W/W-100018

Ketan Vora
Partner
Membership No. 100459

Mumbai : 12th May, 2021

For and on behalf of the Board of Directors of
Mahindra Lifespace Developers Limited

Arun Nanda Chairman - DIN: 00010029

Arvind Subramanian Managing Director - DIN: 02551935

Ankit Shah
Assistant Company Secretary

Vimal Agarwal
Chief Financial Officer

Mumbai : 12th May, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

A. Equity share capital

(₹ in lakh)

Particulars	Note No.	**As at 31st March, 2021**	As at 31st March, 2020
Balance at the Beginning of the year		**5,136.14**	5,134.91
Add: Issue of equity shares under employee share option plan	16	**2.18**	1.23
Balance at the end of the year		**5,138.32**	5,136.14

B. Other Equity

(₹ in lakh)

	Share Application money pending allotment	**Securities Premium**	**General Reserve**	**Other Reserves#**	**Retained Earnings**	**Total**
As at 31st March, 2019	0.18	96,934.77	7,299.49	7,787.04	57,974.86	169,996.34
Loss for the year	–	–	–	–	(22,600.51)	(22,600.51)
Other Comprehensive Income/(Loss) net of taxes*	–	–	–	–	85.53	85.53
Total Comprehensive Loss for the year	–	–	–	–	(22,514.98)	(22,514.98)
Dividend paid on Equity Shares	–	–	–	–	(3,081.14)	(3,081.14)
Allotment of Shares to Employees	(0.18)	50.72	–	(50.72)	–	(0.18)
Exercise of employee stock options	0.12	–	–	–	–	0.12
Arising on share based payment	–	–	–	92.35	–	92.35
As at 31st March, 2020	0.12	96,985.49	7,299.49	7,828.67	32,378.74	144,492.51
Loss for the year	–	–	–	–	(5,224.50)	(5,224.50)
Other Comprehensive Income/(Loss) net of taxes*	–	–	–	–	(15.03)	(15.03)
Total Comprehensive Loss for the year	–	–	–	–	(5,239.53)	(5,239.53)
Allotment of Shares to Employees	(0.12)	90.40	–	(90.40)	–	(0.12)
Exercise of employee stock options	0.75	–	–	–	–	0.75
Arising on share based payment	–	–	–	152.89	–	152.89
As at 31st March, 2021	0.75	97,075.89	7,299.49	7,891.16	27,139.21	139,406.50

* Remeasurement gains/ (losses) net of taxes on defined benefit plans during the year is recognised as part of retained earnings.

B. Other Equity (Cont…)

#Other Reserves

(₹ in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(I) Capital Redemption Reserve :		
Balance as at the beginning and at the end of the year	**7,353.58**	7,353.58
(II) Share Options Outstanding Account		
Balance as at the beginning of the year	**475.09**	433.46
Add/(Less):		
Allotment of Shares to Employees	**(90.40)**	(50.72)
Arising on share based payment	**152.89**	92.35
Balance as at the end of the year	**537.58**	475.09
Total	**7,891.16**	7,828.67

Summary of Significant Accounting Policies (Refer note 2)

The accompanying notes 1 to 45 are an integral part of these financial statements

As per our Report of even date attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration Number:- 117366W/W-100018

Ketan Vora
Partner
Membership No. 100459

Mumbai : 12th May, 2021

For and on behalf of the Board of Directors of
Mahindra Lifespace Developers Limited

Arun Nanda Chairman - DIN: 00010029

Arvind Subramanian Managing Director - DIN: 02551935

Ankit Shah
Assistant Company Secretary

Vimal Agarwal
Chief Financial Officer

Mumbai : 12th May, 2021

Notes to the Standalone Financial Statements as at and for the year ended 31st March, 2021

1. **General Information**

   Mahindra Lifespace Developers Limited ('the Company') is a limited company incorporated in India. The equity shares of the Company are listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). Its parent and ultimate holding company is Mahindra & Mahindra Limited.

   The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The Company along with its subsidiary companies is engaged in the development of residential projects and large formats developments such as integrated cities and industrial clusters.

2. **Significant Accounting Policies**

   2.1 Statement of compliance and basis of preparation and presentation

   The Standalone Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the 'Act') and other relevant provision of the act. The aforesaid financial statements have been approved by the Company's Board of Directors and authorised for issue in the meeting held on 12th May, 2021.

   Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

   2.2 Basis of measurement

   These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

   Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

   2.3 Measurement of Fair Values

   Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these standalone financial statements is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102 – Share based Payments and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 - Inventories or value in use in Ind AS 36 – Impairment of Assets.

   In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

   - Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
   - Level 2 : Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
   - Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

   2.4 Revenue from Contracts with Customers

   2.4.1 Revenue from Projects

   i. The Company develops and sells residential and commercial properties. Revenue from contracts is recognised when control over the property has been transferred to the customer. An enforceable right to payment does not arise until the development of the property is completed. Therefore, revenue is recognised at a point in time i.e. Completed contract method of accounting as per IND AS 115 when (a) the seller has transferred to the buyer all significant risks and rewards of ownership and the seller retains no effective control of the real estate to a degree usually associated with ownership, (b) The seller has effectively handed over possession of the real estate unit to the buyer forming part of the transaction; (c) No significant uncertainty exists regarding the amount of consideration that will be derived from real estate sales; and (d) It is not unreasonable to expect ultimate collection of revenue from buyers. The revenue is measured at the transaction price agreed under the contract.

   ii. The Company invoices the customers for construction contracts based on achieving performance-related milestones.

   iii. For certain contracts involving the sale of property under development, the Company offers deferred payment schemes to its customers. The Company adjusts the transaction price for the effects of the significant financing component.

   iv. Costs to obtain contracts ("Contract costs") relate to fees paid for obtaining property sales contracts. Such costs are recognised as assets when incurred and amortised upon recognition of revenue from the related property sale contract.

   v. Contract assets is the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time.

   2.4.2 Revenue from Sale of land and other rights

   Revenue from Sale of land and other rights is generally a single performance obligation and the Company has determined that this is satisfied at the point in time when control transfers as per the terms of the contract entered into with the buyers, which generally are with the firmity of the sale contracts/agreements.

   2.4.3 Revenue from Project Management fees and Rental Income

   Revenue from Project Management Fees and Rental Income are recognized on accrual basis as per the terms and conditions of relevant agreements.

   2.4.4 Dividend and interest income

   Dividend income from investment in mutual funds is recognised when the unit holder's right to receive payment has been established.

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

2.5 Current versus non-current classification

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Based on the nature of activity carried out by the company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 5 years for the purpose of Current – Non Current classification of assets & liabilities.

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Borrowings are classified as current if they are due to be settled within 12 months after the reporting period.

2.6 Leasing

2.6.1 The Company as a Lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as expense on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature. The Company did not need to make any adjustments to the accounting for assets held as a lessor as a result of adopting IND AS 116-Leases.

2.6.2 The Company as a Lessee

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term and a corresponding lease liability at the lease commencement date i.e. the date at which the leased asset is available for use by the Company. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

2.7 Foreign exchange transactions and translation

Transactions in foreign currencies i.e. other than the Company's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

2.8 Employee Benefits

2.8.1 Defined contribution plans

The Company's contribution paid/payable during the year to Superannuation Fund and Provident fund is recognised in profit or loss.

2.8.2 Defined benefit plan

The liability or assets recognised in the Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The defined benefit obligation is calculated by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows with reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the employee benefit expenses in the Statement of Profit and Loss.

2.8.3 Remeasurement gains/losses

Remeasurement of defined benefit plans, comprising of actuarial gains or losses, return on plan assets excluding interest income are recognised immediately in balance sheet with corresponding debit or credit to other comprehensive income. They are included in Retained Earnings in the Statement of Changes in Equity and in the Balance Sheet. Remeasurements are not reclassified to profit or loss in subsequent period.

Remeasurement gains or losses on long term compensated absences that are classified as other long term benefits are recognised in profit or loss.

2.8.4 Short-term and other long-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of expected future payments to be made in respect of services provided by employees up the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of Profit and Loss.

2.8.5 Employee Stock Option Scheme

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period the Company revises its estimate of the No. of equity instruments expected to vest. The impact of revision of the original estimate, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate with the corresponding adjustments to the equity settled.

2.9 Cash and Cash Equivalents

Cash and cash equivalent in the Balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

2.10 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Ind AS - 33 on 'Earnings per Share'. Basic earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of Equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

2.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.12 Income Taxes

Income Tax expense represents the sum of tax currently payable and deferred tax

2.12.1 Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rate that has been enacted or substantially enacted by the end of the reporting period.

2.12.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.12.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.13 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Furniture & Fixtures and Office equipment's are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation on tangible fixed assets has been provided on pro-rata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except for certain assets as indicated below:

Lease hold improvements are amortised over the period of lease/ estimated period of lease.

Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of the vehicle for the Company.

Sales office and the sample flat/ show unit cost at site is amortised over 5 years or the duration of the project (as estimated by management) whichever is lower.

Fixed Assets held for disposal are valued at estimated net realizable value.

2.14 Intangible Assets

2.14.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.14.2 Derecognition of Intangible assets

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

2.14.3 Useful lives of Intangible assets

Estimated useful lives of the intangible assets are as follows:

Computer Software	5 years

2.15 Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

Investment property includes freehold/leasehold land and building. Depreciation on investment property has been provided on pro-rata basis, on the straight-line method as per the useful life of such property. Buildings are depreciated over the period of 60 years considering this period as the useful life for the Company.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.16 Impairment of tangible and intangible asset other than Goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of the value in use or fair value less cost to sell, of the asset or cash generating unit, as the case may be, is estimated and the impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.17 Inventories

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest & manpower costs and expenses incidental to the projects undertaken by the Company.

2.18 Cost of Construction/Development

Cost of Construction/Development (including cost of land) incurred is charged to the statement of profit and loss proportionate to project area sold. Costs incurred for projects which have not received Occupancy/Completion Certificate is carried over as construction work-in-progress. Costs incurred for projects which have received Occupancy/Completion Certificate is carried over as Completed Properties.

2.19 Dividend Distribution

Dividends paid (including income tax thereon) is recognized in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

2.20 Provisions and contingent liabilities

2.20.1 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions and contingent liabilities are reviewed at each Balance Sheet date.

2.20.2 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.20.3 Contingent liabilities

Contingent liability is disclosed in case of:

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

b) a present obligation arising from past events, when no reliable estimate is possible.

2.21 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.21.1 Classification and subsequent measurement

2.21.1.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured at either amortised cost or fair value depending on their respective classification.

On initial recognition, a financial asset is classified as - measured at:

— Amortised cost; or

— Fair Value through Other Comprehensive Income (FVTOCI) - debt investment; or

— Fair Value through Other Comprehensive Income (FVTOCI) - equity investment; or

— Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Debt investment at FVTOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVTOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for medium or long term strategic purpose.

Equity investments that are not designated as measured at FVTOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

2.21.1.2 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

2.21.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

2.21.3 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.21.4 Impairment of financial assets

The Company applies the expected credit loss (ECL) model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVTOCI, the loss allowance is recognised in OCI and is not reduced from the carrying amount of the financial asset in the balance sheet.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

2.21.5 Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

3. Use of estimates and judgements

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

In the process of applying the Company's accounting policies, management has made the following judgements based on estimates and assumptions, which have the significant effect on the amounts recognised in the financial statements:

A. Useful lives of property, plant and equipment, Investment Property and Intangible Asset

The Company reviews the useful life of property, plant and equipment, Investment Property and Intangible Asset at the end of each reporting period. This re-assessment may result in change in depreciation expense in future periods.

B. Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party valuers, where required, to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets, liabilities and share based payments are disclosed in the notes to the financial statements.

C. Actuarial Valuation

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

D. Taxes

Deferred tax assets are recognised for temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

E. Determination of the timing of revenue recognition on the sale of completed and under development property

The Company has evaluated and generally concluded that the recognition of revenue over the period of time criteria are not met owing to non-enforceable right to payment for performance completed to date and, therefore, recognises revenue at a point in time. The Company has further evaluated and concluded that based on the analysis of the rights and obligations under the terms of the contracts relating to the sale of property, the revenue is to be recognised at a point in time when control transfers which coincides with receipt of Occupation Certificate.

F. Determination of performance obligations

With respect to the sale of property, the Company has evaluated and concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property is to undertake development of property and obtaining the Occupation Certificate. Generally, the Company is responsible for all these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Company accounts for them as a single performance obligation because they are not distinct in the context of the contract.

G. Impairment of investments

The Company assesses impairment of investments in subsidiaries, associates and joint ventures which are recorded at cost. At the time when there are any indications that such investments have suffered a loss, if any, is recognised in the statement of Profit and Loss. The recoverable amount requires estimates of operating margin, discount rate, future growth rate, terminal values, etc. based on management's best estimate.

H. Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IND AS 116. Identification of a lease requires significant judgement. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonable certain to exercise that option and period covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The Company revises the lease term if there is a change in the non-cancellable period of the lease.

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

4 - Property, Plant and Equipment

(₹ in lakh)

Description of Assets	Building	Leasehold Improvements	Office Equipments	Furniture and Fixtures	Vehicles	Computers	Total
I. Gross Carrying Amount							
Balance as at 1st April, 2020	477.02	612.89	198.01	106.21	229.98	541.87	2,165.98
Additions during the year	–	–	7.14	48.61	30.10	33.82	119.67
Deductions/Adjustments during the year	(335.25)	(99.60)	(13.05)	(1.46)	(114.79)	(199.02)	(763.17)
Balance as at 31st March, 2021	**141.77**	**513.29**	**192.10**	**153.36**	**145.29**	**376.67**	**1,522.48**
II. Accumulated depreciation and impairment							
Balance as at 1st April, 2020	412.19	443.33	181.78	64.82	119.26	494.71	1,716.09
Depreciation expense for the year	15.44	74.36	7.96	18.63	28.28	28.79	173.46
Deductions/Adjustments during the year	(287.58)	(82.11)	(12.93)	(1.46)	(67.42)	(175.17)	(626.67)
Balance as at 31st March, 2021	**140.05**	**435.58**	**176.81**	**81.99**	**80.12**	**348.33**	**1,262.88**
III. Net carrying amount (I-II)	**1.72**	**77.71**	**15.29**	**71.37**	**65.17**	**28.34**	**259.60**

Description of Assets	Building	Leasehold Improvements	Office Equipments	Furniture and Fixtures	Vehicles	Computers	Total
I. Gross Carrying Amount							
Balance as at 1st April, 2019	477.02	588.63	228.82	106.77	421.54	548.71	2,371.49
Additions during the year	–	24.26	2.20	17.77	38.90	16.49	99.62
Deductions/Adjustments during the year	–	–	(33.01)	(18.33)	(230.46)	(23.33)	(305.13)
Balance as at 31st March, 2020	477.02	612.89	198.01	106.21	229.98	541.87	2,165.98
II. Accumulated depreciation and impairment							
Balance as at 1st April, 2019	394.40	366.01	203.00	71.87	259.17	476.34	1,770.79
Depreciation expense for the year	17.79	77.32	10.78	9.53	50.02	41.69	207.13
Deductions/Adjustments during the year	–	–	(32.00)	(16.58)	(189.93)	(23.32)	(261.83)
Balance as at 31st March, 2020	412.19	443.33	181.78	64.82	119.26	494.71	1,716.09
III. Net carrying amount (I-II)	64.83	169.56	16.23	41.39	110.72	47.16	449.89

5 - Right of Use Assets

(₹ in lakh)

Description of Assets	Buildings	
	As at March 31, 2021	As at March 31, 2020
I. Gross Carrying Amount		
As at 1st April	**973.12**	973.12
Deductions/Adjustments during the year	**(26.27)**	–
Balance as at 31st March	**946.85**	**973.12**
II. Accumulated depreciation		
Balance as at 1st April	**458.57**	–
Depreciation expense for the year	**431.03**	458.57
Balance as at 31st March	**889.60**	**458.57**
III. Net carrying amount (I-II)	**57.25**	**514.55**

6 - Investment Property

(₹ in lakh)

Description of Assets	Land	Buildings	Total
I. Gross Carrying Amount			
Balance as at 1st April, 2020	1,766.17	1,189.01	2,955.18
Balance as at 31st March, 2021	**1,766.17**	**1,189.01**	**2,955.18**
II. Accumulated depreciation and impairment			
Balance as at 1st April, 2020	–	860.36	860.36
Depreciation expense for the year	–	46.01	46.01
Balance as at 31st March, 2021	**–**	**906.37**	**906.37**
III. Net carrying amount (I-II)	**1,766.17**	**282.64**	**2,048.81**
I. Gross Carrying Amount			
Balance as at 1st April, 2019	1,766.17	1,189.01	2,955.18
Balance as at 31st March, 2020	**1,766.17**	**1,189.01**	**2,955.18**
II. Accumulated depreciation and impairment			
Balance as at 1st April, 2019	–	814.35	814.35
Depreciation expense for the year	–	46.01	46.01
Balance as at 31st March, 2020	**–**	**860.36**	**860.36**
III. Net carrying amount (I-II)	**1,766.17**	**328.65**	**2,094.82**

Fair value disclosure on Company's investment properties

The Company's investment property consist of a commercial property constructed on land taken on perpetual lease in India, Mahindra Towers at Delhi. Management determined that the investment properties consist of two classes of assets – office and retail – based on the nature, characteristics and risks of each property.

Details of the investment properties and information about the fair value hierarchy:

(₹ in lakh)

Particulars	Mahindra Towers, Delhi #		
	Land	Buildings	Total
Opening balance as at 1st April, 2019	**14,280.89**	**1,103.98**	**15,384.87**
Fair value difference	(1,760.89)	(33.98)	(1,794.87)
Closing balance as at 31st March, 2020	**12,520.00**	**1,070.00**	**13,590.00**
Fair value difference	(320.00)	(20.00)	(340.00)
Closing balance as at 31st March, 2021	**12,200.00**	**1,050.00**	**13,250.00**

The fair values of the Mahindra Towers at Delhi have been arrived at on the basis of a valuation carried out by the independent valuers of Anarock Property Consultant Pvt. Ltd., not related to the Company who are registered with the authority which governs the valuers in India and have appropriate qualifications and experience in the valuation of properties in the relevant locations. The Fair value was determined using the discounted cash flow methodology as on 31st March, 2021 based on the forecasted cash flows for five years (market comparable approach as on 31st March 2020 based on recent market prices without any significant adjustments being made to the market observable data).

Information regarding income and expenditure of Investment property:

(₹ in lakh)

Particulars	**For the year ended 31st March, 2021**	For the year ended 31st March, 2020
Rental income derived from investment properties (included in 'Revenue from Operations')……….	**669.18**	1,151.81
Direct operating expenses that generate rental income (included in 'Other Expenses')…………………	**264.55**	308.61

7 - Intangible Assets

(₹ in lakh)

Description of Assets	Computer Software	
	As at March 31, 2021	As at March 31, 2020
I. Gross Carrying Amount		
Balance as at 1st April ……………………………	**361.00**	361.00
Additions during the year ………………………	**–**	–
Deductions/Adjustments during the year….	**(289.53)**	–
Balance as at 31st March ……………………	**71.47**	361.00
II. Accumulated depreciation and impairment		
Balance as at 1st April ……………………………	343.09	328.82
Deductions/Adjustments during the year….	**(289.52)**	–
Amortisation expense for the year ………….	14.17	14.27
Balance as at 31st March ……………………	**67.74**	**343.09**
III. Net carrying amount (I-II)……………………	**3.73**	**17.91**

8 - Investments

(₹ in lakh)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
			Amounts*			Amounts*
	Face Value	QTY	Non Current	Face Value	QTY	Non Current
A. COST						
Unquoted Investments (all fully paid)						
Investments in Equity Instruments - of Subsidiaries						
Mahindra Infrastructure Developers Limited…………	**10**	**18,000,000**	**1,800.00**	10	18,000,000	1,800.00
Mahindra World City (Maharashtra) Limited…………	**10**	**1,170,400**	**117.04**	10	1,170,400	117.04
Mahindra Integrated Township Limited…………	**10**	**37,000,000**	**3,700.00**	10	37,000,000	3,700.00
Knowledge Township Limited (refer note "a" below) …………	**10**	**49,071,664**	**5,528.15**	10	21,000,000	2,372.94
Industrial Township (Maharashtra) Limited …………	**10**	**5,000,000**	**500.00**	10	5,000,000	500.00
Mahindra Bloomdale Developers Limited (Earlier known as Mahindra Bebanco Developers Limited) (w.e.f. 29th May, 2018)…………	**10**	**50,000**	**403.50**	10	50,000	403.50
Anthurium Developers Limited…………	**10**	**50,000**	**5.00**	10	50,000	5.00
Deepmangal Developers Private Limited …………	**10**	**177**	**284.61**	10	177	284.61
- of Joint Ventures						
Mahindra World City (Jaipur) Limited …………	**10**	**111,000,000**	**11,115.43**	10	111,000,000	11,115.43
Mahindra Happinest Developers Limited …………	**10**	**51,000**	**5.10**	10	51,000	5.10
Mahindra Industrial Park Private Limited (Earlier known as Industrial Cluster Private Limited) …………	**10**	**50,000**	**5.00**	10	50,000	5.00

8 - Investments (Contd.)...

(₹ in lakh)

Particulars	As at 31st March, 2021 Face Value	QTY	Amounts* Non Current	As at 31st March, 2020 Face Value	QTY	Amounts* Non Current
Mahindra World City Developers Limited	10	17,799,999	3,889.43	10	17,799,999	3,889.43
Mahindra Homes Private Limited						
Class A Equity Shares	10	616,879	61.69	10	616,879	61.69
Class C Equity Shares (Refer note 'b' below)	10	64,423	32,054.04	10	64,423	32,054.04
- of Associate						
Mahindra Knowledge Park (Mohali) Limited	10	6	0.00	10	6	0.00
TOTAL INVESTMENTS CARRIED AT COST [A]			59,468.99			56,313.78
B. AMORTISED COST						
Unquoted Investments (all Fully Paid)						
Investments in Preference Shares						
- of Subsidiaries						
Moonshine Construction Pvt Limited (7.00% Non-Cumulative Redeemable Participating Preference Shares)	10	5,000	0.50	10	5,000	0.50
Mahindra World City Maharashtra Limited (8.50% Non convertible Preference Shares)	10	175,000	17.50	10	175,000	17.50
- of Joint Ventures						
Mahindra Homes Private Limited (Series A 0.01% Optionally Convertible Redeemable Preference Shares)	10	1	0.00	10	1	0.00
TOTAL INVESTMENTS CARRIED AT AMORTISED COST [B]			18.00			18.00
C. Designated at Fair Value Through Profit and Loss						
Unquoted Investments (all fully paid)						
Investments in Preference Shares						
- of Joint Ventures						
Mahindra Happinest Developers Limited (0.01% Optionally Convertible Redeemable Preference Shares)	10	949,661	843.85	10	949,661	834.00
- of Other Entities						
Urban Stay Technologies Private Limited (0.0001% Cumulative Compulsorily Convertible Preference Shares)	10	45,000	14.54	10	45,000	437.85
Investments in Debentures						
- of Joint Ventures						
Mahindra Industrial Park Private Limited (Earlier known as Industrial Cluster Private Limited) (11% Optionally Convertible Debentures)	100,000	7,457	9,306.00	100,000	7,457	8,605.00
Mahindra Happinest Developers Limited (15% Optionally Convertible Redeemable Debentures)	10	16,121,060	1,417.50	10	16,121,060	1,915.72
- of Subsidiaries						
Knowledge Township Limited (11% Optionally Convertible Debentures) (Refer note “”a”” below)	–	–	–	100,000	2,637	2,637.00
Investments in Equity Instruments						
- of Other Entities						
New Tirupur Area Development Corporation Limited	10	500,000	0.00	10	500,000	0.00
Urban Stay Technologies Private Limited	10	1,550	0.50	10	1,550	15.08
Total Aggregate Unquoted Investments			11,582.39			14,444.65
TOTAL INVESTMENTS CARRIED AT FVTPL [C]			11,582.39			14,444.65
TOTAL INVESTMENTS (A) + (B)+ (C)			71,069.38			70,776.43
Total Impairment value for investment carried at cost (D) (Refer notes ‘c’ and ‘d’ below)			(24,074.09)			(24,074.09)
TOTAL INVESTMENTS CARRYING VALUE (A) + (B) + (C) + (D)			46,995.29			46,702.34
Other disclosures						
Aggregate carrying value of unquoted investments			71,069.38			70,776.43
Aggregate amount of impairment in value of unquoted investments			(24,074.04)			(24,074.09)

* ₹ 0.00 lakhs denotes amount less than ₹ 500/-

Notes:

a. During the year ended 31st March, 2021, the Company has opted to convert its investment in 2,637 11% Optionally Convertible Debentures (OCDs) of the face value of ₹ 1.00 lakh each and interest receivable of ₹ 518.21 lakhs in Knowledge Township Limited and has received 2,80,71,664 fully paid up equity shares of the face value of ₹ 10 each as per the terms of Debenture subscription agreement.

b. During the year ended 31st March, 2020, the Company has opted to convert its investment in 3,20,17,000 Series B Optionally Convertible Debentures (OCD’s) in Mahindra Homes Private Limited and has received 64,034 fully paid-up Series C Equity Shares (non-voting rights) of the face value of ₹ 10 each.

c. During the year ended 31st March, 2020, Mahindra Homes Private Limited (MHPL), a Joint Venture of the Company saw significant cancellations of earlier bookings. The Company had evaluated the carrying value of its investment and on the basis of estimated Net Present Value of forecasted cash flows provided for an aggregate impairment loss of ₹ 23,731.31 lakh. This was done as a matter of prudence in an uncertain market environment.

d. During the year ended 31st March, 2021, the Company has assessed its investment in subsidiaries and have considered provision of ₹ Nil lakhs (31st March 2020: ₹ 230.77 lakhs in Industrial Township (Maharashtra) Limited), and reversal of provision of ₹ Nil lakhs (31st March 2020: ₹ 1,800 lakhs for investment in Mahindra Infrastructure Developers Limited) considering the performance of these Companies and their future projections, which have been included in note no. 28 - Other Expenses and note no. 24 - Other Income of the statment of Profit & Loss respectively.

9 - Deferred Tax Asset (Net)

(₹ in lakh)

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
Deferred Tax Liabilities	**799.99**	873.57
Deferred Tax Assets	**(4,433.69)**	(2,760.14)
Total	**(3,633.70)**	(1,886.57)

Deferred Tax (assets)/liabilities in relation to:

Particulars	Opening Balance as at 1st April, 2020	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income	**Closing Balance as at 31st March, 2021**
Fiscal allowance on Property, Plant and Equipment, Investment Property and Other Intangible Assets	396.56	(43.01)	–	**353.55**
Disallowance u/s 43(B) of the Income tax Act, 1961	(107.68)	(70.36)	–	**(178.04)**
Provision for Employee Benefits	(91.40)	(37.59)	(5.05)	**(134.04)**
Adjustment relating to cumulative effect of applying IND AS 115 - Revenue from Contracts with Customers	(33.16)	33.16	–	–
Carry forward of Business Loss	(2,527.90)	(1,061.51)	–	**(3,589.41)**
Interest income on Optionally Convertible Debentures of a joint venture	–	(532.20)	–	**(532.20)**
Other Temporary differences	477.01	(30.57)	**–**	**446.44**
Total	**(1,886.57)**	**(1,742.08)**	**(5.05)**	**(3,633.70)**

Deferred Tax (assets)/liabilities in relation to:

Particulars	Opening Balance as at 1st April, 2019	Recognised in Statement of Profit and Loss*	Recognised in Other Comprehensive Income	**Closing Balance as at 31st March, 2020**
Fiscal allowance on Property, Plant and Equipment, Investment Property and Other Intangible Assets	631.87	(235.31)	–	396.56
Disallowance u/s 43(B) of the Income tax Act, 1961	(191.25)	83.57	–	(107.68)
Provision for Employee Benefits	(279.54)	159.37	28.77	(91.40)
Adjustment relating to cumulative effect of applying IND AS 115 - Revenue from Contracts with Customers	(1,806.59)	1,773.43	–	(33.16)
Carry forward of Business Loss	(160.91)	(2,366.99)	–	(2,527.90)
Other Temporary differences	273.52	203.49	–	477.01
Total	(1,532.90)	(382.44)	28.77	(1,886.57)

* The Taxation Laws (Amendment) Ordinance 2019 has inserted section 115BAA in the Income Tax Act 1961 providing existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. The Company has adopted the option as provided under section 115BAA in the Income Tax Act, 1961 from the financial year ended 31st March 2020.

10 - Other Assets

(₹ in lakh)

Particulars	**As at 31st March, 2021**		As at 31st March, 2020	
	Non Current	**Current**	Non Current	Current
(a) Capital Advances	**251.90**	**–**	251.90	–
(b) Advances other than capital advances				
(i) Advances to related parties *	**–**	**2,000.00**	–	2,000.00
(ii) Balances with government authorities (other than income taxes)	**–**	**1,028.12**	–	549.97
(iii) Prepaid Expenses	**–**	**1,454.31**	–	1,688.30
(iv) Income Tax Assets (Net)	**4,595.05**	**–**	3,861.59	–
(v) Security Deposits	**–**	**1,650.00**	–	1,729.00
(vi) Other Advances #	**–**	**3,190.03**	–	2,941.22
Total	**4,846.95**	**9,322.46**	4,113.49	8,908.49

Other Advances mainly includes Advance to Employees and Project Advances given to vendors.

Advance given to employees as per the Company's policy are not considered for the purposes of disclosure under section 186(4) of the Companies Act, 2013.

* The Company had entered into an agreement to acquire a parcel of land near Thane, Maharashtra, at a consideration of ₹ 2,000.00 lakhs. While full consideration was paid, the land was not conveyed pending completion of certain formalities. The Company has incurred additonal cost of ₹ 1,530.54 lakhs towards liasoning and other related costs upto 31st March 2021, (₹ 1,530.54 lakhs upto 31st March 2020) which has been included in inventories as construction work in progress in note no. 11. Tahsildar (Thane) has issued an order against the registered owner alleging non-adherence of certain conditions pertaining to Bombay Tenancy and Agricultural Lands Act, 1948 and changed the land records to reflect Government of Maharashtra as the holder of the land. The Company has been legally advised that the said order and the demand thereunder is grossly erroneous and not tenable. Accordingly, the Company has filed an appeal before Sub-Divisional Officer Thane (SDO). SDO after hearing and completing the process has issued an order dated 07th February, 2019 and set aside the order passed by Tahsildar (Thane) and has also directed Tahsildar (Thane) to delete the name of Government of Maharashtra from the land records of the aforesaid land.

11 - Inventories (at lower of cost and net realisable value)

(₹ in lakh)

Particulars		As at 31st March, 2021	As at 31st March, 2020
(a)	Raw materials	**1,882.38**	2,006.57
(b)	Construction Work-in-progress*	**89,232.18**	80,457.45
(c)	Finished Goods	**12,058.98**	8,786.71
Total		**103,173.54**	91,250.73

* Construction Work-in-Progress represents materials at site and construction cost incurred for the projects.

Notes:

1. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/ or write off of costs carried to inventory are made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein. The amount of inventories recognised as an expense of ₹ 8,042.60 lakhs as on 31st March, 2021.(31st March, 2020: ₹ 35,064.64 lakhs) include 31st March, 2021: ₹ NIL (31st March, 2020: ₹ NIL) in respect of write down of inventory to net realisable value.
2. The Company has availed cash credit facilities and short term loans, which are secured by hypothecation of inventories.
3. The Company had purchased land parcel at Alibaug and two GAT Numbers (1755 and 1756) out of this land parcel have been attached by Income Tax department by serving order of attachment dated 31st July 2017 on one of the erstwhile land owners in lieu of recovery proceedings of tax dues of ₹ 5,988.00 lakhs payable towards Income Tax department. The Company had lodged objections to the attachment of these two GAT Numbers with Income Tax Department.

During the year ended 31st March, 2021, based on the letter dated 16th February, 2021 received by the Company from Deputy Commissioner of Income Tax, the erstwhile land owner's income tax liability stands at ₹ 24.33 lakhs. There is no change in the wealth tax liability of ₹ 6.06 lakhs.

12 - Trade receivables

(₹ in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade receivables		
(a) Considered good - unsecured	**5,016.03**	8,963.72
(b) Credit impaired	**154.14**	141.72
	5,170.17	9,105.44
Less: Allowance for credit losses	**(154.14)**	(141.72)
Total	**5,016.03**	8,963.72

12 a - Movement in the allowance for credit loss

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance at beginning of the year	**141.72**	286.16
Reversal during the year	**12.42**	(144.44)
Balance at end of the year	**154.14**	141.72

Refer Note 31 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related financial instrument disclosures.

13 - Cash and Bank Balances

(₹ in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash and cash equivalents		
(a) Cash on hand	**–**	0.94
(b) Cheques on hand	**16.91**	253.80
(c) Balance with Banks:		
- On current accounts*	**2,231.86**	887.13
- Fixed Deposit with original maturity Less than 3 months	**7,485.18**	6,189.47
Total Cash and cash equivalent (considered in Statement of Cash Flows)	**9,733.96**	7,331.34
Bank Balances other than Cash and cash equivalents		
(a) Balances with Banks:		
(i) Earmarked balances	**1,054.84**	1,555.14
(ii) On Margin Accounts	**29.66**	27.85
(iii) Fixed Deposits with original maturity greater than 3 months	**4.09**	626.56
Total Other Bank balances	**1,088.59**	2,209.55

* Includes ₹ 20.74 lakhs (31st March, 2020: ₹ 12.79 lakhs) held in AED denominated bank accounts

14 - Loans

(₹ in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Loans receivables considered good - unsecured		
a) Security Deposits	**1,713.29**	1,709.17
b) Loans to related parties (refer note 36)	**6,369.91**	6,596.91
Total (a+b)	**8,083.20**	8,306.08

15 - Other financial assets

(₹ in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Financial assets at amortised cost		
a) Interest Accrued	**7,578.37**	16,017.09
Total	**7,578.37**	16,017.09

16 - Equity Share Capital

(₹ in lakh)

Particulars	As at 31st March, 2021 No. of shares	As at 31st March, 2021 Amount	As at 31st March, 2020 No. of shares	As at 31st March, 2020 Amount
Authorised:				
Equity shares of ₹ 10 each with voting rights	**115,000,000**	**11,500.00**	115,000,000	11,500.00
Unclassified shares of ₹ 10 each	**6,000,000**	**600.00**	6,000,000	600.00
Issued:				
Equity shares of ₹ 10 each with voting rights	**51,434,301**	**5,143.43**	51,412,451	5,141.25
Subscribed and Fully Paid up:				
Equity shares of ₹ 10 each with voting rights	**51,383,238**	**5,138.32**	51,361,388	5,136.14
Total	**51,383,238**	**5,138.32**	51,361,388	5,136.14

(i) Reconciliation of the number of shares and outstanding amount

Particulars	As at 31st March, 2021 No. of Shares	As at 31st March, 2021 ₹ in lakh	As at 31st March, 2020 No. of Shares	As at 31st March, 2020 ₹ in lakh
Balance at the Beginning of the year	**51,361,388**	**5,136.14**	51,349,088	5,134.91
Add: Stock options allotted during the year	**21,850**	**2.19**	12,300	1.23
Balance at the end of the year	**51,383,238**	**5,138.32**	51,361,388	5,136.14

Terms/rights attached to equity shares with voting rights

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and carry a right to dividends. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

(ii) Details of shares held by the holding company and its subsidiaries:

Particulars	Equity Shares with Voting rights
As at 31st March, 2021	
Mahindra & Mahindra Ltd. the Holding Company	26,439,850
As at 31st March, 2020	
Mahindra & Mahindra Ltd. the Holding Company	26,439,850

Other than the above shares, no shares are held by any subsidiaries or associates of the holding company

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

Class of shares / Name of shareholder	As at 31st March, 2021 Number of shares held	As at 31st March, 2021 % holding	As at 31st March, 2020 Number of shares held	As at 31st March, 2020 % holding
Equity shares with voting rights				
Mahindra & Mahindra Limited	**26,439,850**	**51.46%**	26,439,850	51.48%

iv) Shares reserved for issue under options

The Company has 5,48,504 (Previous Year 126,350) equity shares of ₹ 10/- each reserved for issue under options [Refer Note 26].

v) The allotment of 51,063 (Previous Year 51,063) equity shares of the Company has been kept in abeyance in accordance with Section 206A of the Companies Act, 1956 (Section 126 of the Companies Act 2013), till such time the title of the bonafide owner of the shares is certified by the concerned Stock Exchange or the Special Court (Trial of Offences relating to Transactions in Securities).

17 - Other equity

(₹ in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
General reserve	**7,299.49**	7,299.49
Securities premium	**97,075.89**	96,985.49
Share options outstanding account	**537.58**	475.09
Retained earnings	**27,139.21**	32,378.74
Capital redemption reserve	**7,353.58**	7,353.58
Share Application money pending allotment	**0.75**	0.12
	139,406.50	144,492.51

Description of the nature and purpose of Other Equity:

General Reserve: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer. Items included under General Reserve shall not be reclassified back into the Profit and Loss.

Securities Premium : The Securities Premium is created on issue of shares at a premium.

Share Options Outstanding Account: The Share Options Outstanding Account represents reserve in respect of equity settled share options granted to the Company's employees in pursuance of the Employee Stock Option Plan.

Retained Earnings: This reserve represents cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.

Capital Redemption Reserve: The Capital Redemption Reserve was created against redemption of Preference Shares.

Share Application Money Pending allotment: This represents share application money received from the eligible employees upon exercise of employee stock option. The same will be transferred to equity share capital account after the allotment of shares to the applicants. The share application money pending allotment of ₹ 0.12 lakhs pertaining to previous year has been transferred to equity share capital during the year upon allotment of shares.

18 - Provisions

(₹ in lakh)

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non Current
(a) Provision for employee benefits				
-Gratuity	**–**	**124.57**	–	67.28
-Leave Encashment	**56.33**	**301.78**	61.02	204.90
(b) Other Provisions				
-Defect Liabilities	**672.42**	**–**	635.93	–
Total Provisions	**728.75**	**426.35**	696.95	272.18

Details of movement in provisions for Defect Liabilities are as follows:

(₹ in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening Balance as at	**635.93**	413.23
Additional provisions recognised	**42.00**	249.00
Amounts utilised during the year	**(5.51)**	(26.30)
Closing Balance as at	**672.42**	635.93

Defect Liability Provisions:

Provision for defect liability represents present value of management's best estimate of the future outflow of economic resources that will be required in respect of residential units when control over the property has been transferred to the customer, the estimated cost of which is accrued during the period of construction, upon sale of units and recognition of related revenue. Management estimates the related provision for future defect liability claims based on historical cost of rectifications and is adjusted regularly to reflect new information. The residential units are generally covered under a the defect liability period limited to 5 year from the date when control over the property has been transferred to the customer.

19 - Borrowings

(₹ in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
A. Secured Borrowings at amortised cost		
(a) Loans on cash credit account from Banks	**238.21**	87.85
(b) Other loan from Financial Institution	**3,500.00**	–
Total	**3,738.21**	87.85
B. Unsecured Borrowings at amortised cost		
(a) Loans on cash credit account from Banks	**7.17**	31.71
(b) Other Loans from banks	**7,394.66**	11,771.99
Total	**7,401.83**	11,803.70
Total (A+B)	**11,140.04**	11,891.55

Secured Borrowing

(a) The cash credit facility carrying interest rate in the range of 7.65% p.a. to 8.65% p.a.(Previous Year 8.65% p.a. to 9.20% p.a.) is secured by first charge on all existing and future current assets excluding land and immovable properties.

(b) Other loan from Financial Institution carrying interest rate in the range of 8.85% p.a. to 9.10% p.a. (previous year NIL) is secured by first charge on all existing and future current assets excluding land and immovable properties.

Unsecured Borrowings

(a) The cash credit facility is carrying interest rate in the range of 7.35% p.a. to 8.20% p.a. (Previous Year 8.10% to 8.70% p.a.)

(b) Other loans from banks include short term loan carrying interest rate in the range of 4.25% p.a. to 7.40% p.a. (Previous Year 8.05% p.a. to 9.20% p.a.)

20 - Trade Payables

(₹ in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade payable - Micro and small enterprises* ..	**579.00**	153.98
Trade payable - Other than micro and small enterprises	**8,861.51**	9,004.49
Total	**9,440.51**	9,158.47

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

* This information has been determined to the extent such parties have been identified on the basis of intimation received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

Particulars	31st March, 2021	31st March, 2020
Dues remaining unpaid		
Principal	**579.00**	153.98
Interest	**–**	–
Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date...	**–**	–
- Interest paid in terms of Section 16 of the MSMED Act........	**–**	–
Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**–**	–
Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises........	**–**	–
Amount of interest accrued and remaining unpaid	**–**	–

21 - Other Financial Liabilities

(₹ in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Carried at Amortised Cost		
(a) Interest accrued	**2.09**	26.59
(b) Unclaimed dividends	**126.53**	144.68
(c) Other liabilities#	**2,762.87**	3,465.75
Total	**2,891.49**	3,637.02

\# Other liabilities majorly includes Trade Deposits and Society Maintenance deposits.

22 - Other Current Liabilities

(₹ in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
a. Advances received from customers........	**32,450.05**	22,490.89
b. Statutory dues payable*........	**234.89**	296.14
Total	**32,684.94**	22,787.03

* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

23 - Revenue from Operations

(₹ in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a) Revenue from Contracts with Customers		
(i) Revenue from Projects........	**8,228.62**	42,103.00
(ii) Project Management Fees........	**65.94**	733.98
(b) Income from Operation of Commercial Complexes	**669.03**	1,151.49
Total	**8,963.59**	43,988.47

Notes:

(1) Contract Balances

(a) Amounts received before the related performance obligation is satisfied are included in the balance sheet (Contract liability) as “Advances received from Customers” in note no. 22- Other Current Liabilities. Amounts billed for development milestone achieved but not yet paid by the customer are included in the balance sheet under trade receivables in note no. 12.

(b) During the year, the Company recognised Revenue of ₹ 3,489.49 lakhs (April 1, 2020: ₹ 24,830.49 lakhs) from opening contract liability (after Ind AS 115 adoption) included in the balance sheet as “Advances received from Customers” in note no. 22 - Other Current Liabilities of ₹ 22,490.89 (April 1, 2020 : ₹ 36,784.55 lakhs).

(c) There were no significant changes in the composition of the contract liabilities and Trade receivable during the reporting period other than on account of periodic invoicing and revenue recognition.

(d) Amounts previously recorded as contract liabilities increased due to further milestone based invoices raised during the year and decreased due to revenue recognised during the year on completion of the construction.

(e) Amounts previously recorded as Trade receivables increased due to further milestone based invoices raised during the year and decreased due to collections during the year.

(f) There are no contract assets outstanding at the end of the year.

(g) The aggregate amount of the transaction price allocated to the performance obligations that are completely or partially unsatisfied as March 31, 2021, is ₹ 82,432.55 lakhs (March 31, 2020 : ₹ 57,082.93 lakhs). Out of this, the Company expects, based on current projections, to recognize revenue of around 20% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience with a penalty as per the agreement since, based on current assessment, the occurrence of the same is expected to be remote.

(2) Reconciliation of revenue recognised with the contracted price is as follows:

(₹ in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Contracted price	**8,228.62**	42,103.00
Adjustments on account of cash discounts or early payment rebates, etc...	**–**	–
Revenue recognised as per Statement of Profit & Loss	**8,228.62**	42,103.00

(3) Contract costs

(₹ in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Contract costs included in Prepaid expenses in Note no. 10- Other Assets	**1,223.44**	1,079.80

(a) The Company incurs commissions that are incremental costs of obtaining a contract with a customer. Previously, all such costs were expensed as and when incurred. Under Ind AS 115, the Company recognises the incremental costs of obtaining a contract as assets under Prepaid Expenses under note no. 10 - Other Assets and amortises it upon completion of the related property sale contract.

(b) For the year ended 31 March 2021 amortisation amounting to ₹ 89.14 lakhs (31 March 2020: ₹ 563.27 lakhs) was recognised as Brokerage cost in note no. 25 - Cost of Sales. There were no impairment loss in relation to the costs capitalised.

24 - Other Income

(₹ in lakh)

Particulars		For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a)	Interest Income on:		
	(1) Inter Corporate Deposits	**574.00**	681.60
	(2) Bank Deposits	**230.34**	611.48
	(3) Optionally Convertible Debentures	**211.44**	–
	(4) Others*	**120.30**	0.01
(b)	Dividend Income from Joint Ventures and Subsidiaries	**2,761.20**	3,085.00
(c)	Net Gain arising on Financial Assets measured at Fair Value through Profit and Loss	**541.12**	1,158.14
(d)	Miscellaneous Income#	**237.06**	2,544.70
Total		**4,675.46**	8,080.93

* Other Interest Income includes interest income on account of financing component involved in contracts with customers and interest charged on late payment received from customers.

Miscellaneous Income includes reversal of provision for investment amounting to ₹ Nil lakhs (31st March 2020: ₹ 1,800 lakhs in Mahindra Infrastructure Developers Limited) considering the performance of the Company and its future projections.

25 - Cost of Sales

(₹ in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
A. Cost of Project		
Opening Stock:		
Construction work-in-progress	**80,457.45**	83,501.02
Raw Material	**2,006.57**	2,449.90
Finished Goods	**8,786.71**	13,827.59
Sub-Total (a)	**91,250.73**	99,778.51
Add: Expenses incurred during the year		
Land Cost	**8,600.82**	8,578.08
Architect Fees	**188.74**	408.70
Civil Electricals, Contracting, etc.	**6,805.68**	8,014.89
Interest costs allocated	**445.42**	988.90
Employee benefits expense allocated	**1,296.11**	1,345.68
Liasioning costs	**1,872.59**	6,240.67
Insurance	**12.33**	54.14
Legal & Professional Fees	**743.72**	905.80
Sub-Total (b)	**19,965.41**	26,536.86
Less: Closing Stock:		
Construction work-in-progress	**89,232.18**	80,457.45
Raw Material	**1,882.38**	2,006.57
Finished Goods	**12,058.98**	8,786.71
Sub-Total (c)	**103,173.54**	91,250.73
Total A (a+b-c)	**8,042.60**	35,064.64
B. Operating Expenses		
Brokerage	**89.14**	563.27
Total B	**89.14**	563.27
Total (A+B)	**8,131.74**	35,627.91

26 - Employee Benefits Expense

(₹ in lakh)

Particulars		For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a)	Salaries and wages, including bonus	**7,130.66**	7,695.80
(b)	Contribution to provident and other funds	**383.22**	453.32
(c)	Share based payment expenses	**137.81**	66.40
(d)	Staff welfare expenses	**175.55**	292.17
Less : Allocated to projects		**(1,296.11)**	(1,345.68)
Total		**6,531.13**	7,162.01

Share based payment

The Company has granted options to its eligible employees under the Employee Stock Options Scheme 2006 ("ESOS 2006") and the Employee Stock Options Scheme 2012 ("ESOS 2012). The options granted under both the schemes are equity settled.

ESOS 2006:- Options granted under ESOS 2006 vest in 4 equal instalments of 25% each on expiry of 12 months, 24 months, 36 months and 48 months respectively from the date of grant. The options may be exercised on any day over a period of five years from the date of vesting.

ESOS 2012 (Options granted till 16th March, 2021):- Options granted under ESOS 2012 vest in 4 instalments bifurcated as 20% each on the expiry of 12 months and 24 months, 30% each on the expiry of 36 months and 48 months respectively from the date of grant. The options may be exercised on any day over a period of five years from the date of vesting.

ESOS 2012 (Options granted from 17th March, 2021):- Options granted under ESOS 2012 vest in 3 equal instalments of 33.33% each on expiry of 12 months, 24 months, and 36 months respectively from the date of grant. The options may be exercised within a period of five years from the date of grant.

The other details of the schemes are summarised below:

Details about Vesting Conditions:

Particulars		Number of Options	Grant Date	Expiry Date	Exercise Price	Fair value per Option at Grant Date (₹)
	ESOS 2006					
1	Series 2 Granted on 4th August 2012	10,000	4-Aug-12	4-Aug-21	₹ 325 per share	294.06
2	Series 15 Granted on 30th Oct 2020	400,000	30-Oct-20	30-Oct-29	₹ 246 per share	108.97
	ESOS 2012					
1	Series 3 Granted on 4th August 2012	101,000	4-Aug-12	4-Aug-21	₹ 10 per share	294.06
2	Series 4 Granted on 24th July 2013	26,500	24-Jul-13	24-Jul-22	₹ 10 per share	409.27
3	Series 5 Granted on 17th October 2014	27,000	17-Oct-14	17-Oct-23	₹ 10 per share	461.87
4	Series 6 Granted on 30th April 2015	3,000	30-Apr-15	30-Apr-24	₹ 10 per share	402.60
5	Series 7 Granted on 28th January 2016	31,000	28-Jan-16	28-Jan-25	₹ 10 per share	417.10
6	Series 8 Granted on 28th July 2016	30,000	28-Jul-16	28-Jul-25	₹ 10 per share	420.53
7	Series 9 Granted on 25th July 2017	18,500	25-Jul-17	25-Jul-26	₹ 10 per share	393.45
8	Series 10 Granted on 30th Jan 2018	2,500	30-Jan-18	30-Jan-27	₹ 10 per share	453.81
9	Series 11 Granted on 30th July 2018	19,500	30-Jul-18	30-Jul-27	₹ 10 per share	532.67
10	Series 12 Granted on 14th Feb 2019	6,000	14-Feb-19	14-Feb-28	₹ 10 per share	341.88
11	Series 13 Granted on 26th July 2019	64,500	26-Jul-19	26-Jul-28	₹ 10 per share	353.37
12	Series 14 Granted on 29th July 2020	24,500	29-Jul-20	29-Jul-29	₹ 10 per share	168.56
13	Series 15 Granted on 30th Oct 2020	10,500	30-Oct-20	30-Oct-29	₹ 10 per share	258.83
14	Series 16 Granted on 17th March 2021	32,654	17-Mar-21	17-Mar-26	₹ 10 per share	542.32

Movement in Share Options

		For the year ended 31st March, 2021		For the year ended 31st March, 2020	
Particulars		**Number of Options**	**Weighted average exercise price (₹)**	Number of Options	Weighted average exercise price (₹)
1	The number and weighted average exercise prices of share options outstanding at the beginning of the year;	**126,350**	**20.32**	96,850	23.46
2	Granted during the year	**467,654**	**211.86**	64,500	10.00
3	Forfeited during the year	**17,450**	**10.00**	21,300	10.00
4	Exercised and alloted during the year*	**21,850**	**10.00**	12,300	10.00
5	Expired during the year	**6,200**	**137.02**	1,400	10.00
6	Outstanding at the end of the year	**548,504**	**183.54**	126,350	20.32
7	Exercisable at the end of the year	**21,550**	**46.54**	48,300	42.61

* Excludes share application money pending allotment of 1,200 options (31st March, 2020 - 1,800 options)

Share Options Exercised and Allotted during the Year

Particulars		**Number of Options Exercised**	**Exercise Date**	**Price per Share at Exercise Date (₹)**
Equity Settled				
1	Series 3 Granted on 4th August 2012	900	3-Aug-20	211.83
2	Series 5 Granted on 17th October 2014	6,000	22-Jul-20	210.78
3	Series 5 Granted on 17th October 2014	450	6-Feb-20	407.25
4	Series 5 Granted on 17th October 2014	450	8-Apr-20	191.78
5	Series 5 Granted on 17th October 2014	1,200	14-Jul-20	214.25
6	Series 5 Granted on 17th October 2014	1,000	25-Sep-20	223.50
7	Series 5 Granted on 17th October 2014	750	2-Mar-20	357.73
8	Series 9 Granted on 25th July 2017	300	2-Mar-20	357.73
9	Series 9 Granted on 25th July 2017	450	29-Sep-20	229.28

	Particulars	Number of Options Exercised	Exercise Date	Price per Share at Exercise Date (₹)
10	Series 9 Granted on 25th July 2017	750	29-Jul-20	204.85
11	Series 9 Granted on 25th July 2017	1,600	22-Apr-20	196.83
12	Series 11 Granted on 30th July 2018	500	14-Apr-20	193.90
13	Series 11 Granted on 30th July 2018	500	1-Aug-20	210.60
14	Series 11 Granted on 30th July 2018	600	7-Sep-20	240.85
15	Series 11 Granted on 30th July 2018	500	10-Aug-20	210.98
16	Series 11 Granted on 30th July 2018	500	14-Oct-20	229.65
17	Series 12 Granted on 14th Feb 2019	300	21-May-20	182.15
18	Series 13 Granted on 26th July 2019	300	26-Jul-20	210.50
19	Series 13 Granted on 26th July 2019	800	23-Dec-20	332.28
20	Series 13 Granted on 26th July 2019	500	25-Aug-20	277.18
21	Series 13 Granted on 26th July 2019	500	21-Sep-20	236.38
22	Series 13 Granted on 26th July 2019	500	22-Sep-20	229.68
23	Series 13 Granted on 26th July 2019	1,200	3-Nov-20	268.68
24	Series 13 Granted on 26th July 2019	800	29-Aug-20	282.35
25	Series 13 Granted on 26th July 2019	500	25-Jul-20	210.50
		21,850		

Share Options outstanding at the end of the year

The share options outstanding at the end of the year had a range of exercise prices of ₹ 10 - ₹ 325 (as at March 31, 2020: ₹ 10 - ₹ 325), and weighted average remaining contractual life of 2,996 days (as at March 31, 2020: 2,137 days).

The Fair value has been calculated using the Black Scholes option pricing model and the significant inputs used for the valuation are as follows

Particulars	4th August 2012	4th August 2012	24th July 2013	17th October 2014	30th April 2015	28th January 2016	28th July 2016
Share price per Option at grant date (₹).............	324.14	324.14	454.09	516.08	467.60	482.25	450.60
Exercise price per Option (₹)..............................	325	10	10	10	10	10	10
Expected volatility...	44.15% - 59.61%	44.15% - 59.61%	47.63%	26.68% - 43.74%	26.11% - 37.68%	27.17% - 30.20%	26.98% - 28.17%
Expected life / Option Life..................................	3.5 - 6.5 Years	3.5 - 6.5 Years	6.0 - 9.0 Years	3.5 - 6.5 Years	3.5 - 6.5 Years	3.5 - 6.5 Years	3.5 - 6.5 Years
Expected dividends yield....................................	1.38%	1.38%	1.31%	2.28%	2.57%	2.49%	1.31%
Risk-free interest rate..	8.06% - 8.20%	8.06% - 8.20%	8.31% - 8.39%	8.49% - 8.52%	7.69% - 7.74%	7.43% - 7.73%	6.88% - 7.14%

Particulars	25th July 2017	30th January 2018	30th July 2018	14th February 2019	26th July 2019	29th July 2020	30th Oct 2020
Share price per Option at grant date (₹).............	393.45	453.81	532.67	341.88	353.37	168.56	108.97
Exercise price per Option (₹)..............................	10	10	10	10	10	10	246
Expected volatility...	27.24% - 28.90%	27.77% - 28.98%	27.95% - 30.52%	28.39% - 30.88%	28.40% - 29.58%	30.51% - 32.39%	31.48% - 33.32%
Expected life / Option Life..................................	3.5 - 6.5 Years	3.5 - 6.5 Years	3.5 - 6.5 Years	3.5 - 6.5 Years	3.5 - 6.5 Years	3.5 - 6.5 Years	3.5 - 6.5 Years
Expected dividends yield....................................	1.39%	1.22%	1.05%	1.58%	1.54%	2.95%	–
Risk-free interest rate..	6.37% - 6.66%	7.11% - 7.56%	7.76% - 8.01%	6.97% - 7.29%	6.25% - 6.55%	4.82% - 5.69%	4.82% - 5.69%

Particulars	30th Oct 2020	17th Mar 2021
Share price per Option at grant date (₹).............	258.83	542.32
Exercise price per Option (₹)..............................	10	10
Expected volatility...	31.48% - 33.32%	34.19% - 34.87%
Expected life / Option Life..................................	3.5 - 6.5 Years	3 - 4 Years
Expected dividends yield....................................	0.00%	0.00%
Risk-free interest rate..	4.82% - 5.69%	5.16% - 5.59%

In respect of Options granted under the Employee Stock Option Plan the accounting is done as per requirements of Ind AS 102 - 'Share Based Payments' after adjusting for reversals on account of options forfeited.

The risk-free interest rate being considered for the calculation is the interest rate applicable for maturity equal to the expected life of the options based on the zero-yield curve for Government Securities

27 - Finance Costs

(₹ in lakh)

Particulars		For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a)	Interest costs :		
	Interest expense for financial liabilities at amortised cost	**775.93**	1,109.01
	Less: Allocated to projects	**(445.42)**	(988.90)
(b)	Interest on lease liabilities	**21.19**	58.43
(c)	Other borrowing costs*	**14.90**	5.17
Total		**366.60**	183.71

* Other borrowing costs include guarantee charges and ancillary costs incurred in connection with borrowings.

28 - Other Expenses

(₹ in lakh)

Particulars		For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a)	Power & Fuel	**43.34**	90.89
(b)	Rent, Rates & Taxes	**377.62**	501.53
(c)	Insurance	**13.58**	37.18
(d)	Repairs and maintenance	**487.46**	482.89
(e)	Advertisement, Marketing & Business Development	**1,433.30**	2,268.45
(f)	Travelling and Conveyance Expenses	**57.81**	292.05
(g)	Expenditure on Corporate Social Responsibility (CSR) under section 135 of the Companies Act, 2013	**70.72**	124.85
(h)	Donations and Contributions *	**–**	50.00
(i)	Payment to Auditors #	**64.54**	90.22
(j)	Legal and other professional costs	**995.43**	1,614.56
(k)	Printing & Stationery	**14.97**	44.79
(l)	Miscellaneous expenses	**1,352.72**	2,024.02
Total		**4,911.49**	7,621.43

* Given to New Democratic Electoral trust (Incorporated as a section 8 Company under the Companies Act, 2013)

Payments to Auditors

(₹ in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(i) To Statutory auditors		
For Audit	**47.50**	47.50
For Other Services	**14.90**	39.75
Reimbursement of Expenses	**0.56**	1.39
(ii) To Cost auditors for cost audit	**1.58**	1.58
Total	**64.54**	90.22

29 - Tax (Credit)/Expense

(₹ in lakh)

(a) Tax (Credit)/Expense recognised in profit or loss

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Current Tax:		
In respect of current year	**–**	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(1,742.08)**	(382.44)
Total	**(1,742.08)**	(382.44)

(b) Tax (Credit)/Expense recognised in Other Comprehensive income

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurements of the defined benefit plans	**5.05**	(28.77)
Total	**5.05**	(28.77)

(c) Reconciliation of estimated income tax expense at tax rate to income tax expense reported in Statement of Profit or Loss is as follows:

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Loss before tax	**(6,966.58)**	(22,982.95)
Income tax expense calculated at 25.17%	**(1,753.49)**	(5,784.81)
Effect of income that is exempt from taxation	**–**	(776.49)
Effect of expenses that is non deductible in determining taxable profit	**17.80**	5,783.31
Changes in recognised deductible temporary differences	**(6.39)**	395.55
Income tax expense recognised In profit or loss	**(1,742.08)**	(382.44)

30 - Earnings per Share

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	₹	₹
Basic Earnings per share	**(10.17)**	(44.01)
Diluted earnings per share	**(10.17)**	(43.90)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(₹ in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Loss for the year	**(5,224.50)**	(22,600.51)
Weighted average number of equity shares	**51,373,583**	51,356,467

Diluted earnings per share

The diluted earnings per share has been computed by dividing the net Loss after tax available for equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding stock options for the respective periods.

(₹ in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Loss for the year used in the calculation of diluted earnings per share	**(5,224.50)**	(22,600.51)

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Weighted average number of equity shares used in the calculation of Basic EPS	**51,373,583**	51,356,467
Add: Options outstanding under Employee Stock Option Plan*	**–**	119,605
Weighted average number of equity shares used in the calculation of Diluted EPS	**51,373,583**	51,476,072

* 291,969 potential equity shares are considered anti-dilutive and therefore excluded from the calculation of weighted average number of equity shares used in the calculation of diluted EPS

31 - Financial Instruments

Capital management

The Company's capital management objectives are:

- safeguard its ability to continue as a going concern, so that it can continue to maximise the returns for shareholders and benefits for other stakeholders
- maintain an optimal capital structure to reduce the cost of capital

The Management of the Company monitors the capital structure using debt equity ratio which is determined as the proportion of total debt to total equity.

Particulars	As at 31st March, 2021 (₹ in lakh)	As at 31st March, 2020 (₹ in lakh)
Debt	**11,204.70**	12,431.10
Cash and bank balances	**(10,822.55)**	(9,540.89)
Net Debt (A)	**382.15**	2,890.21
Equity (B)	**144,544.82**	149,628.65
Net Debt to Equity Ratio (A / B)	**0.003**	0.019

Categories of financial assets and financial liabilities

The following tables shows the carrying amount of financial assets and financial liabilities by category:

As at 31st March, 2021

(₹ in lakh)

Particulars	Amortised Costs	FVTPL	Total
Non-current Assets			
Investments	**35,412.90**	**11,582.39**	**46,995.29**
Current Assets			
Trade Receivables	**5,016.03**	**–**	**5,016.03**
Cash and Bank Balances	**10,822.55**	**–**	**10,822.55**
Loans	**8,083.20**	**–**	**8,083.20**
Other Financial Assets			
- Non Derivative Financial Assets	**7,578.37**	**–**	**7,578.37**
Non-current Liabilities			
Other Financial Liabilities			
- Lease Liabilities	**–**	**–**	**–**
Current Liabilities			
Borrowings	**11,140.04**	**–**	**11,140.04**
Lease Liabilities	**64.66**	**–**	**64.66**
Trade Payables	**9,440.51**	**–**	**9,440.51**
Other Financial Liabilities			
- Non Derivative Financial Liabilities	**2,891.49**	**–**	**2,891.49**

As at 31st March, 2020

(₹ in lakh)

Particulars	Amortised Costs	FVTPL	Total
Non-current Assets			
Investments	32,257.69	14,444.65	46,702.34
Current Assets			
Trade Receivables	8,963.72	–	8,963.72
Cash and Bank Balances	9,540.89	–	9,540.89
Loans	8,306.08	–	8,306.08
Other Financial Assets			
- Non Derivative Financial Assets	16,017.09	–	16,017.09
Non-current Liabilities			
Other Financial Liabilities			
- Lease Laibilities	96.17	–	96.17
Current Liabilities			
Borrowings	11,891.55	–	11,891.55
Lease Liabilities	443.38	–	443.38
Trade Payables	9,158.47	–	9,158.47
Other Financial Liabilities			
- Non Derivative Financial Liabilities	3,637.02	–	3,637.02

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factor.

CREDIT RISK

(i) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from trade receivables, cash and cash equivalents & other financial assets.

Trade Receivables:

The Company's trade receivables include receivables on sale of residential flats and rent receivable. As per the Company's flat handover policy, a flat is handed over to a customer only upon payment of entire amount of consideration. The rent receivables are secured by security deposits obtained under the lease agreement. Thus, the Company is not exposed to any credit risk on receivables from sale of residential flats and rent receivables.

Cash and Cash Equivalents & Other Financial Assets

For banks and financial institutions, only high rated banks/institutions are accepted. The Company holds cash and cash equivalents with bank and financial institution counterparties, which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

For Other Financial Assets, the Company assesses and manages credit risk based on reasonable and supportive forward looking information. Other Financial Assets are considered to be low credit risk exposure assets.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

(₹ in lakh)

Particulars	Less than 1 Year	1 Year to 3 Years	3 Years to 5 Years
As at 31st March 2021			
Current			
Borrowings	**11,140.04**	**–**	**–**
Lease Liabilities	**64.66**	**–**	**–**
Trade Payables	**9,440.51**	**–**	**–**
Other Financial Liabilities	**2,891.49**	**–**	**–**
Total Current	**23,536.70**	**–**	**–**

(₹ in lakh)

Particulars	Less than 1 Year	1 Year to 3 Years	3 Years to 5 Years
As at 31st March 2020			
Non Current			
Other Financial Liabilities	–	96.17	–
Total Non Current (A)	–	96.17	–
Current			
Borrowings	11,891.55	–	–
Lease Liabilities	443.38	–	–
Trade Payables	9,158.47	–	–
Other Financial Liabilities	3,637.02	–	–
Total Current	25,130.42	–	–

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

Currency Risk

Foreign currency risk is the risk that the fair value or the future cash flows of an exposure will fluctuate because of changes in the foreign exchange rate. The Company undertakes transactions denominated in foreign currencies only for the purchases of the components which are required to carry out the construction activities. The Company manages its foreign currency risk by forward contracts that are expected to occur within a maximum 12 month from the entering of a contract.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and floating rate loans and borrowings.

Interest rate sensitivity

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

Increase / decrease in basis points	**Currency**	**As at March 31, 2021 Effect on loss before tax (₹ In Lakhs)**	As at March 31, 2020 Effect on loss before tax (₹ In Lakhs)
+100	₹	**(111.40)**	(118.92)
-100	₹	**111.40**	118.92

32 - Fair Value Measurement

Fair Valuation Techiques and Inputs used - Recurring Items

(₹ in lakh)

Financial assets measured at Fair value	Fair value as at 31st March, 2021	Fair value as at 31st March, 2020	Fair value hierarchy	Valuation Technique(s)	Applicable for Level 2 and Level 3 hierarchy Key input(s)
Financial assets					
Investments					
1) Investment in Preference Shares - unquoted	**858.39**	1,271.85	Level 3	Income Approach - Discounted Cash Flow/ Net Asset Value / Comparable Companies Method / Market Multiple Approach and Price of Recent Transaction	For Discounted Cash Flow -Companies Financial projections. These include forecasts of balance sheet, statement of profit and loss along with underlying assumptions. For Net Asset Value- The value is derived based on the book value since the assets are intended to be disposed off. For Comparable Companies Method- In this approach the fair value is derived based on revenue multiple of comparable companies. For Market Multiple Approach and Price of Recent Transaction - In this approach the fair value is derived based on market multiples like PE multiple, Enterprise value (EV) multiple, Revenue multiple etc.
2) Investment in Equity Shares - unquoted	**0.50**	15.08	Level 3	Net Asset Value/ Comparable Companies Method/ Market Multiple Approach and Price of Recent Transaction	For Net Asset Value- The value is derived based on the book value since the assets are intended to be disposed off. For Comparable Companies Method- In this approach the fair value is derived based on revenue multiple of comparable companies. For Market Multiple Approach - In this approach the fair value is derived based on market multiples like PE multiple, Enterprise value (EV) multiple, Revenue multiple etc.
3) Investment in Optionally Convertible Debentures	**10,723.50**	13,157.71	Level 3	Income Approach - Discounted Cash Flow	For Discounted Cash Flow - Companies Financial projections. These include forecasts of balance sheet, statement of profit and loss along with underlying assumptions.
Total financial assets..............................	**11,582.39**	14,444.64			

Significant unobservable inputs used in level 3 fair value measurements

(₹ in lakh)

Financial assets measured at Fair value	Fair value as at 31st March, 2021	Fair value as at 31st March, 2020	Fair value hierarchy	Significant unobservable inputs	Relationship of unobservable inputs to fair value and sensitivity
1) Investment in Preference Share - unquoted	**858.39**	1,271.85	Level 3	Interest Rates to discount future cash flow, Financial Projections Intrinsic worth of Net Assets/ Market multiples used by benchmarking for valuation	Any change (increase/ decrease) in the discount factor, financial projections etc. would entail corresponding change in the valuation Increase in book value/ multiple will result in increase in valuation
2) Investment in Equity Share - unquoted...	**0.50**	15.08	Level 3	Intrinsic worth of Net Assets/Market multiples used by benchmarking for valuation	Increase in book value/ multiple will result in increase in valuation
3) Investment in Optionally Convertible Debentures	**10,723.50**	13,157.71	Level 3	Interest Rates to discount future cash flow, Financial Projections	Any change (increase/ decrease) in the discount factor, financial projections etc. would entail corresponding change in the valuation

Financial Instrument not measured using Fair Value i.e. measured using amortized cost

The carrying value of Other financial assets / liabilities represent reasonable estimate of fair value.

There were no transfers between Level 1 and Level 2 during the year.

Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

(₹ in lakh)

Particulars	Investment in Preference Shares - unquoted	Investment in Equity Shares - unquoted	Investment in Optionally Convertible Debentures	Total
Year Ended 31st March 2021				
Opening Balance of Fair Value	**1,271.85**	**15.08**	**13,157.71**	**14,444.64**
Total incomes/gains or (losses) recognised :				
-In Profit or Loss	**(413.46)**	**(14.58)**	**969.16**	**541.12**
Redemption of Optionally Convertible Redeemable Debentures during the year	**–**	**–**	**(766.37)**	**(766.37)**
Conversion of Optionally Convertible Redeemable Debenture to Equity Share (Refer note. 8a)	**–**	**–**	**(2,637.00)**	**(2,637.00)**
Closing balance of fair value	**858.39**	**0.50**	**10,723.50**	**11,582.39**
Year Ended 31st March 2020				
Opening Balance of Fair Value	757.05	16.57	41,928.53	42,702.15
Total incomes/gains or (losses) recognised :				
-In Profit or Loss	(126.46)	(1.49)	1,286.09	1,158.14
Fair value of purchases made during the year	641.26	–	1,997.10	2,638.36
Conversion of Optionally Convertible Redeemable Debenture to Equity Share (Refer note. 8b)	–	–	(32,054.00)	(32,054.00)
Closing balance of fair value	1,271.85	15.08	13,157.71	14,444.64

33 - Leases

As lessee

The Company has entered into operating lease arrangements for Worli and Andheri Office. The lease is non-cancellable for a period of 1 - 2 years and may be renewed based on mutual agreement between the parties. The leases have varying terms, escatation clauses and renewal rights. From 1 April 2019, the Company has recogninsed right of use assets for these leases, except for short term leases.

Undiscounted Cash Flow of Lease liabilities	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Less than one year	**65.90**	497.47
One to Three years	**–**	65.90
Three to five years	**–**	–
More than five years	**–**	–
Total undiscounted lease liabilities at Balance sheet date....	**65.90**	563.37

Cash outflow for leases for the year ended March 31, 2021 is ₹ 470.60 lakhs (March 31, 2020 is ₹ 492 lakhs).

Expense relating to leases of low-value assets of ₹ 2.63 lakhs for the year ended March 31, 2021 (₹ 81.32 lakhs for the year ended March 31, 2020) is inlcuded in "Rent, Rates & Taxes" in Note 28 "Other Expenses"

34 - Segment information

The reportable segments of the Company are 'Projects, Project Management and Development' and 'Operating of Commercial Complexes'.

The segments are largely organised and managed separately according to the organisation structure that is designed based on the nature of business. Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Director regarded as the Chief Operating Decision Maker ("CODM").

Description of each of the reportable segments for all periods presented, is as under:

i) Projects, Project Management & Development: This Segment of the business includes income from sale of residential units across projects, project management and development in India.

ii) Operating of Commercial Complexes: This Segment of the business includes rental income from commercial properties at New Delhi.

The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenue and gross profit as the performance indicator for all of the operating segments. The measurement of each segment's revenues, expenses and assets is consistent with the accounting policies that are used in preparation of the financial statements. Segment profit represents the profit before interest and tax.

Information regarding the Company's reportable segments is presented below:

(₹ in lakh)

Particulars	31st March, 2021			31st March, 2020		
	Projects, Project Management & Development	**Operating of Commercial Complexes**	**Total**	Projects, Project Management & Development	Operating of Commercial Complexes	Total
Revenue						
External customers	**8,294.66**	**668.93**	**8,963.59**	42,836.98	1,151.49	43,988.47
Total revenue	**8,294.66**	**668.93**	**8,963.59**	42,836.98	1,151.49	43,988.47
Results						
Segment Results	**(1,712.65)**	**404.82**	**(1,307.83)**	5,614.07	843.17	6,457.24
Less:-						
-Unallocated Interest (Finance Cost)	**–**	**–**	**366.60**	–	–	183.71
-Unallocated corporate expense net of unallocated income (includes exceptional Item - refer note no. 8)	**–**	**–**	**5,292.15**	–	–	29,256.48
Loss before tax	**–**	**–**	**(6,966.58)**	–	–	(22,982.95)
Tax (credit)/Expense	**–**	**–**	**(1,742.08)**	–	–	(382.44)
Loss after tax	**–**	**–**	**(5,224.50)**	–	–	(22,600.51)
Segment Assets & Liabilities						
Segment Assets	**162,074.52**	**2,397.99**	**164,472.51**	151,397.94	3,552.57	154,950.51
Unallocated corporate assets			**38,828.16**			45,040.00
Total Assets			**203,300.67**			199,990.51
Segment Liabilities	**51,946.29**	**550.83**	**52,497.12**	41,213.58	580.40	41,793.98
Unallocated corporate liabilities			**6,258.73**			8,567.88
Total Liabilities			**58,755.85**			50,361.86
Other Information						
Depreciation and Amortisation Expense	**1.53**	**46.01**	**47.54**	12.13	46.01	58.14
Capital Expenditure	**354.92**	**–**	**354.92**	341.90	–	341.90

Revenue from type of products and services

The operating segments are primarily based on nature of products and services and hence the Revenue from external customers of each segment is representative of revenue based on products and services.

Geographical Information

The Company operates in one reportable geographical segment i.e. "Within India". Hence, no separate geographical segment wise disclosure is applicable as per the requirements of Ind AS 108 Operating Segments.

Information about major customers

Revenues from transactions with a single external customer did not amount to 10 percent or more of the Company's revenues from external customers.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year as well as previous year.

35 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating ₹ 292.74 lakhs (31st March, 2020 : ₹ 330.06 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk

The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

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

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	As at	
	31-Mar-21	31-Mar-20
Discount rate(s)	**5.71%**	5.68%
Expected rate(s) of salary increase	**8.00%**	5.00%
Expected average remaining service	**5.72**	4.98
Attrition Rate	**0 to 42: 14%**	0 to 42: 16%
Mortality rate	**IALM (2006-08) ULT.**	IALM (2006-08) ULT.

Defined benefit plans – as per actuarial valuation on 31st March, 2020

(₹ in lakh)

Particulars	Funded Plan Gratuity For the year ended 31st March, 2021	For the year ended 31st March, 2020
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**88.99**	115.48
Net interest expense	**1.48**	7.78
Components of defined benefit costs recognised in profit or loss	**90.47**	123.26

(₹ in lakh)

Particulars	Funded Plan Gratuity For the year ended 31st March, 2021	For the year ended 31st March, 2020
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**(2.32)**	(0.28)
Actuarial (gains)/loss arising from demographic assumptions	**9.99**	(29.76)
Actuarial (gains)/loss arising from changes in financial assumptions	**56.10**	(80.94)
Actuarial (gains)/loss arising from experience adjustments	**(43.69)**	(3.32)
Components of defined benefit costs recognised in other comprehensive income	**20.08**	(114.30)
Total	**110.55**	8.96
I. Net Asset/(Liability) recognised in the Balance Sheet		
1. Present value of defined benefit obligation	**407.40**	331.97
2. Fair value of plan assets as at	**282.83**	264.69
3. Surplus/(Deficit)	**(124.57)**	(67.28)
4. Current portion of the above	**–**	–
5. Non current portion of the above	**(124.57)**	(67.28)
II. Movements in the present value of the defined benefit obligation.		
1. Present value of defined benefit obligation at the beginning of the year	**331.97**	458.58
2. Less: Transfer out liability for employees transferred to group companies	**–**	(84.48)
3. Add: Transfer in liability for employees transferred from group companies	**6.65**	–
4. Expenses Recognised in Profit and Loss Account		
- Current Service Cost	**88.99**	115.47
- Interest Cost	**17.31**	25.73
5. Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**9.99**	(29.76)
ii. Financial Assumptions	**56.10**	(80.94)
iii. Experience Adjustments	**(43.69)**	(3.32)
6. Benefit payments	**(59.92)**	(69.31)
7. Present value of defined benefit obligation at the end of the year	**407.40**	331.97
III. Movements in the fair value of plan assets are as follows.		
1. Fair value of plan assets at the beginning of the year	**264.69**	246.45
2. Actual Return on Plan Assets	**2.31**	0.29
3. Interest Income	**15.83**	17.95
4. Fair value of plan assets at the end of the year	**282.83**	264.69

(₹ in lakh)

Particulars	Funded Plan Gratuity For the year ended 31st March, 2021	Funded Plan Gratuity For the year ended 31st March, 2020
IV. The fair value of the plan assets at the end of the reporting period for each category, are as follows:		
- Issuer Managed funds (Non quoted value)	**282.83**	264.69

In respect of the plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2021 by G. N. Agarwal, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(₹ in lakh)

Principal assumption		Changes in assumption (%)	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	**2021**	**1.00%**	**382.81**	**434.98**
	2020	1.00%	316.56	348.94
Salary growth rate	**2021**	**1.00%**	**428.76**	**387.16**
	2020	1.00%	345.77	318.86

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year.

The Company expects to contribute ₹ 39.79 lakhs (31st March, 2020 ₹ 61.01 Lakhs) to the gratuity trusts during the next financial year.

Maturity profile of defined benefit obligation:

	31st March, 2021	31st March, 2020
Within 1 year	**39.79**	61.01
1 - 2 year	**40.12**	40.99
2 - 3 year	**47.63**	38.46
3 - 4 year	**45.02**	41.91
4 - 5 year	**43.06**	36.00
5 - 10 years	**184.65**	137.64

Major Category of plan assets for Gratuity Fund is as follows:

	31st March, 2021	31st March, 2020
Asset category:		
Deposits with Insurance companies	**100%**	100%
	100%	100%

The weighted average age considered for defined benefit obligation as at 31st March 2021 is 36.79 years (31st March, 2020: 36.24 years)

36 - Related Party Disclosures

(a) Related Parties where control exists

(i) Holding Company

Mahindra & Mahindra Limited

(ii) Subsidiaries	
Mahindra Infrastructure Developers Limited	Industrial Township (Maharashtra) Limited
Mahindra Residential Developers Limited	Anthurium Developers Limited
Mahindra World City (Maharashtra) Limited	Deepmangal Developers Private Limited
Mahindra Integrated Township Limited	Moonshine Construction Private Limited
Knowledge Township Limited	Mahindra Bloomdale Developers Limited
Rathna Bhoomi Enterprises Private Limited	Mahindra Water Utilities Limited (Subsidiary of Mahindra Infrastucture Developers Limited)

(b) Other Parties with whom Transactions have taken place during the year

(i) Joint Ventures

Mahindra World City Developers Limited	Mahindra Industrial Park Chennai Limited
Mahindra Homes Private Limited	Mahindra World City (Jaipur) Limited
Mahindra Happinest Developers Limited	Mahindra Industrial Park Private Limited

(ii) Fellow Subsidiaries

Mahindra EPC Irrigation Ltd	Mahindra Retail Limited
Mahindra Integrated Business Solutions Private Limited	Mahindra Defence Systems Limited
Mahindra & Mahindra Contech Limited	Mahindra MSTC Recycling Private Limited
Mahindra Holidays & Resorts India Limited	Mahindra First Choice Wheels Limited
NBS International Limited	Mahindra Intertrade Limited
Mahindra Logistics Ltd	

(iii) Key Management Personnel

Mrs Sangeeta Prasad - Managing Director & CEO (upto 30th June, 2020)	Mr. Arun Kumar Nanda - Non Executive Chairman
Mr. Arvind Subramanian - Managing Director & CEO (from 01st July, 2020)	Dr. Anish Shah - Non Executive Non Independent Director
Mr. Bharat Shah - Independent Director	Mr. S. Durgashankar - Non Executive Non Independent Director (Appointed on 23rd March, 2021)
Mr. Ameet Hariani - Independent Director	Ms. Amrita Chowdhury - Independent Director

Related party transactions

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

(₹ in lakh)

Particulars	Holding Company		Subsidiary Companies		Joint Ventures		Key Management Personnel		Other Related Parties	
	Year ended March 31, 2021	Year ended March 31, 2020	**Year ended March 31, 2021**	Year ended March 31, 2020	**Year ended March 31, 2021**	Year ended March 31, 2020	**Year ended March 31, 2021**	Year ended March 31, 2020	**Year ended March 31, 2021**	Year ended March 31, 2020
Rendering of services										
Mahindra & Mahindra Limited	**633.09**	1,144.53	**–**	–	**–**	–	**–**	–	**–**	–
Mahindra Infrastructure Developers Limited	**–**	–	**0.97**	0.97	**–**	–	**–**	–	**–**	–
Mahindra Residential Developers Limited	**–**	–	**3.89**	20.05	**–**	–	**–**	–	**–**	–
Knowledge Township Limited	**–**	–	**0.90**	0.90	**–**	–	**–**	–	**–**	–
Mahindra Integrated Township Limited	**–**	–	**15.87**	103.42	**–**	–	**–**	–	**–**	–
Industrial Township (Maharashtra) Limited	**–**	–	**–**	0.28	**–**	–	**–**	–	**–**	–
Mahindra Homes Private Limited	**–**	–	**–**	–	**–**	139.75	**–**	–	**–**	–
Mahindra Happinest Developers Limited	**–**	–	**–**	–	**3.51**	334.54	**–**	–	**–**	–
Mahindra Industrial Park Private Limited	**–**	–	**–**	–	**–**	68.00	**–**	–	**–**	–
Mahindra World City (Jaipur) Limited	**–**	–	**–**	–	**88.00**	126.72	**–**	–	**–**	–
Receiving of Services										
Mahindra & Mahindra Limited	**371.80**	410.09	**–**	–	**–**	–	**–**	–	**–**	–
Mahindra Retail Limited	**–**	–	**–**	–	**–**	–	**–**	–	**–**	1.29
Mahindra Defence Systems Limited	**–**	–	**–**	–	**–**	–	**–**	–	**–**	2.25
Mahindra Integrated Business Solutions Private Limited	**–**	–	**–**	–	**–**	–	**–**	–	**120.87**	156.24
Mahindra Holidays & Resorts India Limited	**–**	–	**–**	–	**–**	–	**–**	–	**10.74**	14.33
NBS International Ltd	**–**	–	**–**	–	**–**	–	**–**	–	**3.40**	1.27
Mahindra Engineering & Chemical Products Ltd	**–**	–	**–**	–	**–**	–	**–**	–	**6.37**	–
Reimbursement made to parties										
Mahindra & Mahindra Limited	**257.28**	449.35	**–**	–	**–**	–	**–**	–	**–**	–
Mahindra Integrated Township Limited	**–**	–	**–**	134.79	**–**	–	**–**	–	**–**	–
Mahindra World City Developers Limited	**–**	–	**–**	–	**0.08**	0.49	**–**	–	**–**	–
Mahindra Happinest Developers Limited	**–**	–	**–**	–	**36.54**	82.13	**–**	–	**–**	–
Mahindra World City (Jaipur) Limited	**–**	–	**–**	–	**–**	0.65	**–**	–	**–**	–
Mahindra Defence Systems Limited	**–**	–	**–**	–	**–**	–	**–**	–	**–**	0.05
Mahindra & Mahindra Contech Limited	**–**	–	**–**	–	**–**	–	**–**	–	**5.14**	7.52

(₹ in lakh)

Particulars	Holding Company		Subsidiary Companies		Joint Ventures		Key Management Personnel		Other Related Parties	
	Year ended March 31, 2021	Year ended March 31, 2020	**Year ended March 31, 2021**	Year ended March 31, 2020	**Year ended March 31, 2021**	Year ended March 31, 2020	**Year ended March 31, 2021**	Year ended March 31, 2020	**Year ended March 31, 2021**	Year ended March 31, 2020
Reimbursement received from parties										
Mahindra & Mahindra Limited	**–**	3.08	**–**	–	**–**	–	**–**	–	**–**	–
Mahindra MSTC Recycling Private Limited	**–**	–	**–**	–	**–**	–	**–**	–	**–**	1.47
Mahindra Industrial Park Private Limited	**–**	–	**–**	–	**0.50**	1.58	**–**	–	**–**	–
Mahindra World City Developers Limited	**–**	–	**–**	–	**2.54**	26.79	**–**	–	**–**	–
Mahindra World City (Jaipur) Limited	**–**	–	**–**	–	**3.52**	50.21	**–**	–	**–**	–
Mahindra Homes Private Limited	**–**	–	**–**	–	**32.46**	37.22	**–**	–	**–**	–
Mahindra Happinest Developers Limited	**–**	–	**–**	–	**52.52**	115.51	**–**	–	**–**	–
Mahindra Bloomdale Developers Limited	**–**	–	**3.44**	18.00	**–**	–	**–**	–	**–**	–
Mahindra Integrated Township Limited	**–**	–	**27.20**	53.27	**–**	–	**–**	–	**–**	–
Mahindra Residential Developers Limited	**–**	–	**21.65**	36.48	**–**	–	**–**	–	**–**	–
Inter-corporate Deposit Given										
Mahindra Bloomdale Developers Limited	**–**	–	**2,675.00**	4,304.96						
Mahindra World City (Maharashtra) Limited	**–**	–	**7.00**	96.56	**–**	–	**–**	–	**–**	–
Rathna Bhoomi Enterprises Private Limited			**2.50**	–						
Knowledge Township Limited	**–**	–	**100.00**	72.00	**–**	–	**–**	–	**–**	–
Deepmangal Developers Private Limited	**–**	–	**48.50**	63.33	**–**	–	**–**	–	**–**	–
Mahindra Industrial Park Private Limited	**–**	–	**–**	–	**–**	1,755.00	**–**	–	**–**	–
Mahindra World City (Jaipur) Limited	**–**	–	**–**	–	**2,000.00**	–	**–**	–	**–**	–
Mahindra Integrated Township Limited	**–**	–	**2,500.00**	–	**–**	–	**–**	–	**–**	–
Inter-corporate Deposit Realised	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Mahindra Bloomdale Developers Limited	**–**	–	**3,060.00**	2,850.00	**–**	–	–	–	–	–
Mahindra World City (Jaipur) Limited	**–**	–	**–**	–	**2,000.00**	–	–	–	–	–
Mahindra Integrated Township Limited	**–**	–	**2,500.00**	–	**–**	–	–	–	**–**	–
Investment Made/Conversion										
Mahindra Happinest Developers Limited	**–**	–	**–**	–	**–**	1,563.37	**–**	–	**–**	–
Knowledge Township Limited (refer note 8a)	**–**	–	**2,637.00**	–	**–**	–	**–**	–	**–**	–
Mahindra Industrial Park Private Limited	**–**	–	**–**	–	**–**	1,075.00	**–**	–	**–**	–
Mahindra Homes Private Limited (refer note 8c)	**–**	–	**–**	–	**–**	32,054.00	**–**	–	**–**	–

(₹ in lakh)

Particulars	Holding Company		Subsidiary Companies		Joint Ventures		Key Management Personnel		Other Related Parties	
	Year ended March 31, 2021	Year ended March 31, 2020	**Year ended March 31, 2021**	Year ended March 31, 2020	**Year ended March 31, 2021**	Year ended March 31, 2020	**Year ended March 31, 2021**	Year ended March 31, 2020	**Year ended March 31, 2021**	Year ended March 31, 2020
Investment redeemed										
Mahindra Happinest Developers Limited	**–**	–	**–**	–	**250.00**	–	**–**	–	**–**	–
Interest Income on Optionally Convertible Redeemable Debentures										
Mahindra Happinest Developers Limited	**–**	–	**–**	–	**516.37**	–	**–**	–	**–**	–
Conversion of ICD Interest receivable to Equity										
Knowledge Township Limited (refer note 8a)	**–**	–	**518.21**	–	**–**	–	**–**	–	**–**	–
Interest Income										
Mahindra World City (Maharashtra) Limited	**–**	–	**61.53**	67.92	**–**	–	**–**	–	**–**	–
Deepmangal Developers Private Limited	**–**	–	**10.12**	6.70	**–**	–	**–**	–	**–**	–
Rathna Bhoomi Enterprises Private Limited	**–**	–	**0.13**	0.14	**–**	–	**–**	–	**–**	–
Mahindra Homes Private Limited	**–**	–	**–**	–	**211.44**	–	**–**	–	**–**	–
Moonshine Construction Private Limited	**–**	–	**0.13**	0.14	**–**	–	**–**	–	**–**	–
Mahindra Bloomdale Developers Limited	**–**	–	**293.98**	459.73	**–**	–	**–**	–	**–**	–
Mahindra Industrial Park Private Limited	**–**	–	**–**	–	**147.01**	144.83	**–**	–	**–**	–
Mahindra Integrated Township Limited	**–**	–	**10.29**	–	**–**	–	**–**	–	**–**	–
Knowledge Township Limited	**–**	–	**12.00**	2.14	**–**	–	**–**	–	**–**	–
Mahindra World City (Jaipur) Limited	**–**	–	**–**	–	**38.80**	–	**–**	–	**–**	–
Dividend Paid										
Mahindra & Mahindra Limited	**–**	1,586.39	**–**	–	**–**	–	**–**	–	**–**	–
Dividend Received										
Mahindra World City (Jaipur) Limited	**–**	–	**–**	–	**–**	1,665.00	**–**	–	**–**	–
Mahindra Infrastructure Developers Limited	**–**	–	**2,761.20**	1,242.00	**–**	–	**–**	–	**–**	–
Mahindra World City Developers Limited	**–**	–	**–**	–	**–**	178.00	**–**	–	**–**	–
Managerial Remuneration										
Mrs Sangeeta Prasad	**–**	–	**–**	–	**–**	–	**308.72**	304.31	**–**	–
Mr Arvind Subramanian	**–**	–	**–**	–	**–**	–	**220.94**	–	**–**	–
Shares allotted under ESOP										
Mr Arvind Subramanian	**–**	–	**–**	–	**–**	–	**0.12**	–	**–**	–
Commission and other benefits to Non Executive/ Independent Directors	**–**	–	**–**	–	**–**	–	**34.10**	78.20	**–**	–

Outstanding Balances as at year end date

The following table provides the outstanding balances with related parties as on the relevant date

(₹ in lakh)

Particulars	Balance as at	Holding Company	Subsidiaries	Joint ventures	Key Management Personnel	Other related parties
Inter-corporate Deposit Given*	**31-Mar-21**	**–**	**4,614.91**	**1,755.00**	**–**	**–**
	31-Mar-20	–	*4,841.91*	*1,755.00*	–	–
Security Deposit Received	**31-Mar-21**	**540.08**	**–**	**–**	**–**	**–**
	31-Mar-20	*540.08*	–	–	–	–
Interest Income Receivable	**31-Mar-21**	**–**	**779.00**	**6,367.83**	**–**	**–**
	31-Mar-20	–	*1,240.38*	*14,297.80*	–	–
Receivables	**31-Mar-21**	**2,061.90**	**301.66**	**279.24**	**–**	**–**
	31-Mar-20	*3,159.06*	*779.93*	*462.07*	–	–
Payables	**31-Mar-21**	**98.40**	**–**	**1.19**	**–**	**27.44**
	31-Mar-20	*949.84*	–	–	–	*24.53*

* The above inter corporate deposit have been given for general business purposes.

As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management Personnel is not ascertained separately, and therefore, not included above.

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Compensation of key management personnel

The current year remuneration of key management personnel includes remuneration paid to Ms. Sangeeta Prasad upto 30th June 2020 and to Mr. Arvind Subramanian from 01st July 2020 as below:

(₹ in lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Salary including perquisites......................	**496.82**	290.45
Other contribution to funds.......................	**32.84**	13.86
Total	**529.66**	304.31

37 - Contingent liabilities

(₹ in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Claims against the Company not acknowledged as debt*		
(i) Demand from a local authority for energy dues disputed by the Company.	**2,164.04**	2,164.04
(ii) Claim from welfare association in connection with project work, disputed by the Company	**4,500.00**	4,500.00
(b) Income Tax Matter under appeal		
In respect of certain business incomes re-classified by the Income tax Department as income from house property and other disallowances, the Company has partially succeeded in appeal and is pursuing the matter further with the appropriate appellate authorities ...	**301.92**	512.11
(c) Indirect Tax Matters under appeal		
VAT, Service Tax and Entry Tax claims disputed by the Company relating to issues of applicability and interest on demand. The Company is pursuing the matter with the appropriate Appellate Authorities...	**1,069.41**	791.42

* In the opinion of the management the above claims are not sustainable and the Company does not expect any outflow of economic resources in respect of above claims and therefore no provision is made in respect thereof .

38 - Capital Commitments

(₹ in lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Capital Commitment : Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)...	**43.32**	51.94

39 - Impact of COVID-19 (Global Pandemic)

The Company is actively monitoring the impact of the global health pandemic on its financial condition, liquidity, operations, suppliers, industry, and workforce. The operations of the Company were impacted due to the stoppage of work at its project sites and corporate office following the nationwide lockdown by the Government of India on March 23, 2020. The various sites were impacted due to the lockdown for different periods of time, depending on their location and local regulations. The Company has resumed its operations in a phased manner as per the directives issued by the Government of India and local authorities.

However, since early March 2021, India has witnessed a second wave of COVID-19 with sudden rise in COVID-19 cases across the country. This has again led to imposing lockdown like restrictions across the country, which is likely to impact the economic activity of the country as a whole and the Company's operations in particular. The Company has used the principles of prudence in applying judgments, estimates and assumptions based on current assessments. In assessing the recoverability of assets such as inventories, financial assets and other assets, based on current indicators of future economic conditions, the Company expects to recover the carrying amounts of its assets. The extent to which COVID -19 impacts the operations will depend on future developments which remain uncertain.

40 - 'Disclosure as per Regulation 34(3) read with Para A of Schedule V of the SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015 and section 186(4) of Companies Act, 2013

Loans and advances in the nature of loans given to subsidiaries, joint ventures, firms / companies in which directors are interested:

(₹ in lakh)

Name of the party	Relationship	**Amount outstanding as at 31st March, 2021**	Maximum balance outstanding during the period	Amount outstanding as at 31st March, 2020	Maximum balance outstanding during the previous year
Deepmangal Developers Private Limited	Subsidiary	**158.14**	158.14	109.64	109.64
Moonshine Construction Private Limited	Subsidiary	**1.50**	1.50	1.50	1.50
Rathna Bhoomi Enterprises Private Limited	Subsidiary	**4.05**	4.05	1.55	1.55
Mahindra World City (Maharashtra) Limited	Subsidiary	**734.70**	734.70	727.70	727.70
Mahindra Bloomdale Developers Limited	Subsidiary	**3,544.53**	3,929.53	3,929.53	6,729.53
Knowledge Township Limited	Subsidiary	**172.00**	172.00	72.00	72.00
Mahindra Industrial Park Private Limited	Joint Venture	**1,755.00**	1,755.00	1,755.00	2,830.00

The above inter corporate deposit have been given for general business including investment purposes.

41 - Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021

42 - Expenditure on Corporate Social Responsibility (CSR)

a) Gross Amount required to be spent by the company for the year ended 31st March, 2021 (as certified by the Company): ₹ 70.72 Lakhs (Previous Year ₹ 124.85 lakhs)

b) Following are the details of amount spent during the year for CSR:

(₹ In lakhs)

Particulars	**In cash**	**Yet to be paid in cash**	**Total**
(i) Construction/acquisition of any asset	–	–	–
	(–)	(–)	(–)
(ii) On purchase other than (i) above	70.72	–	70.72
	(124.85)	(–)	(124.85)

Figure in bracket represents figures for previous year

43 - Input Tax Credit (ITC) benefits to the customers

Revenue from operations for the year ended 31st March, 2021 is net of ₹ 13.44 Lakhs (31st March, 2020. 699.25 lakhs) towards input tax credit benefits passed on to the customers as per the provisions of section 171 on Anti-Profiteering of CGST Act, 2017. The treatment is as per the prevailing Indian Accounting Standards.

44 - Events after the reporting period

No material events have occurred after the Balance Sheet date and upto the approval of the financial statements.

45 - Previous Year Figures

The figures for previous year have been regrouped wherever necessary to confirm to current year's grouping.

For and on behalf of the Board of Directors of Mahindra Lifespace Developers Limited

		Arun Nanda	Chairman - DIN: 00010029
Ankit Shah	**Vimal Agarwal**	**Arvind Subramanian**	Managing Director - DIN: 02551935
Assistant Company Secretary	Chief Financial Officer		
Mumbai : 12th May, 2021			

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of **M/s. Mahindra Infrastructure Developers Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2021 and the Statement of Profit and Loss and statement of cash flows for the year then ended, the Statement of Changes in Equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and its Profit and cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the standards on auditing (SAs) specified under Section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

Information other than the financial statements and auditors' report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Management and Those Charged with Governance for the financial statements

The Company's Board of Directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations which would impact its financial statements;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **M/s. R. Jaitlia & Co.**
Chartered Accountants
FRN: 117246W

Mukesh Maheshwari
Partner
Membership No. : 049818
Place: Mumbai
Date: 26th April, 2021
UDIN : 21049818AAAAEY4932

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

   Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2021:

i. In respect of its fixed assets:

As per information provided by the Company to us, it does not have any fixed asset as on 31st March, 2021. Accordingly, paragraph 3 (i) of the Order is not applicable to the Company.

ii. In respect of its inventories:

The Company does not have inventory. Accordingly, clause 3(ii) of the Order is not applicable.

iii. Loan given by Company:

According the information and explanations given to us, the Company has granted unsecured loans to bodies corporate, covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which :

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations

(c) There is no overdue amount remaining outstanding as at the year-end

iv. Loan to Directors and investment by company:

According to the Information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 inrespect of grant of loans, Investments made, guarantees given and security as applicable.

v. Deposits:

The company has not accepted any deposits covered under section 73 to 76 or any other relevant provisions of the Companies Act, 2013.

vi. Cost Records:

The maintenance of cost records as specified under subsection (1) of the section 148 of the Act are not applicable to the Company and hence relevant provisions of the Order is not applicable.

vii. Statutory Dues:

a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is regular in depositing the undisputed statutory dues including Income tax, service tax, sales tax, goods and service tax and other material statutory dues as applicable with the appropriate authorities.

b) According to the records of the company and the information and explanations given to us, there are no dues of Income tax, service tax, goods and service tax, Duty of customs, duty of excise, value added tax which have not been deposited on 31st March, 2021 on account of any dispute.

viii. Repayment of Loans:

According to the records of the company and the information and explanations given by the Company, the Company does not have any loans or borrowing from financial institution, bank, Government or dues to debenture holders and hence relevant provisions of the Order is not applicable.

ix. Utilisation of IPO & further public offer:

The company has not raised any money by public issues during the year and in our opinion, and according to the information and explanations given to us, on an overall basis, the Company does not have term loans and hence relevant provisions of the Order is not applicable.

x. Reporting of Fraud:

In our opinion and according to the information and explanations given to us, any fraud by the company or any fraud on the Company by its officers or employees has not been noticed or reported during the year.

xi. Approval of Managerial Remuneration:

According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the Audit Period. Accordingly, paragraph 3 (xi) of the Order is not applicable to the Company.

xii. Nidhi Company:

The Company is not a Nidhi Company and so relevant clause is not applicable.

xiii. Related Party Transaction:

During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us all transactions with related parties have been disclosed in the financial statements.

xiv. Private Placements or Preferential Issues:

The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year which is covered under Section 42 of the Companies Act, 2013 during the year.

xv. Non – cash Transactions:

The company has not entered into any non-cash transactions with directors or persons connected with him.

xvi. Register under RBI Act 1934:

The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **M/s. R. Jaitlia & Co.**
Chartered Accountants
FRN: 117246W

Mukesh Maheshwari
Partner
Membership No. : 049818
Place: Mumbai
Date: 26th April, 2021
UDIN : 21049818AAAAEY4932

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED

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

We have audited the internal financial controls over financial reporting of **Mahindra Infrastructure Developers Limited** (“the Company”) as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For **M/s. R. Jaitlia & Co.**
Chartered Accountants
FRN: 117246W

Mukesh Maheshwari
Partner
Membership No. : 049818
Place: Mumbai
Date: 26th April, 2021
UDIN : 21049818AAAAEY4932

BALANCE SHEET AS AT 31ST MARCH, 2021

(Amount in ₹.)

		Note No.	As at 31st March, 2021	As at 31st March, 2020
I	**ASSETS**			
	Non-current assets			
	(a) Financial assets			
	(i) Investments	4	**10,28,989**	10,28,989
	(ii) Loans	5	**16,91,00,000**	19,10,00,000
	(b) Other non-current assets	6	**2,33,24,754**	55,11,460
	Total Non-current assets (I)		**19,34,53,743**	19,75,40,449
	Current assets			
	(a) Financial assets			
	(i) Trade receivables	7	**2,00,161**	2,00,161
	(ii) Cash and cash equivalents	8(a)	**41,375**	21,68,487
	(iii) Bank balances other than (ii) above	8(b)	**45,37,282**	49,14,875
	(iv) Others	9	**78,57,785**	42,68,908
	(b) Other current assets	6	**3,72,350**	2,51,918
	Total current assets (II)		**1,30,08,953**	1,18,04,349
	Total assets [(I)+(II)]		**20,64,62,696**	20,93,44,798
II	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity share capital	10	**18,00,00,000**	18,00,00,000
	(b) Other equity	11	**1,96,50,086**	2,42,88,299
	Total equity (III)		**19,96,50,086**	20,42,88,299
	Liabilities			
	Current liabilities			
	(a) Financial liabilities			
	(i) Trade payables	12		
	– total outstanding dues of micro enterprises and small enterprises		**–**	–
	– total outstanding dues of trade payables other than micro enterprises and small enterprises		**20,68,380**	21,24,323
	(b) Other current liabilities	13	**47,44,230**	29,32,176
	Total current liabilities (IV)		**68,12,610**	50,56,499
	Total equity and liabilities [(III)+(IV)]		**20,64,62,696**	20,93,44,798

See accompanying notes forming part of the financial statements

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants

Mukesh Maheshwari
Partner
Membership No: 049818

Place: Mumbai
Date: 26th April 2021

Santosh Gupta
Chief Financial Officer

For and on behalf of the Board of Directors

Sumit Kasat
Chief Executive Officer

Ulhas Bhosale
Director (DIN: 08217384)

Geeta Dhokare
Company Secretary
ACS : 51135

Parveen Mahtani
Director (DIN: 05189797)

Place: Mumbai
Date: 26th April 2021

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2021

(Amount in ₹)

	Particulars	Note No.	For the year ended 31st March, 2021	For the year ended 31st March, 2020
I	Revenue from operations		–	–
II	Other income	14	**27,64,20,201**	21,00,92,491
III	**Total income (I+II)**		**27,64,20,201**	21,00,92,491
IV	**Expenses**			
	(a) Employee benefit expense	15	**1,14,443**	96,986
	(b) Other expenses	16	**87,015**	4,19,759
	Total Expenses (IV)		**2,01,458**	5,16,745
V	**Profit/(Loss) before tax (III-IV)**		**27,62,18,743**	20,95,75,747
VI	**Tax Expense**			
	(1) Current tax	17	**47,36,956**	29,16,477
	(2) Deferred tax		–	–
	Total tax expense		**47,36,956**	29,16,477
VII	**Profit/(Loss) for the year (V-VI)**		**27,14,81,787**	20,66,59,270
	Other comprehensive income		–	–
	(1) Items that will not be reclassified to profit or loss		–	–
	(2) Items that may be reclassified to profit or loss		–	–
VIII	**Total other comprehensive income (1)+(2)**		–	–
IX	**Total comprehensive income for the year (VII+VIII)**		**27,14,81,787**	20,66,59,270
X	**Earnings per equity share**			
	Basic/Diluted	19	**15.08**	11.48

See accompanying notes forming part of the financial statements

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants

Mukesh Maheshwari
Partner
Membership No: 049818

Place: Mumbai
Date: 26th April 2021

Santosh Gupta
Chief Financial Officer

For and on behalf of the Board of Directors

Sumit Kasat
Chief Executive Officer

Ulhas Bhosale
Director (DIN: 08217384)

Geeta Dhokare
Company Secretary
ACS : 51135

Parveen Mahtani
Director (DIN: 05189797)

Place: Mumbai
Date: 26th April 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

(Amount in ₹)

Particulars	For The Year Ended 31st March, 2021	For The Year Ended 31st March, 2020
Cash flow from operating activities		
Profit/(Loss) for the year	**27,62,18,743**	20,95,75,747
Adjustments for:		
Income tax expense recognised in the statement of profit and loss	**(47,36,956)**	(29,16,477)
Interest Income	**(1,90,22,801)**	(1,20,94,491)
Dividend Income	**(25,73,97,400)**	(19,79,98,000)
	(49,38,414)	(34,33,221)
Movements in working capital:		
Increase in other financial assets	**(37,09,309)**	20,65,388
Decrease in other current assets	**(1,78,13,294)**	(13,33,460)
Increase in trade payables	**(55,943)**	(75,674)
Increase/(decrease) in other current liabilities	**18,12,054**	5,66,028
Net cash generated by/(used in) operating activities	**(2,47,04,906)**	(22,10,940)
Cash flows from investing activities		
Interest received	**1,90,22,801**	1,20,94,491
Dividends received from Subsidiary	**25,73,97,400**	19,79,98,000
Bank balances not considered as cash and cash equivalents		
– Placed	**3,77,593**	10,88,04,419
– Matured	**–**	–
Net cash generated by investing activities	**27,67,97,794**	31,88,96,910
Cash flows from financing activities		
Dividends paid to owners of the Company	**(27,61,20,000)**	(12,42,00,000)
Inter Corporate Deposit given	**2,19,00,000**	(19,10,00,000)
Net cash generated by financing activities	**(25,42,20,000)**	(31,52,00,000)
Net increase in cash and cash equivalents	**(21,27,112)**	14,85,970
Cash and cash equivalents at the beginning of the year	**21,68,487**	6,82,517
Cash and cash equivalents at the end of the year	**41,375**	21,68,487

See accompanying notes forming part of the financial statements

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants

Mukesh Maheshwari
Partner
Membership No: 049818

Place: Mumbai
Date: 26th April 2021

Santosh Gupta
Chief Financial Officer

For and on behalf of the Board of Directors

Sumit Kasat
Chief Executive Officer

Ulhas Bhosale
Director (DIN: 08217384)

Geeta Dhokare
Company Secretary
ACS : 51135

Parveen Mahtani
Director (DIN: 05189797)

Place: Mumbai
Date: 26th April 2021

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2021

A. Equity share capital

	(Amount in ₹)
Balance as at 31st March, 2019	**18,00,00,000**
Changes in equity share capital during the period	–
Balance as at 31st March, 2020	**18,00,00,000**
Changes in equity share capital during the period	–
Balance as at 31st March, 2021	**18,00,00,000**

B. Other Equity

	Retained earnings (Amount in ₹)
Balance as at 31st March, 2019	**(5,81,70,971)**
Profit/(Loss) for the year	20,66,59,270
Other comprehensive income	–
Total comprehensive income	20,66,59,270
Dividend paid	12,42,00,000
Balance as at 31st March, 2020	**2,42,88,299**
Profit/(Loss) for the year	27,14,81,787
Other comprehensive income	–
Total comprehensive income	27,14,81,787
Dividend paid	27,61,20,000
Balance as at 31st March, 2021	**1,96,50,086**

See accompanying notes forming part of the financial statements

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants

Mukesh Maheshwari
Partner
Membership No: 049818

Place: Mumbai
Date: 26th April 2021

Santosh Gupta
Chief Financial Officer

For and on behalf of the Board of Directors

Sumit Kasat
Chief Executive Officer

Ulhas Bhosale
Director (DIN: 08217384)

Geeta Dhokare
Company Secretary
ACS : 51135

Parveen Mahtani
Director (DIN: 05189797)

Place: Mumbai
Date: 26th April 2021

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate information

Mahindra Infrastructure Developers Limited ("the Company") is a public company incorporated in India on 10 May, 2001 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is in the business of development of infrastructure projects and infrastructure related services.

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

2. Significant Accounting Policies

2.1 Statement of compliance and Basis of preparation and presentation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (Rs.) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 26th April, 2021

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the statement of profit and loss.

Depreciation on assets (other than impaired assets) is calculated on straight line method at the rate of 11.31% p.a. which is based on useful life of about 9 years determined on the basis of technical evaluation by the Management of the Company and is different from the useful life of 15 years indicated in part C of schedule II to the Companies Act, 2013.

2.3 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement profit and loss.

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value, whichever is lower. Cost is arrived at on first-in-first-out basis and includes overheads on absorption basis, where appropriate.

Financial assets and Liabilities

2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of profit or loss.

2.6 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.6.1 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowances at an amount equal to lifetime expected credit losses.

2.6.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

2.7 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2.7.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.7.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.7.1.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.8 Revenue recognition

Revenue on account of sale of services is recognised under the completed service contract method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9.2 Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9.4 Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 4 – Investments

Amount in ₹

Particulars	Face Value ₹	As at 31st March, 2021 Nos.	As at 31st March, 2021 Amount in ₹	As at 31st March, 2020 Nos.	As at 31st March, 2020 Amount in ₹
A. Investments carried at cost or deemed cost					
I. Unquoted Investments (all fully paid) Investments in Equity Instruments					
– of subsidiaries					
Mahindra Water Utilities Private Limited	10	**98,999**	**7,78,999**	98,999	7,78,999
(subsidiary with effect from 27 July, 2015, prior to that it was a joint venture)					
– of joint ventures					
Mahindra Inframan Water Utilities Private Limited	10	**24,999**	**2,49,990**	24,999	2,49,990
– of associate					
Ratna Bhoomi Enterprise Private Limited	10	**500**	**–**	500	–
Investments in Preference shares					
– of associate					
10% Non-cumulative redeemable participating optionally convertible preference shares in Ratna Bhoomi Enterprise Private Limited	10	**1,19,250**	**–**	1,19,250	–
Total (A)			**10,28,989**		10,28,989
B. Investment carried at fair value through other comprehensive income					
Unquoted Investments (all fully paid)					
Investments in Equity Instruments					
New Tirupur Area Development Corporation Limited	10	**1,50,00,000**	**–**	1,50,00,000	–
Total (B)			**–**		–
Total Investments (A)+(B)			**10,28,989**		10,28,989

Note No. 5 - Loans

Particulars	As at 31st March 2021 Non-Current	As at 31st March 2020 Non- Current
a) Loans to related parties		
– Secured, considered good	**–**	–
– Unsecured, considered good	**16,91,00,000**	19,10,00,000
– Doubtful	**–**	–
Less: Allowance for Credit Losses	**–**	–
Total	**16,91,00,000**	19,10,00,000

Note No. 6 - Other assets

(Amount in ₹)

Particulars	As at 31st March 2021 Non-current	As at 31st March 2021 Current	As at 31st March 2020 Non-current	As at 31st March 2020 Current
(a) Prepaid Expenses	**–**	**5,575**	–	31,792
(b) Income tax assets (net)	**2,31,99,754**	**–**	53,86,460	–
(c) Balances with government authorities (other than income taxes)				
Service tax credit receivables	**–**	**62,050**	–	62,050
(d) Security deposit				
Unsecured, considered good	**1,25,000**	**–**	1,25,000	–
(e) Other receivables	**–**	**3,04,725**	–	1,58,076
Total other assets	**2,33,24,754**	**3,72,350**	55,11,460	2,51,918

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 7 - Trade receivables

(Amount in ₹)

Particulars	As at 31st March, 2021 Current	As at 31st March, 2020 Current
Trade receivable outstanding for a period exceeding six months from the date they are due for payment		
– Unsecured, considered good	**2,00,161**	2,00,161
Total trade receivables	**2,00,161**	2,00,161

Note No. 8

(a) Cash and cash equivalents

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Balance with bank	**41,375**	21,68,487
Total cash and cash equivalents	**41,375**	21,68,487

(b) Other bank balances

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) In deposit accounts	**45,37,282**	49,14,875
Total other bank balances	**45,37,282**	49,14,875

Note No. 9 - Other financial assets

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Financial assets at amortised cost		
Interest accrued but not due on deposits	**1,475**	89,801
Interest accrued but not due on ICD	**78,56,310**	41,79,107
Total other financial assets	**78,57,785**	42,68,908

Note No. 10 - Equity share capital

Particulars	As at 31st March, 2021 Number of shares	As at 31st March, 2021 ₹	As at 31st March, 2020 Number of shares	As at 31st March, 2020 ₹
(a) Authorised				
Equity shares of ₹ 10 each with voting rights	**2,00,00,000**	**20,00,00,000**	2,00,00,000	20,00,00,000
	2,00,00,000	**20,00,00,000**	2,00,00,000	20,00,00,000
(b) Issued, subscribed and fully paid-up shares				
Equity shares of ₹ 10 each	**1,80,00,000**	**18,00,00,000**	1,80,00,000	18,00,00,000
	1,80,00,000	**18,00,00,000**	1,80,00,000	18,00,00,000

Notes (i) to (iv) below

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March, 2021 Number of shares	As at 31st March, 2021 ₹	As at 31st March, 2020 Number of shares	As at 31st March, 2020 ₹
Opening balance	**1,80,00,000**	**18,00,00,000**	1,80,00,000	18,00,00,000
Add: Issued during the year	–	–	–	–
Closing balance	**1,80,00,000**	**18,00,00,000**	1,80,00,000	18,00,00,000

The company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

(ii) Terms/rights attached to equity shares:

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the amount paid up on equity shares held by the shareholders.

(iii) Details of shares held by the holding company:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Mahindra Lifespace Developers Limited, the holding company, including 6 shares jointly held with its nominees	**1,80,00,000**	1,80,00,000

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

Particulars	As at 31st March, 2021 Number of shares	As at 31st March, 2021 % holding	As at 31st March, 2020 Number of shares	As at 31st March, 2020 % holding
Mahindra Lifespace Developers Limited the holding company, including 6 shares jointly held with its nominees	**1,80,00,000**	**100%**	1,80,00,000	100%

Note No. 11 - Other equity

(Amount in ₹)

Particulars	Retained earnings	Total
Balance as at 31 March, 2019	**(5,81,70,971)**	**(5,81,70,971)**
Profit/(Loss) for the year	20,66,59,270	**20,66,59,270**
Other comprehensive income	–	–
Total comprehensive income	**20,66,59,270**	**20,66,59,270**
Dividend paid	12,42,00,000	12,42,00,000
Balance at 31 March, 2020	**2,42,88,299**	**2,42,88,299**
Profit/(Loss) for the year	27,14,81,787	**27,14,81,787**
Other comprehensive income	–	–
Total comprehensive income	**27,14,81,787**	**27,14,81,787**
Dividend paid	27,61,20,000	27,61,20,000
Balance at 31 March, 2021	**1,96,50,086**	**1,96,50,086**

Note No. 12 - Trade payables

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
– Trade payables - total outstanding dues of micro enterprises and small enterprises ...	–	–
– Trade payables - total outstanding dues of trade payables other than micro enterprises and small enterprises	**20,68,380**	21,24,323
Total trade payables	**20,68,380**	21,24,323

Note:

(i) No Companies have been identified under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosure as required by Notification No. G.S.R. 719 (E), dated 16 November, 2007 issued by the Ministry of Corporate Affairs is not applicable.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 13 - Other current liabilities

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
a. Others		
Statutory remittances (withholding taxes, service tax, etc.)	**7,274**	15,699
b. Provision for tax	**47,36,956**	29,16,477
Total other current liabilities	**47,44,230**	29,32,176

Note No. 14 - Other Income

(Amount in ₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a) Interest Income		
on bank deposits	**10,89,345**	74,51,040
on Inter Corporate Deposits	**1,79,33,456**	46,43,451
(b) Dividend Income		
Dividend income from subsidiaries	**25,73,97,400**	19,79,98,000
Total other Income	**27,64,20,201**	21,00,92,491

Note No. 15 - Employee benefits expense

(Amount in ₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Salary and wages (including deputation charges)	**1,14,443**	96,986
Total employee benefit expenses	**1,14,443**	96,986

Note No. 16 - Other Expenses

(Amount in ₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a) Professional charges	–	283,136
(b) Stamp & Filing Fees	**38,067**	–
(c) Payments to auditors (including service tax):		
(i) For audit	**15,340**	15,340
(d) Miscellaneous expenses	**5,126**	5,196
(e) ROC Expenses	**5,982**	7,336
(f) Annual Custody Charges- NSDL	**22,500**	1,08,751
Total other expenses	**87,015**	4,19,759

Note No. 17 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

(Amount in ₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Current Tax:		
In respect of current year	**47,36,956**	16,26,012
Total income tax expense on continuing operations	**47,36,956**	16,26,012

Note No. 18 - Contingent liabilities and commitments

(Amount in ₹)

Contingent liabilities (to the extent not provided for)	As at 31st March, 2021	As at 31st March, 2020
Contingent liabilities		
(a) Guarantee		
For Subsidiary Company - Mahindra Water Utilities Limited		
(subsidiary with effect from 27 July, 2015, prior to that it was a joint venture)		
– Amount of Gurantee outstanding	**18,00,00,000**	18,00,00,000
– Maximum liablity of the Company	**18,00,00,000**	18,00,00,000

Note No. 19 - Earnings per share

(Amount in ₹)

Sr. No.	Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a)	Profit/(loss) for the year (₹)	**27,14,81,787**	20,66,59,270
(b)	Weighted average number of equity shares (No.)	**1,80,00,000**	1,80,00,000
(c)	Basic/Diluted earning per share (₹)	**15.08**	11.48
(d)	Nominal value per share (₹)	**10**	10

Note No. 20 - Segment Reporting

The company has a single reportable segment namely development of infrastructure projects and infrastructure related services in India for the purpose of Ind As 108 on segment reporting.

Note No. 21 - Related Party Transactions

Related party disclosures as required by Ind As 24 "Related Party Disclosures" are given below.

Enterprises Controlling the Company

1	Mahindra & Mahindra Limited	Ultimate Holding Company
2	Mahindra Lifespace Developers Limited	Holding Company

Subsidiary

1	Mahindra Water Utilities Limited

Fellow Subsidiary

1	Mahindra Construction Company Limited
2	Mahindra Bloomdale Developers Ltd.

Associate of Holding Company

1	Mahindra Knwoledge Park (Mohali) Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Nature of transactions with Related Parties	For the year ended	Holding Company	Subsidiary	Fellow subsidiary	Associate
Employee benefit	**31-Mar-21**	**96,986**	–	–	–
	31-Mar-20	96,986	–	–	–
ICD given	**31-Mar-21**	–	–	**23,50,00,000**	–
	31-Mar-20	–	–	19,10,00,000	–
ICD Refunded	**31-Mar-21**	–	–	**25,69,00,000**	–
	31-Mar-20	–	–	–	–
Interest Received	**31-Mar-21**	–	–	**1,79,33,456**	–
	31-Mar-20	–	–	46,43,451	–
Dividend Paid	**31-Mar-21**	**27,61,20,000**	–	–	–
	31-Mar-20	12,42,00,000	–	–	–
Dividend Income	**31-Mar-21**	–	**25,73,97,400**	–	–
	31-Mar-20	–	19,79,98,000	–	–
Payment made on behalf of related party	**31-Mar-21**	–	–	–	**1,46,649**
	31-Mar-20	–	–	–	36,707

Nature of Balances with Related Parties	Balances as on	Holding Company	Subsidiary	Fellow subsidiariy	Associate
Loans & advances given (including Interest on ICD)	**31-Mar-21**	–	–	**17,69,56,310**	–
	31-Mar-20	–	–	19,42,79,107	–
Receivable	**31-Mar-21**	–	–	–	**3,04,725**
	31-Mar-20	–	–	–	1,58,076
Payables	**31-Mar-21**	**1,07,169**	–	–	–
	31-Mar-20	1,04,744	–	–	–

Notes:

1. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
2. Related parties have been identified by the Management.

Note No. 22 As the Company can continue its current operations with its own cash resources for a period of atleast one year, the accounts of the Company for the period ended 31 March, 2021 have been prepared on the basis of going concern.

Note No. 23 - Financial Instruments

[I] Capital management

The Company's capital management objectives is to ensure the Company's ability to continue as a going concern

The capital structure of the Company consists of equity.

The Company does not have any borrowings.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

[II] Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) CREDIT RISK

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

(i) Trade receivables

Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date and the Company measures the loss allowances at an amount equal to lifetime expected credit lossess. The Company does not hold collateral as security.

(ii) Financial instruments and cash deposits:

Credit risk from balances with banks is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with bank.

B) LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above	Total	Carrying Value
Non-derivative financial liabilities						
31-Mar-21						
Trade Payable	1,22,509	16,20,811	3,25,060	–	20,68,380	20,68,380
Total	**1,22,509**	**16,20,811**	**3,25,060**	**–**	**20,68,380**	**20,68,380**
31-Mar-20						
Trade Payable	1,78,452	16,20,811	3,25,060	–	21,24,323	21,24,323
Total	**1,78,452**	**16,20,811**	**3,25,060**	**–**	**21,24,323**	**21,24,323**

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Amount in ₹)

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above	Total	Carrying amount
Non-derivative financial assets						
31st March 2021						
Non interest rate bearing	80,99,321	–	–	–	80,99,321	80,99,321
Fixed interest rate bearing	45,37,282	–	–	–	45,37,282	45,37,282
Total	**1,26,36,603**	**–**	**–**	**–**	**1,26,36,603**	**1,26,36,603**
31st March 2020						
Non interest rate bearing	66,37,556	–	–	–	66,37,556	66,37,556
Fixed interest rate bearing	49,14,875	–	–	–	49,14,875	49,14,875
Total	**2,58,94,038**	**–**	**–**	**–**	**2,58,94,038**	**1,15,52,431**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

(i) Currency Risk

The Company undertakes transactions denominated only in Indian Rupees and hence, there is no risk of foreign exchange fluctuations.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have significant exposure to the risk of changes in market interest rates.

(iii) Other price risk

The Company does not have significant other price risk.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 23 Continues - Fair Value Measurement

Financial assets measured at fair value

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31-Mar-21	31-Mar-20				
Financial assets						
Investments in equity instruments						
– New Tirupur Area Development Corporation Limited (NTADCL) (15,000,000 equity shares of Rs. 10 each)	–	–	Level 3		On the basis of NTADCL's own data, taking into account all information about market participant that is reasonably available.	NA
Total financial liabilities	–	–				

Note No. 24 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants

Mukesh Maheshwari
Partner
Membership No: 049818

Place: Mumbai
Date: 26th April 2021

Santosh Gupta
Chief Financial Officer

For and on behalf of the Board of Directors

Sumit Kasat
Chief Executive Officer

Ulhas Bhosale
Director (DIN: 08217384)

Geeta Dhokare
Company Secretary
ACS : 51135

Parveen Mahtani
Director (DIN: 05189797)

Place: Mumbai
Date: 26th April 2021

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

Sr. No.	Particulars	Details
1.	Name of the subsidiary	Mahindra Water Utilities Ltd.
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	–
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	–
4.	Share capital	10,00,000
5.	Reserves & surplus	22,54,76,775
6.	Total assets	26,39,17,925
7.	Total Liabilities	3,74,41,150
8.	Investments	3,62,193
9.	Turnover	24,27,69,547
10.	Profit before taxation	10,80,91,102
11.	Provision for taxation	2,74,53,660
12.	Profit after taxation	8,06,37,442
13.	Proposed Dividend	NIL
14.	% of shareholding	98.99%

Part "B": Associates and Joint Ventures

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

	Joint Venture	Associate
Name of associates/Joint Ventures	Mahindra Inframan Water Utilities Pvt Ltd.	Rathna Bhoomi Enterprises Pvt Ltd.
1. Latest audited Balance Sheet Date	31.03.2021	31.03.2021
2. Shares of Associate/Joint Ventures held by the company on the year end	50%	50%
Nos.	24,999	500
Amount of Investment in Joint Venture / Associates	249,990	5,000
Extend of Holding%	50%	50%
3. Description of how there is significant influence	Note A	Note A
4. Reason why the associate/joint venture is not consolidated		
5. Net worth attributable to shareholding as per latest audited Balance Sheet	(62,754)	(13,14,256)
6. Profit/Loss for the year		
i. Considered in Consolidation	-	-
ii. Not Considered in Consolidation	(52,855)	(22,39,899)

Note A: There is significant influence due to percentage (%) of Share Capital

1. Names of Joint ventures or associates which are yet to commence operations.

2. Names of Joint ventures or associates which have been liquidated or sold during the year.

Note: This Form is to be certified in the same manner in which the Balance sheet is to be certified.

In terms of our report attached

For **R Jaitalia & Co.**
Chartered Accountants
Firm Registration No:117246W

Partner
Membership No: 049818

Place: Mumbai
Date: 26th April 2021

Santosh Gupta
Chief Financial Officer

For and on behalf of the Board of Directors

Sumit Kasat
Chief Executive Officer

Ulhas Bhosale
Director (DIN: 08217384)

Geeta Dhokare
Company Secretary
ACS : 51135

Parveen Mahtani
Director (DIN: 05189797)

Place: Mumbai
Date: 26th April 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA WORLD CITY (MAHARASHTRA) LIMITED

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of Mahindra World City (Maharashtra) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2021, and its loss and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

4. The company's Board of Directors is responsible for the other information. The other information comprises the Board report. Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Ind AS Financial Statements

5. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.
6. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
8. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

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

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

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

Report on other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

14. As required by section 143(3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

e) On the basis of written representations received from the directors as on March 31, 2021, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors.

h) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm Registration No. : 105102W

Aniruddha Joshi
Partner
Membership No.: 040852
UDIN: 21040852AAAAAP2172

Place: Mumbai
Date: April 12, 2021

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Mahindra World City (Maharashtra) Limited for the year ended March 31, 2021

1) The Company did not have any fixed assets during the year. Hence the provisions of the para 3(i) of the Order are not applicable.

2) The Company does not have inventory as on March 31, 2021. Hence the provisions of para 3(ii) of the Order are not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2021 on account of sales tax, customs duty, income tax, service tax, GST and cess.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm's Registration No. : 105102W

Aniruddha Joshi
Partner
Membership No.: 040852
UDIN: 21040852AAAAAP2172

Place: Mumbai
Date: April 12, 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA WORLD CITY (MAHARASHTRA) LIMITED

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

We have audited the internal financial controls over financial reporting of Mahindra World City (Maharashtra) Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 21040852AAAAAP2172

Place: Mumbai
Date: April 12, 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

(Amount in ₹)

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
ASSETS			
NON-CURRENT ASSETS			
(a) Financial Assets			
(i) Investments	4	**117,877,991**	119,105,594
SUB-TOTAL		**117,877,991**	119,105,594
CURRENT ASSETS			
(a) Financial Assets			
(i) Cash and Cash Equivalents	5	**98,008**	196,092
(b) Other Current Assets	6	**–**	1,527,450
SUB-TOTAL		**98,008**	1,723,542
TOTAL ASSETS		**117,975,999**	120,829,136
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	7	**11,704,000**	11,704,000
(b) Other Equity	8	**(110,782,719)**	(101,792,592)
SUB-TOTAL		**(99,078,719)**	(90,088,592)
LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	9	**149,460,295**	148,760,295
(b) Provisions	10	**18,262,329**	18,262,329
SUB-TOTAL		**167,722,624**	167,022,624
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Trade Payables	11		
— total outstanding dues of micro enterprises and small		**–**	–
— total outstanding dues of trade payables other than micro enterprises and small enterprises		**1,469,262**	1,506,317
(ii) Other Financial Liabilities	12	**47,401,333**	41,709,564
(b) Other Current Liabilities	13	**461,499**	679,223
SUB-TOTAL		**49,332,094**	43,895,104
TOTAL		**117,975,999**	120,829,136

See accompanying notes forming part of the financial statements

In terms of our report attached

For B K Khare & Co.
Chartered Accoutants
Firm Registration No.105102W

Aniruddha Joshi
Partner
Membership No:040852

Place : Mumbai
Date : 12th April 2021

For and on behalf of the Board Directors

Ulhas Bhosale
(DIN-08217384)

Vimal Agarwal
(DIN-07296320)

Place : Mumbai
Date : 12th April 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

(Amount in ₹)

	Particulars	Note No.	For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
	Continuining Operations			
I	Other Income		–	–
II	**Total Revenue (I)**		–	–
III	**EXPENSES**			
	(a) Finance costs	14	**6,153,268**	6,792,223
	(b) Other expenses	15	**2,836,859**	123,598
	Total Expenses (III)		**8,990,127**	6,915,821
	Profit/(loss) before exceptional items and tax (II - III)		**(8,990,127)**	(6,915,821)
IV	**Profit/(loss) before tax**		**(8,990,127)**	(6,915,821)
V	**Tax Expense**			
	(1) Current tax		–	–
	Total tax expense		–	–
VI	**Profit/(loss) after tax from continuing operations (IV-V)**		**(8,990,127)**	(6,915,821)
VII	**Profit/(loss) for the period**		**(8,990,127)**	(6,915,821)
VIII	**Earnings per equity share (for continuing operation):**			
	(1) Basic/Diluted	16	**(7.68)**	(5.91)

See accompanying notes forming part of the financial statements

In terms of our report attached

For B K Khare & Co.
Chartered Accoutants
Firm Registration No.105102W

Aniruddha Joshi
Partner
Membership No:040852

Place : Mumbai
Date : 12th April 2021

For and on behalf of the Board Directors

Ulhas Bhosale
(DIN-08217384)

Vimal Agarwal
(DIN-07296320)

Place : Mumbai
Date : 12th April 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash flows from operating activities		
Profit before tax for the year	**(8,990,127)**	(6,915,821)
Adjustments for:		
Finance costs recognised in profit or loss	**6,153,268**	6,792,223
	(2,836,859)	(123,598)
Movements in working capital:		
(Increase)/decrease in other assets	**1,527,450**	–
Decrease in trade and other payables	**(37,055)**	25,173
(Decrease)/increase in other liabilities	**6,174,045**	6,704,826
Net cash generated by operating activities	**4,827,580**	6,606,401
Cash flows from investing activities		
Impairment of Investment during the year	**1,227,603**	–
Net cash (used in)/generated by investing activities	**1,227,603**	–
Cash flows from financing activities		
Interest paid on Inter Corporate Deposit	**(6,153,268)**	(6,792,223)
Net cash used in financing activities	**(6,153,268)**	(6,792,223)
Net increase in cash and cash equivalents	**(98,084)**	(185,823)
Cash and cash equivalents at the beginning of the year	**196,092**	381,915
Cash and cash equivalents at the end of the year	**98,008**	196,092

See accompanying notes forming part of the financial statements

In terms of our report attached

For B K Khare & Co.
Chartered Accoutants
Firm Registration No.105102W

Aniruddha Joshi
Partner
Membership No:040852

Place : Mumbai
Date : 12th April 2021

For and on behalf of the Board Directors

Ulhas Bhosale
(DIN-08217384)

Vimal Agarwal
(DIN-07296320)

Place : Mumbai
Date : 12th April 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

(Amount in ₹)

A. Equity share capital

As at 31st March, 2020	11,704,000
Changes in equity share capital during the year	–
As at 31st March, 2021	**11,704,000**

a. Equity share capital

	Equity share capital (no. of Shares)
As at 31st March, 2020	**1,170,400**
Changes in equity share capital during the year	
Issue of equity shares	–
As at 31st March, 2021	**1,170,400**

B. Other Equity	**Retained earnings (Amount in ₹)**
Balance as at 31st March, 2019	**(94,876,770)**
Profit/(Loss) for the year	(6,915,821)
Other comprehensive income	–
Total comprehensive income	(6,915,821)
Balance as at 31st March, 2020	**(101,792,591)**
Profit/(Loss) for the year	(8,990,127)
Other comprehensive income	–
Total comprehensive income	(8,990,127)
Balance as at 31st March, 2021	**(110,782,719)**

See accompanying notes forming part of the financial statements

In terms of our report attached

For B K Khare & Co.
Chartered Accoutants
Firm Registration No.105102W

Aniruddha Joshi
Partner
Membership No:040852

Place : Mumbai
Date : 12th April 2021

For and on behalf of the Board Directors

Ulhas Bhosale
(DIN-08217384)

Vimal Agarwal
(DIN-07296320)

Place : Mumbai
Date : 12th April 2021

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

1. Corporate information

Mahindra World City (Maharashtra) Limited ("the Company") is a public company incorporated in 2005 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is in the business of development of Multi product SEZ in Maharashtra as a joint venture with Maharashtra Industrial Development Corporation (MIDC).

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

2. Significant Accounting Policies

2.1 Statement of compliance and Basis of preparation and presentation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (Rs.) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 12th April, 2021.

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the statement of profit and loss.

Financial assets and Liabilities

2.3 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of profit or loss.

2.4 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.4.1 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowances at an amount equal to lifetime expected credit losses.

2.4.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

2.5 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.5.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.5.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.5.1.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.6 Revenue recognition

Revenue on account of sale of services is recognised under the completed service contract method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

2.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.7.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.7.2 Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.7.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.7.4 Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2a. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

3. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Note No. 4 - Investments

Particulars	Face Value (₹)	As at 31st March, 2021 Nos.	Amount in (₹)	As at 31st March, 2020 Nos.	Amount in (₹)
A. Investments carried at cost or deemed cost					
I. Unquoted Investments (all fully paid)					
Investments in Equity Instruments					
– of associate					
Deep Mangal Developers Private Limited	10	**830**	**117,833,100**	830	117,833,100
Mahindra Construction Company Limited	10	**3,000**	**30,000**	3,000	30,000
Moonshine Construction Private Limited	10	**10**	**100**	10	100
Mahindra Ugine Steel Limited	1	**1**	**1**	1	1
Rathna Bhoomi Enterprises Private Limited	10	**500**	**5,000**	500	5,000

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Particulars	Face Value (₹)	As at 31st March, 2021 Nos.	Amount in (₹)	As at 31st March, 2020 Nos.	Amount in (₹)
Investments in Preference shares					
– of associate					
7% Non-cumulative redeemable participating optionally convertible preference shares in Moonshine Construction Private Limited	10	**4,479**	**44,790**	4,479	44,790
Rathna Bhoomi Enterprises Private Limited	10	**119,250**	**1,192,500**	119,250	1,192,500
Prudential Management & Services Private Limited	1	**2**	**2**	2	2
MCCL	**1**	**1**	**1**	1	1
Total Impairment value for investment carried at cost			**(1,227,603)**		–
			117,877,991		119,105,594

Note No. 5 - Cash and Bank Balances

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash and cash equivalents		
(a) Balances with banks	**98,008**	194,543
(b) Cash on hand	–	1,549
Total Cash and cash equivalent	**98,008**	302,778

Note No. 6 - Other assets

(Amount in ₹)

Particulars	As at 31st March, 2021 Current	As at 31st March, 2020 Current
(a) Advances other than capital advances		
(i) Balances with government authorities	**1,087,440**	1,087,440
(ii) Other advances	**440,010**	440,010
Less: Provision	**(1,527,450)**	–
	–	1,527,450

Note No. 7 - Equity Share Capital

Particulars	As at 31st March, 2021 No. of shares	Amt ₹	As at 31st March, 2020 No. of shares	Amt ₹
Authorised:				
Equity shares of Rs.10 each with voting rights	**1,500,000**	**15,000,000**	1,500,000	15,000,000
Equity shares of Rs.10 each with differential voting rights	**–**	**–**	–	–
Preference shares of Rs.10 each	**–**	**–**	–	–
Issued, Subscribed and Fully Paid:				
Equity shares of Rs.10 each with voting rights	**1,170,400**	**11,704,000**	1,170,400	11,704,000
Equity shares of Rs.10 each with differential voting rights	**–**	**–**	–	–
Preference shares of Rs.10 each	**–**	**–**	–	–
Total	**1,170,400**	**11,704,000**	1,170,400	11,704,000

Note No.7a - Equity Share Capital (Contd.)

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Other Changes (give details)	Closing Balance
Year Ended 31st March 2021				
No. of Shares	**1,170,400**	–	–	**1,170,400**
Amount	**11,704,000**	–	–	**11,704,000**
Year Ended 31st March 2020			–	
No. of Shares	1,170,400	–	–	1,170,400
Amount	11,704,000	–	–	11,704,000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

Particulars	No. of Shares: Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31st March 2021			
Mahindra Lifespace Developers Ltd.	**1,170,400**	**–**	–
As at 31st March 2020			
Mahindra Lifespace Developers Ltd.	1,170,400	**–**	–

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

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

Class of shares/Name of shareholder	As at 31st March, 2021		As at 31st March, 2020	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Lifespace Developers Ltd.	**1,170,400**	**100.00%**	1,170,400	100.00%

Note No. 8 - Other equity

(Amount in ₹)

Particulars	Retained earnings	Total
Balance at 31st March, 2019	(94,876,770)	(94,876,770)
Profit/(Loss) for the year	(6,915,822)	(6,915,822)
Other comprehensive income	–	–
Total comprehensive income	(101,792,592)	(101,792,592)
Balance at 31st March, 2020	(101,792,592)	(101,792,592)
Profit/(Loss) for the year	(8,990,127)	(8,990,127)
Other comprehensive income	–	–
Total comprehensive income	(110,782,719)	(110,782,719)
Balance at 31st March 2021	**(110,782,719)**	**(110,782,719)**

Note No. 9 - Non-Current Borrowings

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Measured at amortised cost		
A. Secured Borrowings:	**–**	–
Total Secured Borrowings	**–**	–
B. Unsecured Borrowings - at amortised Cost		
(a) Other Loans	**74,215,000**	74,215,000
(b) Loans from related parties*	**73,470,295**	72,770,295
(c) Other Loans		
Redeemable preference share capital	**1,775,000**	1,775,000
Total Unsecured Borrowings	**149,460,295**	148,760,295
Total Borrowings	**149,460,295**	148,760,295

* The Unsecured Inter Corporate Deposit taken from Mahindra Lifespace Developers Limited @ 8.95% p.a. from 01.04.2020 to 30.09.2020 and 7.80% p.a. from 01.10.2020 to 31.03.2021

Note No. 10 - Provisions

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
	Non- Current	Non- Current
(a) Other Provisions		
1 Other Provisions	**18,262,329**	18,262,329
Total Provisions	**18,262,329**	18,262,329

Note No. 11 - Trade Payables

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
	Current	Current
Trade payable - total outstanding Dues of micro enterprises and small enterprises	**–**	–
Trade payable - total outstanding dues of trade payables other than micro enterprises and small enterprises	**1,469,262**	1,506,317
Total trade payables	**1,469,262**	1,506,317

Note No. 12 - Other Financial Liabilities

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Other Financial Liabilities Measured at Amortised Cost		
Current		
(a) Interest accrued on borrowings	**47,401,333**	41,709,564
Total other financial liabilities	**47,401,333**	41,709,564

Note No. 13 - Other Liabilities

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
	Current	Current
(a) Statutory dues		
– taxes payable (other than income taxes)	**461,499**	679,223
TOTAL OTHER LIABILITIES	**461,499**	679,223

Note No. 14 - Finance Cost

(Amount in ₹)

Particulars	For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
(a) Interest expense	**6,153,268**	6,792,223
Total finance costs	**6,153,268**	6,792,223

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 15 - Other Expenses

(Amount in ₹)

Particulars			For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
(a)	Auditors remuneration and out-of-pocket expenses			
	(i)	As Auditors	**34,220**	38,940
(b)	Other expenses			
	(i)	Legal and other professional costs	**27,435**	122,255
	(ii)	Miscellenaous expenses	**1,547,601**	5,291
	(iii)	Provision for impairement of investment	**1,227,603**	–
Total Other Expenses			**2,836,859**	166,486

Note No. 16 - Earnings per Share

(Amount in ₹)

Particulars	For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
Basic Earnings per share		
From continuing operations	**(7.68)**	(5.91)
From discontinuing operations	**–**	–
Total basic earnings per share	**(7.68)**	(5.91)
Diluted Earnings per share	**(7.68)**	(5.91)
From continuing operations	**–**	–
From discontinuing operations	**–**	–
Total diluted earnings per share	**(7.68)**	(5.91)

(Amount in ₹)

	For the Year ended 31st March, 2021	For the year ended 31st March 2020
Profit / (loss) for the year attributable to owners of the Company	**(8,990,127)**	(6,915,821)
Less: Preference dividend and tax thereon		
Profit / (loss) for the year used in the calculation of basic earnings per share	**(8,990,127)**	(6,915,821)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations	**(8,990,127)**	(6,915,821)
Weighted average number of equity shares	**1,170,400**	1,170,400
Earnings per share from continuing operations - Basic	**(7.68)**	(5.91)

Note No. 17 - Related Party Transactions

Related party disclosures as required by Ind As 24 "Related Party Disclosures" are given below.

Enterprises Controlling the Company

(Amount in ₹)

1	Mahindra & Mahindra Limited	Ultimate Holding Company
2	Mahindra Lifespace Developers Limited	Holding Company

Particulars	**For the year ended**	**Holding Company**
Nature of transactions with Related Parties		
Interest on ICD	**31-Mar-21**	**6,153,268**
	31-Mar-20	6,792,223
Accrude interest converted to ICD	**31-Mar-21**	**–**
	31-Mar-20	9,156,295
Inter Corporate Deposits received	**31-Mar-21**	**700,000**
	31-Mar-20	500,000
Nature of Balances with Related Parties	**Balances as on**	**Holding Company**
Payables	**31-Mar-21**	**118,913,195**
	31-Mar-20	112,521,426

Notes:

1. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
2. Related parties have been identified by the Management.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 18 The accounts of the Company for the year ended 31st March, 2021 have been prepared on the basis of going concern.

Note No. 19 - Financial Instruments

Capital management

The Company's capital management objectives are:

– safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders

– maintain an optimal capital structure to reduce the cost of capital

The Management of the Company monitors the capital structure using debt ratio which is determined as the proportion of total debt to total equity.

Debt ratios are as follows:	**As at 31st March, 2021**	As at 31st March, 2020
Debt (A)	**149,460,295**	148,760,295
Equity (B)	**(99,078,719)**	(90,088,592)
Debt Ratio (A/B)	**(1.51)**	(1.65)

Categories of financial assets and financial liabilities

The following tables shows the carrying amount and fair values of financial assets and financial liabilities by category:

				As at 31st March, 2021
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments	**117,877,991**	–	–	**117,877,991**
Current Assets				
Investments	–	–	–	–
Trade Receivables	–	–	–	–
Other Bank Balances	**98,008**	–	–	**98,008**
Non-current Liabilities				
Borrowings	**149,460,295**	–	–	**149,460,295**
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	**1,469,262**	–	–	**1,469,262**
Other Financial Liabilities		–	–	
- Non Derivative Financial Liabilities	**47,401,333**	–	–	**47,401,333**

				As at 31st March, 2020
	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	119,105,594	–	–	119,105,594
Current Assets				
Investments	–	–	–	–
Trade Receivables	–	–	–	–
Other Bank Balances	196,092	–	–	196,092
Non-current Liabilities				
Borrowings	148,760,295	–	–	148,760,295
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	1,506,317	–	–	1,506,317
Other Financial Liabilities		–	–	
- Non Derivative Financial Liabilities	41,709,564	–	–	41,709,564

[II] Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is not exposed to credit risk.

B) LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**
Non-derivative financial liabilities			
31-Mar-21			
Long Term Borrowing			
Long Term Borrowing - Principal	–	–	**149,460,295**
Non-derivative financial liabilities			
31-Mar-20			
Long Term Borrowing			
Long Term Borrowing - Principal	–	–	148,760,295

C) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

(i) Currency Risk

The Company undertakes transactions denominated only in Indian Rupees and hence, there is no risk of foreign exchnage fluctuations.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have exposure to the risk of changes in market interest rates.

(iii) Other price risk

The Company does not have other price risk.

Note No. 20 - Fair Value Measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31-Mar-21 Carrying amount	31-Mar-21 Fair value	31-Mar-20 Carrying amount	31-Mar-20 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– cash & cash equivalents	**98,008**	–	196,092	–
	98,008	–	196,092	–
Financial liabilities				
Financial liabilities held at amortised cost				
– loans from other entities	**149,460,295**		148,760,295	
– other financial liabilities	**47,401,333**	–	41,709,564	–
Total	**196,861,628**	–	190,469,859	–

(Amount in ₹)

Financial assets/ financial liabilities	Fair value hierarchy as at 31st March, 2021 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) Trade receivables	–	–	–	–
(ii) Cash and cash equivalents	–	**98,008**	–	**98,008**
Total	–	**98,008**	–	**98,008**

(Amount in ₹)

Financial assets/ financial liabilities	Fair value hierarchy as at 31st March, 2021 Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Long term loan		**149,460,295**		**149,460,295**
(ii) Other financial liabilities	–	**47,401,333**	–	**47,401,333**
Total	–	**196,861,628**	–	**196,861,628**

(Amount in ₹)

Financial assets/ financial liabilities	Fair value hierarchy as at 31st March, 2020 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	–	196,092	–	196,092
Total	–	196,092	–	196,092
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Long term loan	–	148,760,295	–	148,760,295
(ii) Other financial liabilities	–	41,709,564	–	41,709,564
Total	–	190,469,859	–	190,469,859

Note: The Group has not disclosed the fair value for financial instruments, because the carrying amounts are a reasonable approximation of fair value.

See accompanying notes forming part of the financial statements

For B K Khare & Co.
Chartered Accoutants
Firm Registration No.105102W

Aniruddha Joshi
Partner
Membership No:040852

Place : Mumbai
Date : 12th April 2021

For and on behalf of the Board Directors

Ulhas Bhosale
(DIN-08217384)

Vimal Agarwal
(DIN-07296320)

Place : Mumbai
Date : 12th April 2021

Form AOC-I

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Account) Rules, 2014.
Statement containing salient features of financial statements of Subsidiary / Associates / Joint Ventures.

Part"A" Subsidiaries

(Amount in ₹)

Name of Subsidiary	Deep Mangal Developers Private Limited	Mahindra Knowledge Park (Mohali) Limited
Reporting period of the subsidiary concerned, if different from the holding company's reporting period	NA	NA
Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA
Share capital	100,700	130
Reserves & surplus	(4,837,195)	(12,410,773)
Total assets	31,573,259	2,666
Total Liabilities	36,309,754	12,418,884
Investments	5,010	–
Turnover	–	–
Profit/(Loss) before taxation	(1,065,142)	(167,596)
Provision for taxation	–	–
Profit/(Loss) after taxation	(1,065,142)	(167,596)
Proposed Dividend	–	–
% of shareholding	82.42%	99.97%

Notes:
1. No subsidiaries which are yet to commence operations.
2. No subsidiaries which have been liquidated or sold during the year.

Part "B"Associates/ Joint Ventures

(Amount in ₹)

	ASSOCIATES	
Name of Associates/Joint Ventures	**Moonshine Construction Private Limited**	**Rathna Bhoomi Enterprises Private Limited**
Latest Audited Balance Sheet Date	31-Mar-21	31-Mar-21
Shares of Associate/Joint Venture held by the Company on the year end:		
No. of Equity shares held	20	500
Extent of Holding (%)	49.12%	50.00%
Amount of investment in Associates	100	5,000
Description of how there is significant influence	#	#
Reason why the Associate/joint venture is not consolidated	*	*
Networth attributable to Shareholding as per latest audited Balance sheet	(3,172,776)	(2,638,512)
Profit/(Loss) for the year:		
i) Considered in Consolidation	–	–
ii) Not Considered in Consolidation	**(42,722)**	**(2,239,899)**

Notes:
1. No Associates/Joint Venture which are yet to commence operations.
2. No Associates/Joint Venture which have been liquidated or sold during the year.
3. Pursuant to Rule 6 of the Companies (Accounts) Rules, 2014, the Company is exempted from preparation of consolidated financial statements

Significant influence due of % of share holding.
* No control based on control assessment

See accompanying notes forming part of the financial statements

For B K Khare & Co.
Chartered Accoutants
Firm Registration No.105102W

Aniruddha Joshi
Partner
Membership No:040852

Place : Mumbai
Date : 12th April 2021

For and on behalf of the Board Directors

Ulhas Bhosale
(DIN-08217384)

Vimal Agarwal
(DIN-07296320)

Place : Mumbai
Date : 12th April 2021

INDEPENDENT AUDITORS' REPORT

To the Members of
Mahindra Integrated Township Limited

Report on the audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of Mahindra Integrated Township Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "the Standalone Financial Statements").

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

Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No	Key Audit Matters	How our audit addressed the Key Audit Matter
1	Assessment of recoverability of Deferred Tax Assets recognized on tax losses and recognition of MAT credit The Company has recognised Deferred Tax Assets on carried forward losses from the previous years and also MAT credit. These assets have been recognised on the basis of the Company's assessment of availability of future taxable profit to offset such tax losses based on business projections for the next year. The recoverability of the deferred tax assets / MAT credit depends upon factors such as the projected taxable profitability of business and the period considered for such projections, the rate at which those profits will be taxed and the period over which tax losses will be available for recovery. This was considered as a key audit matter as the amount is material to the Standalone Financial Statements and significant judgement in key assumptions was required by the Company's Management in the preparation of forecasts of future taxable profits based on the underlying business plans.	Principal audit procedures performed: Evaluated the design and tested the operating effectiveness of Company's controls relating to taxation and the assessment of carrying amount of deferred tax assets relating to unabsorbed tax losses and MAT credit. Assessed the reasonableness of the period of projections used in the deferred tax asset recoverability assessment. Compared the Company's performance for the year with the approved budget to assess the reasonableness of the assumptions. Compared the Company's projections of future taxable profit to the approved business plans. Tested whether the projections prepared were consistent with our understanding and knowledge of current business and the general economic environment in which the Company operates and whether the tax losses can be utilized within the forecast recoupment period.

Information other than the Standalone Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report and the related annexures, but does not include the Standalone Financial Statements and our Auditors' Report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India.

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Standalone Financial Statements

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

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

We also:

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

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

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

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

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

Report on other Legal and Regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Standalone Financial Statements.

   (g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year and hence provisions of Section 197 of the Companies Act, 2013 are not applicable.

   (h) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      (i) The Company does not have any pending litigations which would impact its financial position.

      (ii) The Company does not have any long-term contracts which has any material foreseeable losses. The Company does not have any derivative contracts.

      (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration Number 105102W)

P. Shankar Raman
Partner
Membership No. 204764

UDIN: 21204764AAAABE5866

Place: Chennai
Date: April 20, 2021

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

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

Report on the Internal Financial Controls with reference to Standalone Financial Statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Financial Statements of Mahindra Integrated Township Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

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

Opinion

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

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

P. Shankar Raman
Partner
Membership No. 204764
UDIN: 21204764AAAABE5866

Place: Chennai
Date: April 20, 2021

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of the property, plant and equipment.

(b) The property, plant and equipment were physically verified during the year by the management and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immoveable properties of freehold or leasehold land and building and hence reporting under clause 3(i)(c) of the Order is not applicable to the Company.

(ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of title deeds, site visits by the Management and certification of extent of work completion by competent persons, are done at reasonable intervals and no material discrepancies were noticed on physical verification. In case of inventory of construction materials lying with vendor at sites, certificates confirming the inventory have been received for the stock held at the balance sheet date.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting under clause3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act with respect to investments made by the Company. The Company has not granted any loans or provided any guarantee or security during the year to the parties covered under Sections 185 and 186 of the Act.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under subsection (1) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Goods and Services Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Services Tax, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax and Goods and Services Tax as on March 31, 2021 which have not been deposited on account of disputes.

(viii) According to the information and explanations given to us and on the basis of our examination of books and records of the Company, the Company has not defaulted in the repayment of loans or borrowings to banks and debenture holders. The Company has not taken any loans or borrowings from financial institutions and Government.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans. Accordingly, the reporting under clause 3(ix) of the Order is not applicable to the Company.

(x) During the course of our examination of books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid / provided any managerial remuneration. Accordingly, the reporting under clause 3(xi) of the Order is not applicable to the Company.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Standalone Financial Statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures, specified under Section 133 of the Act.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting under clause 3(xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or directors of its holding company, subsidiary company or persons connected with them during the year and hence provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under clause (xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi) of the Order is not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

P. Shankar Raman
Partner
Membership No. 204764

UDIN: 21204764AAAABE5866

Place: Chennai
Date: April 20, 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
I ASSETS			
1 NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	3	**20.69**	24.53
(b) Financial Assets			
(i) Investments	5	**6,629.48**	6,629.48
(ii) Other Financial Assets	6	**0.75**	0.75
(c) Deferred Tax Assets	4	**1,607.13**	1,522.85
(d) Other Non-current Assets	7	**418.91**	403.99
Total Non-Current Assets		**8,676.96**	8,581.60
2 CURRENT ASSETS			
(a) Inventories	8	**13,116.83**	11,263.26
(b) Financial Assets			
(i) Trade Receivables	9	**377.45**	827.76
(ii) Cash and Cash Equivalents	10	**44.43**	148.22
(iii) Bank balances other than (ii) above	10	**217.39**	366.00
(iv) Other Financial Assets	6	**25.34**	17.72
(c) Other Current Assets	7	**899.10**	937.08
Total Current Assets		**14,680.54**	13,560.04
Total Assets		**23,357.50**	22,141.64
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	11	**5,000.00**	5,000.00
(b) Other Equity	12	**1,600.85**	1,806.73
Total Equity		**6,600.85**	6,806.73
LIABILITIES			
2 NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	13	**6,000.00**	3,000.00
(b) Provisions	17	**68.35**	80.06
Total Non-Current Liabilities		**6,068.35**	3,080.06
3 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	15	**3,917.31**	3,882.39
(ii) Trade Payables			
total outstanding dues of micro enterprises and small enterprises	16	**67.68**	–
total outstanding dues of creditors other than micro enterprises and small enterprises	16	**908.15**	1,399.47
(iii) Other Financial Liabilities	14	**203.27**	3,154.40
(b) Provisions	17	**43.11**	38.40
(c) Other Current Liabilities	18	**5,548.78**	3,780.19
Total Current Liabilities		**10,688.30**	12,254.85
Total Liabilities		**16,756.65**	15,334.91
Total Equity and Liabilities		**23,357.50**	22,141.64

Summary of Significant Accounting Policies 2

The accompanying notes 1 to 40 are an integral part of these financial statements

In terms of our report of even date

For **B. K. Khare & Co.**
Chartered Accountants

P. Shankar Raman
Partner

Place: Chennai
Date: 20th April, 2021

For and on behalf of the board of directors of Mahindra Integrated Township Limited

T Sivaranjan kumar
Chief Financial Officer

R. Santhanam
Chairperson
(DIN: 00237740)

Vimal Agarwal
Non-Executive
Non-Independent Director
(DIN: 07296320)

Shah Ankit
Company Secretary

Parveen Prakash Mahtani
Additional Director
(DIN: 05189797)

M. S. Jagan
Independent Director
(DIN: 02002827)

Place: Mumbai
Date: 20th April, 2021

STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

Particulars	Note No.	Year ended 31st March, 2021	Year ended 31st March, 2020
REVENUE			
Revenue from operations	19	1,651.80	143.62
Other Income	20	40.30	182.41
Total Income		1,692.10	326.03
EXPENSES			
Cost of Sales	21	406.65	39.72
Employee benefits expense	22	270.52	279.65
Finance costs	23	800.81	751.00
Depreciation expense	3	6.48	11.55
Other expenses	24	512.07	578.67
Total Expenses		1,996.53	1,660.59
Loss before tax		(304.43)	(1,334.56)
Tax (Credit)/Expense			
Tax Expense relating to Earlier Year	4		28.18
Deferred Tax	4	(88.43)	(412.79)
Total Tax Credit		(88.43)	(384.61)
Loss after tax		(216.00)	(949.95)
Other Comprehensive Income/(Loss)			
Items that will not be reclassified to profit or loss			
(a) Remeasurement of the defined benefit plans		14.27	(10.23)
(b) Income tax relating to Items that will not be reclassified to profit or loss		(4.15)	3.16
Total Other Comprehensive Income/(Loss)		10.12	(7.07)
Total Comprehensive Loss		(205.88)	(957.02)
Earnings per equity share (face value of Rs. 10/- each)			
Basic/Diluted in Rs.	26	(0.43)	(1.88)

Summary of Significant Accounting Policies 2

The accompanying notes 1 to 40 are an integral part of these financial statements

In terms of our report of even date

For **B. K. Khare & Co.**
Chartered Accountants

P. Shankar Raman
Partner

Place: Chennai
Date: 20th April, 2021

For and on behalf of the board of directors of Mahindra Integrated Township Limited

T Sivaranjan kumar
Chief Financial Officer

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Company Secretary

Parveen Prakash Mahtani
Additional Director
(DIN: 05189797)

M. S. Jagan
Independent Director
(DIN: 02002827)

Place: Mumbai
Date: 20th April, 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Lakhs unless otherwise stated

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Cash flows from operating activities		
Loss before tax	**(304.43)**	(1,334.56)
Adjustments for:		
Finance costs	**800.81**	751.00
Dividend Income	**–**	(157.00)
Interest Income	**(14.42)**	(21.15)
Depreciation	**6.48**	11.55
Operating Profit/(Loss) before working capital changes	**488.44**	(750.16)
Movements in working capital:		
Decrease/(Increase) in trade receivables	**450.31**	(504.02)
Increase in inventories	**(1,757.49)**	(2,467.33)
Decrease/(Increase) in other assets	**37.98**	(162.04)
(Increase)/Decrease in other non current assets	**(2.80)**	0.30
(Decrease)/Increase in trade payables	**(423.64)**	428.64
(Decrease)/Increase in amounts due to customers	**(357.05)**	18.13
Increase/(Decrease) in Other Financial Liabilities	**(73.74)**	(23.49)
Increase in provisions	**7.27**	77.30
Increase in deferred revenue	**2,150.24**	2,522.50
(Decrease)/Increase in other liabilities	**(24.60)**	47.30
Cash generated from/(used in) operations	**494.92**	(812.87)
Income taxes paid	**(12.12)**	(12.01)
Net cash generated from/(used in) operating activities	**482.80**	(824.88)
Cash flows from investing activities		
Dividends received from Subsidiary	**–**	157.00
Payments for property, plant and equipment	**(2.64)**	–
Bank balances not considered as Cash and Cash Equivalents	**148.61**	55.80
Interest received	**6.80**	11.16
Net cash generated from investing activities	**152.77**	223.96
Cash flows from financing activities		
Proceeds from Short term borrowings	**1,129.92**	26.68
Buy Back of Shares	**–**	(124.41)
Repayment of long term borrowings	**(3,904.43)**	(2,500.00)
Proceeds from long term borrowings	**4,500.00**	3,000.00
Inter Corporate Deposits from Related parties	**2,800.00**	1,495.00
Repayment of Intercorporate Deposits to Related parties	**(3,895.00)**	(100.00)
Interest paid	**(1,369.85)**	(1,091.50)
Net cash(used in)/generated from financing activities	**(739.36)**	705.77
Net (decrease)/increase in cash and cash equivalents	**(103.79)**	104.85
Cash and cash equivalents at the beginning of the year	**148.22**	43.37
Cash and Cash equivalents at the end of the year*	**44.43**	148.22

***Comprises of**

Particulars	As at 31st March,2021	As at 31st March,2020
Cash and cash equivalents		
(a) Balances with banks in Current Accounts	**44.43**	148.22
Total Cash and cash equivalents (considered in Statement of Cash Flows)	**44.43**	**148.22**

The above Cash Flow Statement has been prepared under the "indirect method" as set out in 'Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flows'.
Summary of Significant Accounting Policies – 2
The accompanying notes 1 to 40 are an integral part of these financial statements

Change in Liabilities arising from financing activities (Rs in lakhs)

Particulars	As at 1st April, 2020	Other adjustments during the year	Cash Flow	As at 31st March, 2021
Non Current Borrowings (Non-Current portion) - Refer Note 13	3,000.00	(1,500.00)	4,500.00	6,000.00
Current Borrowings (Refer Note 15)	3,882.39		34.92	3,917.31
Current Maturities of Long Term Borrowings (Refer Note 14)	2,499.21	1,500.79	(3,904.43)	95.57
Total	**9,381.60**	**0.79**	**630.49**	**10,012.88**

In terms of our report attached

For **B. K. Khare & Co.**
Chartered Accountants

P. Shankar Raman
Partner

Place: Chennai
Date: 20th April, 2021

For and on behalf of the board of directors of Mahindra Integrated Township Limited

T Sivaranjan kumar
Chief Financial Officer

R. Santhanam
Chairperson
(DIN: 00237740)

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Parveen Prakash Mahtani
Additional Director
(DIN: 05189797)

M. S. Jagan
Independent Director
(DIN: 02002827)

Place: Mumbai
Date: 20th April, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

	Share Capital	Other Equity			
	Equity Share Capital	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	Total
Balance as at 1st April, 2019	**5,043.50**	–	1,468.74	1,394.77	7,907.01
Loss for the year				(949.95)	(949.95)
Other Comprehensive Loss				(7.07)	(7.07)
Buy Back of Shares	**(43.50)**			(80.91)	(124.41)
Buy Back tax				(18.85)	(18.85)
Transfer to Capital Redemption Reserve (Refer Note no 11(i))		43.50		(43.50)	–
Transfer of Debenture Redemption Reserve (Refer Note no 12b)			(1,218.74)	1,218.74	–
Balance as at 31st March, 2020	**5,000.00**	**43.50**	**250.00**	**1,513.23**	**6,806.73**

	Share Capital	Other Equity			
	Equity Share Capital	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	Total
Balance as at 1st April, 2020	**5,000.00**	43.50	250.00	1,513.23	6,806.73
Loss for the year				(216.00)	(216.00)
Other Comprehensive Income				10.12	10.12
Transfer of Debenture Redemption Reserve to Retained Earning (Refer Note no 12b)			(250.00)	250.00	–
Transfer of Debenture Redemption Reserve (Refer Note no 12b)			450.00	(450.00)	–
Balance as at 31st March, 2021	**5,000.00**	**43.50**	**450.00**	**1,107.35**	**6,600.85**

Summary of Significant Accounting Policies – 2

The accompanying notes 1 to 40 are an integral part of these financial statements

In terms of our report of even date

For **B. K. Khare & Co.**
Chartered Accountants

P. Shankar Raman
Partner

Place: Chennai
Date: 20th April, 2021

For and on behalf of the board of directors of Mahindra Integrated Township Limited

T Sivaranjan kumar
Chief Financial Officer

R. Santhanam
Chairperson
(DIN: 00237740)

Vimal Agarwal
Non-Executive
Non-Independent Director
(DIN: 07296320)

Shah Ankit
Company Secretary

Parveen Prakash Mahtani
Additional Director
(DIN: 05189797)

M. S. Jagan
Independent Director
(DIN: 02002827)

Place: Mumbai
Date: 20th April, 2021

NOTES TO STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

1. General Information

Mahindra Integrated Township Limited ("the Company") was incorporated on June 26, 1996.

The Company is a Co-developer, approved under Special Economic Zone Act, 2005, engaged in development of township including residential infrastructure in Mahindra World City SEZ and giving it on perpetual lease. The address of its registered office and principal place of business is Administrative Block, Central Avenue, Mahindra World City, Chengalpet, Kancheepuram – 603 002.

The level of activity carried out by the Company depends on the number of projects handled and accordingly the revenue from operations may not be comparable on a year-to-year basis. During the year, the company has issued listed debentures – 450 secured rated listed non-convertible debentures of face value of Rs.10,00,000 each aggregating to Rs. 45 crores on private placement basis. Due to this, the Company falls under the definition of a debt listed entity and is required to comply with provisions of SEBI (Listing and Obligations) Disclosures Regulations, 2015 and the Companies Act, 2013 to the extent applicable.

2. Significant Accounting Policies

2.1 Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

2.2 Basis of measurement

2.2.1 Basis of preparation

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.2.2 Measurement of Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these standalone financial statements is determined on such a basis as applicable, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IND AS 2- Inventories or value in use in IND AS 36- Impairment of assets

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.3 Revenue from Contracts and Customers

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.3.1 Revenue from Projects

The Company develops and sells residential and commercial properties. Revenue from contracts is recognised when control over the property has been transferred to the customer. An enforceable right to payment does not arise until the development of the property is completed. Therefore, revenue is recognised at a point in time i.e Completed contract method of accounting as per IND AS 115 when (a) the seller has transferred all significant risks and rewards of ownership and the seller retains no effective control of the real estate to a degree usually associated with the ownership, (b) The seller has effectively handed over the possession of the real estate unit to the buyer forming part of the transaction; (c) No significant uncertainty exists regarding the amount of consideration that will be derived from real estate sales; and (d) it is not unreasonable to expect ultimate collection of revenue from buyers.. The revenue is measured at the transaction price agreed under the contract.

The Company invoices the customers for construction contracts based on achieving a series of performance-related milestones.

For certain contracts involving the sale of property under development, the Company offers deferred payment schemes to its customers. The Company adjusts the transaction price for the effects of the significant financing component.

2.3.2 Revenue from sale of Land

Revenue from Sale of land is generally a single performance obligation and the Company has determined that this is satisfied at the point in time when control transfers as per the terms of the contract entered into with the buyers, which generally are with the firmity of the sale contracts / agreements.

2.3.3 Revenue from Project Management Fees

Project Management Fees receivable on fixed period contracts is accounted over the tenure of the contract/ agreement. Where the fee is linked to the input costs, revenue is recognised as a proportion of the work completed based on progress claims submitted. Where the management fee is linked to the revenue generation from the project, revenue is recognised on the percentage of completion basis.

2.3.4 Contract Costs

Costs to obtain contracts ("Contract costs") relate to fees paid for obtaining property sales contracts. Such costs are recognised as assets when incurred and amortised upon recognition of revenue from the related property sale contract.

2.3.5 Significant accounting judgements, estimates and assumptions

2.3.5.1 Determining the timing of revenue recognition on the sale of completed and under development property

The Company has generally evaluated and concluded that based on an analysis of the rights and obligations under the terms of the contracts relating to the sale of property, the revenue is to be recognised at a point in time when control transfers which coincides with receipt of Occupation Certificate. The Company has concluded that the overtime criteria are not met owing to non-enforceable right to payment for performance completed to date and, therefore, recognises revenue at a point in time.

2.3.5.2 Determination of performance obligations

With respect to the sale of property, the Company has concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property is to undertake development of property and obtaining the Occupation Certificate. Generally, the

NOTES TO STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

Company is responsible for all these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Company accounts for them as a single performance obligation because they are not distinct in the context of the contract.

2.3.6 Dividend and interest income

Dividend income from investments in subsidiary company is recognised when the unit holder's right to receive payment has been established.

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

2.4 Current versus non-current classification

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Based on the nature of activity carried out by the Company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 5 years for the purpose of Current – Non-Current classification of assets and liabilities.

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Borrowings are classified as current if they are due to be settled within 12 months after the reporting period.

2.5 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

2.6 Foreign currencies

Transactions in foreign currencies i.e. other than the Company's functional currency are recognised at the rates of exchange prevailing at the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Exchange differences on monetary items are recognised in statement of profit and loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into in order to hedge certain foreign currency risks

2.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

2.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.8.1 Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rate that has been enacted or substantively enacted by the end of the reporting period.

2.8.2 Minimum Alternate Tax

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

2.8.3 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.8.4 Current and deferred tax for the year

Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9 Property, plant and equipment (PPE)

PPE are stated in the balance sheet at cost less accumulated depreciation.

Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss. PPE held for disposal are valued at estimated net realizable value.

Depreciation on PPE has been provided on pro-rata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Lease hold improvements are amortised over the period of lease/ estimated period of lease.

2.10 Impairment of PPE

At the end of each reporting period, the Company reviews the carrying amounts of its PPE to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit and loss.

2.11 Inventories

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest and manpower costs and expenses incidental to the projects undertaken by the Company.

2.12 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.13 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) because of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Contingent liabilities

Contingent liability is disclosed in case of:

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

b) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets

Contingent assets are disclosed where an inflow of economic benefits is probable.

2.15 Employee Benefits

Employee benefits include provident fund, gratuity fund and compensated absences.

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.

Long term Compensated Absences and Gratuity

Company's liability towards long term compensated absences are determined by independent actuaries, using the projected unit credit method.

Company's liability towards gratuity as at the balance sheet date are determined by independent actuaries, using the projected unit credit method. Past services are recognised at the earlier of the plan amendment/curtailment and the recognition of related restructuring costs/termination benefits.

NOTES TO STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

The obligation on long term compensated absences and defined benefit plans are measured at the present value of estimated future cash flows using a discount rate that is determined by reference to the market yields at the balance sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the obligation.

Remeasurement gains/losses

Remeasurement of defined benefit plans, comprising of actuarial gains or losses, return on plan assets excluding interest income are recognised immediately in balance sheet with corresponding debit or credit to other comprehensive income. Remeasurements are not reclassified to statement profit and loss in subsequent period. Remeasurement gains or losses on long term compensated absences that are classified as other long-term benefits are recognised in statement of profit and loss.

2.16 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit and loss.

2.16.1 Classification and subsequent measurement

2.16.1.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured at either amortised cost or fair value depending on their respective classification.

On initial recognition, a financial asset is classified as - measured at:

- Amortised cost; or
- Fair Value through Other Comprehensive Income (FVTOCI) - debt investment; or
- Fair Value through Other Comprehensive Income (FVTOCI) - equity investment; or
- Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain and loss on recognition is recognised in statement of profit and loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Debt investment at FVTOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in Other Comprehensive Income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVTOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to statement of profit and loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for medium or long term strategic purpose.

Equity investments that are not designated as measured at FVTOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in statement of profit and loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

2.16.1.2 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

2.16.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

2.17 Earnings per Share

Basic / Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

NOTES TO STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

2.18 Goods and Services tax input credit

Goods and Services tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

2.19 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 1, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements based on estimates and assumptions, which have the significant effect on the amounts recognised in the standalone financial statements.

Determination of the timing of revenue recognition on the sale of completed and under development property

The Company has evaluated and generally concluded that the recognition of revenue over the period of time criteria are not met owing to non-enforceable right to payment for performance completed to date and, therefore, recognises revenue at a point in time. The Company has further evaluated and concluded that based on the analysis of the rights and obligations under the terms of the contracts relating to the sale of property, the revenue is to be recognised at a point in time when control transfers which coincides with receipt of Occupation Certificate.

Determination of performance obligation

With respect to the sale of property, the Company has evaluated and concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property is to undertake development of property and obtaining the Occupation Certificate. Generally, the Company is responsible for all these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Company accounts for them as a single performance obligation because they are not distinct in the context of the contract.

Taxes

Deferred tax assets are recognised for temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Actuarial Valuation

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after considering inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the standalone financial statements.

Note No. 3 - Property, Plant and Equipment

Description of Assets	Office Equipments	Furniture and Fixtures	Computers	Electrical Installations	Total
I. Gross Carrying Amount					
Balance as at 1st April, 2019	19.30	71.07	2.06	10.10	102.53
Additions	–	–	–	–	–
Balance as at 31st March, 2020	**19.30**	**71.07**	**2.06**	**10.10**	**102.53**
II. Accumulated depreciation					
Balance as at 1st April, 2019	13.46	46.97	2.06	3.96	66.45
Depreciation expense for the year	2.85	7.69	–	1.01	11.55
Balance as at 31st March, 2020	**16.31**	**54.66**	**2.06**	**4.97**	**78.00**
III. Net carrying amount as at 31st March, 2020 (I-II)	**2.99**	**16.41**	**–**	**5.13**	**24.53**

Description of Assets	Office Equipments	Furniture and Fixtures	Computers	Electrical Installations	Total
I. Gross Carrying Amount					
Balance as at 1st April, 2020	19.30	71.07	2.06	10.10	102.53
Additions	2.64	–	–	–	2.64
Balance as at 31st March, 2021	**21.94**	**71.07**	**2.06**	**10.10**	**105.17**
II. Accumulated depreciation					
Balance as at 1st April, 2020	16.31	54.66	2.06	4.97	78.00
Depreciation expense for the year	1.97	3.50	–	1.01	6.48
Balance as at 31st March, 2021	**18.28**	**58.16**	**2.06**	**5.98**	**84.48**
III. Net carrying amount as at 31st March, 2021 (I-II)	**3.66**	**12.91**	**–**	**4.12**	**20.69**

Note No. 4a - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Current Tax:		
In respect of current year	**–**	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(88.43)**	(412.79)
Total	**(88.43)**	(412.79)

NOTES TO STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

(b) Reconciliation of estimated income tax expense at tax rate to income tax expense reported in Profit or Loss is as follows:

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Loss before tax	**(304.43)**	(1,334.56)
Income tax expense calculated at 29.12%	**(88.65)**	(388.62)
Effect of income that is exempt from taxation	–	(45.72)
Effect of expenses that is non deductible in determining taxable profit	**0.22**	20.92
Deduction under Chapter VI A	–	0.63
Income tax credit recognised in profit or loss	**(88.43)**	(412.79)

Note No. 4b - Deferred Tax Assets

For the Year ended 31st March, 2021

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in other comprehensive income	Closing Balance
Tax impact of adjustment pursuant INDAS 115	929.96	88.43	(4.15)	1,014.24
Minimum Alternate Tax (MAT)	592.89	–	–	592.89
Net Deferred Tax Asset	**1,522.85**	**88.43**	**(4.15)**	**1,607.13**

For the Year ended 31st March, 2020

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in other comprehensive income	Closing Balance
Tax impact of adjustment pursuant INDAS 115	514.01	412.79	3.16	929.96
Minimum Alternate Tax (MAT)	592.89	–	–	592.89
Net Deferred Tax Asset	**1,106.90**	**412.79**	**3.16**	**1,522.85**

Note No. 5 - Investments

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non Current
A. Cost				
Unquoted Investments (all fully paid)				
Investments in Equity Instruments				
- of Subsidiaries				
- Mahindra Residential Developers Limited -2,50,000 Equity Shares Face value of Rs.10/-each	–	**6,629.48**	–	6,629.48
INVESTMENTS CARRIED AT COST	–	**6,629.48**	–	6,629.48
Other disclosures				
Aggregate amount of unquoted investments	–	**6,629.48**	–	6,629.48

Note No. 6 - Other Financial Assets

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non-Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current
a) Security Deposits				
- Unsecured, considered good	–	**0.75**	–	0.75
TOTAL (a)	–	**0.75**	–	0.75
b) Interest Receivable				
- Interest accrued on deposits, loans and advances	**25.34**	–	17.72	–
TOTAL (b)	**25.34**	–	17.72	–
GRAND TOTAL	**25.34**	**0.75**	17.72	0.75

Note No. 7 - Other Assets

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non-Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current
(a) Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	**670.08**		822.20	
(ii) Other advances(Mobilisation & Material Advances to Contractors)	**145.22**		74.88	
(b) Advance income tax (Net of Provision for Tax as on 31st March, 2021 Rs.1,197.74 lakhs, 31st March, 2020 Rs.1,197.74 lakhs)		**338.56**		326.44
(c) Security Deposit				
- Unsecured, considered good	–	**80.35**	–	77.55
(d) Prepaid Expenses	**83.80**		40.00	
	899.10	**418.91**	937.08	403.99

Note No. 8 - Inventories

Particulars	As at 31st March, 2021	As at 31st March, 2020
Construction Materials	**558.87**	575.97
Construction Work-in-progress*	**12,557.96**	10,687.29
Finished goods	–	–
Total Inventories (at lower of cost and net realisable value)	**13,116.83**	11,263.26

*Construction Work-in-Progress represents materials at site and unbilled costs on the projects. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/ or write off of costs carried to inventory are made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein.

Construction Materials primarily comprises of Steel, Cement, Chrome plated & Sanitary Fixtures and UPVC windows which are used for construction activities.

The cost of inventories recognised as an expense during the year in respect of continuing operations is Rs.406.65 lakhs (FY 19-20: 39.72 lakhs).

NOTES TO STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

The Company has availed cash credit facilities, Term Loan and borrowings through issue of Non-Convertible Debentures which are secured by hypothecation of inventories.

Based on detailed assessment and evaluation of impact of the COVID-19 epidemic, the management concluded that realiseable value of these inventories will not be lower than the carrying value.

Note No. 9 - Trade Receivables

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non-Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current
Trade receivables				
- Unsecured, considered good	**377.45**	–	827.76	–
TOTAL	**377.45**	–	827.76	–
Of the above, trade receivables from:				
- Related Parties(Refer note 30)	**25.03**	–	–	–
- Others	**352.42**	–	827.76	–
TOTAL	**377.45**	–	827.76	–

Refer Note 28 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related financial instrument disclosures.

The average credit period in the range of 7-31 days on lease of residential property as per the agreement with customers.

Note No. 10 - Cash and Bank Balances

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash and cash equivalents		
Balances with banks		
In Current Accounts	**44.43**	148.22
Total Cash and cash equivalent (considered in Statement of Cash Flows)	**44.43**	**148.22**
Bank Balances other than Cash and cash equivalents		
in Current Accounts - earmarked *	**37.39**	186.00
- Earmarked Deposit account with scheduled banks #	**180.00**	180.00
Total Other Bank balances	**217.39**	366.00

* Required to be set aside and kept in separate bank account under Tamil Nadu Real Estate (Regulation and Development) Act, 2016.

\# Earmarked balances with banks refers to Fixed Deposits with bank created out of Corpus and Advance maintenance Charges collected from customers.

Note No. 11 - Equity Share Capital

Particulars	As at 31st March, 2021 No. of shares	As at 31st March, 2021 Amount	As at 31st March, 2020 No. of shares	As at 31st March, 2020 Amount
Authorised:				
Equity shares of Rs. 10 each with voting rights	**6,00,00,000**	**6,000.00**	6,00,00,000	6,000.00
Issued, Subscribed and Fully Paidup:				
Equity shares of Rs. 10 each with voting rights #	**5,00,00,000**	**5,000.00**	5,00,00,000	5,000.00
Total	**5,00,00,000**	**5,000.00**	5,00,00,000	5,000.00

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Fresh Issue	Bonus	Buy back of shares #	Closing Balance
Equity Shares with Voting rights*					
Year Ended 31st March, 2021					
No. of Shares	**5,00,00,000**	**–**	**–**	**–**	**5,00,00,000**
Amount in Lakhs	**5,000.00**	**–**	**–**	**–**	**5,000.00**
Year Ended 31st March, 2020					
No. of Shares	5,04,35,000	–	–	4,35,000	5,00,00,000
Amount in Lakhs	5,043.50	–	–	43.50	5,000.00

* **Terms/ rights attached to equity shares:** The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share. Dividends are paid in Indian Rupees. The dividends proposed by the Board of Directors are subject to the approval of the shareholders at the Annual General Meeting. Repayment of capital will be in proportion to the number of equity shares held.

\# In the Board meeting held on 23rd January, 2020, the Board of Directors of the Company had approved the proposal for buy-back of 435,000 Equity Shares at Rs 28.60 per equity share aggregating to Rs 124.41, in accordance with Article 79 of the Articles of Association of the Company, and subject to such other approvals, permissions and sanctions of Registrar of Companies, Chennai and / or other authorities, institutions or bodies, as may be necessary. The buy back was completed on 26th March, 2020 after obtaining all approvals and the necessary forms were filed with the Statutory authorities. Post buyback, the paid up capital of the Company reduced from Rs. 5,043.50 lakhs to Rs. 5,000.00 lakhs. Consequent to the buy back and as required by Section 69 of Companies Act, 2013, an amount of Rs. 43.50 lakhs was transferred to Capital Redemption Reserve Account (Refer Note 12a). The buyback was made out of reserves of the Company.

NOTES TO STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

(ii) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31st March, 2021 No.	As at 31st March, 2021 % holding in the class	As at 31st March, 2020 No.	As at 31st March, 2020 % holding in the class
Equity shares with voting rights:-				
Mahindra Lifespace Developers Limited, Holding Company	**3,70,00,000**	**74.00%**	3,70,00,000	74.00%
Mahindra World City Developers Limited, Joint Venture of Holding Company	**1,30,00,000**	**26.00%**	1,30,00,000	26.00%

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares: Equity Shares with Voting rights	No. of Shares: Equity Shares with Differential Voting rights	Others
As at 31st March, 2021			
Mahindra Lifespace Developers Limited, the Holding Company	**3,70,00,000**	–	–
Joint Venture of the holding company-Mahindra World City Developers Ltd	**1,30,00,000**	–	–
As at 31st March, 2020			
Mahindra Lifespace Developers Limited, the Holding Company	3,70,00,000	–	–
Joint Venture of the holding company-Mahindra World City Developers Ltd	1,30,00,000	–	–

Note No. 12(a) -Other Equity

Particulars	As at 31st March, 2021	As at 31st March, 2020
Retained earnings	**1,107.35**	1,513.23
Debenture Redemption Reserve	**450.00**	250.00
Capital Redemption Reserve	**43.50**	**43.50**
Total Other Equity	**1,600.85**	1,806.73

Note No. 12 (b) - Other Equity

	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	Total
Balance as at 1st April, 2020	**43.50**	**250.00**	**1,513.23**	**1,806.73**
Loss for the year			**(216.00)**	**(216.00)**
Transfer of Debenture Redemption Reserve to Retained Earnings		**(250.00)**	**250.00**	**–**
Transfer to Debenture Redemption Reserve		450.00	**(450.00)**	**–**
Other Comprehensive Income for the year (net of tax)			**10.12**	**10.12**
Balance as at 31st March, 2021	**43.50**	**450.00**	**1,107.35**	**1,600.85**

Retained Earnings: This reserve represents cumulative profits of the Company. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.

Debenture Redemption Reserve (DRR): A debenture redemption reserve is created against issue of debentures to protect investors against the possibility of default by the company. The Company evaluated the DRR required as on March 31, 2021 based on the notification GSR 127(E), dated 19 August 2019 and has created a DRR of Rs. 450 Lakhs. DRR of Rs.200 Lakhs no longer required has been credited to retained earnings.

Capital Redemption Reserve: The Capital Redemption Reserve is created against Buy Back of shares.

Note No. 13 - Non-Current Borrowings

Particulars	As at 31st March, 2021	As at 31st March, 2020
Measured at amortised cost		
Secured Borrowings:		
Non-Convertible Debentures	**4,500.00**	–
(refer to sub note(i) below)		
Term Loan (refer to sub note(ii) below)	**1,500.00**	3,000.00
Total Borrowings	**6,000.00**	3,000.00

NOTES TO STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

i) Non-Convertible Debentures(Listed/Secured)

The Terms and conditions of the Listed, Secured Non Convertible Debentures issued by the Company are summarised below

Series	I	II	III
Face Value of the Debentures (Rs in lakhs)	**1,500.00**	1,500.00	1,500.00
Rate of Interest Payable Annually	**8.40%**	**8.40%**	**8.40%**
Maturity Date	**14-Sep-2023**	**13-Sep-2024**	**12-Sep-2025**

The above Debentures are secured by first ranking pari passu mortgage and charge on specific lands of the Company. The carrying value of these specific Lands is Rs.862.45 Lakhs and is shown as part of "work in Progress" in Inventories Schedule, Refer note No.8.

ii) Term Loan (Secured)

Term loan is taken Axis Bank in the month of August 2019 for a tenure of 3 years, repayable in 2 equal installments starting from 24th month of disbursement. The term loan is secured by first ranking pari passu charge on specific lands of the company. The carrying value of these Lands is Rs. 592.67 lakhs and is shown as part of "work in progress" in Inventories Schedule, refer note no. 8. The interest is 1 yr MCLR+0.25% which is 8.25% as at 31st March, 2021 payable at monthly installments. The current maturities of Term Loan is shown under current maturities of long term borrowings(refer note no 14)

Note No. 14 - Other Financial Liabilities

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
Current		
Current maturities of long term debt (Refer Note below)*	**–**	2,499.21
Current maturities of long term debt (Refer Note 13)	**95.57**	
Interest accrued		
Interest Accrued and Not due on borrowings	**28.80**	148.11
Redemption Premium payable on non convertible debentures	**–**	354.44
Other liabilities		
Deposits from customers**	**78.90**	152.64
Total Other financial liabilities	**203.27**	3,154.40

* Represents Debentures fully redeemed during the year. These debentures carried a coupon rate of 7% and were secured by first ranking pari passu mortgage on specific lands of the Company.

** refers to amount collected from customers towards "Advance maintenance and Corpus fund" net off amount receivable. Out of the funds collected, the Company has invested in earmarked deposit accounts with banks (Refer Note 10)

Note No. 15 - Current Borrowings

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
A. Secured Borrowings at amortised cost		
From Banks- Cash Credit Facility	**3,617.31**	2,487.39
Total Secured Borrowings	**3,617.31**	2,487.39
B. Unsecured Borrowings		
Loans from related parties (Refer note no. 30)	**300.00**	1,395.00
Total Unsecured Borrowings	**300.00**	1,395.00
Total Current Borrowings	**3,917.31**	3,882.39

Secured Borrowings: The Cash Credit sanctioned by HDFC Bank Ltd is Rs. 4300 Lakhs and rate of interest is Bank Base Rate + 0.25% p.a. payable on a monthly basis. This facility is secured by hypothecation of book debts and Work in progress and first ranking pari passu charge on specific lands of the company. The carrying value of these Lands is Rs. 820.15 lakhs and is shown as part of "work in progress" in Inventories Schedule, refer note no. 8.

Unsecured Borrowings: The Loan is taken from M/s Mahindra Residential Developers Limited @ 9.5% pa payable on demand.

Note No. 16 - Trade Payables

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
Trade Payables		
total outstanding dues of micro enterprises and small enterprises (Refer Note 36 (i))	**67.68**	–
total outstanding dues of creditors other than micro enterprises and small enterprises	**769.28**	1,268.31
Retention Amounts payable	**138.87**	131.16
Total Trade payables	**975.83**	1,399.47

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

The average credit period in the range of 7-31 days as per the agreement with Contractors/Suppliers.

Note No. 17 - Provisions

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
Non Current Provisions		
Gratuity	**39.93**	47.81
Leave Encashment	**28.42**	32.25
Total Non Current Provisions	**68.35**	80.06
Current Provisions		
Gratuity	**8.10**	5.53
Leave Encashment	**6.37**	4.23
Defect Liability Provision	**28.64**	28.64
Total Current Provisions	**43.11**	38.40

NOTES TO STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

Details of movement in Other Provisions is as follows:

Particulars	Defect Liability Provision
Balance at 1st April, 2019	30.93
Additional provisions recognised	0.31
Amounts used during the year	(2.60)
Balance at 31st March, 2020	**28.64**
Balance at 31st March, 2020	28.64
Additional provisions recognised	–
Amounts used during the year	–
Balance at 31st March, 2021	**28.64**

Defect Liability Provision:

Provision for defect liability represents present value of management's best estimate of the future outflow of economic resources that will be required in respect of residential units given under perpetual lease, the estimated cost of which is accrued during the period of construction, upon lease of units and recognition of related revenue. Management estimates the related provision for future defect liability claims based on historical cost of rectifications and is adjusted regularly to reflect new information. The residential units are generally covered under a defect liability period limited to 5 year from the date of handover of residential units. It is expected that most of these costs will be incurred within two years after the reporting date.

Note No. 18 - Other Current Liabilities

Particulars	As at 31st March, 2021	As at 31st March, 2020
a. Advances received from customers	**82.25**	439.30
b. Deferred Revenue	**5,406.68**	3,256.44
c. Employee related dues	**45.40**	42.88
d. Statutory dues		
– taxes payable (other than income taxes)	**14.45**	41.57
Total Other Current Liabilities	**5,548.78**	3,780.19

Note No. 19 - Revenue from Operations

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Income from Projects (Refer note no: 32)	**1,550.00**	58.92
Income From Project Management	**92.02**	84.70
Income from Cancellations	**9.78**	–
Total Revenue from Operations	**1,651.80**	143.62

Note No. 20 - Other Income

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Interest Income on Financial assets that are not designated as Fair Value through Profit and Loss	**39.62**	21.15
Bank Deposits	**14.42**	21.15
Others	**25.20**	–
Dividend from Subsidiary Company	**–**	157.00
Other Income	**0.68**	4.26
Total Other Income	**40.30**	182.41

Note No. 21- Cost of Sales

Cost of Projects

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Inventories at the beginning of the year:		
Stock-in-trade	**575.97**	165.42
Construction Work-in-progress	**10,687.29**	8,477.80
Finished goods	**–**	39.71
Add: Expenses Incurred during the year		
Land and Construction Costs	**1,972.19**	2,278.75
Architect & Consultant Fees	**43.58**	27.76
Project Management Fees	**141.45**	195.72
Other Expenses	**6.92**	4.82
Borrowing Costs Inventorised	**96.08**	113.00
Inventories at the end of the year:		
Stock-in-trade	**(558.87)**	**(575.97)**
Construction Work-in-progress	**(12,557.96)**	**(10,687.29)**
Finished goods	**–**	**–**
Total	**406.65**	39.72

Note No. 22 - Employee Benefits Expense

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Salaries and wages including bonus	**380.82**	450.09
Contributions to provident and other funds	**27.77**	15.91
Staff welfare expenses	**3.38**	9.37
Less: Salaries and wages inventorised	**(141.45)**	(195.72)
Total Employee Benefits Expense	**270.52**	279.65

Note No. 23 - Finance Costs

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
(a) Interest Costs	**896.89**	858.10
Less: Borrowing costs inventorised*	**(96.08)**	(113.00)
(b) Other borrowing costs		5.90
Total Finance Costs	**800.81**	751.00

* Borrowing cost inventorised refers to interest on Borrowings in Note 13 considered at the average rate of 8.1%

Note No. 24 - Other Expenses

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Rent including lease rentals	**17.08**	4.73
Rates & Taxes	**20.97**	1.10
Repairs and maintenance - Others	**238.79**	225.76

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All amounts are in Rupees Lakhs unless otherwise stated

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Advertisement and Marketing	**139.22**	160.89
Commission on sales / contracts (net)	**0.47**	2.46
Expenditure on Corporate Social Responsibility*	**–**	4.31
Defect Liability	**–**	0.31
Staff Deputation Costs	**–**	55.91
Auditors remuneration and out-of-pocket expenses	**14.50**	13.00
As Statutory Auditors	**11.00**	11.00
For Other services	**3.50**	2.00
For reimbursement of expenses	**–**	–
Legal and other professional costs	**72.14**	85.40
Other General Expenses	**8.90**	24.80
Total Other Expenses	**512.07**	578.67

* Details of expenditure on Corporate Social Responsibility

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Education/Health	**–**	2.15
Contribution to approved NGO (Nanhi Kali foundation)	**–**	2.16
Total CSR Expense	**–**	4.31

Note No. 25 - Segment information

Business segments

The Company operates in only one business segment, i.e. 'lease of residential property constructed' based on the nature of the services and products, the risks and returns etc. This has been determined in the manner consistent with the internal reporting provided to the Chairperson regarded as the Chief Operating Decision Maker ("CODM"). The Company operates only in India. The conditions prevailing in India being uniform, no separate geographical disclosure within India is considered necessary.

Note No. 26- Earnings per Share

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Loss for the year attributable to owners of the Company	**(216.00)**	(949.95)
Weighted average number of equity shares (in nos)	**5,00,00,000**	5,04,27,869
Basic and Diluted Earning per share (in face value of Rs. 10/- per share) (in Rs.)	**(0.43)**	(1.88)

Note No. 27 - Disclosure of interest in Subsidiaries

(a) Details of the Company's subsidiary at the end of the reporting period are as follows:

Name of the Subsidiary	Principal Activity	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and Voting power held by the Company 31st March, 2021	31st March, 2020	Quoted (Y/N)
Mahindra Residential Developers Limited	Development of Residential Unit	Chennai	100%	100%	No

(b) Summarised financial information in respect of Company's subsidiary. The summarised financial information below represents amounts before intragroup eliminations.

Particulars	Mahindra Residential Developers Limited 31st March, 2021	31st March, 2020
Current Assets	**9,731.08**	10,364.93
Non Current Assets	**936.49**	1,004.32
Current Liabilities	**1,183.02**	2,230.31
Equity Interest Attributable to the owners	**9,484.55**	9,138.94
Revenue	**1,721.12**	5,365.92
Expenses	**1,682.77**	4,834.47
Profit before tax for the year	**482.22**	841.83
Profit after tax attributable to the owners of the Company	**345.61**	602.55

Particulars	Mahindra Residential Developers Limited 31st March, 2021	31st March, 2020
Net Cash Flow from operating activities	**763.92**	3,055.43
Net Cash Flow (used in)/used in investing activities	**533.95**	(4,368.07)
Net Cash Flow used in financing activities	**(7.36)**	(224.72)
Net Cash inflow/(outflow)	**1,290.51**	(1,537.36)

Note No. 28 - Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total debt divided by total equity. Total liabilities and total equity are based on the amounts stated in the financial statements.

The Company is not subject to externally enforced regulation.

NOTES TO STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

Debt-to-equity ratio as of 31st March, 2021 and 31st March, 2020 is as follows:

	31st March, 2021	31st March, 2020
Debt (A)	**10,012.88**	9,381.60
Equity (B)	**6,600.85**	6,806.73
Debt Equity Ratio (A/B)	**1.52**	1.38

Categories of financial assets and financial liabilities

As at 31st March, 2021

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	**6,629.48**	–	–	**6,629.48**
Other Financial Assets	**0.75**	–	–	**0.75**
Current Assets				
Trade Receivables	**377.45**	–	–	**377.45**
Cash and Cash equivalents	**44.43**	–	–	**44.43**
Bank Balances other than above	**217.39**	–	–	**217.39**
Other Financial Assets	**25.34**	–	–	**25.34**
	7,294.84	–	–	**7,294.84**
Non-current Liabilities				
Borrowings	**6,000.00**	–	–	**6,000.00**
Other Financial Liabilities	–	–	–	–
Current Liabilities				
Borrowings	**3,917.31**	–	–	**3,917.31**
Current maturities of long term debt	–	–	–	–
Trade Payables	**975.83**	–	–	**975.83**
Other Financial Liabilities				–
- Non Derivative Financial Liabilities	**203.27**	–	–	**203.27**
	11,096.41	–	–	**11,096.41**

As at 31st March, 2020

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	6,629.48	–	–	6,629.48
Other Financial Assets	0.75	–	–	0.75
Current Assets				
Trade Receivables	827.76	–	–	827.76
Cash and Cash equivalents	148.22	–	–	148.22
Bank Balances other than above	366.00	–	–	366.00
Other Financial Assets	17.72	–	–	17.72
	7,989.93	–	–	7,989.93
Non-current Liabilities				
Borrowings	3,000.00	–	–	3,000.00
Other Financial Liabilities	–	–	–	–
Current Liabilities				
Borrowings	3,882.39	–	–	3,882.39
Current maturities of long term debt	2,499.21			2,499.21
Trade Payables	1,399.47	–	–	1,399.47
Other Financial Liabilities	655.19	–	–	655.19
	11,436.26	–	–	11,436.26

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from trade receivables, cash and cash equivalents, mutual Funds & other financial assets.

(ii) Trade Receivables:

The Company's trade receivables include receivables on lease of residential flats and rent maintenance receivable. As per the Company's flat handover policy, a flat is handed over to a customer only upon payment of entire amount of consideration. The rent maintenance receivables are secured by security deposits obtained under the lease agreement. Thus, the Company is not exposed to any credit risk on receivables from sale of residential flats and rent receivables. However owing to COVID-19 pandemic outbreak the Company expects considerable slow down in collections of existing receivables and delay in billing further milestones owing to lockdown.

(iii) Cash and Cash Equivalents & Other Financial Assets

For banks and financial institutions, only high rated banks/institutions are accepted. The Company holds cash and cash equivalents with bank and financial institution counterparties, which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

For other financial assets, the Company assesses and manages credit risk based on reasonable and supportive forward looking information. The Company does not have significant credit risk exposure for these items.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31st March, 2021				
Non-interest bearing				
Trade Payables	**975.83**	–	–	–
Other Current Financial Liabilities	**78.90**	–	–	–
Interest Accrued but not due including premium on NCD	**28.80**	–	–	–
Current maturities of long term debt	–	–	–	–
Variable interest rate instruments				
Short term Borrowing-Principal	**3,917.31**	–	–	–
Long Term Borrowing - Principal	–	**3,000.00**	**3,000.00**	–
Total	**5,000.84**	**3,000.00**	**3,000.00**	–

NOTES TO STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
31st March, 2020				
Non-interest bearing				
Trade Payables	1,399.47	–	–	–
Other Current Financial Liabilities	152.64	–	–	–
Interest Accrued but not due including premium on NCD	502.55	–		
Current maturities of long term debt	2,499.21			
Variable interest rate instruments				
Short term Borrowing-Principal	3,882.39	–	–	–
Fixed interest rate instruments				
Long Term Borrowing - Principal	–	3,000.00	–	
Total	**8,436.26**	**3,000.00**	–	–

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement.

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	31st March, 2021	31st March, 2020
Secured Bank Overdraft facility		
- Expiring within one year	**682.69**	1,812.61
Secured Bank Guarantee Limit (sub limit of CC Credit facility)		
- Expiring within one year	**100.00**	100.00
Secured Letter of Credit (sub limit of CC Credit facility)		
- Expiring within one year	**100.00**	100.00

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31st March, 2021				
Non-interest bearing				
Non Current Investment	–	–	–	**6,629.48**
Trade Receivable	**377.45**	–	–	–
Cash and Cash equivalents	**44.43**	–	–	–
Bank balances other than above	**217.39**	–	–	–
Other Non Current Financial Assets	–	–	–	**0.75**
Other Current Financial Assets	**25.34**	–	–	–
Total	**664.61**	–	–	**6,630.23**

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
31st March, 2020				
Non-interest bearing				
Non Current Investment	–	–	–	6,629.48
Trade Receivable	827.76	–	–	–
Cash and Cash equivalents	148.22	–	–	–
Bank balances other than above	366.00	–	–	–
Other Non Current Financial Assets	–	–	–	0.75
Other Current Financial Assets	17.72	–	–	–
Total	1,359.70	–	–	6,630.23

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated only in India Rupees and hence there is no risk of foreign exchange fluctuations.

Interest rate risk

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

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company's policy is to keep atleast 60% of its borrowings at fixed rates of interest. At 31 March 2021, 100% of the Company's borrowings are at a fixed rate of interest (31 March 2020: 100%).

Interest rate sensitivity

The sensitivity analysis below has been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

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

	Currency	Increase/ decrease in basis points	Effect on (loss)/profit before tax
31st March, 2021	**INR**	**+100**	**(36.17)**
	INR	**-100**	**36.17**
31st March, 2020	INR	+100	(24.87)
	INR	-100	24.87

NOTES TO STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

29 - Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

COVID -19 Impact assessment:

The management assessed the Company's future projections in light of the developments due to COVID 19 situation and has reassessed the impact that it may cause on the Company's financial and operational performance . The construction and development activities were temporarily suspended owing to lock down during the year and post phased out lifting of the lock down, the construction activities have commenced. Statutory authorities have considered relaxation norms for handover deadlines and the Company at this moment expects no outflow on account delayed payment compensation . The Company has credit and term loan facilities available to meet the project costs and pay off the vendors and bankers in the immediate 12 months from the date of approval of these financial statements. The Company expects no additional inflow of capital towards currently planned development. Based on the above assessment, the management is of the view that company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

30. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

a) Names of related parties and nature of relationship where control exists:	Mahindra & Mahindra Limited (Ultimate Holding Company) Mahindra Lifespace Developers Limited (Holding Company)
b) Subsidiary Company	Mahindra Residential Developers Limited (Wholly owned Subsidiary Company)
c) Fellow Subsidiaries & Joint Ventures with whom transactions have been entered during the Year	Mahindra World City Developers Limited (MWCDL) (Joint Venture of Holding Company) Mahindra Integrated Business Solutions Private Limited (MIBS) - (Fellow Subsidiary)

Related party transactions

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

(Previous year figures in brackets)

Nature of transactions with Related Parties	Ultimate Holding Company	Holding Company	Joint Venture–MWCDL	MIBS–Fellow Subsidiary	Subsidiary
Inter Corporate Deposit repaid		2,500.00 –			1,395.00 100.00
Inter Corporate Deposit taken		2,500.00 –			300.00 1,495.00
Dividend Received					– (157.00)
Interest expense		10.29 –			73.85 (97.65)
Reimbursement of Gratuity Leave Encashment & Performance Pay		– (134.79)			– –
Administration expenses billed		15.47 (24.59)			14.01 (16.02)
Consultancy charges (Information Technology & Manpower Deputation Charges etc)	10.84 (6.52)	5.25 (107.53)	3.75 (11.53)	5.04 (3.88)	92.02 (84.70)
Sale/Purchase of Materials and Services			0.62 (1.65)		–
Rent, EB & Maintenance charges			222.96 (222.94)		
Marketing expenses		3.84 (24.57)			

NOTES TO STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

(Previous year figures in brackets)

Nature of transactions with Related Parties	Ultimate Holding Company	Holding Company	Joint Venture-MWCDL	MIBS-Fellow Subsidiary	Subsidiary
Deposits made (Rent & Maintenance)			66.27 (66.27)		
Inter-corporate deposits payable					300.00 (1,395.00)
Other Payables	6.01 (7.04)	93.62 (361.51)	0.46 (76.13)	0.47 (0.95)	– (21.82)
Trade Receivables					25.03 –

Note No. 31 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31st March, 2021 Carrying amount	31st March, 2021 Fair value	31st March, 2020 Carrying amount	31st March, 2020 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– Investments in Equity	**6,629.48**	**6,629.48**	6,629.48	6,629.48
– Trade and other receivables	**402.79**	**402.79**	845.48	845.48
– Cash and cash equivalents	**44.43**	**44.43**	148.22	148.22
– Bank balances other than above	**217.39**	**217.39**	366.00	366.00
– Deposits and similar assets	**0.75**	**0.75**	0.75	0.75
Total	**7,294.84**	**7,294.84**	7,989.93	7,989.93
Financial liabilities				
Financial liabilities held at amortised cost				
– Debentures	**4,500.00**	**4,500.00**	–	–
– Term Loan from Bank	**1,500.00**	**1,500.00**	3,000.00	3,000.00
– Loans from related parties	**300.00**	**300.00**	1,395.00	1,395.00
– Borrowings from bank	**3,617.31**	**3,617.31**	2,487.39	2,487.39
– Current maturities of long term debt	**95.57**	**95.57**	2,499.21	2,499.21
– Trade and other payables	**1,083.53**	**1,083.53**	2,054.66	2,054.66
Total	**11,096.41**	**11,096.41**	11,436.26	11,436.26

Fair value hierarchy as at 31st March, 2021

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Investments in Equity	–	**6,629.48**	–	**6,629.48**
– Trade and other receivables	–	**402.79**	–	**402.79**
– Cash and cash equivalents	–	**44.43**	–	**44.43**
– Bank balances other than above	–	**217.39**	–	**217.39**
– Deposits and similar assets	–	**0.75**	–	**0.75**
Total	–	**7,294.84**	–-	**7,294.84**
Financial liabilities				
Financial Liabilities carried at amortised cost				
– Termloan from Bank	–	**1,500.00**	–	**1,500.00**
– Non Convertible Debentures	–	**4,500.00**	–	**4,500.00**
– Loans from related parties	–	**300.00**	–	**300.00**
– Borrowings from bank	–	**3,617.31**	–	**3,617.31**
– Current maturities of long term debt	–	–	–	–
– Trade and other payables	–	**1,083.53**	–	**1,083.53**
Total	–	**11,000.84**	–	**11,000.84**

Fair value hierarchy as at 31st March, 2020

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Investments in Equity	–	6,629.48	–	6,629.48
– Trade and other receivables	–	845.48	–	845.48
– Cash and cash equivalents	–	148.22	–	148.22
– Bank balances other than above	–	366.00	–	366.00
– Deposits and similar assets	–	0.75	–	0.75
Total	–	7,989.93	–	7,989.93
Financial liabilities				
Financial Liabilities carried at Amortised Cost				
– Term Loan from Axis Bank	–	3,000.00	–	3,000.00
– Loans from related parties	–	1,395.00	–	1,395.00
– Borrowings from bank	–	2,487.39	–	2,487.39
– Current maturities of long term debt	–	2,499.21	–	2,499.21
– Trade and other payables	–	2,054.66	–	2,054.66
Total	–	11,436.26	–	11,436.26

NOTES TO STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

For recurring and non-recurring fair value measurements, if the highest and best use of a nonfinancial asset differs from its current use, an entity shall disclose that fact and why the non-financial asset is being used in a manner that differs from its highest and best use.

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note No. 32- INDAS 115 Disclosures

1 Contract Balances

Amounts received before the related performance obligation is satisified are included in the balance sheet (Contract liability) as "Advances received from Customers". Amounts billed for development milestone achieved but not yet paid by the customer are included in the balance sheet under trade receivables.

During the year, the Company recognised Revenue of Rs. NIL (FY 19-20 Rs. 58.92 lakhs) from opening contract liability (after Ind AS 115 adoption) of Rs. NIL (FY 19-20 Rs. 733.94 lakhs).

There were no significant changes in the composition of the contract liabilities and Trade receivable during the reporting period other than on account of periodic invoicing and revenue recognition.

Amounts previously recorded as contract liabilities increase due to further milestone based invoices raised during the year and decrease due to revenue recognised during the year on completion of the construction.

Amounts previously recorded as Trade receivables increase due to further milestone based invoices raised during the year and decrease due to Collection during the year.

There are no contract assets outstanding at the end of the year.

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31st March, 2021, is Rs. 5,406.68 Lakhs (as at 31st March, 2020 Rs. 3,256.44 lakhs). Out of this, the Company expects to recognize revenue of 100% within the next two years. This includes contracts that can be terminated for convenience with a penalty as per the agreement since, based on current assessment, the occurrence of the same is expected to be remote.

2 Reconciliation of revenue recognized with the contracted price is as follows:

		Rs. Lakhs
	Year ended 31st March, 2021	**Year ended 31st March, 2020**
Contracted price	**1,550.00**	58.92
Adjustments on account of cash discounts or early payment rebates, etc	–	–
Revenue recognised as per Statement of Profit & Loss	**1,550.00**	58.92

3 Contract costs

		Rs. Lakhs
	As at 31st March, 2021	**As at 31st March, 2020**
Costs to obtain contracts	**83.80**	40.00

For the year ended 31st March 2021, amortisation amounting to Rs. 0.47 lakhs (Rs. 2.46 lakhs) is recognised as part of other expenses in the statement of profit and loss. There was no impairment loss in relation to the costs capitalised.

(Also refer note 2.3.2)

Note No. 33 - Employee Benefits

a) Defined Contribution plans

The Company makes Provident fund contribution to defined contribution plans for the employees. Under the scheme, the company is required to contribute a specified percentage of the payroll cost to the fund the benefits. The Company recognized Rs. 27.77 Lakhs (PY Rs. 15.91 Lakhs) for Provident fund & Other funds contributions in the statement of profit and Loss. The contributions payable to these plans by the company are at rates specified in the rules of the scheme.

b) Defined Benefit Plans

The Company's obligation towards gratuity is defined benefit plan. The gratuity expense is included under 'Employee Benefit Expenses' in Note 22 Employee benefits expense. The details of actuarial valuation are given below:

Gratuity:

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

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

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

		Rs. Lakhs
	Gratuity (Unfunded) 2020–21	Gratuity (Unfunded) 2019–20
a. Net Liabilities recognized in the balance sheet		
Present Value of Defined Benefit Obligation	**48.03**	53.34
Fair Value of Plan assets	–	–
Liabilities recognised in the balance sheet	**48.03**	53.34
b. Expense recognized in the Statement of Profit and Loss		
Past service cost	–	–
Current Service cost	**7.46**	5.68
Interest cost	**3.41**	2.39
Expected return on plan assets	–	–
Actuarial (gains) / Losses	**(14.27)**	10.23
Total expenses	**(3.40)**	18.30

NOTES TO STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

Rs. Lakhs

	Gratuity (Unfunded) 2020–21	Gratuity (Unfunded) 2019–20
c. Change in present value of Defined Benefit obligation		
Present Value of the obligation at the beginning of the year	**53.34**	–
Obligation transferred from parent company	–	48.73
Past service cost	–	–
Current Service cost	**7.46**	5.68
Interest Cost	**3.41**	2.39
Actuarial (Gains)/Losses	**(14.27)**	10.23
Benefits Paid	**(1.91)**	(13.69)
Present value of the obligation as at the end of the year	**48.03**	53.34
d. Principal actuarial assumptions		
Discount Rate	**6.19%**	6.50%
Expected rate of Salary increase	**8.00%**	10.00%
Attrition Rate	**14.00%**	10.00%
Mortality	**LIC (2006–08) Ultimate mortality tables**	**LIC (2006–08) Ultimate mortality tables**

e. Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market.

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Actuarial assumptions for long-term compensated absences		
Discount rate	**6.19%**	6.50%
Salary escalation	**8.00%**	10.00%
Attrition	**14.00%**	10.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

			Impact on defined benefit obligation	
	Year	**Change in Assumption**	**Increase in assumption**	**Decrease in assumption**
Discount Rate	2021	0.50%	46.54	49.61
	2020	0.50%	50.99	55.88
Salary Growth Rate	2021	0.50%	49.65	46.49
	2020	0.50%	55.53	51.12

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

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

	As at 31st March, 2021	As at 31st March, 2020
Year 1	**5.92**	3.99
Year 2	**5.70**	4.05
Year 3	**5.51**	4.13
Year 4	**5.15**	4.24
Year 5	**4.81**	4.21
Next 5 Years	**19.89**	21.54

Note No. 34 - Leases

The Company has not applied the requirement of IND AS 116 to short-term leases of all assets that have a lease term of 12 months or less. Amount recognised in Statement of Profit and Loss Account is Rs 17.08 lakhs (FY 19-20-Rs.4.73 Lakhs).

Note No. 35 - Contingent Liabilities

Particulars	As at 31st March, 2021	As at 31st March, 2020
Contingent Liabilities to the extent not provided		
Bank Guarantee	**50.67**	–
Bank Guarantee issued to **The Deputy Director Town and Country Planning**		

Note No. 36 - Additional Information to the Financial Statements

i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. There are no overdue amounts payable to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as at the reporting date or anytime during the year and hence no interest has been paid or payable accordingly no additional disclosures have been made.

Sl No	Particulars	31st March, 2021	31st March, 2020
1	Dues remaining unpaid		
	Principal	**67.68**	–
	Interest	**–**	–
2	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	Principal paid beyond the appointed date	**–**	–
	Interest paid in terms of Section 16 of the MSMED Act	**–**	–

NOTES TO STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

Sl No	Particulars	31st March, 2021	31st March, 2020
3	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	–	–
4	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises..	–	–
5	Amount of interest accrued and remaining unpaid	–	–

Note No. 37 - Other Notes

i. The Company did not have any pending litigation which would impact its financial position.

ii. The Company did not have any material foreseeable losses on long term contracts. The company has not entered into any derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company does not have any unhedged foreign currency exposures as on 31st March,2021.

Note No. 38 - Approval of Financial Statements

The aforesaid financial statements have been approved by Company's board of directors and the authorised for issue in the meeting held on 20th April, 2021.

Note No 39 - Event after the reporting period

No material events have occurred after the Balance Sheet date and upto the approval of the financial statements.

Note No 40 - Previous year figures

The figures for previous year have been regrouped/reclassified wherever necessary to conform to current year's grouping/classification.

For and on behalf of the board of directors of Mahindra Integrated Township Limited

T Sivaranjan kumar
Chief Financial Officer

Vimal Agarwal
Non-Executive
Non-Independent Director
(DIN: 07296320)

Shah Ankit
Company Secretary

R. Santhanam
Chairperson
(DIN: 00237740)

Parveen Prakash Mahtani
Additional Director
(DIN: 05189797)

M. S. Jagan
Independent Director
(DIN: 02002827)

Place: Mumbai
Date: 20th April, 2021

Annexure A

Form AOC-I

Salient features of Financial Statements of Subsidiary as per Companies Act, 2013

Name of Subsidiary	Mahindra Residential Developers Limited
The date since when subsidiary was acquired	01st February, 2008
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
Share Capital	25.00
Other Equity	9,459.55
Total Assets	10,667.57
Total Liabilities	1,183.02
Turnover	1,721.12
Profit before taxation	482.22
Provision for taxation	136.61
Profit after taxation	345.61
Proposed Dividend (including dividend distribution tax)	–
Extent of shareholding (in percentage)	**100%**

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KNOWLEDGE TOWNSHIP LIMITED

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Knowledge Township Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report. Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Ind AS Financial Statements

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

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

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

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

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

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

Report on other Legal and Regulatory Requirements

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

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No.: 105102W

Aniruddha Joshi
Partner
Membership No.: 040852

UDIN: 21040852AAAAAR8038
Mumbai, April 16, 2021

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Knowledge Township Limited for the year ended March 31, 2021

1) The Company does not have fixed assets. Hence, para 3(i) of the Order is not applicable to the Company.

2) Company's inventory comprises of Construction work in progress and no material discrepancies were noticed in the same.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2021 on account of sales tax, customs duty, income tax, service tax, GST and cess.

8) The Company has not obtained loans or borrowing from a financial institution, bank or Government. The Company has not raised any money through debentures during the year.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration No.: 105102W

Aniruddha Joshi
Partner
Membership No.: 040852

UDIN: 21040852AAAAAR8038
Mumbai, April 16, 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF Knowledge Township Limited

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

We have audited the internal financial controls over financial reporting of Knowledge Township Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852

UDIN: 21040852AAAAAR8038
Mumbai, April 16, 2021

BALANCE SHEET AS AT 31 MARCH 2021

(₹ in Lakhs)

Particulars	Note No.	As at 31 March 2021	As at 31 March 2020
I ASSETS			
NON-CURRENT ASSETS			
(i) Property, Plant and Equipment	3	**–**	–
(ii) Deferred Tax Assets (Net)		**0.00**	1.30
SUB-TOTAL		**0.00**	1.30
CURRENT ASSETS			
(i) Inventories	5	**3,159.30**	3,147.30
(ii) Financial Assets			
(a) Investments		**–**	–
(b) Cash and Cash Equivalents	6	**59.36**	8.65
(c) Loans & Advances	7	**12.72**	12.72
(iii) Other Current Assets	8	**3,249.85**	3,207.69
SUB-TOTAL		**6,481.23**	6,376.36
TOTAL ASSETS		**6,481.23**	6,377.66
II EQUITY AND LIABILITIES			
1 EQUITY			
(i) Equity Share Capital	9	**4,907.17**	2,100.00
(ii) Other Equity	10	**607.15**	263.54
SUB-TOTAL		**5514.32**	2,363.54
LIABILITIES			
2 NON-CURRENT LIABILITIES			
(i) Financial Liabilities			
(a) Borrowings	11	**771.00**	3,008.00
(ii) Deferred Tax Liabilities (Net)		**–**	–
SUB-TOTAL		**771.00**	3,008.00
3 CURRENT LIABILITIES			
(i) Financial Liabilities			
(a) Borrowings	12	**172.00**	72.00
(b) Trade Payables	13		
- Total Outstanding Dues of Micro Enterpirses and Small Enterprises		**–**	–
- Total Outstanding Dues of Creditors Other than Micro Enterpirses and Small Enterprises		**2.45**	5.50
(c) Other Financial Liabilities	14	**13.01**	920.17
(ii) Current Tax Liabilities (Net)		**8.45**	8.45
SUB-TOTAL		**195.91**	1,006.12
TOTAL		**6,481.23**	6,377.66

Significant Accounting Policies 2

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For B.K.Khare & Co

Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No 040852

Place: Mumbai
Date: 16 April, 2021

For and on behalf of the Board of Directors of Knowledge Township Ltd.

Parveen Mahtani
Director

Suhas Kulkarni
Director

Yadunath S. Dhuri
Company Secretary

Ritesh Tilve
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

(₹ in Lakhs)

Particulars	Note No.	Year ended 31 March 2021	Year ended 31 March 2020
I INCOME			
(a) Revenue from Operation		**–**	–
(b) Other Income	15	**0.41**	2.36
Total Income (a+b)		**0.41**	2.36
II EXPENSES			
(a) Cost of Projects	16	**0.00**	–
(a) Depreciation and amortisation expense	3	**–**	0.03
(b) Other expenses	17	**3.58**	7.34
Total Expenses (a+b)		**3.58**	7.37
III Profit/(loss) before tax (I-II)		**(3.18)**	(5.01)
IV Tax Expense			
(a) Current tax	4	**–**	–
(b) Deferred tax	4	**1.30**	(1.30)
(c) Short Provision for Tax		**–**	–
Total tax expense		**1.30**	(1.30)
V Profit/(loss) after tax (III-IV)		**(4.48)**	(3.71)
VI Other comprehensive income		**–**	–
VII Total comprehensive income for the period (V + VI)		**(4.48)**	(3.71)
VIII Earnings per equity share (for continuing operation):			
(a) Basic Rs. Per share	18	**(0.01)**	(0.02)
(b) Diluted Rs. Per share	18	**(0.01)**	(0.02)

Significant Accounting Policies

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For B.K.Khare & Co

Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No 040852

Place: Mumbai
Date: 16 April, 2021

For and on behalf of the Board of Directors of Knowledge Township Ltd.

Parveen Mahtani
Director

Suhas Kulkarni
Director

Yadunath S. Dhuri
Company Secretary

Ritesh Tilve
Chief Financial Officer

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

(₹ in Lakhs)

	Particulars	Note No.	Year ended 31 March 2021	Year ended 31 March 2020
A	**Cash flows from operating activities**			
	Profit before tax for the year		**(3.18)**	(5.01)
	Adjustments for:			
	Interest Income		**(0.26)**	
	Income tax expense recognised in profit or loss		**–**	–
	Depreciation and amortisation		**–**	0.03
			(3.44)	(4.98)
	Movements in working capital:			
	Increase in trade and other receivables		**–**	–
	(Increase)/decrease in short term loans and advances		**(42.03)**	459.65
	(Increase)/decrease in inventories		**(12.00)**	(627.56)
	(Decrease)/increase in other liabilities		**8.06**	403.67
			(45.97)	235.76
	Cash generated from operations		**(49.41)**	230.77
	Income taxes paid		**(0.15)**	–
	Net cash generated by operating activities		**(49.55)**	230.77
B	**Cash flows from investing activities**			
	Interest received		**0.26**	–
	Net cash (used in)/generated by investing activities		**0.26**	–
C	**Cash flows from financing activities**			
	Proceeds from borrowings		**100.00**	–
	Repayment of borrowings			(328.00)
	Interest paid			
	Net cash used in financing activities		**100.00**	(328.00)
	Net increase in cash and cash equivalents		**50.71**	(97.23)
	Cash and cash equivalents at the beginning of the year		**8.65**	105.87
	Cash and cash equivalents at the end of the year		**59.36**	8.65

Notes:

(a) The above cash flow statement has been prepared under the “Indirect Method” as set out in “Indian Accounting Statdards (IND AS) 7- Statement of Cash Flows”

(b) Also refer note no. 7 - Cash & Cash Equivalents

In terms of our report attached.

For B.K.Khare & Co

Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No 040852

Place: Mumbai
Date: 16 April, 2021

For and on behalf of the Board of Directors of Knowledge Township Ltd.

Parveen Mahtani
Director

Suhas Kulkarni
Director

Yadunath S. Dhuri
Company Secretary

Ritesh Tilve
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. General Information

The company was incorporated on August 16, 2007 and is engaged in the business of development of Knowledge City in Pune, Maharashtra. Its parent and ultimate holding company is Mahindra Lifespace Developers Ltd.

The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Ind-AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.4 Revenue recognition

2.4.1 Revenue from Projects

The Company develops and sells residential and commercial properties. Revenue from contracts is recognized when control over the property has been transferred to the customer. An enforceable right to payment does not arise until the development of the property is completed. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer and the development of the property is completed. The revenue is measured at the transaction price agreed under the contract.

The Company invoices the customers for construction contracts based on achieving a series of performance-related milestones. For certain contracts involving the sale of property under development, the Company offers deferred payment schemes to its customers. The Company adjusts the transaction price for the effects of the significant financing component.

2.4.2 Revenue from Sale of land and other rights

Revenue from Sale of land and other rights is generally a single performance obligation and the Company has determined that this is satisfied at the point in time when control transfers as per the terms of the contract entered into with the buyers, which generally are with the firmity of the sale contracts/agreements. The determination of transfer of control did not change upon the adoption of Ind AS 115.

2.4.3 Contract Costs

Costs to obtain contracts ("Contract costs") relate to fees paid for obtaining property sales contracts. Such costs are recognized as assets when incurred and amortized upon recognition of revenue from the related property sale contract.

2.4.4 Dividend and interest income

Dividend income from investment in mutual funds is recognized when the unit holder's right to receive payment has been established (if it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.6.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.6.3 Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

2.7 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties during construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.8 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than it carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.'

2.9 Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of construction material is determined based on weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest & manpower costs and expenses incidental to the projects undertaken by the Company.

2.10 Provisions

Provisions are recognized when the Company has present obligation (legal or constructive) because of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.11 Employee benefits provisions

Employee benefits provisions are measured and classified into long term and short-term provisions based on Actuarial valuation as per IND AS-19 as on Balance sheet date.

2.12 Financial Instruments

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value .Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

2.13 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2.13.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognized in profit or loss for FVTOCI debt instruments. For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

2.13.2 Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the "Other income" line item.

2.13.3 Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments. A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

2.13.4 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortized cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortized cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL. A financial asset that meets the amortized cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognized when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.13.5 Impairment of financial assets

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognized in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.13.6 Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized based on the relative fair values of those parts.

2.13.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognized in other comprehensive income.
- For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income.

2.14 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.14.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.14.2 Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognized as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible notes using the effective interest method.

2.14.2.1 Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

2.14.2.2 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.
- the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognized in profit or loss. The remaining amount of change in the fair value of liability is always recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognized in profit or loss.

2.14.2.3 Financial Liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.14.2.4 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 18.

2.14.2.5 Commitments to provide a loan at a below-market interest rate

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of Ind AS 18.

2.14.2.6 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 3 - Property, Plant and Equipment

(₹ in Lakhs)

Description of Assets	Office Equipment	Furniture and Fixtures	Total
I. Gross Carrying Amount			
Balance as at 1 April 2019	0.52	0.63	1.14
Additions	–	–	–
Disposals	–	–	–
Balance as at 31 March 2020	**0.52**	**0.63**	**1.14**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2019	0.52	0.60	1.11
Depreciation expense for the year	–	0.03	0.03
Balance as at 31 March 2020	**0.52**	**0.63**	**1.14**
III. Net carrying amount (I-II)	–	–	–

Assets pledged as security and restriction on titles

As on reporting date Company had not pledged any item of PPE as security and there is no restriction on title

Impairment losses recognised in the year:

During the reporting period Company had not recognised any impairment loss on PPE

Method of Depreciations:

Depreciation on tangible fixed assets has been provided on prorata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Note No. 04 - Tax

(a) Current Tax and Deferred Tax

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Current Tax:		
In respect of current year	–	–
In respect of earlier years	–	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**1.30**	(1.30)
In respect of earlier year origination and reversal of temporary differences	**(1.30)**	–
	(0.00)	(1.30)

Note No. 5 - Inventories

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
(b) Work-in-progress	**3,159.30**	3,147.30
Total Inventories (at lower of cost and net realisable value)	**3,159.30**	3,147.30

Note: Inventory mainly represents land and other related expenses

Note No. 6 - Cash and Bank Balances

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Cash and cash equivalents		
(i) Balances with banks	**9.10**	8.65
(ii) Fixed Deposit with Bank (having maturity less than 12 month)	**50.26**	–
Total Cash and cash equivalent	**59.36**	8.65

Note No. 7 - Loans & Advances

(₹ in Lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	Non-Current	Current	Non-Current
a) Other Loans				
- Secured, considered good	–	–	–	–
- Unsecured, considered good	**12.72**	–	12.72	–
- Doubtful	–	–	–	–
Less: Allowance for Credit Losses	–	–	–	–
TOTAL	**12.72**	–	12.72	–

Note No. 8 - Other assets

(₹ in Lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	Non-Current	Current	Non-Current
(a) Capital advances				
(i) Income Accrued & Due	–	–	–	–
(ii) Advance Payment for Income Tax	–	**7.80**	–	9.93
(a) Advances other than capital advances				
(i) Other advances for purchase of Land (Mainly represents advances given to Land Aggregator)	–	**3,234.67**	–	3,190.68
(ii) Others - Balance with Government Authorities	–	**7.38**	–	7.08
	–	**3,249.85**	–	3,207.69

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(₹ in Lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	Non-Current	Current	Non-Current
Total	–	3,249.85	–	3,207.69

Note No. 9 - Equity Share Capital

(₹ in Lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
Equity shares of Rs 10 each with voting rights	50,000,000	5000	50,000,000	5,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs 10 each with voting rights (Refer Note)	49,071,664	4,907.17	21,000,000	2,100
	49,071,664	4907.16641	21,000,000	2100

Note

During the year the Company has converted 2,637 numbers of "Optionally Convertible Debentures" (OCRD) of face value of Rs 1 lac each aggregating to Rs 2,637 lacs and outstanding Interest of Rs 518.25 lacs on Inter Corporate Deposit (ICD) into equity share at a price of Rs 11.24 per equity share. Accordingly a total of 28,071,644 equity shares were issued having face value of Rs 10 per equity share at a premium of Rs 1.24 per equity share. Consequently, Equity Share capital increased by Rs 2807.17 lacs and Securities Premium Reserve of Rs 348.09 lacs created.

Note No. 10 - Other Equity

b. Other Equity

(₹ in Lakhs)

	Other Equity		
	Securities Premium Reserve	Retained Earnings	Total
Opening Balance as on April 01, 2019	–	267.3	267.25
Profit/(Loss) for the period	–	(3.71)	(3.71)
Other Comprehensive Income/(Loss)		–	–
Total Comprehensive Income for the year	–	(3.71)	(3.71)
Balance as at March 31, 2019	–	263.54	263.54
Profit/(Loss) for the period	–	(4.48)	(4.48)
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	–	(4.48)	(4.48)
Issue of Shares at premium (Refer Note 10)	348.09	–	348.09
Balance as at March 31, 2020	348.09	259.06	607.15

Note No. 11 - Non- Current Borrowings

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
A. Unsecured Long Borrowings		
(a) Loans repayable on demand		
(1) From Banks	–	–
(2) Optionally Convertible Redeemable Debentures from Related Parties- MLDL (Refer Note 10)	771.00	3,008.00
Total Current Borrowings	771.00	3,008.00

Note No. 12 - Current Borrowings

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
A. Unsecured Short Term Borrowings		
(a) Loans from Related Parties		
(1) Optionally Convertible Redeemable Debentures from Related Parties	–	–
(2) Inter Corporate Deposit	172.00	72.00
Total Current Borrowings	172.00	72.00

Note No. 13 - Trade Payables

(₹ in Lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	Non Current	Current	Non Current
Trade payable - Micro and small enterprises	–	–	–	–
Trade payable - Other than micro and small enterprises	2.45	–	5.50	–
Total trade payables	2.45		5.50	

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Note No. 14 - Other Financial Liabilities

(₹ in Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Other Financial Liabilities Measured at Amortised Cost		
Current		
(a) Other liabilities		
(1) *Current Maturities of Long Term Secured - Bonds/Debentures (other than matured) (Refer Note 10)*	-	400
(2) *Interest Accrued and due on loan (from related party repayable on demand)*	0.00	518.25
(3) *Interest Accrued and but not due on ICD (from related party repayable on demand)*	13.01	1.93
Total other financial liabilities	13.01	920.17

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 15 - Other Income

(₹ in Lakhs)

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
(a)	Fixed Deposits interest Income	0.26	2.36
(b)	Sale of Current Investments - MF- Realised	–	–
(c)	Others	0.15	–
Total Other Income		0.41	2.36

Note No. 16 - Cost of Projects

(₹ in Lakhs)

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
Cost of Projects			
(a)	***Opening Stock***	3,147.30	2,519.74
	Add:Expenses during the year		
	Land	–	487.94
	Rates & Taxes - Others	–	68.86
	Liasoning /Statutory Fees	–	68.62
	Interest Expense on ICD	12.00	2.14
(b)	*Sub-Total*	12.00	627.56
(c)	***Closing Stock***	3,159.30	3,147.30
Total Cost of Sales (a+b+c)		0.00	–

Note No. 17 - Other Expenses

(₹ in Lakha)

Particulars			For the year ended March 31, 2021	For the year ended March 31, 2020
(a)	Auditors remuneration and out-of-pocket expenses		0.48	0.29
	(i)	As Auditors	0.48	0.29
	(ii)	For Other services	–	–
(b)	Other expenses			
	(i)	Legal and other professional costs	2.66	6.92
	(ii)	Miscellaneous Expenses	0.44	0.13
Total Other Expenses			3.58	7.34

Note No. 18 - Earnings per Share

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit/(loss) for the year attributable to owners of the Company	(448,299)	(370,976)
Weighted average number of equity shares (Refer note 10)	37,405,687	21,000,000
Earnings per share from continuing operations - Basic	(0.01)	(0.02)

Note No. 19 - Financial Instruments

Capital management

The company's capital management objectives are:

To ensure the company's ability to continue as a going concern

To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Debt-to-equity ratio as of 31 March 2021 and 31 March 2020 is as follows:

(₹ in Lakhs)

	31-Mar-21	31-Mar-20
Debt (A)	943.00	3,480.00
Equity (B)	5514.32	2,363.54
Debt Ratio (A/B)	0.17	1.47

Categories of financial assets and financial liabilities

As at 31 March 2021	Amortised Costs	FVTPL	Total
Non-current Assets			
Loans	–	–	–
Current Assets			
Loans & Advances	12.72	–	12.72
Non-current Liabilities			
Borrowings	771.00	–	771.00
Current Liabilities			
Borrowings	172.00	–	172.00
Trade Payables	2.45	–	2.45
Other Financial Liabilities			
– Non Derivative Financial Liabilities	13.01	–	13.01

As at 31 March 2020	Amortised Costs	FVTPL	Total
Current Assets			
Loans	12.72	–	12.72
Non-current Liabilities			
Borrowings	3,008.00	–	3,008.00
Current Liabilities			
Borrowings	72.00	–	–
Trade Payables	5.50	–	5.50
Other Financial Liabilities			
– Non Derivative Financial Liabilities	920.17	–	920.17

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 20 - Equity Share Capital

A. Equity share capital

	(₹ in Lakhs)
As at 31 March 2020	**2,100.00**
Changes in equity share capital during the year	**2,807.17**
As at 31 March 2021	**4,907.17**

Note No. 21 - Related Party Transactions

Discription of Relationship	**Name of Related Party**
Ultimate Holding Company	Mahindra & Mahindra Limited
Parent Company	Mahindra Lifespace Developers Limited
Fellow Subsidiary	Mahindra Industrial Park Private Limited (Earlier known as Industrial Cluster Private Limited)

Nature of transactions with Related Parties	**For the year ended**	**Amount**
Receiveing of Services (Parent Company)	31-Mar-21	0.90
	31-Mar-20	0.90
Interest on Inter Corporate Deposit taken from Parent Company	31-Mar-21	12.00
	31-Mar-20	2.14

Nature of Balances with Related Parties	**Balance as on**	**Amount**
Interest Accrued on Inter Corporate Deposits from Mahindra Life Space Developers Ltd.	31-Mar-21	13.01
	31-Mar-20	518.25
Inter Corporate Deposit (ICD) from Mahindra Lifespace Developers Limited	31-Mar-21	172.00
	31-Mar-20	72.00
Against receiveing of services from Mahindra Lifespace Developers Limited	31-Mar-21	1.06
	31-Mar-20	3.92
Unsecured Optionally Convertible Redeemable Debentures (OCRDs) from Mahindra Life Space Developers Ltd.	31-Mar-21	–
	31-Mar-20	2,237
Unsecured Optionally Convertible Redeemable Debentures (OCRDs)- III- from Mahindra Industrial Park Private Limited (Earlier known as Industrial Cluster Private Limited)	31-Mar-21	771
	31-Mar-20	771

Note - 22 - Micro Small and Medium Enterprises Development Act 2006

The amount due to Micro and Small Enterprises as defined in the " Micro, Small and Medium Enterprises Development, Act, 2006"

Disclosures required under Section22 of the Micro Small and Medium Enterprises Development Act 2006

Particulars		**31-Mar-21**	31-Mar-20
(i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
	– Principal amount due to micro and small enterprises	–	–
	– Interest due on above	–	–
(ii)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	–	–
(iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	–	–
(iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	–	–
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	–	–

Note No. 23- Segment Reporting

The Company operates in one segment namely Project and Development activity, hence separate segment reporting has not been made under Indian Accounting Standard (Ind- AS 108)-"Operating Segment". The operation of company comprises a single geographical segment, India.

Note No. 25- Comparitives

The figures for previous year have been regrouped wherever necessary to conform to current year's classification.

For and on behalf of the Board of Directors of Knowledge Township Ltd.

For B.K.Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Parveen Mahtani
Director

Suhas Kulkarni
Director

Aniruddha Joshi
Partner
Membership No.: 040852

Yadunath S. Dhuri
Company Secretary

Ritesh Tilve
Chief Financial Officer

Place: Mumbai
Date: 16,April, 2021

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
MAHINDRA RESIDENTIAL DEVELOPERS LIMITED

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of Mahindra Residential Developers Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "the Financial Statements").

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

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Information other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report and the related annexures, but does not include the Financial Statements and our Auditors' Report thereon.

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

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

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

Responsibilities of management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India.

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Financial Statements

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

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

We also:

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

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

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

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

Report on other Legal and Regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
   (f) With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Financial Statements.
   (g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year and hence provisions of Section 197 of the Companies Act, 2013 are not applicable.
   (h) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to

the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements (Refer Note 25 to the Financial Statements) .

(ii) The Company did not have any long- term contracts which has any material foreseeable losses. The Company did not have any derivative contracts.

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration Number 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN: 21204764AAAABB7624

Place: Chennai
Date: April 19, 2021

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

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

Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Financial Statements of Mahindra Residential Developers Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

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

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration Number 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN: 21204764AAAABB7624

Place: Chennai
Date: April 19, 2021

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of the Property, Plant and Equipment.

(b) The Property, Plant and Equipment were physically verified during the year by the Management and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immoveable properties of freehold or leasehold land and building and hence reporting under clause 3(i)(c) of the Order is not applicable to the Company.

(ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of title deeds, site visits by the Management and certification of extent of work completion by competent persons, are done at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company had granted unsecured loans to Companies covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of which:

a) The terms and conditions of the grant of such loans were, in our opinion, prima facie, not prejudicial to the Company's interest.

b) The schedule of repayment of principal and payment of interest were stipulated and the repayments or receipts of principal amounts and interest have been regular as per stipulations and there are no overdues.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act with respect to loans granted, guarantees provided and investments made by the Company. The Company has not provided any security during the year to the parties covered under Sections 185 and 186 of the Act.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under subsection (1) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Income-tax, Goods and Services Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Goods and Services Tax, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) The details of dues of Income –tax which have not been deposited as on March 31, 2021 on account of disputes are given below

Name of the Statue	Nature of dues	Forum where dispute is pending	Period to which Amount relates	Amount unpaid (Rs. in Lakhs)
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	AY 2012-13 to AY 2014-15	365.77

(viii) In our opinion and according to the information and explanations given to us, the Company has not taken any loans or borrowings from banks, financial institutions and government or has issued any debentures. Accordingly, the reporting under clause 3(viii) of the Order is not applicable to the Company.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans. Accordingly, the reporting under clause 3(ix) of the Order is not applicable to the Company.

(x) During the course of our examination of books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid / provided any managerial remuneration. Accordingly, the reporting under clause 3(xi) of the Order is not applicable to the Company.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Financial Statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures, specified under Section 133 of the Act.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting under clause 3(xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them during the year and hence provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi) of the Order is not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm’s Registration Number 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN: 21204764AAAABB7624

Place: Chennai
Date: April 19, 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
I ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	3	**8.65**	10.09
(b) Financial Assets			
(i) Other Financial Assets	4	**23.54**	23.17
(c) Deferred Tax Assets	5	**87.79**	145.37
(d) Other Non-current Assets	6	**816.51**	825.69
Total Non - Current Assets		**936.49**	1,004.32
CURRENT ASSETS			
(a) Inventories	7	**3,057.58**	4,195.48
(b) Financial Assets			
(i) Trade Receivables	8	**76.04**	727.49
(ii) Cash and Cash Equivalents	9	**1,405.75**	115.24
(iii) Bank balances other than (ii) above	9	**70.50**	98.96
(iv) Loans	10	**4,500.00**	4,595.00
(v) Other Financial Assets	4	**95.17**	75.99
(c) Other Current Assets	6	**526.04**	556.77
Total Current Assets		**9,731.08**	10,364.93
Total Assets		**10,667.57**	11,369.25
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	11	**25.00**	25.00
(b) Other Equity	12	**9,459.55**	9,113.94
Total Equity		**9,484.55**	9,138.94
LIABILITIES			
2 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Trade Payables	13		
total outstanding dues of micro enterprises and small enterprises		**51.68**	100.87
total outstanding dues of creditors other than micro enterprises and small enterprises		**822.11**	884.00
(ii) Other Financial Liabilities	14	**47.58**	81.98
(b) Provisions	15	**68.52**	56.78
(c) Other Current Liabilities	16	**193.13**	1,106.68
Total Current Liabilities		**1,183.02**	2,230.31
Total Liabilities		**1,183.02**	2,230.31
Total Equity and Liabilities		**10,667.57**	11,369.25
Summary of Significant Accounting Policies	2		

The accompanying notes 1 to 35 are an integral part of these financial statements

In terms of our report attached

For **B K Khare & Co.**

Chartered Accountants

P. Shankar Raman
Partner

Place: Chennai
Date: 19th April, 2021

For and on behalf of the Board of Directors

Mahindra Residential Developers Limited

Vaibhav Mittal
(DIN:02905926)

Sanjay Ramakant Nadkarni
(DIN:05330736)

Vimal Agarwal
(DIN:07296320)

Place: Chennai
Date: 19th April, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

Particulars	Note No.	**Year ended 31st March, 2021**	Year ended 31st March, 2020
INCOME			
Revenue from operations	17	**1,721.12**	5,365.92
Other Income	18	**443.87**	310.38
Total Income		**2,164.99**	5,676.30
EXPENSES			
Cost of Sales	19	**1,351.61**	3,945.79
Finance costs	20	**7.36**	35.45
Depreciation expense	3	**1.44**	1.44
Other expenses	21	**322.36**	851.79
Total Expenses		**1,682.77**	4,834.47
Profit before tax		**482.22**	841.83
Tax Expense			
Current tax	22	**125.83**	200.67
Deferred tax	22	**10.78**	38.61
Total tax Expense		**136.61**	239.28
Profit after tax for the year		**345.61**	602.55
Other Comprehensive Income		**–**	–
Other Comprehensive Income		**–**	–
Total Comprehensive Income		**345.61**	602.55
Earnings per equity share (of face value Rs. 10/-each):			
Basic/Diluted (in Rs.)	24	**138.24**	241.02
Summary of Significant Accounting Policies	2		

The accompanying notes 1 to 35 are an integral part of these financial statements

In terms of our report attached
For **B K Khare & Co.**
Chartered Accountants

P. Shankar Raman
Partner

Place: Chennai
Date: 19th April, 2021

For and on behalf of the Board of Directors
Mahindra Residential Developers Limited

Vaibhav Mittal
(DIN:02905926)

Sanjay Ramakant Nadkarni
(DIN:05330736)

Vimal Agarwal
(DIN:07296320)

Place: Chennai
Date: 19th April, 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

Particulars	**Year ended 31st March, 2021**	Year ended 31st March, 2020
Cash flows from operating activities		
Profit before tax	**482.22**	841.83
Adjustments for:		
Finance costs	**7.36**	35.45
Interest Income	**(432.57)**	(259.01)
Depreciation	**1.44**	1.44
Movements in working capital:		
Decrease in trade and other receivables	**651.45**	240.73
Decrease in inventories	**1,137.90**	4,052.33
Decrease in other assets	**30.73**	142.92
Decrease in other Financial Assets	**2.53**	0.07
Decrease in trade and other payables	**(111.08)**	(490.16)
Decrease in financial liabilities	**(34.40)**	(29.04)
Decrease in other liabilities	**(5.50)**	(35.25)
Decrease in deferred revenue	**(908.05)**	(1,189.56)
Increase in provisions	**11.74**	34.46
Cash generated from operations	**833.77**	3,346.21
Income taxes paid (Net)	**(69.85)**	(290.78)
Net cash generated from operating activities	**763.92**	3,055.43
Cash flows from investing activities		
Interest received	**410.49**	193.35
Bank balances not considered as Cash and Cash Equivalents	**28.46**	33.58
Inter-corporate deposits given to related parties	**(2,900.00)**	(5,495.00)
Inter-corporate deposits repaid by related parties	**2,995.00**	900.00
Net cash generated from/ (used in) investing activities	**533.95**	(4,368.07)
Cash flows from financing activities		
Dividend paid (including Dividend Distribution Tax)	**–**	(189.27)
Interest paid	**(7.36)**	(35.45)
Net cash used in financing activities	**(7.36)**	(224.72)
Net increase/(decrease) in cash and cash equivalents	**1,290.51**	(1,537.36)
Cash and cash equivalents at the beginning of the year	**115.24**	1,652.60
Cash and cash equivalents at the end of the year (Refer Note no 9)	**1,405.75**	115.24

The above Cash Flow Statement has been prepared under the "indirect method" as set out in 'Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flows'.

Summary of Significant Accounting Policies - 2

The accompanying notes 1 to 35 are an integral part of these financial statements

In terms of our report attached

For **B K Khare & Co.**

Chartered Accountants

P. Shankar Raman
Partner

Place: Chennai
Date: 19th April, 2021

For and on behalf of the Board of Directors

Mahindra Residential Developers Limited

Vaibhav Mittal
(DIN:02905926)

Sanjay Ramakant Nadkarni
(DIN:05330736)

Vimal Agarwal
(DIN:07296320)

Place: Chennai
Date: 19th April, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

	Share Capital	Other Equity			
	Equity Share Capital	Securities Premium	Capital Redemption Reserves	Retained Earnings	Total
Balance as at 1st April, 2019	25.00	5,435.33	1.00	3,264.33	8,700.66
Profit for the year	–	–	–	602.55	602.55
Dividend paid (includes Dividend Distribution Tax of Rs. 32.27 lakhs)	–	–	–	(189.27)	(189.27)
Balance as at 31st March, 2020	25.00	5,435.33	1.00	3,677.61	9,113.94

	Share Capital	Other Equity			
	Equity Share Capital	Securities Premium	Capital Redemption Reserves	Retained Earnings	Total
Balance as at 1st April, 2020	25.00	5,435.33	1.00	3,677.61	9,113.94
Profit for the year				345.61	345.61
Balance as at 31st March, 2021	**25.00**	**5,435.33**	**1.00**	**4,023.22**	**9,459.55**

Summary of Significant Accounting Policies - 2

The accompanying notes 1 to 35 are an integral part of these financial statements

The accompanying notes 1 to 35 are an integral part of these financial statements

In terms of our report attached

For **B K Khare & Co.**

Chartered Accountants

P. Shankar Raman
Partner

Place: Chennai
Date: 19th April, 2021

For and on behalf of the Board of Directors

Mahindra Residential Developers Limited

Vaibhav Mittal
(DIN:02905926)

Sanjay Ramakant Nadkarni
(DIN:05330736)

Vimal Agarwal
(DIN:07296320)

Place: Chennai
Date: 19th April, 2021

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

1. General Information

Mahindra Residential Developers Limited ("the Company") was incorporated on February 1, 2008.

The Company is a Co-developer, approved under Special Economic Zone Act, 2005, engaged in development of township including residential infrastructure in Mahindra World City SEZ and giving it on perpetual lease. The address of its registered office and principal place of business is Administrative Block, Central Avenue, Mahindra World City, Chengalpet, Kancheepuram – 603 002.

The level of activity carried out by the Company depends on the number of projects handled and accordingly the revenue from operations may not be comparable on a year-to-year basis.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of Act.

2.2 Basis of measurement

2.2.1 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.2.2 Measurement of Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis as applicable, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IND AS 2- Inventories or value in use in IND AS 36-Impairment of Assets

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.3 Revenue from Contracts and Customers

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.3.1 Revenue from Projects

The Company develops and sells residential and commercial properties. Revenue from contracts is recognised when control over the property has been transferred to the customer. An enforceable right to payment does not arise until the development of the property is completed. Therefore, revenue is recognised at a point in time i.e Completed contract method of accounting as per IND AS 115 when (a)the seller has transferred all significant risks and rewards of ownership and the seller retains no effective control of the real estate to a degree usually associated with the ownership, (b) The seller has effectively handed over the possession of the real estate unit to the buyer forming part of the transaction; (c) No significant uncertainty exists regarding the amount of consideration that will be derived from real estate sales; and (d) it is not unreasonable to expect ultimate collection of revenue from buyers. The revenue is measured at the transaction price agreed under the contract.

The Company invoices the customers for construction contracts based on achieving a series of performance-related milestones.

For certain contracts involving the sale of property under development, the Company offers deferred payment schemes to its customers. The Company adjusts the transaction price for the effects of the significant financing component.

2.3.2 Contract Costs

Costs to obtain contracts ("Contract costs") relate to fees paid for obtaining property sales contracts. Such costs are recognised as assets when incurred and amortised upon recognition of revenue from the related property sale contract.

2.3.3 Significant accounting judgements, estimates and assumptions

2.3.3.1 Determining the timing of revenue recognition on the sale of completed and under development property

The Company has generally evaluated and concluded that based on an analysis of the rights and obligations under the terms of the contracts relating to the sale of property, the revenue is to be recognised at a point in time when control transfers which coincides with receipt of Occupation Certificate. The Company has concluded that the overtime criteria are not met owing to non-enforceable right to payment for performance completed to date and, therefore, recognises revenue at a point in time.

2.3.3.2 Determination of performance obligations

With respect to the sale of property, the Company has concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property is to undertake development of property and obtaining the Occupation Certificate. Generally, the Company is responsible for all these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Company accounts for them as a single performance obligation because they are not distinct in the context of the contract.

2.3.4 Dividend and interest income

Dividend income from investments in mutual funds is recognised when the unit holder's right to receive payment has been established.

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

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

2.4 Current versus non-current classification

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Based on the nature of activity carried out by the Company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 5 years for the purpose of Current – Non Current classification of assets and liabilities.

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Borrowings are classified as current if they are due to be settled within 12 months after the reporting period.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rate that has been enacted or substantively enacted by the end of the reporting period.

2.6.2 Minimum Alternate Tax

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

2.6.3 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.6.4 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.7 Property, plant and equipment (PPE)

PPE are stated in the balance sheet at cost less accumulated depreciation.

Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss. PPE held for disposal are valued at estimated net realizable value.

Depreciation on PPE has been provided on pro-rata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Lease hold improvements are amortised over the period of lease/ estimated period of lease.

2.8 Impairment of PPE

At the end of each reporting period, the Company reviews the carrying amounts of its PPE to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in statement of profit and loss.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

2.9 Inventories

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest and manpower costs and expenses incidental to the projects undertaken by the Company.

2.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.12 Foreign currencies

Transactions in foreign currencies i.e. other than the Company's functional currency are recognised at the rates of exchange prevailing at the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Exchange differences on monetary items are recognised in statement of profit and loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into in order to hedge certain foreign currency risks.

2.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) because of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2.14 Contingent liabilities

Contingent liability is disclosed in case of:

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

b) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets

Contingent assets are disclosed where an inflow of economic benefits is probable.

2.15 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit and loss.

2.15.1 Classification and subsequent measurement

2.15.1.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured at either amortised cost or fair value depending on their respective classification.

On initial recognition, a financial asset is classified as - measured at:

– Amortised cost; or

– Fair Value through Other Comprehensive Income (FVTOCI) - debt investment; or

– Fair Value through Other Comprehensive Income (FVTOCI) - equity investment; or

– Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit and loss. Any gain and loss on derecognition is recognised in the statement of profit and loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Debt investment at FVTOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in Other Comprehensive Income (OCI). On derecognition, gains and losses

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

accumulated in OCI are reclassified to statement of profit and loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVTOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to statement of profit and loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for medium or long term strategic purpose.

Equity investments that are not designated as measured at FVTOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in statement of profit and loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

2.15.1.2 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

2.15.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

2.16 Earnings per Share

Basic / Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

2.17 Goods and Services tax input credit

Goods and Services tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

2.18 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 1, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements based on estimates and assumptions, which have the significant effect on the amounts recognised in the financial statements.

(a) Determination of the timing of revenue recognition on the sale of completed and under development property

The Company has evaluated and generally concluded that the recognition of revenue over the period of time criteria are not met owing to non-enforceable right to payment for performance completed to date and, therefore, recognises revenue at a point in time. The Company has further evaluated and concluded that based on the analysis of the rights and obligations under the terms of the contracts relating to the sale of property, the revenue is to be recognised at a point in time when control transfers which coincides with receipt of Occupation Certificate.

(b) Determination of performance obligation

With respect to the sale of property, the Company has evaluated and concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property is to undertake development of property and obtaining the Occupation Certificate. Generally, the Company is responsible for all these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Company accounts for them as a single performance obligation because they are not distinct in the context of the contract.

(c) Taxes

Deferred tax assets are recognised for temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

Note No. 3 - Property Plant and Equipment

Description of Assets	Office Equipments	Total
I. Gross Carrying Amount		
Balance as at 1st April, 2020	11.53	11.53
Additions		–
Balance as at 31st March, 2021	**11.53**	**11.53**
II. Accumulated depreciation		
Balance as at 1st April, 2020	1.44	1.44
Depreciation expense for the year	1.44	1.44
Balance as at 31st March, 2021	**2.88**	**2.88**
III. Net carrying amount as at 31st March, 2021 (I-II)	**8.65**	**8.65**

Description of Assets	Office Equipments	Total
I. Gross Carrying Amount		
Balance as at 1st April, 2019	–	–
Additions	11.53	11.53
Balance as at 31st March, 2020	**11.53**	**11.53**
II. Accumulated depreciation		
Balance as at 1st April, 2019	–	–
Depreciation expense for the year	1.44	1.44
Balance as at 31st March, 2020	**1.44**	**1.44**
III. Net carrying amount as at 31st March, 2020 (I-II)	**10.09**	**10.09**

Note No. 4 -Other Financial Assets

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Current	Non-Current	Current	Non-Current
A) Security Deposits				
– Unsecured, considered good	**0.77**	**23.54**	3.67	23.17
TOTAL (A)	**0.77**	**23.54**	3.67	23.17
B) Interest Receivable				
Interest accrued on deposits	**10.12**	–	7.84	–
Interest on Loans and Advances (Refer Note no 10)	**84.28**	–	64.48	–
TOTAL (B)	**94.40**	–	72.32	–
GRAND TOTAL	**95.17**	**23.54**	75.99	23.17

Note No. 5 - Deferred Tax Assets

Particulars	For the Year ended 31st March, 2021			
	Opening Balance	Utilisation for the year	Recognised in profit and Loss	Closing Balance
Tax impact of adjustment pursuant INDAS 115	**10.78**	–	(10.78)	0.00
Minimum Alternate Tax (MAT)	**134.59**	**(46.80)**		87.79
Net Deferred Tax Asset	**145.37**	**(46.80)**	(10.78)	87.79

Particulars	For the Year ended 31st March, 2020			
	Opening Balance	Utilisation for the year	Recognised in profit and Loss	Closing Balance
Tax impact of adjustment pursuant INDAS 115	49.39	–	(38.61)	10.78
Minimum Alternate Tax (MAT)	209.23	(74.64)		134.59
Net Deferred Tax Asset	258.62	(74.64)	(38.61)	145.37

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

Note No. 6 - Other Assets

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non-Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current
(a) Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	**522.13**	–	535.02	–
(ii) Other advances (Mobilisation and Material Advances)	**3.21**	–	16.19	–
(b) Advance income tax - (Net of Provision for Tax as on 31st March, 2021 Rs. 2,191.37 lakhs, 31st March, 2020 Rs. 2,112.34 lakhs,)*	–	**816.51**	–	825.69
(c) Prepaid Expenses	**0.70**		5.56	
	526.04	**816.51**	556.77	825.69

* Includes amount Rs. 746.30 lakhs paid under protest.(As at 31st March, 2020 Rs. 746.30 Lakhs)

Note No. 7 - Inventories

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Construction Materials	**245.66**	250.32
(b) Construction Work-in-Progress	**2,547.83**	2,316.63
(c) Finished Goods	**264.09**	1,628.53
Total Inventories (at lower of cost and net realisable value)	**3,057.58**	4,195.48

* Construction Work-in-Progress represents materials at site and unbilled costs on the projects. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/ or write off of costs carried to inventory are made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein.

Construction materials primarily comprises of include Steel, Cement, Chrome Plated & Sanitary Fixtures and UPVC windows.

The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 1,351.61 lakhs (FY 19-20 - Rs. 3,945.79 lakhs).

Based on detailed assessment and evaluation of impact of the COVID-19 epidemic, the management concluded that realisable value of these inventories will not be lower than the carrying value.

Note No. 8 - Trade Receivables

	As at 31st March, 2021 Current	As at 31st March, 2020 Current
Trade receivables		
Unsecured, considered good	**76.04**	727.49
Total	**76.04**	727.49

Refer Note 26 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related financial instrument disclosures.

The average credit period is in the range of 7-31 days on lease of residential property as per the agreement with customers.

Note No. 9 - Cash and Bank Balances

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash and cash equivalents		
(a) Balances with banks		
in Current Accounts	**75.75**	11.87
in Cash Credit account	–	3.37
Deposits with original maturity of less than three months	**1,330.00**	100.00
Total Cash and cash equivalents (considered in Statement of Cash Flows)	**1,405.75**	115.24
Bank Balances other than Cash and cash equivalents		
– in Current Accounts - earmarked*	–	2.46
– Earmarked Deposit account with scheduled banks#	**70.50**	96.50
Total Other Bank balances	**70.50**	98.96

* Required to be set aside and kept in separate bank account under Tamilnadu Real Estate(Regulation and Development) Act, 2016.

\# Earmarked balances with banks refers to Fixed Deposits with bank created out of Corpus and Advance maintenance Charges collected from customers.

Note No. 10 - Loans

Particulars	As at 31st March, 2021	As at 31st March, 2020
Loans to related parties* (Refer note 28)	**4,500.00**	4,595.00
Total Loans	**4,500.00**	4,595.00

* The Inter Corporte Deposits are given to to meet working capital requirement at an interest rate of 8.3% - 8.5% pa. The loan is unsecured and repayable on demand.

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All amounts are in Rupees Lakhs unless otherwise stated

Note No. 11 - Equity Share Capital

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
Equity shares of Rs. 10 each with voting rights	**4,50,000**	**45.00**	4,50,000	45.00
Issued, Subscribed and Fully Paid up:				
Equity shares of Rs. 10 each with voting rights	**2,50,000**	**25.00**	2,50,000	25.00
Total	**2,50,000**	**25.00**	2,50,000	25.00

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Fresh Issue	Bonus	Other Changes	Closing
(a) Equity Shares with Voting rights*					
Year Ended 31st March, 2021					
No. of Shares	**2,50,000**	**–**	**–**	**–**	**2,50,000**
Amount in Lakhs	**25.00**	**–**	**–**	**–**	**25.00**
Year Ended 31st March, 2020					
No. of Shares	2,50,000	–	–	–	2,50,000
Amount in Lakhs	25.00	–	–	–	25.00

* **Terms/ rights attached to equity shares**: The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share. Dividends are paid in Indian Rupees. The dividends proposed by the Board of Directors are subject to the approval of the shareholders at the Annual General Meeting. Repayment of capital will be in proportion to the number of equity shares held.

(ii) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31st March, 2021 No.	As at 31st March, 2021 % holding in the class	As at 31st March, 2020 No.	As at 31st March, 2020 % holding in the class
Equity shares with voting rights:-				
Mahindra Integrated Township Limited, Holding Company	**2,50,000**	**100.00%**	2,50,000	100.00%

(iii) Details of shares held by the holding company:

Particulars	No. of Shares Equity Shares with Voting rights
As at 31st March, 2021	
Mahindra Integrated Township Limited, Holding Company	**2,50,000**
As at 31st March, 2020	
Mahindra Integrated Township Limited, Holding Company	2,50,000

Note No. 12 - Other Equity

Note No. 12a - Other Equity

Particulars	As at 31st March, 2021	As at 31st March, 2020
Securities premium	**5,435.33**	5,435.33
Capital Redemption Reserve	**1.00**	1.00
Retained earnings	**4,023.22**	3,677.61
	9,459.55	9,113.94

Note No. 12b - Other Equity

Particulars	Securities Premium	Capital Redemption Reserves	Retained Earnings	Total
Balance as at 1st April, 2020	5,435.33	1.00	3,677.61	9,113.94
Profit for the year	–	–	345.61	345.61
Balance as at 31st March, 2021	**5,435.33**	**1.00**	**4,023.22**	**9,459.55**

Retained Earnings: This reserve represents cumulative profits of the Company. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.

Securities Premium: The Securities Premium is created on issue of shares at a premium. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.

Capital Redemption Reserve: The Capital Redemption Reserve was created against redemption of Preference Shares.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

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Note No. 13 - Trade Payables

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade payables		
- total outstanding dues of micro enterprises and small enterprises (Refer Note 31 (i))	51.68	100.87
- total outstanding dues of creditors other than micro enterprises and small enterprises	734.50	802.30
Retention Payable	87.61	81.70
Total Trade Payables	**873.79**	984.87

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Trade Payables include Rs. 430.22 Lakhs (Rs. 330.22 Lakhs as on 31st March, 2020) payable to Gannon Dunkerley & Co Ltd (GDCL)- a vendor. The Vendor in the earlier years had gone for arbitration against the Company due to termination of their contract on account of non performance. There were claims and counter claims made by both parties.

During the current year the arbitration panel has passed the award which is partially unfavourable to the Company. The Company has made an assessment of the estimated outflow based on a legal opinion on the award and has accordingly created an additonal provison of Rs. 100.00 Lakhs during the year. (Also refer Note 25b)

The average credit period is in the range of 7-31 days as per the agreement with Contractors/Suppliers.

Note No. 14 - Other Financial Liabilities

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current		
Deposits from Customers*	**47.58**	81.98
Total Other Financial Liabilities	**47.58**	81.98

* Refers to amount collected from customers towards "Advance maintenance and Corpus fund". Out of the funds collected, the Company has invested in earmarked deposit accounts with banks (Refer Note 9)

Note No. 15 - Provisions

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current		
Defect Liability Provision	**68.52**	56.78
Total Provisions	**68.52**	56.78

Details of movement in Other Provisions is as follows:

Particulars	Defect Liability Provision
Balance as at 1st April, 2019	22.32
Additional provisions recognised	34.46
Balance as at 31st March, 2020	56.78
Balance as at 1st April, 2020	56.78
Additional provisions recognised	11.74
Balance as at 31st March, 2021	**68.52**

Defect Liability Provision:

Provision for defect liability represents present value of management's best estimate of the future outflow of economic resources that will be required in respect of residential units given under perpetual lease, the estimated cost of which is accrued during the period of construction. Management estimates the related provision for future defect liability claims based on historical cost of rectifications and is adjusted regularly to reflect new information. The residential units are generally covered under a the defect liability period limited to 5 year from the date of handover of residential units. It is expected that most of these costs will be incurred within two years from the reporting date.

Note No. 16 - Other Current Liabilities

Particulars	As at 31st March, 2021	As at 31st March, 2020
a. Advances received from customers (under Construction Contracts)	**32.58**	34.91
b. Deferred Revenue	**157.90**	1,065.95
c. Statutory dues		
– taxes payable (other than income taxes)	**2.65**	5.82
Total Other Current Liabilities	**193.13**	1,106.68

Note No. 17 - Revenue from Operations

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Income from projects (Refer note no. 30)	**1,683.82**	5,348.64
Income from cancellation of Units	**37.30**	17.28
Total Revenue from Operations	**1,721.12**	5,365.92

Note No. 18 - Other Income

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Interest Income on Financial assets that are not designated as Fair Value through Profit and Loss	**440.80**	303.73
Inter Corporate Deposits (Refer note no 10)	**415.37**	182.39
Bank Deposits	**17.20**	76.62
Others*	**8.23**	44.72
Other income	**3.07**	6.65
Total Other Income	**443.87**	310.38

* Other Interest Income includes interest income on account of financing component involved in contracts with customers and interest charged on late payment received from customers

Note No. 19 Cost of Sales

Cost of Projects

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Inventories at the beginning of the year:		
Construction Materials	**250.32**	300.46
Construction Work-in-progress	**2,316.63**	2,761.05
Finished goods	**1,628.53**	5,186.30
Sub Total (A)	**4,195.48**	8,247.81
Add: Expenses incurred during the year		
Land and Construction Costs	**45.41**	24.20
Architect & Consultant Fees	**7.75**	1.75
Project Management Fees	**48.90**	48.17
Other Expenses	**11.65**	1.92

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

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Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Sub Total (B)	**113.71**	76.04
Provisions/(Reversal) -(Refer note no 13)	**100.00**	(182.58)
Inventories at the end of the year:		
Construction Materials	**(245.66)**	(250.32)
Construction Work-in-progress	**(2,547.83)**	(2,316.63)
Finished goods	**(264.09)**	(1,628.53)
Sub Total (C)	**(3,057.58)**	(4,195.48)
Total (A + B + C)	**1,351.61**	3,945.79

Note No. 20 - Finance Costs

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Interest Expense	**7.36**	35.45
Total Finance Costs	**7.36**	35.45

Note No. 21 - Other Expenses

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Rent including lease rentals	**4.36**	4.01
Rates and taxes	**79.70**	120.72
Repairs and maintenance - Others	**54.87**	262.39
Advertisement and Marketing	**41.04**	190.90
Commission on sales / contracts	**21.63**	62.46
Travelling and Conveyance Expenses	**4.29**	18.49
Defect liability (net)	**11.74**	34.46
Expenditure on corporate social responsibility (CSR)*	**12.14**	4.79
Staff Deputation Costs	**43.11**	56.58
Auditors remuneration and out-of-pocket expenses		
As Statutory Auditors	**4.00**	3.25
For Other services	**2.10**	2.10
Legal and other professional costs	**37.47**	80.37
Other General Expenses	**5.91**	11.27
Total Other Expenses	**322.36**	851.79

* Details of expenditure on Corporate Social Responsibility

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Sanitation	**6.07**	2.39
Contribution to approved NGO (Nanhi Kali foundation)	**6.07**	2.40
Total CSR Expense	**12.14**	4.79

Note No. 22 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Current Tax:		
In respect of current year	**125.83**	200.67
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**10.78**	38.61
Total income tax expense on continuing operations	**136.61**	239.28

(b) Reconciliation of estimated income tax expense at tax rate to income tax expense reported in statement of profit and loss is as follows:

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Profit before tax from continuing operations	**482.22**	841.83
Income tax expense calculated at 27.82%	**134.15**	234.20
Others	**2.46**	0.95
Deferred Tax	–	4.13
Income tax expense recognised in statement of profit and loss	**136.61**	239.28

(c) Amounts on which deferred tax asset has not been created:

Deferred tax assets(MAT Credit) have not been recognised based on the analysis and judgement of the management of the profitability of the existing projects on hand / pipeline and in accordance with the accounting policy consistently followed by the Company and the balance as given below have not been recognised.

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unused tax credits -MAT (with year of expiry of the MAT credit)		
– MAT Credit of FY 2011-12 (Expiry-2026-27)	**63.12**	63.12
– MAT Credit of FY 2012-13 (Expiry-2027-28)	**219.44**	219.44
– MAT Credit of FY 2013-14 (Expiry-2028-29)	**870.18**	870.18
– MAT Credit of FY 2014-15 (Expiry-2029-30)	**272.26**	272.26
– MAT Credit of FY 2015-16 (Expiry-2030-31)	**32.94**	32.94
– MAT Credit of FY 2017-18 (Expiry-2032-33)	**49.60**	49.60
Total	**1,507.54**	1,507.54

Note No. 23 - Segment Reporting

Business segments

The Company operates in only one business segment, i.e. 'lease of land and properties constructed thereon' based on the nature of the services and products, the risks and returns etc. This has been determined in the manner consistent with the internal reporting provided to the Director regarded as the Chief Operating Decision Maker ("CODM"). The Company operates only in India. The conditions prevailing in India being uniform, no separate geographical disclosure within India is considered necessary.

Note No. 24 - Earnings per Share

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Profit for the year attributable to owners of the Company	**345.61**	602.55
Weighted average number of equity shares (in Nos)	**2,50,000**	2,50,000
Basic and Diluted Earning per share (in face value of Rs. 10/- per share) (in Rs.)	**138.24**	241.02

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

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Note No. 25 - Contingent liabilities

a. Income Taxes

Particulars	As at 31st March, 2021	As at 31st March, 2020
Contingent liabilities (to the extent not provided for)		
Income tax demands (to the extent not recognised in the books)		
FY 2011-12 (Assessment Year 2012-13)	**121.05**	121.05
FY 2012-13 (Assessment Year 2013-14)	**121.39**	121.39
FY 2013-14 (Assessment Year 2014-15)	**869.63**	869.63
Total	**1,112.07**	1,112.07

b. Others

Particulars	As at 31st March, 2021	As at 31st March, 2020
Contingent Liabilities to the extent not provided		
Arbitration		
Claims awarded by the Arbitrator to a civil contractor in respect of Aqualily project , in respect of which the company is in the process of filing an appeal in Hon'ble High Court of Madras. (Also refer Note 13)	**143.00**	–

The above amounts are based on demand raised, which the Company is contesting with the concerned authorities. Outflows, if any, arising out of this claim would depend on the outcome of the decision of the appellate authorities, Courts and Company's rights for future appeals.

Note No. 26 - Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company is not subject to externally enforced capital regulation.

Categories of financial assets and financial liabilities

				As at 31st March, 2021
Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Financial Assets Measured at Amortised Cost	23.54	–	–	23.54
Current Assets				
Trade Receivables	76.04	–	–	76.04
Cash and Cash equivalents	1,405.75	–	–	1,405.75
Bank Balances other than above	70.50	–	–	70.50
Loans & Other Financial Assets	4,595.17	–	–	4,595.17
	6,171.00	–	–	6,171.00
Current Liabilities				
Trade Payables	873.79	–	–	873.79
Other Financial Liabilities	47.58			47.58
	921.37	–	–	921.37

				As at 31st March, 2020
Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Financial Assets Measured at Amortised Cost	23.17	–	–	23.17
Current Assets				
Trade Receivables	727.49	–	–	727.49
Cash and Cash equivalents	115.24			115.24
Bank Balances other than above	98.96			98.96
Financial Assets measured at Amortised Cost	4,670.99	–	–	4,670.99
	5,635.85	–	–	5,635.85
Current Liabilities				
Borrowings				
Trade Payables	984.87	–	–	984.87
Other Financial Liabilities				
– Non Derivative Financial Liabilities	81.98	–	–	81.98
	1,066.85	–	–	1,066.85

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from trade receivables, cash and cash equivalents, mutual Funds and other financial assets.

(ii) Trade Receivables:

The Company's trade receivables include receivables on lease of residential flats and rent maintenance receivable. As per the Company's flat handover policy, a flat is handed over to a customer only upon payment of entire amount of consideration. The rent maintenance receivables are secured by security deposits obtained under the lease agreement. Thus, the Company is not exposed to any credit risk on receivables from sale of residential flats and rent receivables. However owing to COVID-19 pandemic outbreak the Company expects considerable slow down in collections of existing receivables and delay in billing further milestones owing to lockdown.

(iii) Cash and Cash Equivalents & Other Financial Assets

For banks and financial institutions, only high rated banks/institutions are accepted. The Company holds cash and cash equivalents with bank and financial institution counterparties, which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

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LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31-Mar-2021				
Non Interest Bearing				
Trade Payables	**873.79**	–	–	–
Deposits from Customers	**47.58**	–	–	–
Total	**921.37**	–	–	–
31-Mar-2020				
Non Interest Bearing				
Trade Payables	**984.87**	–	–	–
Deposits from Customers	**81.98**	–	–	–
Total	**1,066.85**	–	–	–

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement.

(iii) Financing arrangements

The Company has no borrowing facilities at the end of the reporting period

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial Assets				
31st March, 2021				
Non-interest bearing				
Trade Receivables	**76.04**	–	–	–
Security Deposits	**0.77**	–	**23.54**	
Interest receivables	**94.40**	–	–	–
Cash and Cash Equivalents	**1,405.75**	–	–	–
Bank Balances other than above	**70.50**			
Fixed interest rate instruments				
Loans to Related Parties	**4,500.00**	–	–	–
Total	**6,147.46**	–	**23.54**	–
31st March, 2020				
Non-interest bearing				
Trade Receivables	727.49	–	–	–
Security Deposits	3.67	–	23.17	–
Interest receivables	72.32	–	–	–
Cash and Cash Equivalents	115.24	–	–	–
Bank Balances other than above	98.96			
Fixed interest rate instruments				
Loans to Related Parties	4,595.00	–	–	–
Total	5,612.68	–	23.17	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated only in India Rupees and hence there is no risk of foreign exchange fluctuations.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

Note No. 27 - Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

COVID -19 Impact assessment:

The Company is actively monitoring the impact of the global health pandemic on its financial condition, liquidity, operations, suppliers, industry, and workforce. The Company has used the principles of prudence in applying judgments, estimates and assumptions based on the current estimates. In assessing the recoverability of assets such as inventories, financial assets and other assets, based on current indicators of future economic conditions, the Company expects to recover the carrying amounts of its assets. The extent to which COVID-19 impacts the operations will depend on future developments which remain uncertain.

Note No. 28 - Related Party Transactions

a) Names of related parties and nature of relationship where control exists:

Ultimate Parent Company Mahindra and Mahindra Limited (M & M)

Parent of the Holding Company Mahindra Lifespace Developers Limited (MLDL)

Holding Company Mahindra Integrated Township Limited (MITL)

b) Fellow Subsidiary & Joint Venture of MLDL with whom transactions have been entered

Mahindra Integrated Business Solutions Limited (MIBS) - Fellow Subsidiary

Mahindra World City Developers Limited (MWCDL) - Joint Venture of MLDL

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Ultimate Holding Company	Parent of Holding Company	Holding company	Fellow Subsidiary	Joint Venture of MLDL
Nature of transactions with Related Parties						
Interest Income	31-Mar-21			73.85		259.60
	31-Mar-20			97.65		25.02
Dividend paid	31-Mar-21					
	31-Mar-20			157.00		
Marketing Expenses-sharing expenses	31-Mar-21		4.77			
	31-Mar-20		30.33			
Purchase of Materials and Services	31-Mar-21	0.21			0.01	
	31-Mar-20	0.91			2.76	0.38
Manpower Deputation Charges-Expense	31-Mar-21			92.02		
	31-Mar-20		20.05	84.70		
Office Establishment Expenses-Expense	31-Mar-21		3.89	14.01		0.73
	31-Mar-20		6.15	16.02		5.32
Maintenance Charges-Expense	31-Mar-21					26.21
	31-Mar-20					25.73
Inter Corporate Deposit (ICD) issued	31-Mar-21			300.00		2,200.00
	31-Mar-20			1,495.00		2,000.00
Inter Corporate Deposit (ICD) repayment received	31-Mar-21			1,395.00		
	31-Mar-20			100.00		–

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Parent of Holding Company	Holding company	Fellow Subsidiary	Joint Venture of MLDL
Deposits	31-Mar-21					23.07
	31-Mar-20					23.07
Interest on ICD receivable	31-Mar-21					84.28
	31-Mar-20			21.82		22.52
Inter corporate deposit given	31-Mar-21			300.00		4,200.00
	31-Mar-20			1,395.00		2,000.00
Other Receivables	31-Mar-21					0.35
	31-Mar-20					
Other Payables	31-Mar-21	0.06	18.48	25.03		
	31-Mar-20	0.83	24.24		0.11	14.58

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

Note No. 29 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31st March, 2021		31st March, 2020	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– Loans to related parties	**4,500.00**	**4,500.00**	4,595.00	4,595.00
– Trade and other receivables	**76.04**	**76.04**	727.49	727.49
– Cash and cash equivalents	**1,405.75**	**1,405.75**	115.24	115.24
– Bank balances other than above	**70.50**	**70.50**	98.96	98.96
– Other Receivables	**94.40**	**94.40**	72.32	72.32
– Deposits and similar assets	**24.31**	**24.31**	26.84	26.84
Total	**6,171.00**	**6,171.00**	5,635.85	5,635.85
Financial liabilities				
Financial liabilities held at amortised cost				
– Other financial Liabilities	**47.58**	**47.58**	81.98	81.98
– Trade and other payables	**873.79**	**873.79**	984.87	984.87
Financial lease payables				
Total	**921.37**	**921.37**	1,066.85	1,066.85

	Fair value hierarchy as at 31st March, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– Loans to related parties	-	4,500.00	-	4,500.00
– Trade and other receivables	-	76.04	-	76.04
– Cash and cash equivalents	-	1,405.75	-	1,405.75
– Bank balances other than above	–	70.50	–	70.50
– Other Receivables	–	94.40	–	94.40
– Deposits and similar assets	–	24.31	–	24.31
Total	–	**6,171.00**	–	6,171.00
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Other financial Liabilities	–	**47.58**	–	**47.58**
– Trade and other payables	–	**873.79**	–	**873.79**
TOTAL	–	**921.37**	–	**921.37**

	Fair value hierarchy as at 31st March, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties	–	4,595.00	–	4,595.00
– trade and other receivables	–	727.49	–	727.49
– cash and cash equivalents	–	115.24	–	115.24
– Bank balances other than above	–	98.96	–	98.96
– Other Receivables	–	72.32	–	72.32
– deposits and similar assets	–	26.84	–	26.84
Total	–	5,635.85	–	5,635.85

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

	Fair value hierarchy as at 31st March, 2020			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Other financial Liabilities	–	81.98	–	81.98
– trade and other payables	–	984.87	–	984.87
Total	–	1,066.85	–	1,066.85

For recurring and non-recurring fair value measurements, if the highest and best use of a nonfinancial asset differs from its current use, an entity shall disclose that fact and why the non-financial asset is being used in a manner that differs from its highest and best use.

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note No. 30 - INDAS 115 Disclosures

1) **Contract Balances**

Amounts received before the related performance obligation is satisified are included in the balance sheet (Contract liability) as "Advances received from Customers". Amounts billed for development milestone achieved but not yet paid by the customer are included in the balance sheet under trade receivables.

During the year, the Company recognised Revenue of Rs. 173.21 Lakhs (FY 19-20 Rs. 1,836.78 lakhs) from opening contract liability (after Ind AS 115 adoption) of Rs. 133.12 Lakhs (FY 19-20 Rs. 2,255.51 lakhs.)

There were no significant changes in the composition of the contract liabilities and Trade receivable during the reporting period other than on account of periodic invoicing and revenue recognition.

Amounts previously recorded as contract liabilities increase due to further milestone based invoices raised during the year and decrease due to revenue recognised during the year on completion of the construction.

Amounts previously recorded as Trade receivables increase due to further milestone based invoices raised during the year and decrease due to colelctions during the year.

There are no contract assets outstanding at the end of the year.

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31st March, 2021, is Rs. 157.90 Lakhs (as at 31st March,2020 Rs. 1,065.95 lakhs). The Company expects to recognize the entire revenue within the next one year. This includes contracts that can be terminated for convenience with a penalty as per the agreement since, based on current assessment, the occurrence of the same is expected to be remote.

2) **Reconciliation of revenue recognized with the contracted price is as follows:**

Rs. Lakhs

	Year ended 31st March, 2021	**Year ended 31st March, 2020**
Contracted price	**1,683.82**	5,385.01
Adjustments on account of cash discounts or early payment rebates, etc.	**–**	36.37
Revenue recognised as per Statement of Profit & Loss	**1,683.82**	5,348.64

3) **Contract costs**

Rs. Lakhs

	As at 31st March, 2021	**As at 31st March, 2020**
Costs to obtain contracts	**0.70**	5.56

For the year ended 31st March 2021, amortisation amounting to Rs. 2.89 Lakhs (FY 19-20 Rs. 42.23 lakhs) is recognised as part of other expenses in the statement of profit or loss. There was no impairment loss in relation to the costs capitalised.

(Also refer note 2.3.2)

Note No. 31 - Additional Information to the Financial Statements

i) **Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

There are no overdue amounts payable to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as at the reporting date or anytime during the year and hence no interest has been paid or payable accordingly no additional disclosures have been made.

Sl No	Particulars	**31st March, 2021**	31st March, 2020
1	Dues remaining unpaid		
	Principal	**51.68**	100.87
	Interest	–	1.31
2	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	Principal paid beyond the appointed date	–	–
	Interest paid in terms of Section 16 of the MSMED Act	–	–
3	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	–	–
4	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	–	–
5	Amount of interest accrued and remaining unpaid	–	1.31

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

All amounts are in Rupees Lakhs unless otherwise stated

Note No. 32 - Other Notes

i. The Company has disclosed the impact of pending litigations on its financial position.

ii. The Company did not have any material foreseeable losses on long term contracts; the Company has not entered into any derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company does not have any unhedged foreign currency exposures as on 31st March,2021

Note No. 33 - Approval

The financial statements were approved for issue by the board of directors on 19th April, 2021.

Note No. 34 - Event after the reporting period

No material events have occurred after the Balance Sheet date and upto the approval of the financial statements.

Note No. 35 - Previous year figures

The figures for previous year have been regrouped/reclassified wherever found necessary to conform to current year's grouping/classification.

For and on behalf of the Board of Directors

Mahindra Residential Developers Limited

Vaibhav Mittal
(DIN:02905926)

Sanjay Ramakant Nadkarni
(DIN:05330736)

Vimal Agarwal
(DIN:07296320)

Place: Chennai
Date: 19th April, 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INDUSTRIAL TOWNSHIP (MAHARASHTRA) LIMITED

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of Industrial Township (Maharashtra) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

4. The company's Board of Directors is responsible for the other information. The other information comprises the Board report. Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Ind AS Financial Statements

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

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

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

8. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

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

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

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

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

Report on other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

14. As required by section 143(3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

e) On the basis of written representations received from the directors as on March 31, 2021, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors.

h) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No:. 105102W

Aniruddha Joshi
Partner
Membership No.: 040852

UDIN: 21040852AAAAAO7167
Mumbai, April 12, 2021

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Industrial Township (Maharashtra) Limited for the year ended March 31, 2021

1) The Company did not have any fixed assets during the year. Hence the provisions of the para 3(i) of the Order are not applicable.

2) Company's inventory comprises of Construction work in progress and no material discrepancies were noticed in the same.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2021 on account of sales tax, customs duty, income tax, service tax, GST and cess.

8) The Company has not obtained loans or borrowing from a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No:. 105102W

Aniruddha Joshi
Partner
Membership No.: 040852

UDIN: 21040852AAAAAO7167
Mumbai, April 12, 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF INDUSTRIAL TOWNSHIP (MAHARASHTRA) LIMITED

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

We have audited the internal financial controls over financial reporting of Industrial Township (Maharashtra) Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No:. 105102W

Aniruddha Joshi
Partner
Membership No.: 040852

UDIN: 21040852AAAAAO7167
Mumbai, April 12, 2021

BALANCE SHEET AS AT 31 MARCH 2021

₹ in Lakhs

	Note No.	As at 31 March 2021	As at 31 March 2020
I ASSETS			
CURRENT ASSETS			
(i) Inventories	3	**187.18**	187.18
(ii) Financial Assets			
(i) Cash and Cash Equivalents	4	**80.68**	82.32
(iv) Other Financial Assets	5	**0.47**	–
(iii) Current Tax Assets (Net)		**2.79**	2.75
SUB-TOTAL		**271.12**	272.25
TOTAL ASSETS		**271.12**	272.25
II EQUITY AND LIABILITIES			
EQUITY			
(i) Equity Share Capital	6	**500.00**	500.00
(ii) Other Equity	7	**(230.71)**	(230.77)
SUB-TOTAL		**269.29**	269.23
LIABILITIES			
CURRENT LIABILITIES			
(i) Financial Liabilities			
(i) Trade Payables	8		
(a) Total Outstanding Dues of Micro Enterpirses and Small Enterprises		**–**	–
(b) Total Outstanding Dues of Creditors Other than Micro Enterpirses and Small Enterprises		**1.83**	2.99
(ii) Other Current Liabilities	9	**–**	0.03
SUB-TOTAL		**1.83**	3.02
TOTAL		**271.12**	272.25

Significant Accounting Policies 2

The accompanying notes 1 to 15 are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co.**

Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No.: 040852
Place: Mumbai
Date: 12th, April, 2021

For and on behalf of the Board of Directors of
Industrial Township (Maharashtra) Ltd.

Parveen Mahtani
Director

Vimal Agarwal
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

₹ in Lakhs

Particulars	Note No.	As at 31 March 2021	As at 31 March 2020
Continuining Operations			
I INCOME			
(a) Revenue from operations		**–**	–
(b) Other Income		**0.51**	–
Total Income (a+b)		**0.51**	–
II EXPENSES			
(a) Cost of Projects	**10a**	**–**	211.70
(a) Other expenses	**10b**	**0.45**	0.89
Total Expenses		**0.45**	212.59
III Profit/(loss) before tax (I-II)		**0.06**	(212.59)
IV Tax Expense		**–**	–
V Profit/(loss) after tax (III-IV)		**0.06**	(212.59)
VI Other comprehensive income		**–**	–
VII Total comprehensive income for the period (V+VI)		**0.06**	(212.59)
VIII Total comprehensive income for the period attributable to:			
Owners of the Company		**0.06**	(212.59)
Non controlling interests		**–**	–
IX Earnings per equity share (face value of Rs. 10/- each):			
(a) Basic	**11**	**0.00**	(4.25)
(b) Diluted	**11**	**0.00**	(4.25)

The accompanying notes 1 to 15 are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co.**

Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No.: 040852
Place: Mumbai
Date: 12th, April, 2021

For and on behalf of the Board of Directors of
Industrial Township (Maharashtra) Ltd.

Parveen Mahtani
Director

Vimal Agarwal
Director

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

₹ in Lakhs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
A Cash flows from operating activities		
Profit before tax for the year	**0.06**	(212.59)
Adjustments for:		
Interest Income	**(0.51)**	–
Income tax expense recognised in profit or loss		
Movements in working capital:		
Decrease/(Increase) in Inventory	**–**	251.70
Decrease/(Increase) in other assets	**–**	–
(Decrease)/increase in other liabilities	**(1.19)**	0.57
Total changes in working capital	**(1.19)**	252.27
Cash generated from operations	**(1.64)**	39.67
Income taxes paid		
Net cash generated by operating activities	**(1.64)**	39.67
B Cash flows from investing activities		
Net cash (used in)/generated by investing activities	**–**	–
C Cash flows from financing activities	**–**	–
Net cash (used in)/generated by financing activities		
Net increase/(decrease) in cash and cash equivalents	**(1.64)**	39.67
Cash and cash equivalents at the beginning of the year	**82.32**	42.64
Cash and cash equivalents at the end of the year	**80.68**	82.32

Notes:

(a) The above cash flow statement has been prepared under the "Indirect Method" as set out in "Indian Accounting Statdards (IND AS) 7- Statement of Cash Flows".

(b) Also refer note no. 4 - Cash & Cash Equivalents

In terms of our report attached.

For **B. K. Khare & Co.**

Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No.: 040852
Place: Mumbai
Date: 12th, April, 2021

For and on behalf of the Board of Directors of
Industrial Township (Maharashtra) Ltd.

Parveen Mahtani
Director

Vimal Agarwal
Director

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1. General Information

The company was incorporated on July 02, 2008 and is engaged in the business of development of Industrial Township, Maharashtra. Its parent and holding company is Mahindra Lifespace Developers Ltd.

The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Ind-AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.4 Revenue recognition

2.4.1 Revenue from Projects

The Company develops and sells residential and commercial properties. Revenue from contracts is recognised when control over the property has been transferred to the customer. An enforceable right to payment does not arise until the development of the property is completed. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer and the development of the property is completed. The revenue is measured at the transaction price agreed under the contract.

The Company invoices the customers for construction contracts based on achieving a series of performance-related milestones.

For certain contracts involving the sale of property under development, the Company offers deferred payment schemes to its customers. The Company adjusts the transaction price for the effects of the significant financing component.

2.4.2 Revenue from Sale of land and other rights

Revenue from Sale of land and other rights is generally a single performance obligation and the Company has determined that this is satisfied at the point in time when control transfers as per the terms of the contract entered into with the buyers, which generally are with the firmity of the sale contracts / agreements. The determination of transfer of control did not change upon the adoption of Ind AS 115.

2.4.3 Contract Costs

- Costs to obtain contracts ("Contract costs") relate to fees paid for obtaining property sales contracts. Such costs are recognised as assets when incurred and amortised upon recognition of revenue from the related property sale contract.

2.4.4 Dividend and interest income

Dividend income from investment in mutual funds is recognised when the unit holder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

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

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.6.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.6.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.7 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties during construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss

2.8 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest & manpower costs and expenses incidental to the projects undertaken by the Company.

2.10 Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) because of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.11 Employee benefits provisions

Employee benefits provisions are measured and classified into long term and short-term provisions based on Actuarial valuation as per IND AS-19 as on Balance sheet date.

2.12 Financial Instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.13 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

2.13.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss. All other financial assets are subsequently measured at fair value.

2.13.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

2.13.3 Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

2.13.4 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.13.5 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

undue cost or effort, that is indicative of significant increases in credit risk since initial recognition .

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.13.6 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.13.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.14 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.14.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.14.2 Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

2.14.2.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

2.14.2.2 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item. However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

2.14.2.3 Financial Liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.14.2.4 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

2.14.2.5 Commitments to provide a loan at a below-market interest rate

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

2.14.2.6 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

2.14.2.7 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Significant accounting judgements, estimates and assumptions

3.1 Determining the timing of revenue recognition on the sale of completed and under development property

The Company has generally evaluated and concluded that based on a careful analysis of the rights and obligations under the terms of the contracts relating to the sale of property, the revenue is to be recognised at a point in time when control transfers which coincides with receipt of Occupation Certificate.

The Company has generally concluded that the overtime criteria are not met owing to non-reinforceable right to payment for performance completed to date and, therefore, recognises revenue at a point in time.

3.2 Determination of performance obligations

With respect to the sale of property, the Company has concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property is to undertake development of property and obtaining the Occupation Certificate. Generally, the Company is responsible for all these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Company accounts for them as a single performance obligation because they are not distinct in the context of the contract.

Note No. 3 - Inventories

		₹ in Lakhs
Particulars	**Year ended 31 March 2021**	Year ended 31 March 2020
(i) Work-in-progress	**187.18**	187.18
Total Inventories (at lower of cost and net realisable value)	**187.18**	187.18

Note:

1. Work in Progress includes Land and its related expenses

2. Note:- The Cost of Projects recognised as an expense Rs. Nil (31st March, 2020: Rs. 211.70 lakhs) is in respect of write down of inventory to net realisable value. (Refer Note 10a)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note No. 4 - Cash and Bank Balances

₹ in Lakhs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Cash and cash equivalents		
(a) Balances with banks	**1.18**	82.32
(b) Fixed Deposits with original maturity less than 3 months	**79.50**	-
Total Cash and cash equivalent	**80.68**	82.32

Note No. 5 - Other Financial Assets

₹ in Lakhs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Cash and cash equivalents		
(a) Interest Accrued	**0.47**	–

Note No. 6 - Equity Share Capital

₹ in Lakhs

Particulars	Year ended 31 March 2021 No. of shares	Year ended 31 March 2021 Amount	Year ended 31 March 2020 No. of shares	Year ended 31 March 2020 Amount
Authorised:				
Equity shares of ₹ 10 each with voting rights	**1,00,00,000**	**1,000**	1,00,00,000	500
Issued, Subscribed and Fully Paid:				
Equity shares of ₹ 10 each with voting rights	**50,00,000**	**500**	50,00,000	500
Total	**50,00,000**	**500**	50,00,000	500

(i) Reconciliation of the number of shares and the amount outstanding.

₹ in Lakhs

Particulars	Year ended 31 March 2021 No. of shares	Year ended 31 March 2021 Amount	Year ended 31 March 2020 No. of shares	Year ended 31 March 2020 Amount
Balance at the Beginning and at the end of the year	**50,00,000**	**500**	50,00,000	500

Terms/rights attached to equity shares with voting rights

The Company has only one class of equity shares having par value of Rs. 10 each p[er share. Each holder of equity shares is entitled to one vote per share and carry a right to dividends.

(ii) Details of shares held by the holding company and its subsidiaries

₹ in Lakhs

Particulars	Year ended 31 March 2021 No. of shares	Year ended 31 March 2021 Amount	Year ended 31 March 2020 No. of shares	Year ended 31 March 2020 Amount
Mahindra Lifespaces Developers Limited (Holding Company)	**50,00,000**	**500**	50,00,000	500

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

₹ in Lakhs

Class of Shares/Name of shareholder	Year ended 31 March 2021 No. of shares	Year ended 31 March 2021 % holding	Year ended 31 March 2020 No. of shares	Year ended 31 March 2020 Amount
Equity shares with voting rights				
Mahindra Lifespace Developers Limited	**50,00,000**	**100%**	50,00,000	100%
	–	**–**	–	–

Note No. 7 - Other Equity

₹ in Lakhs

	Reserves and Surplus Retained Earnings	Total
As at 31 March 2019	(18.18)	(18.18)
Profit/(Loss) for the period	(212.59)	(212.59)
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	(212.59)	(212.59)
As at 31 March 2020	**(230.77)**	**(230.77)**
Profit/(Loss) for the period	0.06	0.06
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	0.06	0.06
As at 31 March 2021	**(230.71)**	**(230.71)**

Note No. 8 - Trade Payables

₹ in Lakhs

Particulars	Year ended 31 March 2021 Current	Year ended 31 March 2021 Non-Current	Year ended 31 March 2020 Current	Year ended 31 March 2020 Non-Current
Trade payable - Micro and small enterprises	**–**	**–**	–	–
Trade payable - Other than micro and small enterprises	**1.83**	**–**	2.99	–
Total trade payables	**1.83**	**–**	2.99	–

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Note No. 9 - Other Liabilities

₹ in Lakhs

Particulars	Year ended 31 March 2021 Current	Year ended 31 March 2021 Non-Current	Year ended 31 March 2020 Current	Year ended 31 March 2020 Non-Current
(i) Statutory dues – taxes payable (other than income taxes)	**–**	**–**	0.03	–
TOTAL OTHER LIABILITIES	**–**	**–**	0.03	–

Note No. 10(a) - Cost of Projects

₹ in Lakhs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Inventories at the beginning of the year:		
Work-in-progress	**187.18**	438.88
	187.18	438.88
Add: Expenses incurred during the year	**–**	–
Less: Proceeds from Land Aggregator	**–**	(40.00)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

₹ in Lakhs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Inventories at the end of the year:		
Work-in-progress	**187.18**	187.18
	187.18	187.18
Total Cost of Projects	**–**	211.70

Note:-

1. The Cost of Projects recognised as an expense Rs. Nil (31st March, 2020: Rs. 211.70 lakhs) is in respect of write down of inventory to net realisable value. (Refer note 3).
2. During the current year company has received Rs. Nil (31st March, 2020: Rs. 40 Lakhs) from Land Aggregator against reconveyance of Land. The same is reduced from Inventory.

Note No. 10 - Other Expenses

₹ in Lakhs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(i) Auditors remuneration and out-of-pocket expenses	**0.30**	0.29
(i) As Auditors	**0.30**	0.29
(ii) For other services	–	–
(ii) Other expenses		
(i) Legal and Other Professional Charges	**0.11**	0.58
(ii) Miscellaneous Costs	**0.04**	0.02
Total Other Expenses	**0.45**	0.89

Note No. 11 - Earnings per Share

₹ in Lakhs

Note	Particulars	Year ended 31 March 2021 ₹	Year ended 31 March 2020 ₹
	Profit / (loss) for the year attributable to owners of the Company	**6,144**	(2,12,59,205)
	Weighted average number of equity shares	**50,00,000**	50,00,000
	Earnings per share from continuing operations - Basic & Diluted	**0.00**	(4.25)

Note - 12 - Micro Small and Medium Enterprises Development Act 2006

The amount due to Micro and Small Enterprises as defined in the " Micro, Small and Medium Enterprises Development, Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure relating to Micro and Small Enterprises as at 31 March 2018 are as under:

Disclosures required under Section22 of the Micro Small and Medium Enterprises Development Act 2006"

Particulars	31-Mar-21	31-Mar-20
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
– Principal amount due to micro and small enterprises	–	–
– Interest due on above	–	–
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	–	–
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	–	–
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	–	–
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	–	–

Note No. 13 - Related Party Transactions

Discription of Relationship	Name of Related Party
Ultimate Holding Company	Mahindra & Mahindra Limited
Parent Company	Mahindra Lifespace Developers Limited

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Parent Company
Nature of transactions with Related Parties		
Receiving of services	**31-Mar-21**	–
	31-Mar-20	0.28

Nature of Balances with Related Parties	Balance as on	Parent Company
Against receiveing of services	**31-Mar-21**	–
	31-Mar-20	1.59

Note - 14 - Segment Reporting

The Company operates in one segment namely Project and Development activity, hence separate segment reporting has not been made under Indian Accounting Standard (Ind- AS 108)-"Operating Segment". The operation of company comprises a single geographical segment, India.

Note - 15 - Comparitives

The figures for previous year have been regrouped/reclassified wherever necessary to conform to current year's grouping/classification.

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co.**

Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No.: 040852
Place: Mumbai
Date: 12th, April, 2021

For and on behalf of the Board of Directors of
Industrial Township (Maharashtra) Ltd.

Parveen Mahtani
Director

Vimal Agarwal
Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
ANTHURIUM DEVELOPERS LIMITED

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of Anthurium Developers Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2021, and its profit and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

4. The company's Board of Directors is responsible for the other information. The other information comprises the Board report. Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Ind AS Financial Statements

5. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.
6. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
8. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
    a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

Report on other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

14. As required by section 143(3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

e) On the basis of written representations received from the directors as on March 31, 2021, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors.

h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid remuneration to directors in accordance with the provisions of section 197 of the Act.

i) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No. : 105102W

Aniruddha Joshi
Partner
Membership No.: 040852
UDIN: 21040852AAAAAQ9629

Mumbai, April 13, 2021

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Anthurium Developers Limited for the year ended March 31, 2021

1) The Company did not have any fixed assets during the year. Hence the provisions of the para 3(i) of the Order are not applicable.

2) The Company does not have inventory as on March 31, 2021. Hence the provisions of para 3(ii) of the Order are not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2021 on account of sales tax, customs duty, income tax, service tax, GST and cess.

8) The Company has not obtained loans or borrowing from a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No. : 105102W

Aniruddha Joshi
Partner
Membership No. : 040852
UDIN: 21040852AAAAAQ9629

Mumbai, April 13, 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ANTHURIUM DEVELOPERS LIMITED

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

We have audited the internal financial controls over financial reporting of Anthurium Developers Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No. : 105102W

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 21040852AAAAAQ9629

Mumbai, April 13, 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

(Amount in ₹)

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
I ASSETS			
CURRENT ASSETS			
(a) Inventories	4	–	–
(b) Financial Assets			
(i) Cash and Cash Equivalents	5a	144,495	304,629
(ii) Bank balances other than (i) above	5b	2,721,978	2,532,839
(c) Other Current Assets	6	175,227	278,628
SUB-TOTAL		3,041,700	3,116,096
TOTAL ASSETS		3,041,700	3,116,096
II EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	7	500,000	500,000
(b) Other Equity	8	2,453,487	2,430,534
SUB-TOTAL		2,953,487	2,930,534
LIABILITIES			
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Trade Payables	9		
– total outstanding dues of micro enterprises and small enterprises		–	5,640
– total outstanding dues of trade payables other than micro enterprises and small enterprises		–	–
(b) Other Current Liabilities	10	88,213	179,922
SUB-TOTAL		88,213	185,562
TOTAL		3,041,700	3,116,096

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No:040852

Place : Mumbai
Date : 13th April 2021

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Parveen Mahtani
Director (DIN-05189797)

Place : Mumbai
Date : 13th April 2021

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2021

(Amount in ₹)

Particulars	Note No.	For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
Continuining Operations			
I Other Income	11	**103,801**	634,623
II Total Revenue (I)		**103,801**	634,623
III EXPENSES			
(i) Other expenses	12	**73,127**	55,703
Total Expenses (III)		**73,127**	55,703
IV Profit/(loss) before tax (II-III)		**30,674**	578,920
V Tax Expense			
(i) Current tax	13	**7,720**	145,703
Total tax expense		**7,720**	145,703
VI Profit/(loss) for the period (IV-V)		**22,954**	433,218
VII Total comprehensive income for the period		**22,954**	433,218
VIII Earnings per equity share (From continuing operation):			
(i) Basic/Diluted	14	**0.46**	8.66

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No:040852

Place : Mumbai
Date : 13th April 2021

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Parveen Mahtani
Director (DIN-05189797)

Place : Mumbai
Date : 13th April 2021

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2021

(Amount in ₹)

Particulars	**For the Year ended 31st March, 2021**	For the Year ended 31st March, 2020
Cash flows from operating activities		
Profit before tax for the year	**30,674**	578,920
Adjustments for:		
Income tax expense recognised in profit or loss	**(7,720)**	(145,703)
Interest income recognised in profit or loss	**(103,801)**	(171,913)
	(80,847)	261,305
Movements in working capital:		
(Increase)/decrease in other assets	**12,280**	–
Decrease in trade and other payables	**–**	(70,284)
(Decrease)/increase in other liabilities	**(97,350)**	(386,446)
Cash generated from operations		
Income taxes paid	**91,121**	(42,312)
Net cash generated by operating activities	**(74,796)**	(237,737)
Cash flows from investing activities		
Interest received	**103,801**	171,913
Bank balances not considered as cash and cash equivalents		
- Placed	**(189,139)**	25,944
- Matured	**–**	–
Net cash (used in)/generated by investing activities	**(85,339)**	197,857
Net cash used in financing activities	**–**	–
Net increase in cash and cash equivalents	**(160,134)**	(39,880)
Cash and cash equivalents at the beginning of the year	**304,629**	344,509
Cash and cash equivalents at the end of the year	**144,495**	304,629

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No:040852

Place : Mumbai
Date : 13th April 2021

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Parveen Mahtani
Director (DIN-05189797)

Place : Mumbai
Date : 13th April 2021

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2021

	(Amount in ₹)
A. Equity Share Capital	
As at 1st April, 2019	500,000
Changes in equity share capital during the year	–
As at 31st March, 2020	500,000
Changes in equity share capital during the year	–
As at 31st March, 2021	**500,000**

B. Other Equity	**Retained earnings (Amount in ₹)**
Balance as at 31st March, 2019	**1,997,316**
Profit/(Loss) for the year	433,218
Other comprehensive income	–
Total comprehensive income	433,218
Balance as at 31st March, 2020	**2,430,534**
Profit/(Loss) for the year	22,954
Other comprehensive income	–
Total comprehensive income	22,954
Balance as at 31st March, 2021	**2,453,487**

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No:040852

Place : Mumbai
Date : 13th April 2021

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Parveen Mahtani
Director (DIN-05189797)

Place : Mumbai
Date : 13th April 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH 2021

1. Corporate information

Anthurium Developers Limited ("the Company") is a public company incorporated in India on 02 June, 2010 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

2. Significant Accounting Policies

2.1 Statement of compliance and Basis of preparation and presentation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (Rs.) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 13th April, 2021.

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the statement of profit and loss.

Depreciation on assets (other than impaired assets) is calculated on straight line method at the rate of 11.31% p.a. which is based on useful life of about 9 years determined on the basis of technical evaluation by the Management of the Company and is different from the useful life of 15 years indicated in part C of schedule II to the Companies Act, 2013.

2.3 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement profit and loss.

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value, whichever is lower. Cost is arrived at on first-in-first-out basis and includes overheads on absorption basis, where appropriate.

Financial assets and Liabilities

2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of profit or loss.

2.6 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.6.1 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowances at an amount equal to lifetime expected credit losses.

2.6.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

2.7 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.7.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH 2021

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.7.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.7.1.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.8 Revenue recognition

Revenue on account of sale of services is recognised under the completed service contract method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9.2 Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9.4 Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Note No. 5(a) - Cash and Bank Balances

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash and cash equivalents		
(a) Balances with banks	**144,495**	304,629
Total Cash and cash equivalent	**144,495**	304,629

(b) Other bank balances

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash and cash equivalents		
(a) In deposit accounts	**2,721,978**	2,532,839
Total Cash and cash equivalent	**2,721,978**	2,532,839

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH 2021

Note No. 6 - Other assets

Particulars	As at 31st March, 2021 Current	As at 31st March, 2020 Current
(a) Advances other than capital advances ...		
(i) Other advances	**175,227**	266,348
(ii) Interest accrued but not due on term deposit accounts........	–	12,280
Total	**175,227**	278,628

Note No. 7 - Equity Share Capital

Particulars	As at 31st March, 2021 No. of shares		As at 31st March, 2020 No. of shares	
Authorised:				
Equity shares of Rs.10 each with voting rights................................	**100,000**	**1,000,000**	100,000	1,000,000
Equity shares of Rs.10 each with differential voting rights................				
Preference shares of Rs.10 each....				
Issued, Subscribed and Fully Paid:				
Equity shares of Rs.10 each with voting rights................................	**50,000**	**500,000**	50,000	500,000
Equity shares of Rs.10 each with differential voting rights................				
Preference shares of Rs.10 each....				
Issued, Subscribed and Partly Paid:				
Equity shares of Rs.10 each with voting rights................................	**50,000**	**500,000**	50,000	500,000
Equity shares of Rs.10 each with differential voting rights................				
Preference shares of Rs.10 each....				
Total	**50,000**	**500,000**	50,000	500,000

Note No. 7 (a) - Equity Share Capital continued

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
(a) Equity Shares with Voting rights						
Year Ended 31st March 2021						
No. of Shares.........	**50,000**	–	–	–	–	**50,000**
Amount.................	**500,000**	–	–	–	–	**500,000**
Year Ended 31st March 2020						
No. of Shares.........	50,000	–	–	–	–	50,000
Amount.................	500,000	–	–	–	–	500,000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

No. of Shares

Particulars	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31st March 2019			
Mahindra Lifespace Developers Ltd. the Holding Company........	**50,000**	–	–
As at 31st March 2020			
Mahindra Lifespace Developers Ltd. the Holding Company........	50,000	–	–
As at 31st March 2021			
Mahindra Lifespace Developers Ltd. the Holding Company........	50,000	–	–

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

Class of shares / Name of shareholder	As at 31st March, 2021 Number of shares held	As at 31st March, 2021 % holding in that class of shares	As at 31st March, 2020 Number of shares held	As at 31st March, 2020 % holding in that class of shares
Equity shares with voting rights.....				
Mahindra Lifespace Developers Ltd..	**50,000**	**100.00%**	50,000	100.00%

Note No. 8 - Other equity

(Amount in ₹)

Particulars	Retained earnings	Total
Balance at 31st March, 2019	**1,997,316**	1,997,316
Profit/(Loss) for the year................................	433,218	433,218
Other comprehensive income.........................	–	–
Total comprehensive income..........................	433,218	433,218
Balance at 31st March, 2020	**2,430,534**	**2,430,534**
Profit/(Loss) for the year................................	22,954	22,954
Other comprehensive income.........................	–	–
Total comprehensive income..........................	22,954	22,954
Balance at 31st March, 2021	**2,453,487**	**2,453,487**

Note No. 9 - Trade Payables

(Amount in ₹)

Particulars	As at 31st March, 2021 Current	As at 31st March, 2020 Current
- total outstanding Dues of micro enterprises and small enterprises............................	–	5,640
- total outstanding dues of trade payables other than micro enterprises and small enterprises	–	
Total trade payables	–	5,640

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH 2021

Note No. 10 - Other Liabilities

(Amount in ₹)

Particulars	As at 31st March, 2021 Current	As at 31st March, 2020 Current
a. Advances received from customers	–	–
b. Provision for expenses	34,220	34,220
c. Statutory dues		
– taxes payable	53,993	145,703
TOTAL OTHER LIABILITIES	88,213	179,923

Note No. 11 - Other Income

(Amount in ₹)

Particulars	For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
(a) Interest Income		
(i) Interest on Bank Deposits	103,801	171,913
(b) Rental income from Investment property	–	462,710
Total Other Income	103,801	634,623

Note No. 12 - Other Expenses

(Amount in ₹)

Particulars	For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
(a) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	34,220	34,220
(b) Other expenses		
(i) Legal and other professional costs	27,580	14,820
(ii) Others	11,327	6,663
Total Other Expenses	73,127	55,703

Note No. 13 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

(Amount in ₹)

Particulars	For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
Current Tax:		
In respect of current year	7,720	145,703
Total income tax expense on continuing operations	7,720	145,703

Note No. 14 - Earnings per Share

Note	Particulars	For the Year ended 31st March, 2021 Per Share	For the Year ended 31st March, 2020 Per Share
	Basic Earnings per share		
	From continuing operations	0.46	8.66
	From discontinuing operations	–	–
	Total basic earnings per share	0.46	8.66
	Diluted Earnings per share		
	From continuing operations	0.46	8.66
	From discontinuing operations	–	–
	Total diluted earnings per share	0.46	8.66

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	For the year ended 31st March 2021	For the year ended 31st March 2020
Profit/(loss) for the year attributable to owners of the Company	22,954	433,218
Less: Preference dividend and tax thereon		
Profit/(loss) for the year used in the calculation of basic earnings per share	22,954	433,218
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations		
Profits used in the calculation of basic earnings per share from continuing operations	22,954	433,218
Weighted average number of equity shares	50,000	50,000
Earnings per share from continuing operations - Basic	0.46	8.66

Note No. 15 As the Company can continue its current operations with its own cash resources for a period of atleast one year, the accounts of the Company for the year ended 31st March, 2021 have been prepared on the basis of going concern.

Note No. 16 - Financial Instruments

Capital management

The Company's capital management objectives are:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders
- maintain an optimal capital structure to reduce the cost of capital

The Management of the Company monitors the capital structure using debt ratio which is determined as the proportion of total debt to total equity.

Debt ratios are as follows:	As at 31st March, 2021	As at 31st March, 2020
Debt (A)	–	–
Equity (B)	2,953,487	2,930,534
Debt Ratio (A/B)	–	–

Categories of financial assets and financial liabilities

The following tables shows the carrying amount and fair values of financial assets and financial liabilities by category:

	As at 31st March, 2021			
	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Cash and Cash Equivalents	144,495	–	–	144,495
Other Bank Balances	2,721,978	–	–	2,721,978

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH 2021

	Amortised Costs	FVTPL	FVOCI	Total
			As at 31st March, 2021	
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	–	–	–	–

	Amortised Costs	FVTPL	FVOCI	Total
			As at 31st March, 2020	
Current Assets				
Cash and Cash Equivalents	304,629	–	–	304,629
Other Bank Balances	2,532,839	–	–	2,532,839
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	5,640	–	–	5,640

[II] Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is not exposed to credit risk.

B) LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years
Non-derivative financial liabilities			
31-Mar-21			
Non-interest bearing			
Trade Payable	–	–	–
Long Term Borrowing			
Long Term Borrowing - Principal	–	–	–

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years
Non-derivative financial liabilities			
31-Mar-20			
Non-interest bearing			
Trade Payable	5,640	–	–
Long Term Borrowing			
Long Term Borrowing - Principal	–	–	–

C) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

(i) Currency Risk

The Company undertakes transactions denominated only in Indian Rupees and hence, there is no risk of foreign exchnage fluctuations.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have exposure to the risk of changes in market interest rates.

(iii) Other price risk

The Company does not have other price risk.

Note No. 17 - Fair Value Measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31-Mar-21 Carrying amount	31-Mar-21 Fair value	31-Mar-20 Carrying amount	31-Mar-20 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
- trade and other receivables				
- cash & cash equivalents	**144,495**	–	304,629	–
- Other bank balances	**2,721,978**	–	2,532,839	–
- Other Current Assets	**175,227**	–	278,628	–
	3,041,700	–	3,116,096	–
Financial liabilities				
Financial liabilities held at amortised cost				
- loans from related parties	–	–	–	
- trade and other payables	–	–	5,640	–
Total	–	–	5,640	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH 2021

(Amount in ₹)

Financial assets/financial liabilities	Fair value hierarchy as at 31st March, 2021 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	–	**144,495**	–	**144,495**
(ii) Other bank balances	–	**2,721,978**	–	**2,721,978**
Total	–	**2,866,473**	–	**2,866,473**
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Long term loan		–		–
(ii) Trade Payable	–	–	–	–
Total	–	–	–	–

(Amount in ₹)

Financial assets/financial liabilities	Fair value hierarchy as at 31st March, 2020 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash & cash equivalents	–	304,629	–	304,629
Total	–	304,629	–	304,629
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Long term loan		–		–
(ii) Trade Payable	–	5,640	–	5,640
Total	–	5,640	–	5,640

Note: The Group has not disclosed the fair value for financial instruments, because the carrying amounts are a reasonable approximation of fair value.

18. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

Holding Company	Mahindra Lifespace Developers Limited

Related parties with whom transactions have taken place during the year

Joint venture of a Holding company	Mahindra Homes Private Limited

Related party transactions

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

(Amount in ₹)

Nature of transactions with Related Parties	For the year ended	Mahindra Homes Private Limited
Lease Rentals Revenue - Land	**31-Mar-21**	–
	31-Mar-20	462,710

Terms and conditions of transactions with related

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. This assessment is undertaken at each financial year through examining the financial position of the related party and the market in which the related party operates.

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B K Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No:040852

Place : Mumbai
Date : 13th April 2021

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Parveen Mahtani
Director (DIN-05189797)

Place : Mumbai
Date : 13th April 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA INDUSTRIAL PARK PRIVATE LIMITED.

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of Mahindra Industrial Park Private Limited. ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2021, and its loss and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

4. The company's Board of Directors is responsible for the other information. The other information comprises the Board report. Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Ind AS Financial Statements

5. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.
6. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
8. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
    a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

Report on other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

14. As required by section 143(3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

e) On the basis of written representations received from the directors as on March 31, 2021, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors.

h) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. : 105102W

Aniruddha Joshi
Partner
Membership No.: 040852
UDIN: 21040852AAAAAW9583

Mumbai, April 23, 2021

ANNEXURE “A” TO THE AUDITOR’S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Mahindra Industrial Park Private Limited. for the year ended March 31, 2021

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The title deeds of immovable property are held in the name of the Company.

2) Company’s inventory comprises of raw materials and Construction work in progress and no material discrepancies were noticed in the same.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2021 on account of sales tax, customs duty, income tax, service tax, GST and cess.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government or dues of debenture holders.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm’s Registration No. : 105102W

Aniruddha Joshi
Partner
Membership No.: 040852
UDIN: 21040852AAAAAW9583

Mumbai, April 23, 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA INDUSTRIAL PARK PRIVATE LIMITED.

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

We have audited the internal financial controls over financial reporting of Mahindra Industrial Park Private Limited. ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 21040852AAAAAW9583

Mumbai, April 23, 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

(Amount in Rs.)

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
I ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**1,072,550**	1,154,214
(b) Deferred Tax Assets (Net)		**49,608,555**	32,619,535
(c) Financial Assets			
(i) Other Deposits		**7,996,414**	4,795,455
(d) OCRD's to related party		**99,200,000**	84,300,000
SUB-TOTAL		**157,877,519**	122,869,204
CURRENT ASSETS			
(a) Inventories	5	**1,888,073,654**	1,637,669,353
(b) Financial Assets			
(i) Cash and Cash Equivalents	6a	**94,149**	7,640,913
(ii) Bank balances other than (i) above	6b	**8,845,486**	8,845,486
(iii) Loans to Related Party		**175,500,000**	175,500,000
(vi) Other Financial Assets		**7,986,905**	6,437,967
(c) Other Current Assets	7	**29,765,479**	31,985,116
SUB-TOTAL		**2,110,265,673**	1,868,078,835
TOTAL ASSETS		**2,268,143,192**	1,990,948,039
II EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	8	**500,000**	500,000
(b) Other Equity	9	**(148,145,914)**	(97,637,834)
SUB-TOTAL		**(147,645,914)**	(97,137,834)
LIABILITIES			
NON CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	10	**1,687,050,000**	1,616,950,000
SUB-TOTAL		**1,687,050,000**	1,616,950,000
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	10	**272,628,109**	175,500,000
(ii) Trade Payables	11	**54,358,124**	24,860,893
(iii) Other Financial Liabilities	13	**400,750,985**	269,838,936
(b) Other Current Liabilities	12	**1,001,888**	936,045
SUB-TOTAL		**728,739,105**	471,135,874
TOTAL EQUITY AND LIABILITIES		**2,268,143,192**	1,990,948,039

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Aniruddha Joshi
Partner
Membership No: 040852
Place : Mumbai
Date: 23rd April 2021

For and on behalf of the Board of Directors of
Mahindra Industrial Park Private Limited

Arvind Subramanian **Director** DIN-02551935

Nidhi Seksaria **Director** DIN-06950793

Place : Mumbai
Date: 23rd April 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

(Amount in Rs.)

	Particulars	Note No.	Year ended 31st March, 2021	Year ended 31st March, 2020
	Continuining Operations			
I	Revenue from operations		–	–
II	Other Income		**315,559**	1,791,611
III	**Total Revenue (I + II)**		**315,559**	1,791,611
IV	**EXPENSES**			
	(a) Employee benefit expense		**5,546,561**	5,515,899
	(b) Depreciation and amortisation expense	4	**285,512**	211,363
	(c) Other expenses	14	**61,980,585**	112,319,671
	Total Expenses (IV)		**67,812,658**	118,046,933
V	**Loss before tax (III - IV)**		**(67,497,099)**	(116,255,322)
VI	**Tax Expense**			
	Deferred tax credit		**(16,989,020)**	(28,734,473)
	Total tax expense		**(16,989,020)**	(28,734,473)
VII	**Loss for the year**		**(50,508,080)**	(87,520,849)
IX	**Earnings per share**			
	(1) Basic/ Diluted Earnings per share (Rs.)	15	**(1,010.16)**	(1,750.42)

See accompanying notes forming part of the financial statements

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Aniruddha Joshi
Partner
Membership No: 040852
Place : Mumbai
Date: 23rd April 2021

For and on behalf of the Board of Directors of
Mahindra Industrial Park Private Limited

Arvind Subramanian **Director** DIN-02551935

Nidhi Seksaria **Director** DIN-06950793

Place : Mumbai
Date: 23rd April 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

(Amount in Rs.)

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Cash flows from operating activities		
Loss before tax for the year	**(67,497,099)**	(116,255,322)
Adjustments for:		
Net (gain)/loss arising on financial assets mandatorily measured at market value through profit or loss	**55,200,000**	102,100,000
Depreciation and amortisation of non-current assets	**285,512**	211,363
	(12,011,587)	(13,943,959)
Movements in working capital:		
(Increase)/decrease in inventories	**(265,192,942)**	(438,675,908)
(Increase)/decrease in other assets	**2,803,423**	(15,092,720)
Increase/(decrease) in trade and other payables	**29,497,230**	16,159,950
Increase/(decrease) in provisions	**65,844**	(308,991)
(Increase)/decrease in other deposits	**(3,200,959)**	(7,200,000)
(Decrease)/increase in other liabilities	**130,912,050**	123,802,750
Cash generated from operations	**(117,126,942)**	(335,258,878)
Income taxes paid	**–**	–
Net cash generated by operating activities	**(117,126,942)**	(335,258,878)
Cash flows from investing activities		
Inter-corporate Deposit Given	**–**	(175,500,000)
Interest received on Inter-corporate Deposit	**13,239,703**	–
Payments for property, plant and equipment	**(203,848)**	(328,342)
Net movement in bank deposits	**(583,786)**	82,489,736
Net cash (used in)/generated by investing activities	**12,452,069**	(93,338,606)
Cash flows from financing activities		
Proceeds from short term borrowings	**97,128,109**	–
Loan from related parties	**–**	408,470,000
Net cash used in financing activities	**97,128,109**	408,470,000
Net (decrease)/Increase in cash and cash equivalents	**(7,546,765)**	(20,127,485)
Cash and cash equivalents at the beginning of the year	**7,640,913**	27,768,398
Cash and cash equivalents at the end of the year	**94,149**	7,640,913

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Aniruddha Joshi
Partner
Membership No: 040852
Place : Mumbai
Date: 23rd April 2021

For and on behalf of the Board of Directors of
Mahindra Industrial Park Private Limited

Arvind Subramanian **Director** DIN-02551935

Nidhi Seksaria **Director** DIN-06950793

Place : Mumbai
Date: 23rd April 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

(Amount in Rs.)

A. Equity share capital	
As at 31st March, 2019	500,000
Changes in equity share capital during the year	–
As at 31st March, 2020	500,000
Changes in equity share capital during the year	–
As at 31st March, 2021	**500,000**

a. Equity share capital	**Equity share capital (no. of shares)**
Balance at April 1, 2019	50,000
Changes in equity share capital during the year	–
Closing Balance at March 31, 2020	**50,000**
Balance at April 1, 2020	50,000
Changes in equity share capital during the year	–
Balance at March 31, 2021	50,000
	50,000

B. Other Equity	**Retained earnings (Amount in Rs.)**
Balance as 31 March, 2019 (A)	**(10,116,985)**
Profit/(Loss) for the year (B)	(87,520,849)
Balance as at 31 March, 2020 (C) = [(A)+(B)]	**(97,637,834)**
Profit/(Loss) for the period (D)	(50,508,080)
Balance as at 31st March, 2021 (E) = [(C)+(D)]	**(148,145,914)**

In terms of our report attached

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Aniruddha Joshi
Partner
Membership No: 040852
Place : Mumbai
Date: 23rd April 2021

For and on behalf of the Board of Directors of
Mahindra Industrial Park Private Limited

Arvind Subramanian **Director** DIN-02551935

Nidhi Seksaria **Director** DIN-06950793

Place : Mumbai
Date: 23rd April 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2021

1. Corporate information

Mahindra Industrial Park Private Limited ("the Company") is a public company incorporated in India on 29th March, 2013 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is in the business of establishing, acquiring, developing and maintaining Industrial Parks, Technology Parks, Bio-tech Parks, Software Parks, Special Economic zones, Export Processing Zones, Industrial Areas, Industrial estates, Integrated Townships, Residential and/or Commercial Complexes, Housing Facility in India and outside India.

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

2. Significant Accounting Policies

2.1 Statement of compliance and Basis of preparation and presentation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. For all periods upto and including the financial year ended 31st March, 2021

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (Rs.) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue in the meeting held on 23rd April, 2021

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed of, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the statement of profit and loss.

Depreciation on assets (other than impaired assets) is calculated on straight line method at the rate of 11.31% p.a. which is based on useful life of about 9 years determined on the basis of technical evaluation by the Management of the Company and is different from the useful life of 15 years indicated in part C of schedule II to the Companies Act, 2013.

2.3 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement profit and loss.

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value, whichever is lower. Cost is arrived at on first-in-first-out basis and includes overheads on absorption basis, where appropriate.

Financial assets and Liabilities

2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of profit or loss.

2.6 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.6.1 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowances at an amount equal to lifetime expected credit losses.

2.6.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2021

2.7 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.7.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.7.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.7.1.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.8 Revenue recognition

Revenue on account of sale of services is recognised under the completed service contract method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9.2 Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9.4 Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/ (loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Note No. 4 - Property, Plant and Equipment

Description of Assets	Office Equipment	Furniture and Fixtures	Computer	Building - Office	Total
I. Gross Carrying Amount					
Balance as at 1st April, 2020	32,000	181,868	415,541	853,488	1,482,897
Additions	–	–	203,848	–	203,848
Balance as at 31st March, 2021	**32,000**	**181,868**	**619,389**	**853,488**	**1,686,745**
II. Accumulated depreciation and impairment					
Balance as at 1st April, 2020	4,806	27,691	39,391	256,795	328,683
Depreciation expense for the year	3,040	17,278	103,031	162,163	285,512
Balance as at 31st March, 2021	**7,846**	**44,969**	**142,422**	**418,958**	**614,195**
III. Net carrying amount (I-II)	**24,154**	**136,899**	**476,967**	**434,530**	**1,072,550**

Description of Assets	Office Equipment	Furniture and Fixtures	Computer	Building - Office	Total
I. Gross Carrying Amount					
Balance as at 1st April, 2019	32,000	181,868	87,199	853,488	1,154,555
Additions	–	–	328,342	–	328,342
Balance as at 31st March, 2020	**32,000**	**181,868**	**415,541**	**853,488**	**1,482,897**
II. Accumulated depreciation and impairment					
Balance as at 1st April, 2019	1,766	10,414	10,508	94,632	117,320
Depreciation expense for the year	3,040	17,277	28,883	162,163	211,363
Balance as at 31st March, 2020	**4,806**	**27,691**	**39,391**	**256,795**	**328,683**
III. Net carrying amount (I-II)	27,194	154,177	376,150	596,693	1,154,214

Note No. 5 - Inventories

(Amount in Rs.)

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
(a) Work in Progress (Representing cost of land and related expenditure)	**1,888,073,654**	1,205,431,412
Total Inventories (at lower of cost and net realisable value)	**1,888,073,654**	1,205,431,412

Note No. 6 - Cash and Bank Balances

(a) Cash and cash equivalents

(Amount in Rs.)

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
(i) Balances with banks	**(97,128,109)**	27,768,398
Total Cash and cash equivalent	**(97,128,109)**	27,768,398

(b) Other bank balances

(Amount in Rs.)

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
(i) In deposit accounts	**8,845,486**	87,292,000
Total other bank balances	**8,845,486**	87,292,000

Note No. 7 - Other assets

(Amount in Rs.)

Particulars		As at 31st March, 2021 Current	As at 31st March, 2020 Current
(a)	**Advances other than capital advances**		
(i)	Balances with government authorities (other than income taxes)	**23,270,020**	22,886,208
(ii)	Other advances	**3,187,558**	6,676,883
(iii)	Interest accrued but not due on term deposit accounts	**966,221**	382,435
(iv)	Advance Payment Of Income Tax	**2,341,680**	2,039,590
Total		**29,765,479**	31,985,116

Note No. 8 - Equity Share Capital

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of shares	**(Amount in Rs.)**	No. of shares	(Amount in Rs.)
Authorised:				
Equity shares of Rs.10 each with voting rights	**100,000**	**1,000,000**	100,000	1,000,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs.10 each with voting rights	**50,000**	**500,000**	50,000	500,000
Issued, Subscribed and Partly Paid:				
Equity shares of Rs.10 each with voting rights	**50,000**	**500,000**	50,000	500,000
Total	**50,000**	**500,000**	50,000	500,000

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Particulars	Opening Balance	Closing Balance
(a) Equity Shares with Voting rights		
Year Ended 31st March 2020		
No. of Shares	**50,000**	**50,000**
Amount	**500,000**	**500,000**
Year Ended 31st March 2019		
No. of Shares	50,000	50,000
Amount	500,000	500,000
Year Ended 31st March 2018		
No. of Shares	50,000	50,000
Amount	500,000	500,000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

Particulars	No. of Shares Equity Shares with Voting rights
As at 31st March 2020	
Mahindra Lifespace Developers Ltd.	50,000
As at 31st March 2019	
Mahindra Lifespace Developers Ltd.	50,000
As at 31st March 2018	
Mahindra Lifespace Developers Ltd.	50,000

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

Class of shares/Name of shareholder	As at 31st March, 2021		As at 31st March, 2020	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Lifespace Developers Ltd.	**50,000**	**100.00%**	50,000	100.00%

Note No. 9 - Other equity

(Amount in Rs.)

Particulars	Retained earnings	Total
Balance as at 31st March, 2019	**(10,116,985)**	**(10,116,985)**
Profit/(Loss) for the year	(87,520,849)	(87,520,849)
Balance at 31st March, 2020	**(97,637,834)**	**(97,637,834)**
Profit/(Loss) for the year	(50,508,080)	(50,508,080)
Balance at 31st March, 2021	**(148,145,914)**	**(148,145,914)**

Note No. 10 - Borrowings

(Amount in Rs.)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Non Current		
Unsecured (Carried at Fair value through P&L)		
(a) Optionally convertible debentures 771 Series IV (Previous year 771) and 6,686 Series V (Previous year 6,686), Optionally Convertible Redeemable Debentures ("OCRD") of Rs. 100,000/- each (Refer note 10(a))	**930,600,000**	860,500,000
Unsecured (Carried at Amortised cost)		
(b) Non convertible debentures(Refer note 10 (b))	**756,450,000**	756,450,000
Total Non current borrowings	**1,687,050,000**	1,616,950,000
Current		
Unsecured (Carried at Amortised cost)		
(a) Loans from related parties	**175,500,000**	175,500,000
(b) Short term loan from bank	**97,128,109**	–
Total Current Borrowings	**272,628,109**	175,500,000

Note - 10 (a) Terms and conditions of Optionally Convertible Debenture (OCDs)

Series IV Optionally Convertible Debenture (OCDs)

Series IV OCD's are unsecured, unlisted, redeemable and optionally convertible debentures having a tenure of 5 years from the date of allotment. The issue and face value of each Series IV Debenture is Rs.1,00,000. During six months preceding the date of maturity, the Series IV Debenture holders shall be entitled to exercise an option to convert OCD's into equity shares (face value of Rs.10 each) at a price determined in accordance with the terms of the issue and on the basis of valuation report of the Registered valuer.

If the option to convert is not exercised, the OCDs shall be compulsorily redeemed at the rate of 11% on annual compounding basis from the date of allotment of OCRDs till redemption.

Series V Optionally Convertible Debenture (OCDs)

Series V OCDs are unsecured, unlisted, redeemable and optionally convertible debentures. The face value and issue price of each OCDs is Rs.1,00,000. The OCD's shall earn, interest of 17% per annum compounded annually. Interest on each OCDs shall be accrued, due and payable subject to availability of Distributable Cash and on obtaining an approval from the Distributions Committee and the board of directors of the Company. Each OCDs constitutes a direct obligation of the Company and shall at all times rank pari passu inter se (without any preference or priority of one over the other or others of them). The OCD's shall rank pari passu with the Series 1A Debentures, Series 1B Debentures and Series B Debentures, as the case maybe, with regards to the distribution of distributable cash in accordance with the terms of issue.

At the time of redemption of OCD's, the Company shall redeem such number of OCD's which is proportionate to the number of Series 1A Series 1A Debentures, Series 1B Debentures and Series B Debentures, as the case maybe in accordance Distribution Waterfall and Distribution Waterfall Mechanism.

In the event of conversion, the holder of Debentures will be entitled to equity shares of the Company only up to the principal amount (i.e. the issue price) of the outstanding Debentures.

Note - 10 (b). The Company has issued unsecured, unlisted, redeemable, non-convertible debentures as below:-

Particulars	Series 1A	Series 1B	Series B	Total
Face Value (Rs.)	100,000	100,000	100,000	
No. of Debentures	2,641	4,924	756	8,321
Total Face Value	264,100,000	492,400,000	75,600,000	832,100,000
Discount on issue	10%	10%	Nil	Nil
Total Issue Value	**237,690,000**	**443,160,000**	**75,600,000**	**756,450,000**

The key terms series 1A are as below:

(a) Coupon on each Series 1A Debenture shall accrue on a quarterly basis at the end of each quarter of a Financial Year, and shall become due and payable to the holders of Series 1A Debentures quarterly subject to availability of Distributable Cash as determined by Distribution committee. The Company shall redeem the relevant Series 1A Debentures in accordance with the Distribution Waterfall and Distribution Waterfall Mechanism.

The key terms series 1B are as below:

(a) Coupon on each Series 1B Debenture shall accrue on a quarterly basis at the end of each quarter of a Financial Year, and shall become due and payable to the holders of Series 1B Debentures quarterly subject to availability of Distributable Cash as determined by Distribution committee. The Company shall redeem the relevant Series 1B Debentures in accordance with the Distribution Waterfall and Distribution Waterfall Mechanism.

The key terms series B are as below:

(a) Coupon on each Series B Debenture shall accrue on a quarterly basis at the end of each quarter of a Financial Year, and shall become due and payable to the holders of Series B Debentures quarterly subject to availability of Distributable Cash as determined by Distribution committee. The Company shall redeem the relevant Series B Debentures in accordance with the Distribution Waterfall and Distribution Waterfall Mechanism.

Note No. 11 - Trade Payables

(Amount in Rs.)

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non Current
Trade payable - Micro and small enterprises	–	–	–	–
Trade payable - Other than micro and small enterprises	**54,358,124**	–	24,860,893	–
Total	**54,358,124**	–	24,860,893	–

(i) No Companies have been identified under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosure as required by Notification No. G.S.R. 719 (E), dated 16 November, 2007 issued by the Ministry of Corporate Affairs is not applicable.

Note No. 12 - Other Liabilities

(Amount in Rs.)

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non- Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non- Current
a. Statutory dues				
- taxes payable (other than income taxes)	**1,001,888**		936,044	–
TOTAL	**1,001,888**		936,044	–

Note No. 13 - Other Financial Liabilities

(Amount in Rs.)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current		
(a) Interest accrued	**400,750,985**	269,838,936
Total	**400,750,985**	269,838,936

Note No. 14 - Other Expenses

(Amount in Rs.)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Business Promotion Expenses	**3,238,110**	4,495,525
(b) Payments to auditors (including tax):		
(i) For audit	**177,000**	150,000
(ii) For reimbursement of expenses	**–**	–
(c) Other expenses		
(i) Professional Fees	**1,940,202**	479,610
(ii) GST Input Reversal	**–**	3,102,295
(iii) Travelling & Conveyance	**105,788**	806,879
(iv) Miscellaneous expenses	**714,638**	473,151
(v) IT - Sharing Expenses & Others	**604,849**	554,275
(vi) Bank Charges	**–**	236
(vii) ESOP Charges	**–**	157,699
(viii) FVTPL loss on OCRD	**55,200,000**	102,100,000
Total Other Expenses	**61,980,585**	112,319,671

Note 14(a) - During the year there were no foreign exchange outflows

Note No. 15 - Earnings per Share

Particulars	For the period ended 31st March, 2021 Per Share	For the year ended 31st March, 2020 Per Share
Basic Earnings per share		
From continuing operations	**(1,010.16)**	(1,750.42)
From discontinuing operations	**–**	–
Total basic earnings per share	**(1,010.16)**	(1,750.42)
Diluted Earnings per share		
From continuing operations	**(1,010.16)**	(1,750.42)
From discontinuing operations		
Total diluted earnings per share	**(1,010.16)**	(1,750.42)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	For the period ended 31st March, 2021	For the year ended 31st March, 2020
Loss for the year attributable to owners of the Company	**(50,508,080)**	(87,520,849)
Loss for the year used in the calculation of basic earnings per share	**(50,508,080)**	(87,520,849)
Loss used in the calculation of basic earnings per share from continuing operations	**(50,508,080)**	(87,520,849)
Weighted average number of equity shares	**50,000**	50,000
Earnings per share from continuing operations - Basic	**(1,010.16)**	(1,750.42)

Note No. 16 - Related Party Transactions

Related party disclosures as required by Ind As 24 “Related Party Disclosures” are given below.

1	Mahindra & Mahindra Limited	Entities having joint control/ significant influence over Company
2	Mahindra Lifespace Developers Limited	
3	Mahindra Integrated Business Solutions Private Limited	Other related parties
4	Mahindra Bloomdale Developers Limited	

(Amount in Rs.)

Particulars	**For the year ended**	**Mahindra & Mahindra Limited**	**Mahindra Lifespace Developers Limited**	**Mahindra Integrated Business Solutions Private Limited**	**Mahindra Bloomdale Developers Limited**
Nature of transactions with Related Parties					
Deposit Received	**31-Mar-21**	**–**	**–**	**–**	**–**
	31-Mar-20	–	175,500,000	–	–
OCRD Issued	**31-Mar-21**	**–**	**–**	**–**	**–**
	31-Mar-20	–	107,500,000	–	–
Interest on ICD payable	**31-Mar-21**	**–**	**14,700,890**	**–**	**–**
	31-Mar-20	–	14,482,650	–	–
ESOP Expenses accounted	**31-Mar-21**	**–**	**50,192**	**–**	**–**
	31-Mar-20	–	157,699	–	–
Professional charges	**31-Mar-21**	**–**	**–**	**83,000**	**–**
	31-Mar-20	–	8,024,000	97,940	–
ICD given	**31-Mar-21**	**–**	**–**	**–**	**–**
	31-Mar-20	–	–	–	175,500,000
Interest on ICD receivable	**31-Mar-21**	**–**	**–**	**–**	**14,788,641**
	31-Mar-20	–	–	–	6,437,967
Reimbursement of expenses accounted	**31-Mar-21**	**341,177**	**–**	**–**	**–**
	31-Mar-20	163,042	–	–	–

(Amount in Rs.)

Nature of Balances with Related Parties	**Balances as on**	**Mahindra & Mahindra Limited**	**Mahindra Lifespace Developers Limited**	**Mahindra Integrated Business Solutions Private Limited**	**Mahindra Bloomdale Developers Limited**
Payables	**31-Mar-21**	**174,869**	**202,182,892**	**27,071**	**–**
	31-Mar-20	6,063	196,036,081	12,420	–
Receivables	**31-Mar-21**	**–**	**169,878**	**–**	**183,486,905**
	31-Mar-20	–	169,878	–	181,294,170

Notes:

1. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
2. Related parties have been identified by the Management.

Note No. 17 - Financial Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

(Amount in Rs.)

	31-Mar-21	31-Mar-20
Equity	**(147,645,914)**	(97,137,834)
Less: Cash and cash equivalents	**94,149**	7,640,913
	(147,740,063)	(104,778,748)

Categories of financial assets and financial liabilities

			As at 31st March, 2021
	Amortised Costs	**FVTPL**	**Total**
Current Assets			
Cash and Cash Equivalent	94,149	–	**94,149**
Other Bank Balances	8,845,486	–	**8,845,486**
Loans	175,500,000	–	**175,500,000**
Non-current Liabilities			
Borrowings	756,450,000	930,600,000	**1,687,050,000**
Current Liabilities			
Borrowings	272,628,109	–	**272,628,109**
Trade Payables	54,358,124	–	**54,358,124**

			As at 31st March, 2020
	Amortised Costs	**FVTPL**	**Total**
Current Assets			
Cash and Cash Equivalent	7,640,913	–	7,640,913.14
Other Bank Balances	8,845,486	–	8,845,486.00
Non-current Liabilities			
Borrowings	756,450,000	860,500,000.00	1,616,950,000.00
Current Liabilities			
Trade Payables	24,860,893	–	24,860,893.46

Note No. 18 - Events after the reporting period

No material events have occurred after the Balance Sheet date and upto the approval of financial statements.

Note No. 19 - Previous Year Figures

The figures of previous years have been regrouped/reclassified wherever necessary to confirm to current year's grouping/classification.

For and on behalf of Board of the Directors
Mahindra Industrial Park Private Limited

Arvind Subramanian **Director** DIN-02551935

Nidhi Seksaria **Director** DIN-06950793

Place : Mumbai
Date: 23rd April 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

MAHINDRA WATER UTILITIES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Mahindra Water Utilities Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the report of Board of Directors, but does not include the financial statements and our auditor's report thereon.

- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

Management's Responsibility for the Financial Statements

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account
   d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
   e. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
   h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements -;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 117364W)

Ketan Vora
(Partner)
(Membership No. 100459)

Place: Mumbai
Date: April 23, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **Mahindra Water Utilities Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No.117364W)

Ketan Vora
(Partner)
(Membership No. 100459)

Place: Mumbai

Date: April 23, 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Mahindra Water Utilities Limited on the financial statements for the year ended March 31, 2021)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 or 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) Having regard to the nature of the Company's business/activities, reporting under clause (vi) of the Order is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Goods and Services Tax and other material statutory dues in arrears, as at March 31, 2021 for a period of more than six months from the date they became payable. We have been informed that the provisions of Sales Tax, Customs Duty, Excise Duty, Value Added Tax and Cess are not applicable to the Company for the year.

(c) Details of dues of Income-tax which have not been deposited as on March 31, 2021 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs.)	Amount Unpaid (Rs.)
Income Tax Act, 1961	TDS matters	Appellate Authority – Asst. Commissioner (CPC)	FY 2009 – 10	112,220	112,220
		Appellate Authority – Asst. Commissioner (CPC)	FY 2012 – 13	598,430	598,430
		Appellate Authority – Assessing Officer	FY 2013 – 14	48,040	48,040
		Jurisdictional AO Circle 7(2)(1)	FY 2017 – 18	47,230	47,230

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government nor has issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has not paid/provided any managerial remuneration as per the provisions of Section 197 read with Schedule V to the Act and hence, reporting under clause (xi) of the Order is not applicable to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of Section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 117364W)

Ketan Vora
Partner
Membership No. 100459

Place: Mumbai

Date: April 23, 2021

BALANCE SHEET AS AT MARCH 31, 2021

	Particulars	Note No.	As at March 31, 2021 Rupees	As at March 31, 2020 Rupees
A	**ASSETS**			
	1 Non-current assets			
	(a) Property, Plant and Equipment	4	**79,63,949**	88,88,199
	(b) Financial Assets			
	(i) Trade receivables	5	**–**	–
	(ii) Loans	10	**–**	16,75,00,000
	(iii) Other Financial assets	6	**1,90,32,355**	10,80,177
	(c) Deferred tax assets (net)	25	**35,32,279**	41,15,504
	(d) Other non-current assets	7	**2,03,88,915**	1,96,91,348
	Total Non - Current Assets		**5,09,17,498**	20,12,75,228
	2 Current assets			
	(a) Financials Assets			
	(i) Investments	8	**3,62,193**	3,40,346
	(ii) Trade receivables	5	**3,14,56,913**	2,54,29,443
	(iii) Cash and cash equivalents	9	**27,64,323**	8,54,99,458
	(iv) Bank Balances other than (iii) above	9	**5,46,45,023**	11,98,78,854
	(v) Loans	10	**11,75,00,000**	–
	(vi) Other financial assets	6	**50,96,091**	87,86,125
	(b) Other Current Assets	7	**11,75,884**	9,49,456
	Total Current Assets		**21,30,00,427**	24,08,83,682
	Total Assets		**26,39,17,925**	44,21,58,910
B	**EQUITY AND LIABILITIES**			
	1 Equity			
	(a) Equity Share capital	11	**10,00,000**	10,00,000
	(b) Other Equity	12	**22,54,76,775**	40,44,83,870
	Total equity		**22,64,76,775**	40,54,83,870
	LIABILITIES			
	2 Non-current liabilities			
	Provisions	18	**3,73,708**	2,77,692
	Total Non - Current Liabilities		**3,73,708**	**2,77,692**
	3 Current liabilities			
	(a) Financial Liabilities			
	(i) Trade payables			
	– total outstanding dues of micro enterprises; and small enterprises and	13	**27,199**	2,939
	– total outstanding dues of creditors other than and micro enterprises and small enterprises	13	**80,24,598**	76,30,174
	(ii) Other financial liabilities	14	**71,48,364**	74,54,939
	(b) Other current liabilities	15	**28,39,813**	27,34,254
	(c) Provisions	16	**94,81,527**	90,29,101
	(d) Current Tax liabilities (net)	17	**95,45,941**	95,45,941
	Total Current Liabilities		**3,70,67,442**	3,63,97,348
	Total Equity and Liabilities		**26,39,17,925**	44,21,58,910
	See accompanying notes to the financial statements	1-42		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place: Mumbai
Date : April 23, 2021

For and on behalf of the Board of Directors

Arvind Subramanian Director

Vimal Agarwal Director

Place: Mumbai
Date : April 23, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

	Particulars	Note No.	For the year ended March 31, 2021 Rupees	For the year ended March 31, 2020 Rupees
I	Revenue from operations	19	**22,54,92,601**	19,33,69,513
II	Other Income	20	**1,72,76,946**	3,35,39,708
III	**Total Income (I + II)**		**24,27,69,547**	22,69,09,221
IV	**EXPENSES**			
	(a) Employee benefits expense	21	**6,83,46,581**	6,82,55,848
	(b) Finance costs	22	**–**	24,004
	(c) Depreciation	4	**21,52,876**	21,86,527
	(d) Other expenses	23	**6,41,78,988**	5,94,50,504
	Total Expenses (IV)		**13,46,78,445**	12,99,16,883
V	**Profit before tax (III - IV)**		**10,80,91,102**	9,69,92,338
VI	**Tax Expense**			
	(i) Current tax	25	**2,69,90,000**	2,32,97,000
	(ii) Deferred tax		**4,63,660**	18,97,724
	Total tax expense		**2,74,53,660**	2,51,94,724
VII	**Profit for the year (V - VI)**		**8,06,37,442**	7,17,97,614
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit liabilities/(asset)		**4,75,028**	(2,02,410)
	Tax relating to items that will not be reclassified to profit or loss		**(1,19,565)**	50,947
			3,55,463	(1,51,463)
IX	**Total comprehensive income for the year (VII + VIII)**		**8,09,92,905**	7,16,46,151
X	**Earnings per equity share : (Face Value of Rs. 10 each)**	26		
	(i) Basic		**806.37**	717.98
	(ii) Diluted		**806.37**	717.98
	See accompanying notes to the financial statements	1-42		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place: Mumbai
Date : April 23, 2021

For and on behalf of the Board of Directors

Arvind Subramanian Director

Vimal Agarwal Director

Place: Mumbai
Date : April 23, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

Particulars		For the year ended March 31, 2021		For the year ended March 31, 2020
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Profit before tax		**10,80,91,102**		9,69,92,338
Adjustments for:				
Depreciation and amortisation expense	**21,52,876**		21,86,527	
Gain on disposal of property, plant and equipment	**(2,29,102)**		(1,47,032)	
Finance Cost	**–**		24,004	
Provision for doubtful trade receivables written off/ (written back)	**(4,29,157)**		(72,96,243)	
Service tax payable written off	**(3,04,605)**		–	
Dividend Income	**(23,618)**		(16,038)	
Interest Income from loan to related party	**(93,95,000)**		(68,18,188)	
Interest Income from Bank	**(36,95,068)**	**(1,19,23,674)**	(1,92,16,975)	(3,12,83,945)
Operating Profit before Working Capital changes		**9,61,67,428**		6,57,08,393
Movements in working capital				
Decrease/ (Increase) in Trade receivables	**(55,98,313)**		14,92,13,164	
(Increase)/ Decrease in Other Financial assets and Other assets	**8,25,749**		9,978	
Increase Trade payables, Provisions, Other financial liabilities and other liabilities	**15,45,742**	**(32,26,822)**	25,74,810	15,17,97,952
Cash generated from operations		**9,29,40,606**		21,75,06,345
Income-tax paid (net of refunds)		**(2,76,85,795)**		(2,40,46,814)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**6,52,54,811**		19,34,59,531
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of property, plant and equipment	**(12,37,574)**		(19,23,716)	
Proceeds from sale of property, plant and equipment	**2,38,050**		1,47,032	
Interest received - Fixed Deposits at Bank	**95,17,545**		2,68,91,148	
Interest received - Loan to related party	**72,62,557**		55,57,909	
Loan given to related party	**–**		(16,75,00,000)	
Loan repaid by related party	**5,00,00,000**		3,50,00,000	
Increase in other bank balances	**4,62,29,476**		19,06,00,717	
NET CASH FROM INVESTING ACTIVITIES		**11,20,10,054**		8,87,73,090

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021 (Contd.)

Particulars		**For the year ended March 31, 2021**		For the year ended March 31, 2020
	Rupees	**Rupees**	**Rupees**	**Rupees**
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Finance costs paid	**–**		(24,004)	
Dividend paid with dividend distribution tax	**(26,00,00,000)**		(24,11,10,600)	
NET CASH USED IN FINANCING ACTIVITIES		**(26,00,00,000)**		(24,11,34,604)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		**(8,27,35,135)**		4,10,98,017
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**8,54,99,458**		4,44,01,441
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**27,64,323**		8,54,99,458

Particulars	**April 1, 2020**	**Cash Flow**	**Non Cash Changes**	**March 31, 2021**
Borrowing - Non Current	–	–	**–**	**–**
Borrowing - Current	–	–	**–**	**–**
Total	–	–	**–**	**–**

The above Cash flow statement has been prepared under the ‘Indirect Method’ as set out in Indian Accounting Standard (IND AS) 7 ‘Cash Flow Statement’.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place: Mumbai
Date : April 23, 2021

For and on behalf of the Board of Directors

Arvind Subramanian Director

Vimal Agarwal Director

Place: Mumbai
Date : April 23, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A. Equity share capital

	Rupees
As at April 1, 2019	10,00,000
Changes in equity share capital during the year	–
As at March 31, 2020	10,00,000
Changes in equity share capital during the year	–
As at March 31, 2021	10,00,000

B. Other Equity

	Reserves and Surplus		
Particular	**Retained earnings**	**Items of other comprehensive income - Remeasurements of the defined benefit liabilities/ (asset)**	**Total**
	Rupees	Rupees	Rupees
As at April 1, 2019	**57,51,50,390**	**(12,02,071)**	**57,39,48,319**
Profit for the year	7,17,97,614	–	7,17,97,614
Dividend paid during the year	(20,00,00,000)		(20,00,00,000)
Dividend Distribution Tax	(4,11,10,600)		(4,11,10,600)
Other Comprehensive Income/(Loss) for the year (net of tax)	–	(1,51,463)	(1,51,463)
Total Comprehensive Income for the year	(16,93,12,986)	(1,51,463)	(16,94,64,449)
Balance at March 31, 2020	**40,58,37,404**	**(13,53,534)**	**40,44,83,870**
Profit for the year	8,06,37,442	–	8,06,37,442
Dividend paid during the year	(26,00,00,000)		(26,00,00,000)
Dividend Distribution Tax	–		–
Other Comprehensive Income/(Loss) for the year (net of tax)	–	3,55,463	3,55,463
Total Comprehensive Income for the year	(17,93,62,558)	3,55,463	(17,90,07,095)
Balance at March 31, 2021	**22,64,74,846**	**(9,98,071)**	**22,54,76,775**

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place: Mumbai
Date : April 23, 2021

For and on behalf of the Board of Directors

Arvind Subramanian Director

Vimal Agarwal Director

Place: Mumbai
Date : April 23, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 1. Corporate information:

Mahindra Water Utilities Limited (the Company) is a public company incorporated in India on August 10, 1999 under the provisions of Companies Act, 1956. The Company is engaged in operation & maintenance of water and sewage system for M/s. New Tirupur Area Development Corporation Limited, Tirupur. The Company is a subsidiary of Mahindra Infrastructure Developers Limited and the ultimate holding company is Mahindra and Mahindra Limited.

Note 2. Significant accounting policies:

2.1 Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis for preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Property, Plant and Equipment:

Property, Plant and Equipment held for use in supply of services or for administrative purposes, are stated in the Balance Sheet at cost less depreciation and accumulated impairment losses, if any. Costs comprise purchase price and attributable costs, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives as determined by the Management, using the straight-line method. Estimated useful life as determined by the Management is in line with that prescribed in Schedule II to the Companies Act 2013. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Assets costing individually less than Rs. 5,000 is fully depreciated in the year of purchase.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.4 Impairment of tangible assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.5 Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable.

i) Income for services is accounted for as and when services are rendered as per terms of the agreement at the contractual rate and there exists no significant uncertainty as to ultimate realisation.

ii) Dividend income from investments is recognised when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

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

2.6 Employee benefits

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.7 Lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

2.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in the Statement of Profit and Loss except when they relate to items that are recognised in Other Comprehensive Income, in which case, the current and deferred tax are also recognised in Other Comprehensive Income.

2.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.10 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets at fair value through profit or loss (FVTPL)

Investments in units of Mutual Funds are classified as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Company, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables and other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Foreign exchange gains and losses on financial assets

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Note 3 Critical accounting judgements and key sources of estimation uncertainty:

In the application of the Company's accounting policies, which are described in Note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

At the end of the reporting period, there were no key assumptions concerning the future period that may have had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Note 4 - Property, Plant and Equipment

Description of Assets	**Plant and Equipment**	**Office Equipment**	**Furniture and Fixtures**	**Vehicles**	**Total**
	Rupees	Rupees	Rupees	Rupees	Rupees
I. Gross carrying amount					
Balance as at April 1, 2019	**35,15,350**	**4,37,534**	**7,80,377**	**57,50,796**	**1,04,84,057**
Additions during the year ended March 31, 2020	1,23,244	2,21,774	31,760	15,46,938	19,23,716
Disposal of assets during the year ended March 31, 2020	–	35,500	–	8,67,708	9,03,208
Balance as at March 31, 2020	**36,38,594**	**6,23,808**	**8,12,137**	**64,30,026**	**1,15,04,565**
Additions during the year ended March 31, 2021	1,20,839	95,510	3,894	10,17,331	12,37,574
Disposal of assets during the year ended March 31, 2021	58,575	–	–	11,65,940	12,24,515
Balance as at March 31, 2021	**37,00,858**	**7,19,318**	**8,16,031**	**62,81,417**	**1,15,17,624**
II. Accumulated depreciation					
Balance as at April 1, 2019	**5,17,025**	**1,45,106**	**4,73,742**	**1,97,174**	**13,33,047**
Depreciation for the year	10,75,870	1,16,394	36,462	9,57,801	21,86,527
Eliminated on Disposal of assets during the year ended March 31, 2020	–	35,500	–	8,67,708	9,03,208
Balance as at March 31, 2020	**15,92,895**	**2,26,000**	**5,10,204**	**2,87,267**	**26,16,366**
Depreciation for the year	9,05,926	1,65,502	42,727	10,38,721	21,52,876
Eliminated on Disposal of assets during the year ended March 31, 2021	49,627	–	–	11,65,940	12,15,567
Balance as at March 31, 2021	**24,49,194**	**3,91,502**	**5,52,931**	**1,60,048**	**35,53,675**
Net carrying amount (I-II)					
Balance as at March 31, 2021	**12,51,664**	**3,27,816**	**2,63,100**	**61,21,369**	**79,63,949**
Balance as at March 31, 2020	20,45,699	3,97,808	3,01,933	61,42,759	88,88,199

Note 5 - Trade receivables

	Particulars	**As at March 31, 2021**		As at March 31, 2020	
		Current	**Non Current**	Current	Non Current
		Rupees	Rupees	Rupees	Rupees
(a)	Trade Receivables considered good - Unsecured;	**3,14,56,913**	**–**	2,54,29,443	–
(b)	Trade Receivables - Credit impaired		**27,53,131**		59,01,592
	Less: Allowances for Expected Credit Losses		**(27,53,131)**		(59,01,592)
	Total	**3,14,56,913**	**–**	2,54,29,443	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Trade receivables

The entire trade receivables balance as at March 31, 2021 and March 31, 2020 is due from M/s. New Tirupur Area Development Corporation Ltd., the sole client of the Company.

The average credit period on invoice for services is 15 days. No interest is charged on trade receivables.

The concentration of credit risk is high, since the entire trade receivables are due from only one client, M/s. New Tirupur Area Development Corporation Ltd.

The Company has incurred expenses towards certain specified categories of maintenance of plant and facilities. As per the terms of the aforementioned agreement with NTADCL, the Company is entitled to reimbursement of the aforesaid expenses, which the Company has also claimed from NTADCL. The Company has not formally received a confirmation on the payment due for such reimbursable services.

Based on further negotiations/ discussions with NTADCL, the company is confident of receiving these payments and hence no further provision has been done in the current year.

Reconciliation of loss allowance provision for Trade Receivables

Particulars	**As at March 31, 2021** Rupees	As at March 31, 2020 Rupees
Balance as at beginning of the year	**59,01,592**	1,31,97,835
Impairment losses/Gain recognised in the year based on 12 month expected credit losses		
On receivables originated in the year	**–**	–
Other receivables	**(4,29,157)**	(72,96,243)
Amount written-off during the year	**(27,19,304)**	–
Balance at end of the year	**27,53,131**	59,01,592

Note 6 - Other Financial Assets

Particulars	**As at March 31, 2021**		As at March 31, 2020	
	Current	**Non Current**	Current	Non Current
	Rupees	Rupees	Rupees	Rupees
Financial assets at amortised cost				
(a) Interest accrued on deposits with bank	**12,85,308**	**–**	71,07,785	–
(b) Interest accrued on Loan to Related Party	**35,90,783**	**–**	14,58,340	–
(c) Balance with bank held as margin money	**–**	**–**	–	10,51,177
(d) Fixed Deposits	**–**	**1,90,04,355**	–	–
(e) Security deposits	**2,20,000**	**28,000**	2,20,000	29,000
Total	**50,96,091**	**1,90,32,355**	87,86,125	10,80,177

Note 7 - Other assets

Particulars	**As at March 31, 2021**		As at March 31, 2020	
	Current	**Non Current**	Current	Non Current
	Rupees	Rupees	Rupees	Rupees
Advance income tax including fringe benefit tax	**–**	**2,03,88,915**	–	1,96,91,348
Others				
(a) Advance to Suppliers	**1,303**	**–**	3,811	–
(b) Prepaid Expenses	**11,74,581**	**–**	9,45,645	–
Total	**11,75,884**	**2,03,88,915**	9,49,456	1,96,91,348

Note 8 - Investment

Particulars	**As at March 31, 2021**		As at March 31, 2020	
	No. of units	**Rupees**	No. of units	Rupees
Investments Carried at: Fair Value Through Profit and Loss				
Unquoted Investments				
Investments in Mutual Funds				
HDFC Cash Management Fund of Rs. 10/-each fully paid up	**35,713.511**	**3,62,193**	33,555.491	3,40,346
Total	**35,713.511**	**3,62,193**	33,555.491	3,40,346

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 09 - Cash and Bank Balances

Particulars			As at March 31, 2021	As at March 31, 2020
			Rupees	Rupees
(a)	Balance with Banks			
	(i)	In Current Account	27,64,323	19,09,458
	(ii)	In Deposit Account	–	8,35,90,000
			27,64,323	8,54,99,458
(b)	Bank Balances other than above			
	Balance with Banks			
	Balance with bank held as margin money		10,51,177	–
	Fixed Deposits with maturity greater than 3 months (includes Nil in FY21 (Previous Year Rs.16,50,000) held as earnest money deposit)		5,35,93,846	11,98,78,854
			5,46,45,023	11,98,78,854
			5,74,09,346	20,53,78,312

Note 10 - Loans

Particulars	As at March 31, 2021		As at March 31, 2020	
	Current	Non Current	Current	Non Current
	Rupees	Rupees	Rupees	Rupees
Loans Receivables considered good - Unsecured				
Loan to related party	11,75,00,000	–	–	16,75,00,000
Total	11,75,00,000	–	–	16,75,00,000

Note - 11 Equity Share capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	Nos	Rupees	Nos	Rupees
Authorised shares:				
Equity Shares of Rs. 10 each	1,00,000	10,00,000	1,00,000	10,00,000
	1,00,000	10,00,000	1,00,000	10,00,000
Issued, subscribed and fully paid-up shares:				
Equity Shares of Rs.10 each	1,00,000	10,00,000	1,00,000	10,00,000
	1,00,000	10,00,000	1,00,000	10,00,000

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

Equity:	As at March 31, 2021		As at March 31, 2020	
	Nos	Rupees	Nos	Rupees
Opening Balance	1,00,000	10,00,000	1,00,000	10,00,000
Closing Balance	1,00,000	10,00,000	1,00,000	10,00,000

Terms/rights attached to equity shares

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share.

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

Details of shares held by the holding company:

Particulars	As at March 31, 2021	As at March 31, 2020
	Number of shares	Number of shares
Mahindra Infrastructure Developers Limited, the holding company	98,999	98,999

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2021 Number of shares	As at March 31, 2021 % holding	As at March 31, 2020 Number of shares	As at March 31, 2020 % holding
Mahindra Infrastructure Developers Limited	**98,999**	**99%**	98,999	99%

Note 12 - Other Equity

Particulars	As at March 31, 2021 Rupees	As at March 31, 2020 Rupees
Retaining Earnings		
As per last balance sheet	**40,44,83,870**	57,39,48,319
Add: Profit for the year	**8,06,37,442**	7,17,97,614
Dividend paid during the year	**(26,00,00,000)**	(20,00,00,000)
Dividend Distribution Tax	**–**	(4,11,10,600)
Other Comprehensive Income/(Loss) for the year (net of tax)	**3,55,463**	(1,51,463)
Balance As at March 31, 2021	**22,54,76,775**	40,44,83,870

Retained Earnings represent the cumulative profits of the Company and the effects of remeasurement of defined benefit obligations. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

Note - 13 Trade Payables

Particulars	As at March 31, 2021 Rupees	As at March 31, 2020 Rupees
Total outstanding dues of Micro and Small enterprises [Refer Note no: 32]	**27,199**	2,939
Total outstanding dues of creditors other than micro and small enterprises	**80,24,598**	76,30,174
Total	**80,51,797**	76,33,113

Note:

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Note - 14 Other financial Liabilities

Particulars	As at March 31, 2021 Rupees	As at March 31, 2020 Rupees
Loans Receivables considered good - Secured		
(a) Payable to employees	**66,93,364**	70,86,364
(b) Deposits received from Service providers	**4,55,000**	2,55,000
(c) Retention Money	**–**	1,13,575
Total	**71,48,364**	74,54,939

Note:

Payable to employees represents amounts payable towards Salary, performance pay and bonus.

Deposits received from Service providers are security deposits received from the service providers as a security towards non-performance of their contract obligations, if any.

Note - 15 Other Current Liabilities

Particulars	As at March 31, 2021 Rupees	As at March 31, 2020 Rupees
(a) Statutory Dues - Taxes payable (other than income taxes)	**28,39,813**	27,14,534
(b) Interest payable U/s 234B of the Income Tax Act	**–**	19,720
Total	**28,39,813**	27,34,254

Note - 16 Provisions

Particulars	As at March 31, 2021 Rupees	As at March 31, 2020 Rupees
Provision for employee benefits		
Compensated absences	**94,81,527**	90,29,101
Total	**94,81,527**	90,29,101

Note - 17 Current Tax Liabilities (net)

Particulars	As at March 31, 2021 Rupees	As at March 31, 2020 Rupees
Provision for tax (net of advance tax)	**95,45,941**	95,45,941
Total	**95,45,941**	95,45,941

Note - 18 Provisions

Particulars	As at March 31, 2021 Rupees	As at March 31, 2020 Rupees
Provisions for Gratuity	**3,73,708**	2,77,692
Total	**3,73,708**	2,77,692

Note - 19 Revenue from Operations

Particulars	For the Year ended March 31, 2021 Rupees	For the Year ended March 31, 2020 Rupees
(a) Revenue from rendering of services	**21,42,45,000**	18,63,00,000
(b) Revenue from ancillary services	**1,12,47,601**	70,69,513
Total	**22,54,92,601**	19,33,69,513

Note - 20 Other Income

Particulars	For the Year ended March 31, 2021 Rupees	For the Year ended March 31, 2020 Rupees
(a) Interest Income on financial assets carried at amortised cost		
(i) Bank deposits	**36,95,068**	1,92,16,975
(ii) Loan to related party	**93,95,000**	68,18,188
(b) Dividend Income	**23,618**	16,038
(c) Provision for doubtful debts written back	**4,29,157**	72,96,243
(d) Gain on Sale of Property, plant and equipment	**2,29,102**	1,47,032

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	**For the Year ended March 31, 2021 Rupees**	For the Year ended March 31, 2020 Rupees
(e) Recovery of bad debts written off	**31,80,677**	–
(f) Miscellaneous Income	**3,24,324**	45,232
Total	**1,72,76,946**	3,35,39,708

Note - 21 Employee Benefits Expenses

Particulars	**For the Year ended March 31, 2021 Rupees**	For the Year ended March 31, 2020 Rupees
(a) Salaries and wages	**6,25,86,061**	6,28,24,122
(b) Contribution to provident and other funds (See below Note)	**31,83,159**	34,13,842
(c) Staff welfare expenses	**25,77,361**	20,17,884
Total	**6,83,46,581**	6,82,55,848

Note:

Salaries and wages include: Salaries, wages, bonus, compensated absences and all other amounts payable to employees in respect of services rendered as per their employment terms under a contract of service/employment.

Contribution to provident fund and other funds includes contributions to Provident Fund, ESI, Labour Welfare Fund and gratuity fund with LIC.

Note - 22 Finance Cost

Particulars	**For the Year ended March 31, 2021 Rupees**	For the Year ended March 31, 2020 Rupees
Interest expense - interest on delayed/ deferred payment of income tax	**–**	24,004
Total	**–**	24,004

Note - 23 Other Expenses

Particulars	Rupees	**For the Year ended March 31, 2021 Rupees**	For the Year ended March 31, 2020 Rupees
(a) Rent including lease rentals		**3,30,000**	3,30,000
(b) Rates and taxes		**2,42,360**	2,83,319
(c) Insurance		**23,57,154**	14,99,590
(d) Repairs and maintenance - Machinery		**7,98,223**	11,45,006
(e) Repairs and maintenance - Others		**13,91,218**	13,93,315
(f) Legal and professional charges		**23,61,403**	5,77,297
(g) Travelling and Conveyance Expenses		**49,139**	9,38,882
(h) Printing & Stationery		**5,14,219**	4,16,370
(i) Postage and telephone		**6,54,675**	7,19,683
(j) Subcontracting, Hire and Service Charges		**4,20,71,988**	3,82,64,192
(k) Bad debts written off	**27,19,304**		
Less: Adjusted against provision for doubtful debts	**(27,19,304)**	**–**	–
(l) Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013.		**22,52,950**	22,73,187
(m) Vehicle running expenses		**75,16,548**	75,38,222
(n) Payment to auditors (refer Note (i) below)		**12,00,000**	12,01,927
(o) Directors Fee		**90,000**	90,000
(p) Miscellaneous Expenses		**23,49,111**	27,79,514
Total		**6,41,78,988**	5,94,50,504

Note (i)

Payment to Auditors:	**For the Year ended March 31, 2021 Rupees**	For the Year ended March 31, 2020 Rupees
Payment to auditors (net of GST input credit)		
For Statutory audit	**8,70,000**	8,70,000
For Certification and other services	**3,30,000**	3,30,000
For Out of pocket expenses	**–**	1,927
Total	**12,00,000**	12,01,927

Note - 24 Contingent liabilities, Contingent Assets and commitments

Contingent liabilities (to the extent not provided for)

	As at March 31, 2021 Rupees	As at March 31, 2020 Rupees
Contingent liabilities		
Claims against the Company not acknowledged as debt		
Income tax demands disputed for various assessment years, on account of disallowance of certain expenses, where the Company has preferred appeal with the higher authorities	**52,73,098**	52,73,098
	52,73,098	52,73,098

In respect of items mentioned above the timing of outflow of economic benefits cannot be ascertained.

There are no Contingent Assets and Commitments at the end of each reporting periods

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note - 25 Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	Rupees	Rupees
Current Tax:		
In respect of current year	**2,69,90,000**	2,32,97,000
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**4,63,660**	24,65,662
Adjustments due to changes in tax rates	**–**	(5,67,938)
	4,63,660	18,97,724
Total income tax expense	**2,74,53,660**	2,51,94,724

(b) Income tax recognised in other Comprehensive income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	Rupees	Rupees
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit Liabilities/(assets)	**1,19,565**	(50,947)
Total	**1,19,565**	(50,947)
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**1,19,565**	(50,947)
Total	**1,19,565**	(50,947)

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	Rupees	Rupees
Profit before tax	**10,80,91,102**	9,69,92,338
Income tax expense calculated at 25.170% #	**2,72,06,530**	2,44,12,971
Reduction in tax rate	**–**	(5,67,938)
Effect of income that is exempt from taxation	**–**	(4,037)
Effect of expenses that is non-deductible in determining taxable profit	**2,47,130**	13,53,728
Income tax expense recognised In profit or loss	2,74,53,660	2,51,94,724

The tax rate used for the March 31, 2021 and March 31, 2020 in reconciliations above is the corporate tax rate of 25.170% (including surcharge and cess) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(d) Movement of Deferred Tax

Particulars	For the Year ended March 31, 2021			
	Opening Balance	**Recognised in profit and Loss**	**Recognised in Other comprehensive income**	**Closing Balance**
	Rupees	Rupees	Rupees	Rupees
Tax effect of items constituting deferred tax assets				
Property, Plant and Equipment	**1,94,422**	**66,417**	–	**2,60,839**
Employee Benefits	**93,129**	**4,783**	–	**97,912**
Expenses allowable on actual payment	**22,72,626**	**1,13,875**	–	**23,86,501**
Provisions	**14,85,432**	**(7,92,468)**	–	**6,92,964**
Gratuity Provision	**69,895**	**1,43,732**	**(1,19,565)**	**94,062**
Net Tax Asset/ (Liabilities)	**41,15,504**	**(4,63,660)**	**(1,19,565)**	**35,32,278**

Particulars	For the Year ended March 31, 2020			
	Opening Balance	**Recognised in profit and Loss**	**Recognised in Other comprehensive income**	**Closing Balance**
	Rupees	Rupees	Rupees	Rupees
Tax effect of items constituting deferred tax assets				
Property, Plant and Equipment	**2,29,792**	**(35,370)**	–	**1,94,422**
Employee Benefits	**1,07,107**	**(13,978)**	–	**93,129**
Expenses allowable on actual payment	**20,96,235**	**1,76,391**	–	**22,72,626**
Provisions	**36,71,639**	**(21,86,207)**	–	**14,85,432**
Gratuity Provision	**(1,42,492)**	**1,61,440**	**50,947**	**69,895**
Net Tax Asset (Liabilities)	**59,62,281**	**(18,97,724)**	**50,947**	**41,15,504**

Note - 26 Earnings per Share

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	Rupees	Rupees
	Per Share	Per Share
Basic Earnings per share	**806.37**	717.98
Diluted Earnings per share	**806.37**	717.98
	806.37	717.98

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	Rupees	Rupees
Profit for the year attributable to owners of the Company	**8,06,37,442**	7,17,97,614
Earning used in the calculation of basic and diluted earnings per share	**8,06,37,442**	7,17,97,614
Weighted average number of equity shares for the purposes of basic and diluted earnings per share (Face value per share Rs.10)	**1,00,000**	1,00,000
Earnings per share - Basic & Diluted	**806.37**	717.98

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note - 27 Financial Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	31-Mar-21	31-Mar-20
Equity	**22,64,76,775**	40,54,83,870
Less : Cash and Bank Balances	**(5,74,09,346)**	(20,53,78,312)
	16,90,67,429	20,01,05,558

Categories of financial assets and financial liabilities

	Amortised Costs**	FVTPL	FVOCI	Total
				As at March 31, 2021
	Rupees	Rupees	Rupees	Rupees
Non-current Assets				
Trade Receivables	–	–	–	–
Other Financial Assets	–	–	–	–
– Non Derivative Financial Assets	**1,90,32,355**	–	–	**1,90,32,355**
Current Assets				
Investments	–	**3,62,193**	–	**3,62,193**
Trade Receivables	**3,14,56,913**	–	–	**3,14,56,913**
Cash and Cash Equivalents	**27,64,323**	–	–	**27,64,323**
Other Bank Balances	**5,46,45,023**	–	–	**5,46,45,023**
Loans and advances	**11,75,00,000**	–	–	**11,75,00,000**
Other Financial Assets				
– Non Derivative Financial Assets	**50,96,091**	–	–	**50,96,091**
Current Liabilities				
Trade Payables	**80,51,797**	–	–	**80,51,797**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**71,48,364**	–	–	**71,48,364**

	Amortised Costs**	FVTPL	FVOCI	Total
				As at March 31, 2020
	Rupees	Rupees	Rupees	Rupees
Non-current Assets				
Trade Receivables	–	–	–	–
Other Financial Assets				
– Non Derivative Financial Assets	10,80,177	–	–	10,80,177
Current Assets				
Investments	–	3,40,346	–	3,40,346
Trade Receivables	2,54,29,443	–	–	2,54,29,443
Cash and Cash Equivalents	8,54,99,458	–	–	8,54,99,458
Other Bank Balances	11,98,78,854	–	–	11,98,78,854
Loans and advances	–	–	–	–
Other Financial Assets				
– Non Derivative Financial Assets	87,86,125	–	–	87,86,125
Current Liabilities				
Trade Payables	76,33,113	–	–	76,33,113
Other Financial Liabilities				
– Non Derivative Financial Liabilities	74,54,939	–	–	74,54,939

** The Company considers that the carrying amount of these financial instruments recognised in the financials statements approximate their fair values.

Fair value of Investments

Investments represent investment by the Company in units of HDFC Cash Management Fund. The closing value at the end of each accounting period represents NAV as per HDFC Cash Management Fund and hence no separate fair valuation.

Financial Risk Management Framework

The Company's activities expose it to financial risks - credit risk and liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

Credit risk management

(i) Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The company has only one client for whom the operation and maintenance services are rendered. The Company has reached a settlement with its customers and has a approved payment schedule in place and also revenue terms for the future period.

(ii) The Company has invested in units of HDFC Cash Management Fund which has the NAV of Rs.3,62,193 as at the end of the reporting period(Previous year Rs.3,40,346). HDFC has been regular in dividend payments and the credit risk on the investment is minimal.

The Company is not subject to any externally imposed capital requirements.

There is no change in estimation techniques or significant assumptions during the reporting period.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amounts disclosed in the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	Rupees	Rupees	Rupees	Rupees
Non-derivative financial liabilities				
31-Mar-21				
Non-interest bearing	**1,52,00,161**	–	–	–
Total	**1,52,00,161**	–	–	–
31-Mar-20				
Non-interest bearing	1,50,88,052	–	–	–
Total	1,50,88,052	–	–	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	Rupees	Rupees	Rupees	Rupees
Non-derivative financial assets				
31-Mar-21				
Non-interest bearing	**21,18,24,543**	**1,90,04,355**	–	**28,000**
Total	**21,18,24,543**	**1,90,04,355**	–	**28,000**
31-Mar-20				
Non-interest bearing	23,99,34,226	–	–	10,80,177
Total	23,99,34,226	–	–	10,80,177

Note - 28 Fair Value Measurement

Fair Valuation Techniques and Inputs used - recurring Items

Financial assets/ financial liabilities measured at Fair value	Fair value as at March 31, 2021	Fair value as at March 31, 2020	Fair value hierarchy	Valuation technique(s) and key input(s)
	Rupees	Rupees		
Financial assets				
Investments				
Mutual fund investments	**3,62,193**	3,40,346	Level -1	Net asset value published by HDFC Mutual Fund
Total financial assets	**3,62,193**	3,40,346		

Note - 29 Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 22,17,790/- (2020 : Rs.24,42,434/-) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increase in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Salary risk

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

Note: An entity shall disclose description of any plan amendments, curtailments and settlements.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at 31-Mar-21	Valuation as at 31-Mar-20
Discount rate(s)	**6.80%**	6.85%
Expected rate(s) of salary increase	**8.00%**	8.00%
Expected rate of return on plan assets	**6.80%**	6.85%

Attrition rate

Age (Years)	Valuation as at **31-Mar-21**	Valuation as at 31-Mar-20
21 - 30	**10.00%**	10.00%
31 - 40	**5.00%**	5.00%
41 - 50	**3.00%**	3.00%
51 - 59	**1.00%**	1.00%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Defined benefit plans – as per actuarial valuation on March 31, 2021

Particulars	Funded Plan Gratuity **2021** Rupees	2020 Rupees
Amounts recognised in the Statement of Profit and Loss are as follows:		
1. Current service cost	**7,66,174**	7,41,357
2. Past Service Credit	**–**	–
3. Interest on net defined benefit liability/ (asset)	**19,022**	(39,439)
Components of defined benefit costs recognised in profit or loss	**7,85,196**	7,01,918
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	**(9,505)**	11,077
Actuarial (gains) and losses arising from changes in financial assumptions	**50,154**	7,58,506
Actuarial (gains) and losses arising from changes in demographic assumptions	**–**	–
Actuarial (gains) and losses arising from experience adjustments	**(5,15,677)**	(5,67,173)
Change in asset ceiling, excluding amounts included in interest expenses	**–**	–
Components of defined benefit costs recognised in other comprehensive income	**(4,75,028)**	2,02,410
I. Net Asset/(Liability) recognised in the Balance Sheet as at March 31,		
1. Present value of defined benefit obligation as at March 31,	**90,57,817**	87,11,920
2. Fair value of plan assets as at March 31,	**86,84,109**	84,34,228
3. Surplus/(Deficit)	**(3,73,708)**	(2,77,692)
4. Amount not recognised due to asset limit	**–**	–
5. Current portion of the above	**–**	–
6. Non current portion of the above	**(3,73,708)**	(2,77,692)
II. Change in the obligation during the year ended March 31,		
1. Present value of defined benefit obligation at the beginning of the year	**87,11,920**	73,66,597
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	**–**	–
3. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**7,66,174**	7,41,357
– Past Service Cost	**–**	–
– Interest Expense (Income)	**5,70,246**	5,39,626
4. Recognised in Other Comprehensive Income		
Remeasurement (gains)/losses		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**–**	–
ii. Financial Assumptions	**50,154**	7,58,506
iii. Experience Adjustments	**(5,15,677)**	(5,67,173)
5. Benefit payments	**(5,25,000)**	(1,26,993)
6. Others (Specify)		
7. Present value of defined benefit obligation at the end of the year	**90,57,817**	87,11,920

Particulars	Funded Plan Gratuity **2021** Rupees	2020 Rupees
III. Change in fair value of plan assets during the year ended March 31,		
1. Fair value of plan assets at the beginning of the year	**84,34,228**	78,78,790
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	**–**	–
3. Expenses Recognised in Profit and Loss Account		
– Expected return on plan assets	**5,51,224**	5,79,065
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actual Return on plan assets in excess of the expected return	**9,505**	(11,077)
5. Contributions by employer (including benefit payments)	**2,14,152**	1,14,443
6. Benefit payments	**(5,25,000)**	(1,26,993)
7. Fair value of plan assets at the end of the year	**86,84,109**	84,34,228
IV. The Major categories of plan assets		
– Insurer managed funds (Non Quoted Value)	**86,84,109**	84,34,228

Notes:

The current service cost and net interest expenses for the year is included in the "Employee benefits expenses" line item in the statement of profit and loss.

The remeasurement of the net defined benefit liability is Included-in other comprehensive income.

V The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Impact on defined benefit obligation	
		Increase in assumption	**Decrease in assumption**
Discount rate	2021	81,28,484	1,01,54,120
	2020	78,30,285	97,56,095
Salary growth rate	2021	1,01,30,110	81,30,085
	2020	97,33,703	78,31,422

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

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

VI Maturity profile of defined benefit obligation:

	2021	2020
Expected benefits for year 1	**3,03,838**	7,74,327
Expected benefits for year 2	**5,54,493**	2,85,026
Expected benefits for year 3	**5,01,044**	5,34,786
Expected benefits for year 4	**14,52,865**	4,83,405
Expected benefits for year 5	**3,69,058**	12,84,521
Expected benefits for year 6	**2,62,190**	3,53,032
Expected benefits for year 7	**4,51,660**	2,46,559
Expected benefits for year 8	**7,52,953**	4,31,648
Expected benefits for year 9	**8,12,871**	7,36,100
Expected benefits for year 10	**1,70,65,681**	1,67,84,662

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

VII Plan Assets

The fair value of Company's pension plan asset as of March 31, 2021 and 2020 category are as follows:

	2021	2020
Asset category:		
Cash and cash equivalents	**–**	–
Debt instruments (quoted)	**–**	–
Debt instruments (unquoted)	**–**	–
Equity instruments (quoted)	**–**	–
Deposits with Insurance companies	**86,84,109**	84,34,228
	86,84,109	84,34,228

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

The weighted average duration of the defined benefit obligation as at March 31, 2021 is 11.12 years (2020: 10.99 years)

VIII. Experience Adjustments :

	Year ended				
	2021	**2020**	**2019**	**2018**	**2017**
	Gratuity				
1. Defined Benefit Obligation	90,57,817	87,11,920	73,66,597	66,84,418	55,74,480
2. Fair value of plan assets	86,84,109	84,34,228	78,78,790	73,74,778	56,31,497
3. Surplus/(Deficit)	(3,73,708)	(2,77,692)	5,12,193	6,90,360	57,017
4. Experience adjustment on plan liabilities [(Gain)/Loss]	(5,15,677)	(5,67,173)	(1,83,710)	(2,13,107)	11,97,367
5. Experience adjustment on plan assets [Gain/(Loss)]	(9,505)	11,077	54,216	(1,09,471)	43,622

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

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

Note - 30 Related Party Transactions

Name of the related party	**Relationship**
Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Lifespace Developers Limited	Parent of the Holding Company
Mahindra Infrastructure Developers Limited	Holding Company

Note: Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

List of other related parties & relationships

Name of the related party	**Relationship**
Mahindra & Mahindra Financial Services Limited	Fellow subsidiary
Mahindra Logistics Limited	Fellow subsidiary
Mahindra Rural Housing Finance Limited	Fellow subsidiary
Mahindra Engineering Chemical Private Limited	Fellow subsidiary

Details of transaction between the Company and its related parties are disclosed below:

Nature of transactions with Related Parties	**Mahindra & Mahindra Limited**	**Mahindra & Mahindra Financial Services Limited**	**Mahindra Infrastructure Developers Limited**	**Mahindra Rural Housing Finance Limited**	**Mahindra Engineering Chemical Private Limited**	**Mahindra Logistics Limited**	**Total**
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Loan to related party	–	–	–	–	–	–	–
	(–)	(8,75,00,000)	(–)	(8,00,00,000)	(–)	(–)	(16,75,00,000)
Repayment of loan by related party	–	5,00,00,000	–	–	–	–	5,00,00,000
	(–)	(3,50,00,000)	(–)	(–)	(–)	(–)	(3,50,00,000)
Interest on loan to related party	–	30,89,898	–	63,05,102	–	–	93,95,000
	(–)	(57,86,504)	(–)	(10,31,684)	(–)	(–)	(68,18,188)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Nature of transactions with Related Parties	Mahindra & Mahindra Limited	Mahindra & Mahindra Financial Services Limited	Mahindra Infrastructure Developers Limited	Mahindra Rural Housing Finance Limited	Mahindra Engineering Chemical Private Limited	Mahindra Logistics Limited	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Revenue-Income from services rendered	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(4,55,000)	(4,55,000)
Dividend paid	–	–	25,73,97,400	–	–	–	25,73,97,400
	(–)	(–)	(19,79,98,000)	(–)	(–)	(–)	(19,79,98,000)
Travelling Expenses	–	–	–	–	–	–	–
	(15,929)	(–)	(–)	(–)	(–)	(–)	(15,929)
Professional Charges	17,15,117	–	–	–	–	–	17,15,117
	(2,71,784)	(–)	(–)	(–)	(–)	(–)	(2,71,784)
Safety Consumables	–	–	–	–	19,050	–	19,050
	(–)	(–)	(–)	(–)	(8,680)	(–)	(8,680)
Software expenses	6,26,013	–	–	–	–	–	6,26,013
	(4,08,005)	(–)	(–)	(–)	(–)	(–)	(4,08,005)
Training Fee	35,304	–	–	–	–	–	35,304
	(1,53,604)	(–)	(–)	(–)	(–)	(–)	(1,53,604)

Nature of Balances with Related Parties	Mahindra & Mahindra Limited	Mahindra & Mahindra Financial Services Limited	Mahindra Infrastructure Developers Limited	Mahindra Rural Housing Finance Limited	Mahindra Engineering Chemical Private Limited	Mahindra Logistics Limited	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Trade payables	3,09,400	–	–	–	–	–	3,09,400
	(2,52,526)	(–)	(–)	(–)	(–)	(–)	(2,52,526)
Loan to related party	–	3,75,00,000	–	8,00,00,000	–	–	11,75,00,000
	–	(8,75,00,000)	(–)	(8,00,00,000)	(–)	(–)	(16,75,00,000)
Interest Accrued on Loan to related party	–	27,89,962	–	8,00,821	–	–	35,90,783
	(–)	(6,65,751)	(–)	(7,92,589)	(–)	(–)	(14,58,340)

Note:
Previous year's figures are in brackets.
Trade payables to related parties represent dues on account of services rendered and do not contain guarantee transactions.

Note 31 - Disclosure pursuant to Ind AS 115 "Revenue from Contracts with Customers" :

	Particular	For the year ended March 31, 2021	For the year ended March 31, 2020
1	Details of revenue from contract with customer recognised by the Company, net of indirect taxes in its statement of Profit and loss.		
	Rendering of Services	**22,54,92,601**	19,33,69,513
2	Impairment loss on trade receivables recognised/(written back) in the Statement of profit and loss based on evaluation under Ind AS 109	**(4,29,157)**	(72,96,243)

3 **Disaggregate Revenue**

Particular	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue based on market or customer type		
Government/bodies established by Government	**22,54,92,601**	19,33,69,513
Other than Government	**–**	–
	22,54,92,601	19,33,69,513

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particular	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue based on its geographical location		
Within India	**22,54,92,601**	19,33,69,513
Overseas locations	**–**	–
	22,54,92,601	19,33,69,513
Revenue based on its timing of recognition		
Point in time	**–**	–
Over a period of time	**22,54,92,601**	19,33,69,513
	22,54,92,601	19,33,69,513

4 **Reconciliation of revenue from contract with customer**

Particular	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from contract with customer as per the contract price	**22,54,92,601**	19,33,69,513
Adjustments made to contract price on account of :-		
Discounts/Rebates/Incentives	**–**	–
Sales Returns/Reversals	**–**	–
Deferrment of revenue	**–**	–
Changes in estimates of variable consideration	**–**	–
Recognition of revenue from contract liability out of opening balance of contract liability	**–**	–
Any other adjustments	**–**	–
Revenue from contract with customer as per the statement of Profit and Loss	**22,54,92,601**	19,33,69,513

5 **Breakup of Revenue into contracts entered in previous year and in current year**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from PO/ contract/agreement entered into previous year	**22,54,92,601**	19,33,69,513
Revenue from New PO/ contract/agreement entered into current year	**–**	–
Total Revenue recognised during the period	**22,54,92,601**	19,33,69,513

Note 32 - Details of Dues to Micro And Small Enterprises

	Particulars	March 31, 2021	March 31, 2020
	Current		
a)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
	Principal	**27,199**	2,939
	Interest	**–**	–
b)	The amount of interest paid by the buyer in terms of Section 16 along with the amount of the payment made to the supplier beyond the appointed day during the year		
	Principal	**–**	–
	Interest	**–**	–
c)	The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified	**–**	–
d)	The amount of interest accrued and remaining unpaid at the end of the year	**–**	–
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of Micro, Small and Medium Enterprises Development Act, 2006	**–**	–

This information has been determined to the extent such parties have been identified on the basis intimation received from the “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note - 33 Disclosure under Section 186(4) of the Companies Act, 2013:

Name	Nature	Opening Balance	Given during the year (Rs.)	Repaid during the year (Rs.)	Closing Balance (Rs.)	Period	Rate of Interest	Purpose
Mahindra & Mahindra Financial Services Limited	Loan	8,75,00,000	–	5,00,00,000	3,75,00,000	04.03.2020 to 04.03.2022	**7.50%**	**Business**
Mahindra Rural Housing Finance Limited	Loan	8,00,00,000	–	–	8,00,00,000	10.02.2020 to 10.02.2022	**7.90%**	**Business**

Note - 34 Corporate Social Responsibility

(a) Gross amount required to be spent by the company during the year - Rs.21,31,890

(b) Amount spent during the year on (give categories):

Particulars	Amount spent	Amount yet to be paid	Total Amount
Education of the girl Child	22,00,000	–	**22,00,000**
Covid-19 Relief Activities	52,950	–	**52,950**
Total	**22,52,950**	**–**	**22,52,950**

Note - 35

The Company's business activity is that of an Operations and Maintenance (O&M) Contractor. All activities of the company revolve around its main business. The company operates only in India. There is a single operating segment as defined by Indian Accounting Standard 108 "Operating Segments".

Note - 36

The Company has entered into operating lease arrangements for warehouse. The lease is cancellable and for a period of 11 months, renewable by mutual consent. Lease payments recognised in the Statement of Profit and loss is Rs. 3,30,000/- (Previous year 3,30,000/-)

Note - 37

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable to the Company from April 1, 2021.

Note - 38

In respect of the current year, the Board at its meeting held on April 23, 2021 has recommended a dividend of Rs.900 per share on equity shares of Rs.10 each subject to approval by shareholders at the Annual General Meeting. The same has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members as on the date of approval by the shareholders ("the record date"). The total estimated equity dividend to be paid is Rs.9,00,00,000."

Note - 39

The Company considered the impact of COVID-19 on the assumptions and estimates used in the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting periods presented and determined that there were no material adverse impacts on the financial statements of the Company for the year ended March 31, 2021.

Note - 40

No material events have occurred after the balance sheet date and upto the approval of the financial statements.

Note - 41

The financial statements were approved for issue by the Board of Directors on April 23, 2021.

Note - 42

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

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Ketan Vora
Partner

Place : Mumbai
Date : April 23, 2021

For and on behalf of the Board of Directors

Arvind Subramanian Director

Vimal Agarwal Director

Place : Mumbai
Date : April 23, 2021

INDEPENDENT AUDITORS' REPORT

To the Members of

MAHINDRA WORLD CITY DEVELOPERS LIMITED

Report on the audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of Mahindra World City Developers Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "the Financial Statements").

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

Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

Information other than the Standalone Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report and the related annexures, but does not include the Standalone Financial Statements and our Auditors' Report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of management for the Standalone Financial Statements

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Standalone Financial Statements

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

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

We also:

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

underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other Legal and Regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Standalone Financial Statements.

   (g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year and hence provisions of Section 197 of the Companies Act, 2013 are not applicable.

   (h) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      (i) The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements. (Refer Note 28 to the Standalone Financial Statements)

      (ii) The Company did not have any long- term contracts which has any material foreseeable losses. The Company did not have any derivative contracts.

      (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration Number 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN: 21204764AAAABH5948

Place: Chennai
Date: April 22, 2021

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

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

Report on the Internal Financial Controls with reference to Standalone Financial Statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Standalone Financial Statements of Mahindra World City Developers Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

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

Opinion

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

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

P. Shankar Raman
Partner
Membership No. 204764
UDIN: 21204764AAAABH5948

Place: Chennai
Date: April 22, 2021

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. In respect of its Property, Plant and Equipment:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the property, plant and equipment.

(b) The Property, Plant and Equipment were physically verified during the year by the Management and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) With respect to immoveable properties of land that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the original title deeds / Land Delivery Receipts (LDR's) issued by Government provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date.

ii. In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of title deeds are done at reasonable intervals and no material discrepancies were noticed on physical verification.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting under clause3(iii) of the Order is not applicable to the Company,

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act with respect to investments made. The Company has not granted any loans or provided any guarantee or security during the year to the parties covered under Sections 185 and 186 of the Act.

v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

vi. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under subsection (1) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Goods and Services Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Services Tax, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) The details of dues of Service Tax which has not been deposited as on March 31, 2021 on account of disputes are given below:

Name of Statue	Nature of Dues	Forum where dispute is pending	Period to which Amount relates	Amount Unpaid (Rs. in Lakhs)
Finance Act, 1994	Service Tax	CESTAT	2008-2017	455.23

viii. According to the information and explanations given to us and on the basis of our examination of books and records of the Company, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not taken any loans or borrowings from Government and has not issued any debentures.

ix. In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans. Accordingly, the reporting under clause 3(ix) of the Order is not applicable to the Company.

x. During the course of our examination of books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

xi. In our opinion and according to the information and explanations given to us, the Company has not paid / provided any managerial remuneration. Accordingly, the reporting under clause 3(xi) of the Order is not applicable to the Company.

xii. According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Financial Statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures, specified under Section 133 of the Act.

xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting under clause 3(xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or directors of its holding company, Associate, Joint venture or persons connected with them during the year and hence provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under (xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause (xvi) of the Order is not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

P. Shankar Raman
Partner
Membership No. 204764
UDIN: 21204764AAAABH5948

Place: Chennai
Date: April 22, 2021

BALANCE SHEET AS AT 31 MARCH, 2021

(Amounts in INR Lakhs)

Particulars	Note No.	As at 31 March, 2021	As at 31 March, 2020
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	3	**2,907.41**	3,227.75
(b) Capital Work in Progress	3	**30.00**	27.00
(c) Intangible Assets	3	**–**	–
(d) Financial Assets			
(i) Investments			
(a) Investments in Associate	4	**1,300.00**	1,300.00
(b) Investments in Joint Venture	4	**10,200.00**	10,200.00
(ii) Other Financial Assets	5	**5.02**	4.53
(e) Deferred Tax Asset (Net)	15	**257.90**	–
(f) Other Non-Current Assets	6	**122.85**	2,205.58
		14,823.18	16,964.86
Current assets			
(a) Inventories	7	**27,664.03**	27,599.37
(b) Financial Assets			
(i) Trade Receivables	8	**439.52**	581.86
(ii) Cash and Cash Equivalents	9	**198.39**	171.32
(iii) Other Financial Assets	5	**–**	17.24
(c) Other Current Assets	6	**3,378.46**	3,379.52
		31,680.40	31,749.31
Total Assets		**46,503.58**	48,714.17
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	10	**2,000.00**	2,000.00
(b) Other Equity	11	**11,046.01**	12,057.44
Total Equity		**13,046.01**	14,057.44
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	12A	**22,855.02**	24,237.16
(ii) Other Financial Liabilities	13	**1.54**	1.42
(b) Other Liabilities	14	**1,338.23**	1,399.18
(c) Deferred Tax Liabilities (Net)	15	**–**	1,763.65
(d) Provisions	16	**22.61**	28.23
Total Non-current liabilities		**24,217.40**	27,429.64
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	12B	**7,838.30**	5,816.97
(ii) Trade Payables			
total outstanding dues of micro enterprises and small enterprises	17	**14.26**	75.58
total outstanding dues of creditors other than micro enterprises and small enterprises	17	**795.19**	754.46
(iii) Other Financial Liabilities	13	**135.53**	40.98
(b) Other Current Liabilities	14	**396.05**	507.47
(c) Provisions	16	**60.84**	31.63
Total Current Liabilities		**9,240.17**	7,227.09
Total Liabilities		**33,457.57**	34,656.73
Total Equity and Liabilities		**46,503.58**	48,714.17
Summary of Significant Accounting Policies	2		

The accompanying notes 1 to 39 are an integral part of the financial statements.

In terms of our Report of even date
for **B.K. Khare & Co.**
Chartered Accountants

P.Shankar Raman
Partner

Place: Chennai
Date: 22nd April 2021

For and on behalf of the board of directors of
Mahindra World City Developers Limited

A K Nanda
Chairman
(DIN:00010029)

Arvind Subramanian
Director
(DIN: 02551935)

Vimal Agarwal
Chief Executive Officer

Bharathy K
Chief Financial Officer

A Muthukumaran
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2021

(Amounts in INR Lakhs)

Particulars	Note No.	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Income			
I. Revenue from operations	18	4,640.38	4,224.08
II. Other Income	19	55.99	134.27
III. Total income (I + II)		4,696.37	4,358.35
Expenses			
(a) Cost of Projects			
Cost of Projects	20	626.89	571.23
Operation and Maintenance Expenses	21	1,636.19	1,743.55
(b) Employee Benefits Expense	22	341.02	411.27
(c) Depreciation/Amortisation Expense	3	338.04	382.87
(d) Finance Costs	23	2,007.65	1,848.23
(e) Other Expenses	24	582.31	702.81
IV. Total Expenses		5,532.10	5,659.96
V. Loss before tax (III) - (IV)		(835.73)	(1,301.61)
Tax expenses/(Credit)			
Current tax	15	–	–
Deferred tax	15	(185.26)	(471.27)
Tax relating to earlier years- Current Tax	28	2,204.85	27.12
Tax relating to earlier years -Deferred Tax		(1,838.50)	
VI. Total tax expense/(Credit)		181.09	(444.15)
VII. Loss for the year after tax (V- VI)		(1,016.82)	(857.46)
Other Comprehensive Income/(Loss)			
Items that will not be reclassified to profit or loss			
(a) Remeasurement of the defined benefit plans		7.60	(6.06)
(b) Income tax relating to Items that will not be reclassified to profit or loss		2.21	(1.76)
VIII. Other Comprehensive Income/(loss) for the year		5.39	(4.30)
Total Comprehensive Loss for the year (VII + VIII)		(1,011.43)	(861.76)
Earnings per equity share (face value of Rs.10/- each)	27		
Basic & Diluted earnings per share (Rs.)		(5.08)	(4.29)
Summary of Significant Accounting Policies	2		

The accompanying notes 1 to 39 are an integral part of the financial statements.

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2021

(Amounts in INR Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Cash flow from operating activities		
Loss before tax for the year	**(835.73)**	(1,301.61)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	**338.04**	382.87
Liabilities no longer required written back	**(41.25)**	(25.78)
Finance Costs	**2,007.65**	1,848.23
Interest Income	**(0.58)**	(1.16)
Provision towards expected credit losses	**48.68**	13.23
Operating Profit before working capital changes	**1,516.81**	915.78
Working Capital changes:		
Decrease in Inventories	**624.63**	532.66
Decrease in Trade Receivables	**110.71**	1,072.88
Decrease in Financial Assets	**0.20**	49.99
Increase in Other Assets	**(28.61)**	(24.93)
Increase/(Decrease) in Trade payables	**20.64**	(220.21)
Increase in Financial Liabilities	**10.40**	12.59
(Decrease)/Increase in Other Liabilities	**(172.37)**	75.58
(Decrease)/Increase in Provisions	**(5.00)**	11.44
Cash generated from operations	**2,077.41**	2,425.78
Direct taxes paid (net of refunds)	**(56.26)**	(320.85)
Net cash generated from operating activities (A)	**2,021.15**	2,104.93
Cash flows from investing activities		
Purchase of property, plant and equipment (PPE)	**(20.70)**	(38.25)
Increase in Bank Deposits not considered Cash and Cash Equivalents	**(0.49)**	(0.50)
Interest received	**0.58**	1.16
Net cash used in investing activities (B)	**(20.61)**	(37.59)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2021 (Cont'd)

(Amounts in INR Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Cash flows from Financing activities		
Proceeds of short term borrowings from related party	**2,200.00**	2,000.00
Dividend paid	**–**	(200.00)
Dividend distribution tax paid	**–**	(41.11)
Proceeds from long term borrowings	**–**	5,400.00
Repayment of long term borrowings	**(1,385.08)**	(1,532.37)
Interest Paid	**(2,609.72)**	(2,929.70)
Net cash (used in)/generated from Financing activities (C)	**(1,794.80)**	2,696.82
Net increase in cash and cash equivalents (A + B + C)	**205.74**	4,764.16
Cash and cash equivalents at the beginning of the year	**(3,645.65)**	(8,409.81)
Cash and cash equivalents at the end of the year (Refer Note 9)	**(3,439.91)**	(3,645.65)

Summary of Significant Accounting Policies 2

The accompanying notes 1 to 39 are an integral part of the financial statements.

Change in Liabilities arising from financing activities

Particulars	**As at 01st April, 2020**	**Cash Flow**	**Other Adjustments**	**As at 31st March, 2021**
Non Current Borrowings (Refer Note 12A)	24,237.16	(1,385.08)	2.94	22,855.02
Currrent Borrowings (Refer Note 12B)	2,000.00	2,200.00	–	4,200.00
Total	**26,237.16**	**814.92**	**2.94**	**27,055.02**

The above Cash Flow Statement has been prepared under the "indirect method" as set out in 'Indian Accounting Standard (Ind AS) 7 - Statement of Cash Flows'.

The accompanying notes 1 to 39 are an integral part of the financial statements.

In terms of our Report of even date
for **B.K. Khare & Co.**
Chartered Accountants

P.Shankar Raman
Partner

Place: Chennai
Date: 22nd April 2021

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2021

A. Equity Share Capital

Particulars	No. of Shares	Amount in Lakhs
Equity Shares of Rs. 10 each issued, subscribed and fully paid		
As at 1 April, 2019	20,000,000	2,000.00
Changes in share capital	–	–
As At 31 March, 2020	20,000,000	2,000.00
Changes in share capital	–	–
As At 31 March, 2021	**20,000,000**	**2,000.00**

B. Other Equity

(Amounts in INR Lakhs)

Particulars	Other Equity			
	General Reserve (Note 11)	Capital Redemption Reserve (Note 11)	Retained earnings (Note 11)	Total
As at 1 April, 2019	345.00	6,500.00	6,315.31	13,160.31
Loss for the year	–	–	(857.46)	(857.46)
Other Comprehensive Loss* (Net of tax)	–	–	(4.30)	(4.30)
	–	**–**	**(241.11)**	(241.11)
As at 31 March, 2020	345.00	6,500.00	5,212.44	12,057.44
Loss for the year	–	–	(1,016.82)	(1,016.82)
Other Comprehensive Income* (Net of tax)	–	–	5.39	5.39
As At 31 March, 2021	**345.00**	**6,500.00**	**4,201.01**	**11,046.01**

* Remeasurement gains/(losses) net of taxes on defined benefit plans during the year is recognised as part of retained earnings

The accompanying notes 1 to 39 are an integral part of the financial statements.

In terms of our Report of even date
for **B.K. Khare & Co.**
Chartered Accountants

P.Shankar Raman
Partner

Place: Chennai
Date: 22nd April 2021

For and on behalf of the board of directors of
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NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

1. General Information

Mahindra World City Developers Limited ("the Company") was incorporated on February 19, 1997. The Company is in the business of land development for industrial, commercial and residential use. The Company acquires land and incurs expenditure on its development and related infrastructure facilities for lease / sale. The Company also maintains the Industrial Park for which it collects operation and maintenance charges from the lessees. The Company has developed and operates an integrated business city "Mahindra World City" at Chengalpattu taluk near Chennai.

Promoted in a Public Private Partnership by the Mahindra Group and Tamilnadu Industrial Development Corporation Limited (A Government of Tamil Nadu Undertaking), Mahindra World City surpasses the conventional definition of a business space - it is a business eco-system, carefully linked and integrated to function with efficiency. Mahindra World City, Chennai is India's first integrated City and Corporate India's first operational SEZ.

Etching its name on India's business map, Mahindra World City Chennai, has attracted corporate giants such as BMW, B.Braun, Capgemini, Holiday Inn Express, Infosys, BASF, Lincoln Electric, Parker Hannifin, Renault-Nissan, Tesa SE, Federal Mogul, Fujitec, NTN Corporation, Timken, TVS Group of Companies and Wipro among others.

The Registered office of the company is located at Ground Floor, Mahindra Towers, 17/18, Patulous Road, Chennai, Tamil Nadu -600 002.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

2.2 Basis of Measurement

2.2.1 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.2.2 Exemption from preparation of consolidated financial statements

The Company has investments in an Associate and a Joint venture. The Holding company, Mahindra Lifespaces Developers Limited, having its registered office at 5th floor, Mahindra Towers, Worli, Mumbai 400 018 are presenting the consolidated financial statements. The Company has therefore availed the exemption under paragraph 4(a) of Ind AS 110 having satisfied the conditions for exemption from preparing consolidated financial statements as per Companies (Accounts) Amendments Rules, 2016 and thereby does not present consolidated financial statements.

Consequently, the accounting policies mentioned herein relate to the standalone financial statements of the Company.

2.2.3 Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

2.2.4 Current versus non-current classification

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Based on the nature of activity carried out by the company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 1 year for the purpose of Current – Non Current classification of assets & liabilities.

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Borrowings are classified as current if they are due to be settled within 12 months after the reporting period.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.3.1 Land Lease Premium

Land lease premium is recognized as income upon creation of leasehold rights in favour of the lessee or upon an agreement to create leasehold rights with handing over of possession.

2.3.2 Sale of land

Revenue from Sale of land and other rights is generally a single performance obligation and the Company has determined that this

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

is satisfied at the point in time when control transfers as per the terms of the contract entered into with the buyers, which generally are with the firmity of the sale contracts / agreements.

2.3.3 *Project Management fee*

Project Management Fees receivable on fixed period contracts is accounted over the tenure of the contract / agreement. Where the fee is linked to the input costs, revenue is recognised as a proportion of the work completed based on progress claims submitted. Where the management fee is linked to the revenue generation from the project, revenue is recognised on the percentage of completion basis.

2.3.4 *Income from Operation and Maintenance (O&M)*

Income from operation and maintenance charges and water charges are recognized on an accrual basis as per terms of the agreement with the lessees.

2.3.5 *Dividend and interest income*

Dividend income from investments from Joint ventures and Associates is recognised when the unit holder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

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

2.4 *Leases*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.4.1 *The Company as a Lessor*

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.4.2 *The Company as a Lessee*

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. The assets given by the Company on operating leases are capitalised in the books as fixed assets. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.5 *Taxation*

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.5.1 *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

2.5.2 *Deferred tax*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.5.3 *Current and deferred tax for the year*

Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.6 *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

2.7 *Property, plant and equipment*

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Furniture and Fixtures and Office equipments are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

Depreciation on tangible fixed assets has been provided on pro-rata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

2.8 Impairment of tangible and intangible asset other than Goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of the value in use or fair value less cost to sell, of the asset or cash generating unit, as the case may be, is estimated and the impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in Statement of profit and loss.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Work in progress includes cost of land and all expenditure incurred in connection with, or attributable to the project, and, being a long-term project, includes interest.

2.10 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.12 Provisions, contingent liabilities and contingent assets

2.12.1 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2.12.2 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.12.3 Contingent liabilities

Contingent liability is disclosed in case of:

a. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

b. a present obligation arising from past events, when no reliable estimate is possible.

2.12.4 Contingent assets

Contingent assets are disclosed where an inflow of economic benefits is probable.

2.13 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit and loss.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

2.14 Foreign currency transactions and translations

Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary assets / liabilities are translated at exchange rates prevailing on the date of settlement or at the year-end as applicable, and gain / loss arising out of such translation is adjusted to the statement of profit and loss.

2.15 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.15.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in statement of profit and loss for Financial assets at fair value through other comprehensive income (FVTOCI) debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in statement of profit and loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to statement of profit and loss.

All other financial assets are subsequently measured at fair value.

The Management assessed that fair value of cash and short-term deposits, trade receivables, other current assets, trade payables, book overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

2.15.2 The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair-value of the financial-instruments factor the uncertainties arising out of COVID-19, where applicable.

2.15.3 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at financial assets at fair value through profit or loss ("FVTPL"). Interest income is recognised in statement of profit and loss and is included in the "Other income" line item.

2.15.4 Financial assets at fair value through profit or loss (FVTPL)

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in statement of profit and loss. The net gain or loss recognised in statement of profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right Offsetting Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.15.5 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

In addition, the Company has also considered credit reports and other credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19. The Company believes that the carrying amount of allowance for expected credit loss with respect to trade receivables, unbilled revenue and other financial assets is adequate.

2.15.6 *Derecognition of financial assets*

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of profit and loss if such gain or loss would have otherwise been recognised in statement of profit and loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in statement of profit and loss if such gain or loss would have otherwise been recognised in statement of profit and loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.15.7 *Foreign exchange gains and losses*

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency, denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in statement of profit and loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in statement of profit and loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.16 *Financial liabilities and equity instruments*

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.16.1 *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

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Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.16.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

2.16.1.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.16.1.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in statement of profit and loss.

2.17 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

2.18 Earnings per Share

Basic / Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

2.19 Insurance Claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.20 Goods and Services tax input credit

Goods and Services tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

2.21 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 1, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of trade receivables including unbilled

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

receivables, goodwill, intangible assets and investments. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements based on estimates and assumptions, which have the significant effect on the amounts recognised in the standalone financial statements.

Taxes

Deferred tax assets are recognised for temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Actuarial Valuation

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after considering inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the standalone financial statements.

3. Property, Plant and Equipment

(Amounts in INR Lakhs)

Description of Assets	Land - Freehold	Buildings - (Own use)	Plant and Equipments	Office equipments	Furniture and fixtures	Vehicles	Computers	Total
I. Gross Carrying Amount								
Balance as at 1 April, 2019	195.05	2,746.78	2,494.71	137.86	531.98	14.03	58.45	6,178.86
Additions	–	–	–	10.80	–	–	0.45	11.25
Disposals	–	–	–	–	–	–	–	–
Balance as at 31 March, 2020	**195.05**	**2,746.78**	**2,494.71**	**148.66**	**531.98**	**14.03**	**58.90**	**6,190.11**
II. Accumulated depreciation								
Balance as at 1 April, 2019	–	717.38	1,452.74	101.70	246.11	14.03	47.54	2,579.50
Depreciation expense for the year	–	102.63	190.64	20.99	62.88	–	5.72	382.86
Eliminated on disposal of assets	–	–	–	–	–	–	–	–
Balance as at 31 March, 2020	**–**	**820.01**	**1,643.38**	**122.69**	**308.99**	**14.03**	**53.26**	**2,962.36**
III. Net carrying amount (I-II)								
Balance as at 31 March, 2020	**195.05**	**1,926.77**	**851.33**	**25.97**	**222.99**	**–**	**5.64**	**3,227.75**
Balance as at 31 March, 2019	**195.05**	**2,029.40**	**1,041.97**	**36.16**	**285.87**	**–**	**10.91**	**3,599.36**
I. Gross Carrying Amount								
Balance as at 1 April, 2020	195.05	2,746.78	2,494.71	148.66	531.98	14.03	58.90	6,190.11
Additions	–	–	9.47	4.60	0.96	–	2.67	17.70
Disposals	–	–	–	–	–	–	–	–
Balance as at 31 March, 2021	**195.05**	**2,746.78**	**2,504.18**	**153.26**	**532.94**	**14.03**	**61.57**	**6,207.81**
II. Accumulated depreciation								
Balance as at 1 April, 2020	–	820.01	1,643.38	122.69	308.99	14.03	53.26	2,962.36
Depreciation expense for the year	–	73.61	178.12	20.26	62.90	–	3.15	338.04
Eliminated on disposal of assets	–	–	–	–	–	–	–	–
Balance as at 31 March, 2021	**–**	**893.62**	**1,821.50**	**142.95**	**371.89**	**14.03**	**56.41**	**3,300.40**
III. Net carrying amount (I-II)								
Balance as at 31 March, 2021	**195.05**	**1,853.16**	**682.68**	**10.31**	**161.05**	**–**	**5.16**	**2,907.41**
Balance as at 31 March, 2020	**195.05**	**1,926.77**	**851.33**	**25.97**	**222.99**	**–**	**5.64**	**3,227.75**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

Intangible Assets

(Amounts in INR Lakhs)

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April, 2019	59.16	59.16
Additions	–	–
Disposals	–	–
Balance as at 31 March, 2020	**59.16**	**59.16**
II. Accumulated amortisation		
Balance as at 1 April, 2019	59.16	59.16
Amortisation expense for the year	–	–
Eliminated on disposal of assets	–	–
Balance as at 31 March, 2020	**59.16**	**59.16**
III. Net carrying amount (I-II)		
Balance as at 31 March, 2020	–	–
Balance as at 31 March, 2019	–	–

(Amounts in INR Lakhs)

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April, 2020	59.16	59.16
Additions	–	–
Disposals	–	–
Balance as at 31 March, 2021	**59.16**	**59.16**
II. Accumulated amortisation		
Balance as at 1 April, 2020	59.16	59.16
Amortisation expense for the year	–	–
Eliminated on disposal of assets	–	–
Balance as at 31 March, 2021	**59.16**	**59.16**
III. Net carrying amount (I-II)		
Balance as at 31 March, 2021	–	–
Balance as at 31 March, 2020	–	–

Refer note 2 for Company's policy on recognition and measurement of Property Plant , Equipment, Intangible and Depreciation/amortisation methods used.

Movement of Capital Work in Progress

(Amounts in INR Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Opening Balance	**27.00**	–
Additions	**3.00**	27.00
Subtotal	**30.00**	27.00
Capitalised during the year	–	–
Closing Balance	**30.00**	27.00

4. Investments

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Cost		
Unquoted Investments (all fully paid)		
Investments in Associate	**1,300.00**	1,300.00
Mahindra Integrated Township Limited		
1,30,00,000 Shares @ INR 10 Per Share		
Investments in Joint Venture	**10,200.00**	10,200.00
Mahindra Industrial Park chennai Limited		
10,20,00,000 Shares @ INR 10 Per Share		
Total Unquoted Investments at Cost..............	**11,500.00**	11,500.00

5. Other Financial Assets

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Non-current	**Current**	Non-current	Current
Advances, Considered good				
Advances for purchase of land - unsecured..........	–	–	–	17.05
Advances, Considered doubtful				
Advances for purchase of land - unsecured..........	–	**34.05**	–	17.00
Less: Provision for advances considered doubtful	–	**(34.05)**	–	(17.00)
Unsecured, considered good unless stated otherwise				
Fixed deposits under lien	**5.02**	–	4.53	–
Recoverable Expense	–	–	–	0.19
Total Other assets..........	**5.02**	–	4.53	17.24

5a Movement in the allowance for credit loss

	As at 31 March, 2021	As at 31 March, 2020
Balance at beginning of the year..........	17.00	–
Addition during the year..........	17.05	17.00
Balance at end of the year..........	34.05	17.00

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

6. Other Assets

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Non-current	**Current**	Non-current	Current
Advances				
Advances to employees	–	**0.20**	–	0.16
Advances for purchase of land - secured***	–	**3,347.04**	–	3,347.04
Advances to suppliers Unsecured considered good	–	**6.12**	–	13.37
	–	**3,353.36**	–	3,360.57
Others				
Advance income-tax (Net of Provision for Tax as at 31st March 2021 Rs. NIL lakhs, as at 31st March 2020 Rs. 3101.47 lakhs)*	–	–	2,112.40	–
Security Deposits	**67.33**	**3.50**	60.28	3.50
Prepaid Expenses	**17.54**	**21.60**	–	15.45
Balances with statutory / government authorities (Other than Income tax)**	**37.98**	–	32.90	–
	122.85	**25.10**	2,205.58	18.95
Total Other Assets	**122.85**	**3,378.46**	2,205.58	3,379.52

* 31-03-2020: Advance income-tax includes payments made under protest Rs. 433.78 Lakhs and Refunds issued by the income tax department and adjusted by department Rs. 692.52 lakhs.

** Balance with Government authorities as at 31st March 2021 represents payment of 37.98 lakhs (As at 31st March 2020 - Includes Rs. 29.79 Lakhs) made under protest against service tax demands.

*** Advance for purchase of Land is secured by equitable Mortgage by deposit of title deeds of 39.19 acres of land at Varadarajapuram, Kancheepuram Dist. Tamilnadu.

7. Inventories

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Work in progress (representing cost of land and related expenditure)	**27,637.50**	27,573.70
Inventory	**26.53**	25.67
Total Inventories	**27,664.03**	27,599.37

(i) The Cost of inventories recognised as expenses during the year in respect of continuing operations is INR 626.89 Lakhs (2019-20 was INR 571.23 Lakhs).

(ii) The Carrying amount of inventories pledged as security for liabilities - Refer note 12 A Non Current Borrowings.

(iii) Mode of Valuation of Inventories is Cost or Net Realisable Value whichever is lower.

(iv) Borrowing costs inventorised relates to interest on borrowings referred in Notes 12A considered in the ratio of land inventories pending to be developed to the total inventories.

(v) Based on detailed assessment and evaluation of impact of the COVID-19 epidemic, the management concluded that the realiseable value of these inventories will not be lower than the carrying value as stated above.

8. Trade Receivables

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Trade Receivables:		
Unsecured Considered Good	**439.52**	581.86
Receivables with significant credit risk	**85.88**	54.25
Less: Provision for expected credit losses	**(85.88)**	(54.25)
Total Trade Receivables	**439.52**	581.86

Trade receivables are non-interest bearing and the average credit period on service rendered is as per the terms of the service agreement with clients. Credit period allowed to customers varies between 7 days to 30 days.

Refer Note No.31 for Credit Risk Management on Receivables.

8a Movement in the allowance for credit loss

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Balance at beginning of the year	**54.25**	58.02
Additions/reversals during the year	**31.63**	(3.77)
Balance at end of the year	**85.88**	54.25

9. Cash and Cash Equivalents

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Cash and cash equivalents		
Balances with banks:		
– On current accounts	**181.14**	171.27
– Cheques on hand	**17.25**	–
Cash on hand	–	0.05
Total Cash and cash equivalents	**198.39**	171.32

Reconciliation of Cash and Cash Equivalents

Particulars	As at 31 March, 2021	As at 31 March, 2020
Total Cash and Cash Equivalents as per Balance Sheet	**198.39**	171.32
Overdraft with Banks (Note 12B)	**(3,638.30)**	(3,816.97)
Total Cash and Cash Equivalents as per Statement of Cashflow	**(3,439.91)**	(3,645.65)

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

10. Equity

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2021	As at 31 March. 2020
Authorized shares		
2,50,00,000 Ordinary Equity Shares of Rs.10 each with Voting rights	**2,500.00**	2,500.00
50,00,000 Unclassified Shares of Rs.10 each with Voting rights	**500.00**	500.00
65,00,000 Cumulative Redeemable preference shares of Rs. 100 each	**6,500.00**	6,500.00
	9,500.00	9,500.00
Issued, subscribed and fully paid-up shares		
2,00,00,000 Ordinary Equity Shares of Rs.10 each with Voting rights	**2,000.00**	2,000.00
Total issued, subscribed and fully paid-up share capital	**2,000.00**	2,000.00

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Changes during the year	Closing Balance
Ordinary Equity Shares			
Year Ended 31 March, 2021			
No. of Shares	**20,000,000**	–	20,000,000
Amount	**2,000.00**	–	2,000.00
Year Ended 31 March, 2020			
No. of Shares	**20,000,000**	–	20,000,000
Amount	**2,000.00**	–	2,000.00

(a) Terms/ rights attached to equity shares

The Company has only one class of Equity Shares having a par value of Rs. 10/- per share. Each holder of Equity Shares is entitled to one vote per share. Dividends are paid in Indian Rupees. The dividends proposed by the Board of Directors are subject to the approval of the shareholders at the Annual General Meeting. Repayment of capital will be in proportion to the number of equity shares held.

Repayment of capital will be in proportion to the number of equity shares held.

(ii) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31 March, 2021		As at 31 March, 2020	
	No.	% holding in the class	No.	% holding in the class
Equity shares with voting rights				
– Mahindra Lifespace Developers Limited	**1,77,99,999**	**89%**	1.77,99,999	89%
– Tamilnadu Industrial Development Corporation Limited	**22,00,000**	**11%**	22,00,000	11%

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

11. Other Equity

(Amounts in INR Lakhs)

Particulars	Other Equity			
	General Reserve	Capital Redemption Reserve	Retained earnings	Total
Balance as at 1 April, 2019	345.00	6,500.00	6,315.31	13,160.31
Loss for the year	–	–	(857.46)	(857.46)
Other Comprehensive Loss (Net of tax)	–	–	(4.30)	(4.30)
	–	–	(241.11)	(241.11)
Balance as at 31 March, 2020	345.00	6,500.00	5,212.44	12,057.44
Loss for the year	–	–	(1,016.82)	(1,016.82)
Other Comprehensive Income (Net of tax)	–	–	5.39	5.39
Balance as at 31 March, 2021	**345.00**	**6,500.00**	**4,201.01**	**11,046.01**

General Reserve: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer. Items included under General Reserve shall not be reclassified back into the Statement of Profit & Loss.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

Capital Redemption Reserve: The Capital Redemption Reserve was created against redemption of Preference Shares.

Retained Earnings: This reserve represents cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.

12A. Non current borrowings

Details of Long term Borrowings of the Company:

(Amounts in INR Lakhs)

Description of the instrument	Currency of Loan	Coupon Rate	"Repayment Bullet (or) Instalment"	Number of Instalments	Date of earliest Redemption (or) Conversion	Amortised cost as at 31 March, 2021	Amortised cost as at 31 March, 2020
A. Secured Borrowings:							
a) Term Loans							
(i) From Financial Institution							
HDFC Limited - Term Loan	INR	8.75% to 11%	75% of Sales / lease prooceeds and Instalment	12	Aug-21	**22,855.02**	24,237.16
Total Secured Borrowings						**22,855.02**	24,237.16
Total Non Current Borrowings						**22,855.02**	24,237.16

Term Loan from Financial Institution - Secured Borrowings

HDFC Term Loan - Sanctioned amount INR 32,500.00 Lakhs from HDFC Ltd carries an interest of HDFC CPLR - 895 points. Principal to be repaid in 8 equal quarterly instalments , commencing from August 2021, after a moratorium of 38 months. Current prevailing rate of interest is 9.95%. Further, it is mandatory to prepay Principal using 75% of Land lease/sale proceeds from the date of availing this term loan.

The Term loans is secured by equitable Mortgage by deposit of title deeds of 59.098 acres of land at Mahindra World City , Chengalpattu with carrying value of INR 2,593 Lakhs and 236.027 acres of land in NH16 near Ponneri/Gummidipundi with a carrying value of INR 20,166 Lakhs.

There are no defaults in case of either interest or principal with respect to payments for the above borrowings.

12.B Current Borrowings (Amortised cost)

Details of Current Borrowings of the Company:

(Amounts in INR Lakhs)

Description of the instrument	Currency of Loan	Coupon Rate	As at 31 March, 2021	As at 31 March, 2020
A. Unsecured Borrowings at amortised cost:				
HDFC Bank Limited - Overdraft of INR 25 Crores- Repayable on Demand	INR	7.90% to 9.50%	**1,514.50**	2,159.17
Mahindra Residential Developers Limited - ICD Loan repayable within 1 year	INR	8.85% to 9.50%	**4,200.00**	2,000.00
Total Unsecured Borrowings			**5,714.50**	4,159.17
B. Secured Borrowings at amortised cost:				
Axis Bank Limted - Overdraft of INR 25 Crores - Repayable on Demand	INR	7.90% to 9.00%	**2,123.80**	1,657.80
Total Secured Borrowings			**2,123.80**	1,657.80
Total Current borrowings			**7,838.30**	5,816.97

Axis Bank Overdraft is secured.

- by First pari passu charge of current assets of the Company excluding inventories.
- by Second/Residual charge on Lands mortgaged to HDFC Limited for Term loan availed. (Refer note no. 12A)

13. Other Financial Liabilities at amortised cost

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2021 Non-current	As at 31 March, 2021 Current	As at 31 March, 2020 Non-current	As at 31 March, 2020 Current
Deposits				
Security deposits received from lessees	**1.54**	–	1.42	–
	1.54	–	1.42	–
Others				
Payable on purchase of PPE	–	**5.00**	–	5.00
Interest accrued but not due	–	**84.28**	–	–
Earnest money deposit	–	**2.80**	–	2.80
Rental / Other deposit from customers	–	**43.45**	–	33.18
	–	**135.53**	–	40.98
Total Other Financial Liabilities	**1.54**	**135.53**	1.42	40.98

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

14. Other Liabilities

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2021 Non-current	As at 31 March, 2021 Current	As at 31 March 2020 Non-current	As at 31 March 2020 Current
Advance from customers	–	**267.00**	–	392.00
Statutory dues payable	–	**22.74**	–	23.39
Deferred Income	**884.24**	**101.18**	952.00	88.25
Unearned Income	**453.99**	**5.13**	447.18	3.83
Total Other Liabilities	**1,338.23**	**396.05**	1,399.18	507.47

15. Income Tax

(a) Income Tax recognised in profit or loss

(Amounts in INR Lakhs)

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Current Tax:		
In respect of current year	–	–
Deferred Tax	**(185.26)**	(471.27)
Tax of earlier years (Net)	**366.35**	27.12
Total income tax expense/(credit) on income from operations	**181.09**	(444.15)

(b) Reconciliation of estimated income tax expense at tax rate to income tax expense reported in Statement Profit aand Loss is as follows:

(Amounts in INR Lakhs)

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Loss before tax	**(835.73)**	(1,301.61)
Income tax expense calculated at statutory rate***	**(243.00)**	(379.00)
Disallowance u/s 14A for expense incurred on investment	**33.49**	33.49
Changes based on return of income filed for the year	–	(114.41)
Non deductible exepenses under income tax	**21.71**	15.26
Changes in Deferred tax asset/Liability due to Effective rate changes	**366.35**	–
Others	**2.54**	0.51
	181.09	(444.15)
Income tax expense/(credit) recognised in statement of profit and loss	**181.09**	(444.15)

*** The Tax Rate used for 31st March 2021 and 31st March 2020 reconciliations above are the corporate tax rate of 29.12% payable by Corporate Entities in India on taxable profits under Indian Income Tax Act laws.

(c) Movement in deferred tax balances

(Amounts in INR Lakhs)

Particulars	For the Year ended 31 March, 2021 Opening Balance	Recognised in Profit or Loss	Recognised in OCI	Earlier year Adjustments	Closing Balance
Tax effect of items constituting deferred tax Liabilities					
Property, Plant and Equipment	**345.87**	**(33.97)**	–	–	**311.90**
Interest Inventorised	**2,305.03**	–	–	**(2,305.03)**	–
FVTPL Financials Asset & Liabilties	**16.18**	**1.82**	–	–	**18.00**
Total Deferred Tax Liabilities	**2,667.08**	**(32.15)**	–	**(2,305.03)**	**329.90**
Tax effect of items constituting deferred tax assets					
Section 43B disallowances	**17.42**	**(1.45)**	**(2.21)**	–	**13.76**
Business loss	**179.00**	**78.39**	–	**36.61**	**294.00**
Unabsorbed depreciation loss	**70.01**	**61.99**	–	–	**132.00**
Provision for doubtful debts	**20.75**	**14.18**	–	–	**34.93**
MAT Credit	**616.25**	–		**(503.14)**	**113.11**
Total Deferred Tax Asset	**903.43**	**153.11**	**(2.21)**	**(466.53)**	**587.80**
Net Deferred Tax Asset	**1,763.65**	**(185.26)**	**2.21**	**(1,838.50)**	**257.90**

(Amounts in INR Lakhs)

Particulars	For the Year ended 31 March, 2020 Opening Balance	Recognised in Profit or Loss	Recognised in OCI	Earlier year Adjustments	Closing Balance
Tax effect of items constituting deferred tax Liabilities					
Property, Plant and Equipment	**481.37**	**(135.50)**	–	–	**345.87**
Interest Inventorised	**2,361.92**	**(56.89)**	–	–	**2,305.03**
FVTPL Financials Asset & Liabilties	**38.88**	**(22.70)**	–	–	**16.18**
Total Deferred Tax Liabilities	**2,882.17**	**(215.09)**	–	–	**2,667.08**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

(Amounts in INR Lakhs)

Particulars	For the Year ended 31 March, 2020 Opening Balance	Recognised in Profit or Loss	Recognised in OCI	Earlier year Adjustments	Closing Balance
Tax effect of items constituting deferred tax assets					
Section 43B disallowances	**12.33**	**3.32**	**1.76**	–	**17.42**
Business loss	–	**179.00**	–	–	**179.00**
Unabsorbed depreciation loss	–	**70.01**	–	–	**70.01**
Provision for doubtful debts	**16.90**	**3.85**	–	–	**20.75**
MAT Credit	**634.21**	–	–	–	**634.21**
MAT credit utilised during the year	–	–	–	–	**(17.96)**
Total Deferred Tax Asset	**663.44**	**256.18**	**1.76**	–	**903.43**
Net Deferred Tax Asset	**2,218.73**	**(471.27)**	**(1.76)**	–	**1,763.65**

16. Provisions

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2021 Non-current	As at 31 March, 2021 Current	As at 31 March 2020 Non-current	As at 31 March 2020 Current
Income Tax (Net of Advance Tax Rs INR. 106.76 Lakhs)	–	**36.19**	–	–
Employee Benefits (Refer note 29)				
Gratuity	–	**19.67**	–	28.17
Leave Encashment	**22.61**	**4.98**	28.23	3.46
Total Provisions	**22.61**	**60.84**	28.23	31.63

17. Trade Payables

(Amounts in INR Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Trade payable - Micro and small enterprises*	**14.26**	75.58
Trade payable - Other than micro and small enterprises	**795.19**	754.46
	809.45	830.04

*(i) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business. Usually, Credit period with vendors varies from 15 days to 30 days.

(ii) Refer Note 34 for Disclosures on Micro and Small Enterprises.

18. Revenue from Operations

(Amounts in INR Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Land Lease Premium	**613.00**	466.70
Sale of land	**1,226.01**	912.45
Rental income	**76.40**	74.79
Operation and maintenance income	**2,329.87**	2,338.96
Club membership fees	**67.76**	68.06
Club Annual subscription fees	**43.84**	60.45
Club operating income	**50.16**	245.66
Project Management Fees	**54.08**	52.16
Transfer Fees	**54.25**	4.85
Sales Commission Income	**125.01**	–
Total Revenue from Operations	**4,640.38**	4,224.08

19. Other Income

(Amounts in INR Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Other non operating income		
Liabilities no longer required written back	**41.25**	25.78
Interest on Bank Fixed deposits	**0.58**	1.16
Miscellaneous Income	**14.16**	107.33
Total Other Income	**55.99**	134.27

20. Cost of Projects

(Amounts in INR Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Inventories at the beginning of the year		
Work-in-progress	**27,573.70**	26,991.17
Add: Expenses Incurred during the year		
Land and Construction Costs	1.40	30.08
Interest Cost	689.29	1,123.68
Less: Inventories at the end of the year		
Work-in-progress	**27,637.50**	27,573.70
Total Cost of Projects	**626.89**	571.23

21. Operation & Maintenance Expenses

(Amounts in INR Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Repairs & Maintenance	**227.90**	291.65
Security	**298.74**	266.93
Electrical & Mechanical Maintenance	**439.10**	462.69
Housekeeping	**194.28**	177.06
Power & Fuel	**175.83**	214.30
Landscaping maintenance	**122.59**	117.16
Rates & Taxes	**134.78**	67.85
Bus shuttle	**–**	95.47
Other Expenses	**42.97**	50.44
Total Operation & Maintenance expenses	**1,636.19**	1,743.55

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

22. Employee Benefits Expense

(Amounts in INR Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Salaries and wages including bonus*	319.18	371.74
Contributions to provident and other funds	16.46	17.78
Staff welfare expenses	5.38	21.75
Total Employee benefits expense	**341.02**	411.27

* Includes charge for Equity Stock options recovered by Mahindra Lifespaces Developers Limited amounting to Rs. 2.54 Lakhs (Previous Year Rs. 4.83 Lakhs)

23. Finance Costs

(Amounts in INR Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
(a) Interest expense on:		
(i) Term loan	2,151.67	2,350.92
(ii) Loan from Related parties	259.60	25.02
(iii) Overdraft	284.56	566.59
(iv) Other Interest	1.11	29.38
Less: Interest inventorised*	(689.29)	(1,123.68)
Net Finance Costs	**2,007.65**	1,848.23

*Borrowing cost inventorised refers to interest on Borrowings in Note 12A considered at the average rate of 9.05% p.a.

24. Other expenses

(Amounts in INR Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Power and fuel	40.42	75.68
Rent including lease rentals	9.10	10.64
Repairs and maintenance	8.07	37.39
Insurance	23.80	13.13
Rates and taxes	10.94	8.42
Communication	22.65	28.85
Travelling and conveyance	2.13	23.00
Printing and stationery	2.83	4.25
Business promotion	75.88	93.00
Office Maintenance expenses	35.34	38.65
Legal and professional	104.99	98.48
Payments to auditors* (Refer below for details of Audit fees)	13.60	11.60
Directors sitting fees	1.40	1.00
Donations	0.50	-
Services outsourced	93.97	137.38
Allowances for expected credit losses	48.68	13.23
Corporate Social Responsibility (CSR) activities (refer Note No 25)	17.04	23.01
Club expenses	69.89	83.87
Miscellaneous expenses	1.08	1.23
Total Other expenses	**582.31**	702.81

(Amounts in INR Lakhs)

* Payment to auditors (excluding taxes)	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Statutory Audit and Limited Reviews	11.20	11.20
Tax Audit	2.00	-
Certification and Other Services	0.40	0.40
	13.60	11.60

25. Expense on Corporate Social Responsibility

(Amounts in INR Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Contribution to Nanhi Kali foundation	8.52	11.51
Supporting Primary Health Centre	5.11	7.74
Support to School for Enhancing Quality of Education	–	2.04
Contribution to District Collector for Covid-19 prevention measures	3.00	–
Awareness programmes -Solid waste Management & others	0.41	1.72
	17.04	23.01

26. Segment information

Business segments

The Company operates in only one business segment, i.e. 'lease of land and properties constructed' based on the nature of the services and products, the risks and returns etc. This has been determined in the manner consistent with the internal reporting provided to the Manager regarded as the Chief Operating Decision Maker ("CODM"). The Company operates only in India. The conditions prevailing in India being uniform, no separate geographical disclosure within India is considered necessary.

27. Earnings per Share

(Amounts in INR Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Loss for the year attributable to owners of the Company	(1,016.82)	(857.46)
Weighted average number of equity shares (in Nos)	2,00,00,000	2,00,00,000
Earnings per share from continuing operations - Basic and Diluted (in Rs.) ((face value of Rs.10/- each)	(5.08)	(4.29)

28. Contingent liabilities and Capital Commitments

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Contingent liabilities (to the extent not provided for)		
Income Tax Demands*	–	936.78
Service tax demands received	493.21	493.21
(The above amount is based on demand raised, which the Company is contesting with the concerned authorities. Outflows, if any, arising out of this claim would depend on the outcome of the decision of the appellate authorities and Company's rights for future appeals.)		
Total Contingent Liabilities	**493.21**	1,429.99

* The Company had in the previous year received an unfavorable order from the Hon'ble High Court of Madras against appeals filed with reference to income tax liability pertaining to Assessment Years 2010-11, 2011-12 and 2012-13. The Company had filed a Special Leave Petition against this order with Hon'ble Supreme Court and the Supreme Court had referred back the case to Assistant Commissioner of Income Tax. The Company has similar disputes for the Assessment Years 2013-14 and 2014-15, (appeal

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

not filed with the Hon'ble High court against unfavorable orders received from Income Tax Appellate Tribunal). The disputes arose on account of differential treatment with respect to the allowance of interest expenses incurred by the company on land development, being the qualifying asset – claimed as borrowing costs and capitalized in the books whereas claimed as allowable expenditure on incurring for income tax purposes. This contention of the Company was disregarded and the decision was that the allowability for tax also would happen only actual sale of land, similar to the treatment in the books.

The Company has opted to settle all the above pending Income tax disputes through Vivad Se Vishwas Scheme,2020 and relevant statutory forms were filed and Income Tax Department has accepted our applications. The Company has also withdrawn special leave petition filed with Hon'ble Supreme Court. Consequently, net provision for tax relating to the above settlements, amounting to INR 366.35 Lakhs was provided during the year and shown as tax relating to earlier years.

29. Employee Benefits

a) Defined Contribution plans

The Company makes Provident fund contribution to defined contribution plans for the employees. Under the scheme, the company is required to contribute a specified percentage of the payroll cost to the fund the benefits. The Company recognized Rs. 16.46 Lakhs (PY Rs. 17.78 Lakhs) for Provident fund & Other funds contributions in the statement of profit and Loss. The contributions payable to these plans by the company are at rates specified in the rules of the scheme.

b) Defined Benefit Plans

The Company's obligation towards gratuity is defined benefit plan. The gratuity expense is included under 'Employee Benefit Expenses' in Note 22 Employee benefits expense. The company has funded the gratuity Liability through LIC Scheme. The details of actuarial valuation are given below:

Gratuity:

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund. Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk

The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

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

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

(Amounts in INR Lakhs)

		Gratuity (Funded)	
		2020-21	2019-20
a.	**Net Liabilities recognized in the balance sheet**		
	Present Value of Defined Benefit Obligation	**46.97**	53.69
	Fair Value of Plan assets	**27.30**	25.52
	Liabilities recognised in the balance sheet	**19.67**	28.17
b.	**Expense recognized in the Statement of Profit and Loss**		
	Past service cost	–	–
	Current Service cost	**4.24**	3.66
	Interest cost	**3.25**	3.02
	Expected return on plan assets	**(2.01)**	(1.44)
	Actuarial (gains) / Losses	**(7.36)**	5.75
	Total expenses	**(1.88)**	10.99
c.	**Change in present value of Defined Benefit obligation**		
	Present Value of the obligation at the beginning of the year	**53.69**	41.37
	Past service cost	–	–
	Current Service cost	**4.24**	3.66
	Interest Cost	**3.25**	3.02
	Actuarial (Gains) /Losses	**(7.36)**	5.75
	Benefits Paid	**(6.85)**	(0.11)
	Present value of the obligation as at the end of the year	**46.97**	53.69
d.	**Change in fair value of plan assets**		
	Present value of plan assets as the beginning of the year	**25.52**	24.19
	Expected return on plan assets	**2.01**	1.44
	Contributions made	–	–
	Benefits paid and Charges	**(0.23)**	(0.11)
	Present value of plan assets at the end of the year	**27.30**	25.52
e.	**Principal actuarial assumptions**		
	Discount Rate	**6.29%**	6.47%
	Expected return on plan assets	**6.29%**	6.47%
	Expected rate of Salary increase	**8.00%**	10.00%
	Attrition Rate	**10.00%**	10.00%
	Mortality	LIC (2006-08) Ultimate mortality tables	
f.	**Estimate of amount of contribution in the immediate next year**	**19.67**	28.17

g. Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market.

h. Basis used to determine expected rate of return - The Gratuity Fund is managed by the Life Insurance Corporation of India and they have not made available the information on major categories of plan assets and the expected rate of return on each class of plan assets.

(Amounts in INR Lakhs)

i.	Experience adjustment as provided by actuary:	for the years				
		2020-21	**2019-20**	**2018-19**	**2017-18**	**2016-17**
	Present value of DBO	**46.97**	53.69	41.37	28.64	24.02
	Fair value of plan assets	**27.30**	25.52	24.19	22.14	24.36
	Experience gain / (loss) adjustments on plan liabilities	**(2.01)**	(1.44)	(2.19)	(1.01)	(2.11)
	Experience gain / (loss) adjustments on plan assets	**0.24**	(0.32)	0.52	(0.51)	0.72

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

Long-Term Compensated Absences
Actuarial assumptions:

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Discount rate	**6.29%**	6.47%
Expected return on plan assets	**6.29%**	6.47%
Salary escalation	**8.00%**	10.00%
Attrition	**10.00%**	10.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(Amounts in INR Lakhs)

	Year	Change in Assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount Rate	**2021**	0.50%	45.89	48.10
	2020	0.50%	52.18	55.28
Salary Growth Rate	**2021**	0.50%	47.76	46.20
	2020	0.50%	54.60	52.79

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

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

(Amounts in INR Lakhs)

	As at 31 March, 2021	As at 31 March, 2020
Year 1	4.56	5.01
Year 2	20.45	4.86
Year 3	2.73	19.13
Year 4	2.69	3.31
Year 5	2.62	3.29
Next 5 Years	19.56	23.73

Plan of Assets

The fair value of Company's pension plan asset as of 31 March, 2021 and 31 March, 2020 by category are as follows:

Asset Category	As at 31 March, 2021	As at 31 March, 2020
Deposits with Insurance companies	100%	100%

30 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

COVID -19 Impact assessment :

The management assessed the Company's future projections in light of the developments due to COVID 19 situation and has reassessed the impact that it may cause on the Company's financial and operational performance. The business activities were temporarily suspended owing to lock down during the year and post phased out lifting of the lock down, the activities have commenced in a gradual manner . The Company has credit and term loan facilities available to meet the project costs and pay off the vendors and bankers in the immediate 12 months from the date of approval of these financial statements. The Company expects no additional inflow of capital towards currently planned development. Based on the above assessment, the management is of the view that company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

31. Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total debt divided by total equity. Total liabilities and total equity are based on the amounts stated in the financial statements.

The Company is not subject to externally enforced regulation.

Debt-to-equity ratio as of 31st March, 2021 and 31st March, 2020 is as follows:

(Amounts in INR Lakhs)

	31 March, 2021	31 March, 2020
Debt (A)	**30,693.32**	30,054.13
Equity (B)	**13,046.01**	14,057.44
Debt Equity Ratio (A/B)	**2.35**	2.14

Categories of financial assets and financial liabilities

(Amounts in INR Lakhs)
As at 31 March, 2021

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments in Associate	**1,300.00**	–	–	**1,300.00**
Investments in Joint Venture	**10,200.00**	–	–	**10,200.00**
Other Financial Assets	**5.02**	–	–	**5.02**
Current Assets				
Trade Receivables	**439.52**	–	–	**439.52**
Cash and Cash equivalents	**198.39**	–	–	**198.39**
Other Financial Assets	–	–	–	–
	12,142.93	–	–	**12,142.93**
Non-current Liabilities				
Borrowings	**22,855.02**	–	–	**22,855.02**
Other Financial Liabilities	**1.54**	–	–	**1.54**
Current Liabilities				
Borrowings	**7,838.30**	–	–	**7,838.30**
Trade Payables	**809.45**	–	–	**809.45**
Other Financial Liabilities				–
– Non Derivative Financial Liabilities	**135.53**	–	–	**135.53**
	31,639.84	–	–	**31,639.84**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

(Amounts in INR Lakhs)
As at 31 March, 2020

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments in Associate	1,300.00	–	–	1,300.00
Investments in Joint Venture	10,200.00	–	–	10,200.00
Other Financial Assets	4.53	–	–	4.53
Current Assets				
Trade Receivables	581.86	–	–	581.86
Cash and Cash equivalents	171.32	–	–	171.32
Other Financial Assets	17.24	–	–	17.24
	12,274.95	–	–	12,274.95
Non-current Liabilities				
Borrowings	24,237.16	–	–	24,237.16
Other Financial Liabilities	1.42	–	–	1.42
Current Liabilities				
Borrowings	5,816.97	–	–	5,816.97
Trade Payables	830.04	–	–	830.04
Other Financial Liabilities				–
– Non Derivative Financial Liabilities	40.98	–	–	40.98
	30,926.57	–	–	30,926.57

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

The amount of trade receivable from Land leasing, Industrial park maintenance service and property leasing activities as appearing in the balance sheet of the company shows the amount due from the customers to whom the Industrial park Maintenance charges, water charges and property Lease services are provided. Company executes Land leasing agreement with customers only entire lease premium is paid by customers and hence no risk of credit loss in dues relating to Land leasing premium. Further, As per the company's policy, every customer has to deposit 3 to 6 months of Maintenance charges and/or monthly lease rentals with the company and as per the terms of the agreement with the customer's, company is entitled to adjust the pending dues against the deposits taken from customer and hence, company is not exposed to any credit loss risk. Further there has been no instance in past which shows that the company has written off any significant any dues pending and is not exposed to a credit risk. During the year to the extent where recoverability of debt is doubtful the company has made provision for expected credit loss.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(Amounts in INR Lakhs)

Particulars	**Less than 1 Year**	**1–3 Years**	**3 Years to 5 Years**	**5 years and above**
Non-derivative financial liabilities				
31 March, 2021				
Non-interest bearing				
Trade Payables	**809.45**	–	–	–
Capital Creditors	**5.00**	–	–	–
Other Financial Liabilities	**130.53**	–	–	**1.54**
Variable interest rate instruments				
Short term Borrowing – Principal	**7,838.30**	–	–	–
Loan term Borrowing – Principal	–	**18,792.52**	**4,062.50**	–
Total	**8,783.28**	**18,792.52**	**4,062.50**	**1.54**
31 March, 2020				

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

(Amounts in INR Lakhs)

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
Non-interest bearing				
Trade Payable	830.04	–	–	–
Capital Creditors	5.00	–	–	–
Other Financial Liabilities	35.98	–	–	1.42
Variable interest rate instruments				
Short term Borrowing - Principal	5,816.97	–	–	–
Loan term Borrowing - Principal	–	20,174.66	4,062.50	–
Total	6,687.99	20,174.66	4,062.50	1.42

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement.

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

(Amounts in INR Lakhs)

Particulars	31 March, 2021	31 March, 2020
Secured Bank Overdraft facility		
– Expiring within one year	**1,361.70**	1,163.03
Secured Bank Guarantee Limit (sub limit of CC Credit facility)		
– Expiring within one year	**20.00**	20.00
	1,381.70	1,183.03

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Amounts in INR Lakhs)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31 March, 2021				
Non-interest bearing				
Non Current Investment	–	–	–	**11,500.00**
Security Deposits	–	–	–	–
Trade Receivables	**439.52**	–	–	–
Cash and Cash equivalents	**198.39**	–	–	–
Other Current Financial Assets	–	**5.02**	–	–
Total	**637.91**	**5.02**	–	**11,500.00**
31 March, 2020				
Non-interest bearing				
Non Current Investment	–	–	–	11,500.00
Trade Receivables	581.86	–	–	–
Cash and Cash equivalents	171.32	–	–	–
Other Current Financial Assets	17.24	4.53	–	–
Total	770.42	4.53	–	11,500.00

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated only in India Rupees and hence there is no risk of foreign exchange fluctuations.

Interest rate risk

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

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

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

(Amounts in INR Lakhs)

Year	Currency	Increase/ decrease in basis points	Effect on financials
31 March, 2021	INR	+100	306.93
	INR	-100	(306.93)
31 March, 2020	INR	+100	300.54
	INR	-100	(300.54)

32 **Related Party Transactions**

Details of related parties:

Description of relationship	
Ultimate Holding Company	Mahindra & Mahindra Limited(M&M)
Holding Company	Mahindra Lifespaces Developers Limited (MLDL)
Joint Venture	Mahindra Industrial Park Chennai Ltd (MIPCL)
Associate	Mahindra Integrated Township Limited (MITL)
Associate	Mahindra Residential Developers Limited (MRDL)
Key Management Personnel (KMP)	
Chief Executive Offcer	Mr. Jayant B Manmadkar (Resigned as on 30th April 19) Mr. Vimal Agarwal (with effect from 15th October, 2019)
Chief Financial Offcer	Ms. Bharathy K

Details of related party transactions during the year ended 31st March, 2021 and balances outstanding as at 31st March, 2021:

(Amounts in INR Lakhs)

Transactions during the year	Utilimate Holding Company (M&M)	Holding Company (MLDL)	Joint Venture (MIPCL)	Associate (MITL)	Associate (MRDL)
Land Sale	–	–	–	–	–
	–	–	(449.80)	–	–
Operation and maintenance Income	203.68	–	–	217.05	19.79
	(203.68)	–	–	(219.81)	(19.78)
Water charges income	14.12	–	–	5.91	6.42
	(16.85)	–	–	(3.13)	(5.95)
Club income	43.16	0.09	0.40	0.62	–
	–	(0.49)	(0.88)	(1.65)	(0.37)
Other Services Provided	–	–	157.45	3.75	0.73
	–	–	(55.21)	(11.53)	(5.32)
Service received	9.10	–	13.20	–	–
	(9.87)	(21.96)	(13.20)	–	–
Dividend Paid	–	–	–		–
	–	(178.00)	–	–	–
Reimbursement of expenses- Given	18.58	–	–	–	–
	(22.76)	–	(3.97)	–	–
Reimbursement of expenses- Taken	–	–	–	–	–
	–	–	(38.64)	–	–
ESOP Costs	–	2.54	–	–	–
	–	(4.83)	–	–	–
Interest Paid	–	–	–	–	259.60
	–	–	–	–	(25.02)
Inter Corporate Deposit received	–	–	–	–	2,200.00
	–	–	–	–	(2,000.00)
Intercorporate Deposit / Term loan repaid	–	–	–	–	–
	–	–	–	–	–

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

(Amounts in INR Lakhs)

Transactions during the year	Utilimate Holding Company (M&M)	Holding Company (MLDL)	Joint Venture (MIPCL)	Associate (MITL)	Associate (MRDL)
Balance Outstanding as at the year end					
Internal corporate deposits(ICD) payable	–	–	–	–	4,200.00
	–	–	–	–	(2,000.00)
Security Deposits taken	55.65	–	–	66.27	23.07
	(55.65)	–	–	(66.27)	(23.07)
Receivables	8.89	–	160.99	0.46	0.34
	(1.45)	–	(3.34)	(76.14)	(14.57)
Payables	3.76	2.54	–	–	84.62
	(4.68)	(16.21)	–	–	(22.52)

Note: Figures in bracket relates to the previous year

33. Fair Value Measurement
Fair value of financial assets and financial liabilities that are not measured at fair value

(Amounts in INR Lakhs)

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– investments in Equity	**11,500.00**	**11,500.00**	11,500.00	11,500.00
– trade and other receivables	**439.52**	**439.52**	564.86	564.86
– Cash and cash equivalents	**198.39**	**198.39**	171.32	171.32
– deposits and similar assets	**5.02**	**5.02**	38.77	38.77
Total	**12,142.93**	**12,142.93**	12,274.95	12,274.95
Financial liabilities				
Financial liabilities held at amortised cost				
– Long term loans from Financial Institutions	**22,855.02**	**22,855.02**	24,237.16	24,237.16
– OD limits from Bank	**3,638.30**	**3,638.30**	3,816.97	3,816.97
– Loans from related parties	**4,200.00**	**4,200.00**	2,000.00	2,000.00
– Trade and other payables	**809.45**	**809.45**	830.04	830.04
– Other Financial Liabilities	**137.07**	**137.07**	42.40	42.40
Total	**31,639.84**	**31,639.84**	30,926.57	30,926.57

Fair value hierarchy as at 31 March, 2021

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– investments in Equity	–	**11,500.00**	–	11,500.00
– trade and other receivables	–	**439.52**	–	**439.52**
– cash and cash equivalents	–	**198.39**	–	**198.39**
– deposits and similar assets	–	**5.02**	–	**5.02**
Total	–	**12,142.93**	–	**12,142.93**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Long term loans from Financial Institutions	–	**22,855.02**	–	22,855.02
– OD limits from Bank	–	**3,638.30**	–	3,638.30
– loans from related parties	–	**4,200.00**	–	4,200.00
– trade and other payables	–	**809.45**	–	809.45
– Other Financial Liabilities	–	**137.07**	–	137.07
Total	–	**31,639.84**	–	**31,639.84**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

Fair value hierarchy as at 31 March, 2020 (Amounts in INR Lakhs)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– investments in Equity	–	**11,500.00**	–	11,500.00
– trade and other receivables	–	**564.86**	–	**564.86**
– cash and cash equivalents	–	**171.32**	–	**171.32**
– deposits and similar assets	–	**38.77**	–	**38.77**
Total	–	**12,274.95**	–	**12,274.95**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Long term loans from Financial Institutions	–	**24,237.16**	–	24,237.16
– OD limits from Bank	–	**3,816.97**	–	3,816.97
– loans from related parties	–	**2,000.00**	–	2,000.00
– trade and other payables	–	**830.04**	–	830.04
– Other Financial Liabilities	–	**42.40**	–	42.40
Total	–	**30,926.57**	–	**30,926.57**

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

34. Additional Information to the Financial Statements

i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

There are no overdue amounts payable to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as at the reporting date or anytime during the year and hence no interest has been paid or payable accordingly no additional disclosures have been made.

		(Amounts in INR Lakhs)	
Si. No.	Particulars	**As at 31 March, 2021**	As at 31 March, 2020
1	Dues remaining unpaid		
	Principal	**14.26**	75.58
	Interest	**–**	–
2	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	Principal paid beyond the appointed date	**–**	–
	Interest paid in terms of Section 16 of the MSMED Act	**–**	–
3	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**–**	–
4	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**–**	–
5	Amount of interest accrued and remaining unpaid	**–**	–

35. Other Notes

i. The Company has disclosed the impact of pending litigations on its financial position in these financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The company did not have any material foreseeable losses on long term contracts. The company has not entered into any derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company does not have foreign exchange exposure as at 31 March, 2021.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

36. Leases

The Company has not applied the requirement of IND AS 116 to short-term leases of all assets that have a lease term of 12 months or less. Amount recognised as expense in Statement of Profit and Loss is Rs. 9.10 Lakhs(FY 2019-20 Rs 10.64 Lakhs).

37. Events after the Reporting period

No material events have occurred after the Balance sheet date and up to the approval of Financial statements.

38 Regrouping and Reclassification

Previous period / year figures have been regrouped / reclassified where found necessary, to conform to current period / year classification.

39 Approval of Financial Statements

The financial statements were approved for issue by the board of directors in the meeting on 22nd April, 2021.

For and on behalf of the board of directors of
Mahindra World City Developers Limited

A K Nanda
Chairman
(DIN:00010029)

Arvind Subramanian
Director
(DIN: 02551935)

Place: Chennai
Date: 22nd April, 2021

Vimal Agarwal
Chief Executive Officer

Bharathy K
Chief Financial Officer

A Muthukumaran
Company Secretary

Annexure A

Form AOC-I

Salient features of Financial Statements of Subsidiary as per Companies Act, 2013

Nature	**ASSOCIATES**	**JOINT VENTURES**
Name of Subsidiary	**Mahindra Integrated Township Limited**	**Mahindra Industrial Park Chennai Limited**
The date since when subsidiary was acquired	04th May, 2006	22nd Dec, 2014
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA
Share Capital	5,000.00	17,000.00
Reserves & Surplus	1600.85	406.76
Total Assets	23,357.50	33,350.58
Total Liabilities	16756.65	15,943.82
Investments	6,629.48	–
Turnover	1692.1	4,097.12
Profit/(Loss) before taxation	(290.16)	122.83
Provision for taxation	(84.28)	32.05
Profit/(Loss) after taxation	(205.88)	90.78
Proposed Dividend	–	–
Extent of shareholding (in percentage)	26.00%	60.00%

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA WORLD CITY (JAIPUR) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Mahindra World City (Jaipur) Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "the Financial Statements").

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

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Information other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report and the related annexures, but does not include the Financial Statements and our Auditors' Report thereon.

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

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

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

Responsibilities of management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India.

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Financial Statements

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

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

We also:

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

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other Legal and Regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
   (f) With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Financial Statements.
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.
   (h) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
      (i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements. (Refer Note 30 to the Financial Statements).
      (ii) The Company did not have any long- term contracts which has any material foreseeable losses. The Company did not have any derivative contracts.
      (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN : 21204764AAAABM9947

Chennai, May 10, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls with reference to Financial Statements of **Mahindra World City (Jaipur) Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls over Financial Reporting

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN : 21204764AAAABM9947

Chennai, May 10, 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its property, plant and equipment and investment properties:

a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and investment properties.

b) Most of the property, plant and equipment and investment properties were physically verified during the year by the management in accordance with a regular programme of verification, which in our opinion, provides for physical verification of property, plant and equipment and investment properties at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c) With respect to the leasehold land on which the properties are constructed by the Company, based on examination of the registered lease deeds provided to us, we report that the lease agreements are in the name of the Company as at the balance sheet date where the Company is the lessee in the agreement.

(ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of lease deeds, certificate received from third party confirming the inventory, site visits by the management and certification of extent of work completion by competent persons, are done at reasonable intervals and no material discrepancies were noticed on such verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting under Clause 3(iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under subsection (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Income-tax, Goods and Services Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Services Tax, Cess and other material statutory dues in arrears as applicable as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) The details of dues of Urban Land Tax and Income-tax which have not been deposited as on March 31, 2021 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the Amount relates	Amount unpaid (Rs. In Lakhs)
Jaipur Development Authority Act 1982	Urban assessment /Shahri Jamabandi	Jaipur Development Authority	2006-16	32,179.39
Income Tax Act, 1961	Income Tax Demand	Commissioner of Income Tax (Appeals)	AY 2011-12	32.16

(viii) According to the information and explanations given to us and on the basis of our examination of books and records of the Company, the Company has not defaulted in the repayment of loans or borrowings to banks and debenture holders. The Company has not taken any loans or borrowings from financial institutions and Government.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the reporting under Clause 3(ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such cases by the Management.

(xi) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us the Company has entered into transactions with related parties in compliance with provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Financial Statements as required by Indian Accounting Standard (IND AS) 24, Related Party Disclosures, specified under Section 133 of the Act.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting under Clause 3(xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence provisions of Section 192 of the Companies Act, 2013 are not applicable. Accordingly, the reporting under clause 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi) of the Order is not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
Chennai, May 10, 2021 *UDIN : 21204764AAAABM9947*

MAHINDRA WORLD CITY (JAIPUR) LIMITED
CIN N0. U45209RJ2005PLC021207

BALANCE SHEET AS AT 31ST MARCH, 2021

Rs. in Lakhs

			Note No.	As at 31st March, 2021	As at 31st March, 2020
I	**ASSETS**				
1	**NON-CURRENT ASSETS**				
	(a)	Property, Plant and Equipment	3	**5,606.17**	5,980.55
	(b)	Capital Work-in-Progress	3	**150.55**	148.63
	(c)	Investment Property	4	**8,231.06**	8,406.07
	(d)	Intangible Assets	5	**–**	–
	(e)	Financial Assets			
		(i) Loans	6	**116.90**	116.06
	(f)	Other Non-current Assets	8	**720.70**	560.05
		SUB-TOTAL		**14,825.38**	15,211.36
2	**CURRENT ASSETS**				
	(a)	Inventories	9	**50,909.84**	50,012.26
	(b)	Financial Assets			
		(i) Trade Receivables	10	**734.61**	2,694.61
		(ii) Cash and Cash Equivalents	11	**1,347.50**	1,180.61
		(iii) Bank Balances other than (ii) above	11	**514.75**	1,858.68
		(iv) Other Financial Assets	7	**0.63**	27.66
	(c)	Other Current Assets	8	**415.43**	444.88
		SUB-TOTAL		**53,922.76**	56,218.70
		TOTAL ASSETS (1 + 2)		**68,748.14**	71,430.06
II	**EQUITY AND LIABILITIES**				
1	**EQUITY**				
	(a)	Share Capital	12	**15,000.00**	15,000.00
	(b)	Other Equity	13	**18,678.10**	15,425.21
		SUB-TOTAL		**33,678.10**	30,425.21
	LIABILITIES				
2	**NON-CURRENT LIABILITIES**				
	(a)	Financial Liabilities			
		(i) Borrowings	14	**21,025.96**	16,200.96
		(ii) Other Financial Liabilities	15	**3.08**	2.33
	(b)	Provisions	16	**2,604.66**	3,049.34
	(c)	Deferred Tax Liabilities (Net)	17	**1,348.77**	1,302.25
	(d)	Other Non-current Liabilities	18	**854.59**	798.45
		SUB-TOTAL		**25,837.06**	21,353.33
3	**CURRENT LIABILITIES**				
	(a)	Financial Liabilities			
		(i) Borrowings	14	**393.06**	2,044.68
		(ii) Trade Payables	19		
		- Total outstanding dues of micro enterprises and small enterprises		**3.09**	46.05
		- Total outstanding dues of creditors other than micro enterprises and small enterprises		**1,166.32**	1,403.30
		(iii) Other Financial Liabilities	15	**4,804.40**	12,812.90
	(b)	Provisions	16	**1,657.39**	2,121.47
	(c)	Other Current Liabilities	18	**1,208.72**	1,223.12
		TOTAL CURRENT LIABILITIES		**9,232.98**	19,651.52
		TOTAL EQUITY AND LIABILITIES (1 + 2 +3)		**68,748.14**	71,430.06

Summary of Significant Accounting Policies 2

The accompanying notes 1 to 41 are an integral part of these financial statements

In terms of our report attached

For B.K. Khare & Co.
Chartered Accountants

P. Shankar Raman
Partner
Place: Chennai
Date: May 10, 2021

For and on behalf of the Board of Directors

Director

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary

Place: Jaipur
Date: May 10, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

Rs. in Lakhs

	Particulars	Note No.	For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
I	Revenue from operations	20	11,074.33	10,652.92
II	Other income	21	27.55	305.32
III	**Total Income (I + II)**		11,101.88	10,958.24
IV	**EXPENSES**			
	(a) Cost of Sales			
	- Cost of Projects	22	1,768.64	1,525.72
	- Operation & Maintenance expenses	23	1,554.95	1,680.01
	(b) Employee benefits expense	24	359.00	514.66
	(c) Finance costs	25	2,169.16	2,583.76
	(d) Depreciation and amortisation expense	3 & 4	549.39	654.70
	(e) Other expenses	26	681.84	714.26
	Total Expenses- (IV)		7,082.98	7,673.11
V	**Profit before tax (III - IV)**		4,018.90	3,285.13
VI	**Tax Expense**			
	(1) Current tax	27	766.76	581.31
	(2) Deferred tax	27	11.23	(40.93)
	Total tax expense- (VI)		777.99	540.38
VII	**Profit after tax (V - VI)**		3,240.91	2,744.75
VIII	**Other comprehensive income/(loss)**		11.98	(6.57)
	A (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plans		16.90	(9.27)
	(b) Income tax relating to item that will not be reclassified to profit or loss		(4.92)	2.70
IX	**Total comprehensive income for the year (VII + VIII)**		3,252.89	2,738.18
XI	**Earnings per share (Face Value of Rs. 10/- each)**			
	(1) Basic/ Diluted Earnings per share (Rs.)	28	2.16	1.83
	Summary of Significant Accounting Policies	2		

The accompanying notes 1 to 41 are an integral part of these financial statements.

In terms of our report attached
For B.K. Khare & Co.
Chartered Accountants

P. Shankar Raman
Partner
Place: Chennai
Date: May 10, 2021

For and on behalf of the Board of Directors

Director

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary

Place: Jaipur
Date: May 10, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

Rs. in Lakhs

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Cash flows from operating activities		
Profit before tax for the year	**4,018.90**	3,285.13
Non-cash adjustment to reconcile profit before tax to net cash flows		
Finance costs recognised in profit or loss	**2,169.16**	2,583.76
Interest Income	**(27.47)**	(228.05)
Liabilities written back	**–**	(71.09)
Gain on disposal of property, plant and equipment	**(0.08)**	–
Provision for Doubtful Debts	**153.81**	–
Depreciation and amortisation of non-current assets	**549.39**	654.70
Operating Profit before working capital changes	**6,863.71**	6,224.45
Movements in working capital:		
Decrease/ (Increase) in trade and other receivables	**1,806.19**	(2,003.98)
Decrease in inventories	**997.33**	255.31
Decrease / (Increase) in other Non Current and current assets	**31.98**	(42.37)
Increase Financial Assets- Loans	**(0.84)**	(3.14)
(Decrease)/ Increase in trade and other payables	**(279.94)**	279.67
Decrease in financial liabilities	**(57.96)**	(310.94)
Increase/ (Decrease) in other liabilities	**41.74**	(269.46)
Increase in Provisions	**332.01**	184.28
Cash generated from operations	**9,734.22**	4,313.82
Income taxes (paid)/refund, net	**(899.57)**	129.37
Net cash generated by operating activities	**8,834.65**	4,443.19
Cash flows from investing activities		
Proceeds from sale of property plant and equipment	**0.08**	–
Capital expenditure	**(1.54)**	(103.47)
Net movement in Other Bank Balances	**1,343.93**	644.95
Interest & Investment Income received	**54.50**	245.60
Net cash generated from investing activities	**1,396.97**	787.08

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

Rs. in Lakhs

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Cash flow from financing activities		
Repayment of long term borrowings	**(3,000.00)**	(5,500.00)
Net (Repayment)/ Proceeds from short term borrowings	**(1,651.62)**	2,026.16
Dividend Paid (including dividend distribution tax)	**–**	(2,712.49)
Interest Paid	**(5,413.11)**	(2,286.15)
Net cash used in financing activities	**(10,064.73)**	(8,472.48)
Net increase/ (decrease) in cash and cash equivalents	**166.89**	(3,242.21)
Cash and cash equivalents at the beginning of the year	**1,180.61**	4,422.82
Cash and cash equivalents at the end of the year	**1,347.50**	1,180.61
Components of cash and cash equivalents		
Cash on hand	**0.79**	0.65
With banks		
- on current account	**246.71**	634.38
- on cheques on hand	**–**	473.85
- on deposit account	**1,100.00**	71.73
Total cash and cash equivalents (Note 11)	**1,347.50**	1,180.61

₹ in Lakhs

Change in Liability arising from financing activities	**A**	B
Particulars	**As at 31 March, 2021**	As at 31 March, 2020
Non Current Borrowings (Refer Note 14 A)	**21,025.96**	16,200.96
Current Borrowings (Refer Note 14 B)	**393.06**	2,044.68
Current maturities of Long term debt (Refer Note 15)	**–**	7,108.38
Total	**21,419.02**	25,354.02
Cash flows (A - B)		(3,935.00)
EIR adjustment to the above		(716.62)
Cash flows, net as per Financing Activities for the year ended 31 March, 2021		(4,651.62)

Summary of Significant Accounting Policies (Note 2).
The accompanying notes 1 to 41 are an integral part of these financial statements.

Notes:
The above Cash Flow Statement has been prepared under the “Indirect method” as set in ‘Indian Accounting Standard (IND AS) - Statement of Cash Flows’.

In terms of our report attached
For B.K. Khare & Co.
Chartered Accountants

P. Shankar Raman
Partner
Place: Chennai
Date: May 10, 2021

For and on behalf of the Board of Directors

Director

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary

Place: Jaipur
Date: May 10, 2021

MAHINDRA WORLD CITY (JAIPUR) LIMITED
CIN N0. U45209RJ2005PLC021207

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

Rs. in Lakhs

Particulars	Share Capital	Reserves and Surplus			
	Equity Share Capital	Debenture Redemption Reserve	Capital Redemption Reserve	Retained Earnings	Total
Balance as at - April 1, 2019	15,000.00	3,411.66	5,000.00	6,987.86	30,399.52
Profit for the year	–	–	–	2,744.75	2,744.75
Other Comprehensive Loss net of taxes*	–	–	–	(6.57)	(6.57)
Dividend paid on Equity Shares	–	–	–	(2,250.00)	(2,250.00)
Dividend Distribution Tax	–	–	–	(462.49)	(462.49)
Transfer to Debenture Redemption Reserve	–	(968.97)	–	968.97	–
Balance as at - March 31, 2020	15,000.00	2,442.69	5,000.00	7,982.52	30,425.21

Particulars	Share Capital	Reserves and Surplus			
	Equity Share Capital	Debenture Redemption Reserve	Capital Redemption Reserve	Retained Earnings	Total
Balance as at - April 1, 2020	15,000.00	2,442.69	5,000.00	7,982.52	30,425.21
Profit for the year	–	–	–	3,240.91	3,240.91
Other Comprehensive Income net of taxes*	–	–	–	11.98	11.98
Transfer to Debenture Redemption Reserve	–	(300.00)	–	300.00	–
Balance as at - 31 March, 2021	**15,000.00**	**2,142.69**	**5,000.00**	**11,535.41**	**33,678.10**

* Remeasurement gains/ (losses) net of taxes on defined benefit plans during the year is recognised as part of retained earnings.

Summary of Significant Accounting Policies (Note 2)

The accompanying notes 1 to 41 are an integral part of these financial statements.

In terms of our report attached
For B.K. Khare & Co.
Chartered Accountants

P. Shankar Raman
Partner
Place: Chennai
Date: May 10, 2021

For and on behalf of the Board of Directors

Director | Director

Chief Executive Officer

Chief Financial Officer | Company Secretary

Place: Jaipur
Date: May 10, 2021

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2021

1. General Information

Mahindra World City (Jaipur) Limited ("the Company") is engaged in the business of development of an Industrial park with Special Economic Zone (SEZ) and Domestic Tariff Area (DTA). The Company acquires land under lease, incurs expenditure on its development and related infrastructure facilities and gives them on a long-term lease for industrial, commercial and residential use. The Company also maintains the Industrial Park for which it collects operation and maintenance charges from the lessees.

The registered office of the Company is located at 4th Floor, 411, Neelkanth Tower, Bhawani Singh Road, C-Scheme, Jaipur – 302001, Rajasthan.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provisions of the Companies Act, 2013 ("the Act"). The aforesaid financial statements have been approved by the Company's Board of Directors and authorised for issue in the meeting held on May 10, 2021.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Measurement of Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.3.1 Land Lease Premium

Land lease premium is recognized as income upon creation of leasehold rights in favour of the lessee or upon an agreement to create leasehold rights with handing over of possession.

2.3.2 Income from properties

Income from properties and other assets given under operating lease is recognised based on the terms of lease agreement on a straight-line basis over the non-cancellable lease period.

2.3.3 Income from Operations and Maintenance (O&M)

Income from operation & maintenance charges and water charges are recognized over time on an accrual basis as per terms of the agreement with the lessees.

2.3.4 Other income

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

2.4 Current versus non-current classification

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Based on the nature of activity carried out by the Company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of Current – Non Current classification of assets & liabilities.

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Borrowings are classified as current if they are due to be settled within 12 months after the reporting period.

2.5 Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

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

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2021

2.5.1 The Company as a Lessee

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

2.5.2 Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term.

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rate that has been enacted or substantively enacted by the end of the reporting period.

2.6.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the way the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.6.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.8 Inventories

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, construction costs and allocated interest & manpower costs and expenses incidental to the projects undertaken by the Company.

2.9 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.10 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties used in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method.

Depreciation on tangible fixed assets has been provided on pro-rata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except for certain assets as indicated below:

Certain plant and equipment are depreciated over a period of 12 years based on technical evaluation of useful life by management.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.11 Investment Property:

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, Investment properties are measured in accordance with requirement of IND AS 16 for cost model.

Investment property includes leasehold land and building. Depreciation on investment property has been provided on pro-rata basis, on the straight-line method as per the useful life of such property. Buildings are depreciated over the period of 60 years considering this period as the useful life for the Company.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2021

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated at the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.12 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also, allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.13 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.14 Provisions, contingent liabilities and contingent assets

2.14.1 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2.14.2 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.14.3 Contingent liabilities

Contingent liability is disclosed in case of:

a. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

b. a present obligation arising from past events, when no reliable estimate is possible.

2.14.4 Contingent assets

Contingent assets are disclosed where an inflow of economic benefits is probable.

2.15 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.16 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.16.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2021

Interest income is recognised in profit or loss for Fair Value through Other Comprehensive Income (FVTOCI) debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

2.16.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

2.16.3 Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument by- instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments
- that the Company manages together and has a recent actual pattern of short term
- profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or
- a financial guarantee.

2.16.4 Financial assets at fair value through profit or loss (FVTPL)

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right Offsetting to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.16.5 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2021

cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.16.6 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.16.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency, denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.16.8 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.16.9 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.16.9.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

2.16.9.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2021

2.16.9.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.17 Foreign currency transactions and translations

Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary assets / liabilities are translated at exchange rates prevailing on the date of settlement or at the year-end as applicable, and gain / loss arising out of such translation is adjusted to the profit and loss account.

2.18 Earnings per Share

Basic / Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

2.19 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences etc.

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

2.20 Insurance Claims:

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.21 Goods and Services tax input credit:

Goods and Services tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

2.22 Use of estimates and judgements

The Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Management has made the following judgements based on estimates and assumptions, which have the significant effect on the amounts recognised in the financial statements:

A. Useful lives of property, plant and equipment

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

B. Actuarial Valuation

The determination of Group's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

C. COVID -19 Impact assessment:

The management assessed the Company's future projections in light of the developments due to COVID 19 situation and has reassessed the impact that it may cause on the Company's financial and operational performance. The business activities were temporarily suspended owing to lock down during the year and post phased out lifting of the lock down, the activities have commenced in a gradual manner. The Company has credit and term loan facilities available to meet the project costs and pay off the vendors and bankers in the immediate 12 months from the date of approval of these financial statements. The Company expects no additional inflow of capital towards currently planned development. Based on the above assessment, the management is of the view that company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2021

All amounts are in Lakhs unless otherwise stated

Note No. 3 a. - Property, Plant and Equipment

Carrying Amounts of:	As at 31st March, 2021	As at 31st March, 2020
Land - Lease hold	**18.96**	19.19
Buildings	**4,822.95**	4,979.07
Plant & Equipment	**756.66**	964.49
Office Equipment	**4.41**	7.42
Furniture and Fixtures	**2.63**	8.97
Vehicles	**–**	–
Computers	**0.56**	1.41
Total	**5,606.17**	**5,980.55**

Description of Assets	Land - Leasehold	Buildings	Plant & Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Computers	Total
I. Gross Carrying Amount								
Balance as at 1 April 2020	20.55	5,974.88	2,903.02	49.44	1,490.45	42.48	64.58	**10,545.40**
Additions	–	–	–	–	–	–	–	**–**
Disposals	–	–	–	–	–	12.61	–	**12.61**
Balance As at 31 March, 2021	**20.55**	**5,974.88**	**2,903.02**	**49.44**	**1,490.45**	**29.87**	**64.58**	**10,532.79**
II. Accumulated depreciation and impairment								
Balance as at 1 April 2020	1.36	995.81	1,938.53	42.02	1,481.48	42.48	63.17	**4,564.85**
Depreciation expense for the year	0.23	156.12	207.83	3.01	6.34	–	0.85	**374.38**
Disposals	–	–	–	–	–	12.61	–	**12.61**
Balance As at 31 March, 2021	**1.59**	**1,151.93**	**2,146.36**	**45.03**	**1,487.82**	**29.87**	**64.02**	**4,926.62**
III. Net carrying amount as at 31 March 2021 (I-II)	**18.96**	**4,822.95**	**756.66**	**4.41**	**2.63**	**–**	**0.56**	**5,606.17**

Description of Assets	Land - Leasehold	Buildings	Plant & Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Computers	Total
I. Gross Carrying Amount								
Balance as at 1st April, 2019	20.55	5,974.88	2,903.02	49.44	1,490.45	42.48	68.78	10,549.60
Additions	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	4.20	4.20
Balance as at 31 March 2020	20.55	5,974.88	2,903.02	49.44	1,490.45	42.48	64.58	10,545.40
II. Accumulated depreciation and impairment								
Balance as at 1st April 2019	1.14	839.69	1,685.98	37.67	1,448.75	41.82	63.33	4,118.38
Depreciation expense for the year	0.22	156.12	252.55	4.35	32.73	0.66	4.04	450.67
Disposals	–	–	–	–	–	–	4.20	4.20
Balance as at 31 March 2020	1.36	995.81	1,938.53	42.02	1,481.48	42.48	63.17	4,564.85
III. Net carrying amount as at 31 March 2020 (I-II)	19.19	4,979.07	964.49	7.42	8.97	–	1.41	5,980.55

Note:

The depreciation methods used and the useful lives or the depreciation rates used are as per the Accounting policy. Refer notes 1 and 2

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2021

All amounts are in Lakhs unless otherwise stated

Note No. 3 b. - Capital Work-in-Progress

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening Balance	148.63	133.68
Additions during the year	1.92	14.95
Capitalised during the year	–	–
Closing Balance	**150.55**	**148.63**

Note No. 4 - Investment Property

Carrying Amounts of:	As at 31st March, 2021	As at 31st March, 2020
Completed Investment Properties (Net Value)	**8,231.06**	8,406.07

Description of Assets	Land	Buildings	Total
I. Gross Carrying Amount			
Balance as at 1 April 2020	370.04	10,052.34	10,422.38
Balance As at 31 March, 2021	**370.04**	**10,052.34**	**10,422.38**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2020	49.96	1,966.35	2,016.31
Addition	3.68	171.33	175.01
Balance As at 31 March, 2021	**53.64**	**2,137.68**	**2,191.32**
III. Net carrying amount as at 31 March 2021 (I-II)	**316.40**	**7,914.66**	**8,231.06**

Description of Assets	Land	Buildings	Total
I. Gross Carrying Amount			
Balance as at 1 April 2019	370.04	10,052.34	10,422.38
Balance As at 31 March, 2020	**370.04**	**10,052.34**	**10,422.38**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2019	46.28	1,766.00	1,812.28
Addition	3.68	200.35	204.03
Balance as at 31 March, 2020	**49.96**	**1,966.35**	**2,016.31**
III. Net carrying amount as at 31 March 2020 (I-II)	**320.08**	**8,085.99**	**8,406.07**

Fair value disclosure on Company's investment properties

(i) The Company's investment properties consist of land and building with current rentable area of 4.30 Lakhs sq. ft. Management determined that the investment properties consist of two classes of assets – Land and Building – based on the nature, characteristics and risks of each property.

(ii) As at March 31, 2021 and March 31, 2020, the fair values of the properties are Rs. 16,128.11 Lakhs and Rs. 17,254.21 Lakhs respectively (Level 3). These valuations are based on valuations performed by Purshotam Khandelwal who is registered with an authority which governs the valuers in India and has appropriate qualification and experience in the valuation of properties.

(iii) The Company has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Description of valuation techniques used and key inputs to valuation on investment properties:

Valuation technique- Income Approach Method

Significant unobservable Inputs	Range (weighted average) As at 31st March, 2021	As at 31st March, 2020
Annual Rental	**1,506.66**	1,684.26
Less: Repairs & Maintenance & Mgmt Exp, Insurace Etc. 15%	**253.00**	253.00
Net Annual Rental	**1,253.66**	1,431.26
Capitalized Net Yield	**10.00%**	10.00%
Net Annual Income	**12,536.60**	14,312.60
Total Built Up area (Sq Ft area)	**430,672**	430,672
Rented Built Up Area	**362,262**	374,641
Area under Possession MWCJ	**68,410**	56,031
Market Rate /Sq ft Rs. 5780 yr 2020-21 Rs. 5250 Yr 2019-20	**3,591.51**	2,941.61
Total Market Value	**16,128.11**	**17,254.21**
Realisable Value	**12,368.01**	12,940.66
Realisable Value (in CR)	**123.68**	129.41
Distress Sale Value	**8,245.34**	8,627.11
Distress Sale Value (In CR)	**82.45**	86.27

Basis of Valuation Method:- Valuation is carried out by income approach method (also called Yield Method) is adopted in which appropriate rate of return is capitalised to reach the market value of the property of the portion rent out and sales comparable method use for the portion under owner Possession.

The depreciation methods used and the useful lives or the depreciation rates used are as per the Accounting policy. Refer notes 1 and 2

Note No. 5 - Intangible Assets

Carrying Amounts of:	As at 31st March, 2021	As at 31st March, 2020
Other Intangible Assets	**–**	**–**

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April 2020	52.03	52.03
Balance as at 31 March 2021	**52.03**	**52.03**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2020	52.03	52.03
Balance as at 31 March 2021	**52.03**	**52.03**
III. Net carrying amount as at 31 March 2021 (I-II)	**–**	**–**

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All amounts are in Lakhs unless otherwise stated

Description of Assets	Computer Software	Total
Intangible Assets		
I. Gross Carrying Amount		
Balance as at 1 April 2019	52.03	52.03
Balance as at 31 March, 2020	52.03	52.03
II. Accumulated depreciation and impairment		
Balance as at 1 April 2019	52.03	52.03
Balance as at 31 March, 2020	**52.03**	**52.03**
III. Net carrying amount as at 31 March 2020 (I-II)	**–**	**–**

Note: The depreciation methods used and the useful lives or the depreciation rates used are as per the Accounting policy. Refer notes 1 and 2.

Note No. 6 - Loans

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non-Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current
Security Deposits				
- Unsecured, considered good	**–**	**116.90**	–	116.06
Total	**–**	**116.90**	–	116.06

Note No. 7 - Other Financial Assets

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non-Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current
Financial assets at amortised cost				
a) Interest Accrued on deposits	**0.63**	**–**	27.66	–
Total	**0.63**	**–**	27.66	–

Note No. 8 - Other Non - Current Assets

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non-Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current
(a) Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	**95.65**	**82.91**	107.67	82.91
(ii) Income Tax Assets (Net of provision of Rs. 9,537.15 Lakhs- FY 21: Rs. 8,800.76 Lakhs- FY20)	**–**	**226.50**		63.32
(iii) Taxes paid under Protest (Refer note 30)	**–**	**406.88**	–	406.88
(iv) Prepaid Expenses	**42.21**	**4.41**	54.29	6.94
(v) Advance to vendors	**258.98**	**–**	266.39	–
(vi) Others*	**18.59**	**–**	16.53	–
Total	**415.43**	**720.70**	444.88	560.05

* Others mainly includes recoverable from vendors and unbilled revenue.

Note No. 9 - Inventories

Particulars	As at 31st March, 2021	As at 31st March, 2020
Inventories (Work-in-progress)	**50,909.84**	50,012.26
Total Inventories	**50,909.84**	50,012.26

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2021

All amounts are in Lakhs unless otherwise stated

Particulars	As at 31st March, 2021	As at 31st March, 2020
Included in above:		
Land Cost	**19,377.24**	19,881.71
Development Cost	**31,532.60**	30,130.55
Total	**50,909.84**	50,012.26

(i) The cost of inventories recognised as an expense during the year was Rs. 1,768.64 Lakhs (FY 2019-20: Rs. 1,525.72 Lakhs).

(ii) The carrying amount of inventories is pledged as security for liabilities. Refer Note No. 14 - Borrowings.

(iii) Mode of valuation of inventories is cost or net realisable value, whichever is less. Refer note 2.8.

(iv) Based on detailed assessment and evaluation of impact of the COVID-19 epidemic, the management concluded that the realiseable value of these inventories will not be lower than the carrying value as stated above.

Note No. 10 - Trade Receivables

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Current	Non Current	Current	Non Current
Trade receivables				
(a) Unsecured, considered good	**734.61**	**–**	2,694.61	–
(b) Credit Impaired	**153.81**	**–**	–	–
Sub- Total	**888.42**	**–**	**2,694.61**	–
Less: Allowance for credit losses	**(153.81)**	**–**	–	–
TOTAL	**734.61**	**–**	2,694.61	–

Note No. 10 a - Movement in the allowance for credit loss

Particulars	for the year ended 31st March, 2021	for the year ended 31st March, 2020
Balance at beginning of the year	**–**	–
Addition during the year	**153.81**	–
Balance at end of the year	**153.81**	–

(i) Trade receivables are dues in respect of services rendered in the normal course of business.

(ii) The average credit period in the range of 7-60 days on service rendered is as per the terms of the service agreement with clients.

Note No. 11 - Cash and Cash Equivalents

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash and cash equivalents		
(a) Balances with banks	**246.71**	634.38
(b) Cheques on hand	**–**	473.85
(c) Cash on hand	**0.79**	0.65
(d) Fixed Deposits with original maturity less than 3 months	**1,100.00**	71.73
Total Cash and cash equivalents (considered in Cash Flow Statement)	**1,347.50**	1,180.61
Other Bank Balances		
(a) Earmarked balances with banks (Refer note 11 a. below)	**14.75**	13.90
(b) Balances with Banks:		
(i) Fixed Deposits	**500.00**	1,844.78
Total Other Bank balances	**514.75**	1,858.68
Grand Total	**1,862.25**	3,039.29

Note No. 11 a. Fixed deposit is earmarked for availing overdraft facility of Rs. 9.00 Lakhs with State Bank of India. The overdraft facility is unutilised as on March 31, 2021 (Previous year- Nil).

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2021

All amounts are in Lakhs unless otherwise stated

Note No. 12 - Share Capital

Particulars	As at 31st March, 2021	As at 31st March, 2020
Authorised Share Capital:		
150,000,000 fully paid equity shares of Rs 10 each	**15,000.00**	15,000.00
50,000,000 Preference shares of Rs 10 each	**5,000.00**	5,000.00
Issued, Subscribed and Fully Paid:		
150,000,000 Equity shares of 10 each	**15,000.00**	15,000.00
Total	**15,000.00**	15,000.00

(a) Terms/ rights attached to equity shares:

(i) The Company has only one class of Equity shares having a par value of Rs 10/- per share. Each holder of Equity Shares is entitled to one vote per share and carry right to dividends.

(ii) The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

(iii) Repayment of capital will be in proportion to the number of equity shares held.

(b) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Particulars	Opening Balance	Other Changes	Closing Balance
Equity Shares with Voting rights*			
Year Ended 31 March 2021			
No. of Shares	150,000,000	–	150,000,000
Amount	15,000	–	15,000
Year Ended 31 March, 2020			
No. of Shares	150,000,000	–	150,000,000
Amount	15,000	–	15,000

- There were no Preference shares issued during the year or outstanding as on 31 March 2021 and 2020.

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

Class of shares/Name of shareholder	As at 31st March, 2021		As at 31st March, 2020	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
- Mahindra Lifespace Developers Limited	**111,000,000**	**74%**	111,000,000	74%
- Rajasthan State Industrial Development and Investment Corporation Limited	**39,000,000**	**26%**	39,000,000	26%

Note No. 13 (a) - Other Equity

Particulars	As at 31st March, 2021	As at 31st March, 2020
Retained earnings	**11,535.41**	7,982.52
Capital redemption reserve	**5,000.00**	5,000.00
Debenture redemption reserve	**2,142.69**	2,442.69
Total	**18,678.10**	15,425.21

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2021

All amounts are in Lakhs unless otherwise stated

Note No. 13 (b) - Other Equity

Particulars	**Capital Redemption Reserve**	**Debenture Redemption Reserve**	**Retained Earnings**	**Total**
As at 1 April, 2020	5,000.00	2,442.69	7,982.52	15,425.21
Profit for the year	–	–	3,240.91	3,240.91
Other Comprehensive Income (net of taxes)	–	–	11.98	11.98
Total Comprehensive Income for the year	5,000.00	2,442.69	11,235.41	18,678.10
Transfers to Debenture Redemption Reserve	–	(300.00)	300.00	–
As at 31 March, 2021	**5,000.00**	**2,142.69**	**11,535.41**	**18,678.10**

Particulars	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	Total
As at 1 April, 2019	5,000.00	3,411.66	6,987.86	15,399.52
Profit for the year	–	–	2,744.75	2,744.75
Other Comprehensive Loss (net of taxes)	–	–	(6.57)	(6.57)
Total Comprehensive Income for the year	5,000.00	3,411.66	9,726.04	18,137.70
Dividend paid on Equity Shares	–	–	(2,250.00)	(2,250.00)
Dividend Distribution Tax	–	–	(462.49)	(462.49)
Transfers to Debenture Redemption Reserve	–	(968.97)	968.97	-
As at 31 March, 2020	5,000.00	2,442.69	7,982.52	15,425.21

Capital Redemption Reserve: The Capital Redemption Reserve was created against redemption of Preference Shares.

Debenture Redemption Reserve: A debenture redemption reserve is a provision created against issue of debentures to protect investors against the possibility of default by the company.

Pursuant to Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014 (amended vide notification dated 16th August, 2019), an amount of Rs. 300 Lakhs (PY - Rs. 968.97 Lakhs) being the excess DRR in the books of accounts have been transferred to Retained Earnings.

Retained Earnings: This reserve represents cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.

Note No. 14 - Borrowings

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
A. Non- Current Borrowings		
Measured at amortised cost		
Unsecured Borrowings:		
- Other Loans- Refer note 14 A- II	**21,025.96**	16,200.96
Total Unsecured Borrowings	**21,025.96**	16,200.96
Total Non- Current Borrowings	**21,025.96**	16,200.96
B. Short Term Borrowings		
Secured Borrowings		
Loans repayable on demand		
- From Banks	**393.06**	2,044.68
Total Short Term Borrowings	**393.06**	2,044.68

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2021

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Summary of Borrowing Arrangements:

Note - 14 A- I - (b) 9.48% Redeemable Non Convertible Debentures

The Company has issued, on 7th July' 2016, 150 Redeemable Secured Non Convertible Debentures of Rs. 10 Lakhs each aggregating to Rs. 15,000 Lakhs repayable in 3, 4 and 5 years in the ratio of 20:20:60 respectively as below:-

Particulars	Series I*	Series II	Series III **
Face Value (Rs.)	1,000,000	1,000,000	1,000,000
No. of Debentures	300	300	900
Total Value (Rs. In Lakhs)	3,000	3,000	9,000
Coupon Rate (%)	N.A.	N.A.	9.48%
Interest Repayment	N.A.	N.A.	Annual
Redemption Premium (Rs. In Lakhs)	934.70	1,310.90	N.A.
Maturity Date	8-Jul-19	7-Jul-20	7-Jul-21**

- First ranking pari passu charge on the specified Mortgaged Assets of the Company along with the NCD holder of Rs. 6,500 Lakhs by way of constructive mortgage, through deposit of the title deeds with the Debenture Trustee.
- The Company shall ensure that the requisite security cover of 1.25x to the Secured Obligations shall be maintained throughout the tenor of the Debentures and this Deed.

* Series I of the issue has been duly repaid on the due date.

** Series III of Rs. 9,000 Lakhs was pre- paid on 14th December' 2017 with redemption premium charges of Rs. 232 Lakhs.

Note - 14 A- II. The Company has issued, on 5th July' 2018 - unsecured, unlisted, redeemable, non-convertible debentures as below:-

Particulars	Series 1A	Series 1B	Series B	Total
Face Value (Rs.)	100.00	100.00	100.00	
No. of Debentures	6,622,870	12,856,160	1,947,903	**21,426,933**
Total Face Value (Value in Lakhs)	6,622.87	12,856.16	1,947.90	**21,426.93**
Discount on issue	10%	10%	Nil	**Nil**
Total Issue Value (Value in Lakhs)	**5,960.59**	**11,570.54**	**1,947.90**	**19,479.03**

The key terms series 1A are as below:

(a) Coupon on each Series 1A Debenture shall accrue on a quarterly basis at the end of each quarter of a Financial Year, and shall become due and payable to the holders of Series 1A Debentures quarterly subject to availability of Distributable Cash as determined by Distribution committee. The Company shall redeem the relevant Series 1A Debentures in the in accordance with the Distribution Waterfall and Distribution Waterfall Mechanism.

The key terms series 1B are as below:

(a) Coupon on each Series 1B Debenture shall accrue on a quarterly basis at the end of each quarter of a Financial Year, and shall become due and payable to the holders of Series 1B Debentures quarterly subject to availability of Distributable Cash as determined by Distribution committee. The Company shall redeem the relevant Series 1B Debentures in the in accordance with the Distribution Waterfall and Distribution Waterfall Mechanism.

The key terms series B are as below:

(a) Coupon on each Series B Debenture shall accrue on a quarterly basis at the end of each quarter of a Financial Year, and shall become due and payable to the holders of Series B Debentures quarterly subject to availability of Distributable Cash as determined by Distribution committee. The Company shall redeem the relevant Series B Debentures in the in accordance with the Distribution Waterfall and Distribution Waterfall Mechanism.

Non- Current Borrowings Oustanding Summary

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
Non- Convertible Debentures- IFC Refer Note - 14 A- II	**21,025.96**	16,200.96
Total	**21,025.96**	16,200.96

Note - 14 B. The cash credit facility carries interest rate in the range of 7.70% p.a. to 9.20% p.a. and is secured against trade receivables.

Note No. 15 - Other Financial Liabilities

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
Other Financial Liabilities Measured at Amortised Cost		
Non-Current		
(a) Security Deposits	**3.08**	2.33
Total Non Current Other financial liabilities measured at amortised cost	**3.08**	2.33
Current		
a) Current maturities of long-term debt (Refer 14)	**–**	7,108.38
b) Interest Accrued but not due (Note - 14 A- I and II.)	**3,454.29**	4,296.08
c) Other liabilities		
(1) Capital Creditors	**46.04**	45.66
(2) Security Deposits from lessees	**1,267.91**	1,327.35
(3) Others	**36.16**	35.43
Total Current Other financial liabilities measured at amortised cost	**4,804.40**	12,812.90
Total other financial liabilities	**4,807.48**	12,815.23

Current maturities Oustanding Summary

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
9.48% Redeemable Non Convertible Debentures (Refer Note- 14 A- I)	**–**	3,000.00
Non- Convertible Debentures- IFC	**–**	4,108.38
Total	**–**	7,108.38

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Note No. 16 - Provisions

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Current	Non-Current	Current	Non-Current
(a) Provision for employee benefits				
- Gratuity	1.22	66.54	1.94	77.24
- Leave encashment	1.17	42.91	31.42	35.42
(b) Other Provisions				
(1) Premium payable of redemption of Non-convertible Debentures (refer note 14 A-I- b)	–	–	1,223.87	–
(2) Provision for cost of sale	1,655.00	2,495.21	864.24	2,936.68
Total Provisions	1,657.39	2,604.66	2,121.47	3,049.34

Note- 16 a. The Other Provisions are not subject to discounting, considering no fixed timeline to incur cash outflow.

Note No. 17: Deferred Tax Liabilities (Net)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred Tax Liabilities	2,052.04	1,994.34
Deferred Tax Assets	(703.27)	(692.09)
Total	1,348.77	1,302.25

(i) Movement in deferred tax balances

Particulars	For the Year ended 31st March, 2021		
	Opening Balance	For the year	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	1,993.04	59.00	2,052.04
Others	1.30	(1.30)	–
A	1,994.34	57.70	2,052.04
Tax effect of items constituting deferred tax assets			
Provisions for Leave Encashment & Gratuity	42.51	(9.94)	32.57
Provision for Doubtful Debts	–	44.79	44.79
Minimum Alternate Credit Entitlement	649.56	(30.37)	619.19
Other Items	0.02	6.70	6.72
B	692.09	11.18	703.27
Net Tax Liabilities (A - B)	1,302.25	46.52	1,348.77

Particulars	For the Year ended 31st March, 2020		
	Opening Balance	For the year	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	2,032.44	(39.40)	1,993.04
Others	–	1.30	1.30
	2,032.44	(38.10)	1,994.34
Tax effect of items constituting deferred tax assets			
Provisions for Leave Encashment & Gratuity	32.00	10.51	42.51
Other Items	5.00	(4.98)	0.02
Minimum Alternate Credit Entitlement	649.56	–	649.56
	686.56	5.53	692.09
Net Tax Liabilities	1,345.88	(43.63)	1,302.25

* Deferred tax (Charge) / Credit recognised in Other comprehensive income on Remeasurements of the defined benefit plans is Rs (4.92) Lakhs (Previous Year-Rs 2.70 Lakhs).

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All amounts are in Lakhs unless otherwise stated

Note No. 18 - Other Liabilities

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Current	**Non-Current**	Current	Non-Current
a. Advances received from customers	**1,174.43**	**–**	1,174.43	–
b. Statutory dues				
- taxes payable (other than income taxes)	**23.99**	**–**	39.18	–
c. Others	**10.30**	**854.59**	9.51	798.45
TOTAL OTHER LIABILITIES	**1,208.72**	**854.59**	1,223.12	798.45

18 (a) Others represent the rent free deposits received from customers.

Note No. 19 - Trade Payables

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Current	**Non-Current**	Current	Non-Current
Trade payable - Micro and small enterprises - Refer Note no. 31	**3.09**	**–**	46.05	–
Trade payable - Other than micro and small enterprises	**1,166.32**	**–**	1,403.30	–
Total trade payables	**1,169.41**	**–**	1,449.35	–

- Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.
- The average credit period in the range of 0-60 days on goods/service received is as per the terms of the agreement with vendors.
- The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

Note No. 20 - Revenue from Operations

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Revenue from rendering of services:		
(i) Land Lease Premium	**6,957.11**	5,884.64
(ii) Property Rentals- eVolve	**1,626.88**	1,954.29
(iii) Income from Operation and Maintenance	**2,369.07**	2,489.39
(iv) Others	**121.27**	324.60
Total Revenue from Operations	**11,074.33**	10,652.92

22. (a) During the year, the company has leased 28.78 (previous year 23.34) acres of land on long term basis. Of this 11.56 (previous year 3.82) acres in Special Economic Zone (SEZ) and 17.22 (previous year 19.52) acres is in the Non Special economic Zone (Non SEZ).

22. (b) Others represent transfer fee towards transfer of plot by clients in current year while previous year amount represents provision made in earlier years reversed towards onerous contract consequent to termination of contract.

Note No. 21 - Other Income

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a) Interest Income		
(1) Interest on Bank Deposits	**27.47**	183.69
(2) Others	**–**	50.54
(b) Miscellaneous Income*	**0.08**	71.09
Total Other Income	**27.55**	305.32

* Miscellaneous income represents profit on sale of property, plant and equipment and liabilities no longer required written back for year ended March 31, 2021 and March 31, 2020 respectively.

Note No. 22 - Cost of Projects

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Cost of Projects:		
Opening Stock:		
Work-in-progress	**50,012.26**	48,401.01
Sub-Total (a)	**50,012.26**	48,401.01
Add: Expenses incurred during the year		
Civil, Electrical, Contracting etc.	**541.01**	662.86
Finance Costs	**1,894.91**	1,866.56
Overheads allocated *	**230.30**	282.95
Sub-Total (b)	**2,666.22**	2,812.37
Less: Closing Stock:		
Work in progress	**50,909.84**	50,012.26
Sub-Total (c)	**50,909.84**	50,012.26
Re- grouping of CoC Revision	**–**	324.60
Total (a+b-c)	**1,768.64**	1,525.72

* Overheads represent manpower and admin expenses inventorised.

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Note No. 23 - Operation & Maintenance expenses

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a) Site Electricity & Diesel Expenses	**165.07**	224.17
(b) Repairs & Maintenance Expenses	**262.39**	300.53
(c) Security Charges	**198.33**	197.17
(d) Landscaping/ Water Charges	**503.39**	559.40
(e) Cleaning/Housekeeping Charges	**312.91**	309.16
(f) Organization Expenses	**60.38**	48.63
(g) Insurance Expenses	**29.21**	11.00
(h) Legal & Professional Fees	**0.01**	0.03
(i) Rates & Taxes	**6.18**	9.12
(j) Other Miscellaneous Expenses	**17.08**	20.80
Total Operation and Maintenance Expense	**1,554.95**	1,680.01

Note No. 24 - Employee Benefits Expense

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a) Salaries and wages, including bonus*	**542.80**	736.51
(b) Contribution to provident and other funds	**41.41**	41.78
(c) Staff welfare expenses	**1.95**	15.46
Total Employee Benefits Expense	**586.16**	793.75
Less : Allocated to projects	**(227.16)**	(279.09)
Total Net Employee Benefits Expense	**359.00**	514.66

* Includes cost for Employee Stock Options of Mahindra Lifespaces Developers Limited issued to employees of the Company aggregating to Rs 3.52 Lakhs (Previous Years-Rs 7.51 Lakhs).

Note No. 25 - Finance Costs

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a) Interest expense	**3,900.66**	4,315.70
(b) Other borrowing cost	**1.59**	4.79
(c) Other interest costs	**161.82**	129.83
Total finance costs	**4,064.07**	4,450.32
Less : Allocated to projects	**(1,894.91)**	(1,866.56)
Total finance costs	**2,169.16**	2,583.76

25 a.The interest is inventorised on borrowings referred to in Note- 14- A II. and in the ratio of undeveloped inventory to the total inventory.

25 b. Borrowing cost allocated to projects refers to interest on borrowings in note - 14 A- II.

25 c.The Other interest cost includes interest on cash credit Limit utilisation of Rs. 157.63 Lakhs for the year ended March 31, 2021 (Previous year- Rs. 112.84 Lakhs).

Note No. 26 - Other Expenses

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a) Rent including lease rentals	**11.55**	14.23
(b) Rates and taxes	**2.91**	3.57
(c) Insurance	**20.02**	21.86
(d) Repairs and Maintenance- Others	**21.44**	22.16
(e) Power and Fuel	**11.63**	10.71
(f) Travelling & Conveyance	**2.85**	52.11
(g) Legal & Professional Fees	**46.36**	48.86
(h) Printing & Stationery	**2.07**	4.73
(i) Communication	**7.27**	6.36
(j) Advertisement, Marketing & Business Development	**160.47**	269.75
(k) Auditors Remuneration (refer note 26 (a))	**17.93**	17.93
(l) Expenditure on Corporate Social Responsibility	**86.02**	110.71
(m) Provision for Doubtful Debts	**153.81**	–
(n) Development Management Fees	**65.79**	126.72
(o) Miscellaneous Expenses	**74.86**	8.42
Total Gross Other Expenses	**684.98**	718.12
Less : Allocated to projects/Capitalised	**(3.14)**	(3.86)
Total Net Other Expenses	**681.84**	714.26

Note No. 26 (a) - Auditors Remuneration

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Payments to the auditors comprises:		
- For audit including limited reviews	**15.05**	15.05
- Certifications	**2.80**	2.80
- Reimbursement of expenses	**0.08**	0.08
Total	**17.93**	17.93

Note No. 27 - Current Tax and Deferred Tax

Income Tax recognised in profit or loss

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Current Tax:		
In respect of current year	**766.76**	581.31
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**11.23**	(40.93)
Total income tax expense on continuing operations	**777.99**	540.38

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The total Income tax computation to be reconciled with your book profit.

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Profit before Tax	**4,018.90**	3,285.13
Income Tax @ 29.12% for the year	**1,170.30**	956.63
Effect of expenses that is non-deductible in determining taxable profit :		
CSR Expense (net of deduction u/s 80G allowed)	**21.26**	27.51
Deduction u/s 80IAB	**(404.30)**	(365.59)
Others	**(9.27)**	(78.17)
Total	**777.99**	540.38
Income tax expense recognised in statement of profit and loss	**777.99**	540.38

Note No. 28 - Earnings per Share

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Profit for the year attributable to owners of the Company	**3,240.91**	2,744.75
Weighted average number of equity shares (No's)	**15,00,00,000**	15,00,00,000
Basic and diluted earnings per share (In rupees per share) of Face Value- Rs. 10 Per Share	**2.16**	1.83

Note No. 29 - Segment information

The Company operates in only one business segment, i.e. 'lease of land and properties constructed thereon' based on the nature of the services and products, the risks and returns etc. This has been determined in a manner consistent with the internal reporting provided to the Chief Executive Officer of the Company who are regarded as Chief Operating Decision Maker ("CODM"). The Company operates only in India and considering that the conditions prevailing in India being uniform, no separate geographical disclosure within India is considered necessary.

Note - 30 - Contingent liabilities and commitments

Particulars	As at 31st March, 2021	As at 31st March, 2020
(i) Contingent liabilities (to the extent not provided for)		
(a) Other Matters disputed:		
Shahri Jamabandi (Urban Assessment/Ground rent demanded by Jaipur Development Authority, Government of Rajasthan)	**32,179.39**	32,179.39
Note : The above amount is based on demand raised, which the Company is contesting with the concerned authorities. Outflows, if any, arising out of this claim would depend on the outcome of the decision of the appellate authorities and Company's rights for future appeals. No reimbursements are expected.		
(b) Other money for which the Company is contingently liable (Income Tax Matter under appeal)	**32.16**	32.16

Note - 31 - Disclosures required under Section 22 of the Micro Small and Medium Enterprises Development Act 2006

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Dues remaining unpaid	**3.09**	46.05
- Principal	**3.09**	46.05
- Interest	**–**	–
(b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year	**–**	–
- Principal paid beyond the appointed date	**–**	–
- Interest paid in terms of Section 16 of the MSMED Act	**–**	–
(c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**–**	–
(d) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**–**	–
(e) Amount of interest accrued and remaining unpaid	**–**	–

(i) Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

(ii) There are no overdue amounts any time during the year and hence no interest amount is due or paid during the year.

Note No. 32 - Leases

The Company has not applied the requirement of IND AS 116 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. Amount recognised in statement of Profit and Loss Account is Rs. 11.55 Lakhs (PY - Rs 14.23 Lakhs).

Details of operating leasing arrangements as lessor

The Company has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period of 2 to 3 years for the building and 9 yrs and 5 months for interiors from 2008 to 2020 and may be renewed for a further period of 2 terms of 5 years each based on mutual agreement of the parties.

Particulars	As at 31st March, 2021	As at 31st March, 2020
Future minimum lease payments		
Not later than one year	**–**	64.40

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2021

All amounts are in Lakhs unless otherwise stated

Note No. 33 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 21.04 lakhs (31st March, 2020 : Rs. 26.03 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk

The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk

A decrease in the bond interest rate will increase the plan liability

Longevity risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

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

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation as at 31st March, 2021	Valuation as at 31st March, 2020
Discount rate(s)	**6.70%**	6.77%
Expected rate(s) of salary increase	**9.00%**	9.00%
Attrition Rate	**5.00%**	5.00%
Average Longevity	**IALM (2012-14) Ultimate**	IALM (2012-14) Ultimate

Retirement age is assumed to be 60 years.

Defined benefit plans (unfunded) – As per Actuarial Valuation

Particulars	Defined Benefit Plan (unfunded) Gratuity 31st March, 2021	31st March, 2020
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Current Service Cost	**15.08**	11.60
Net interest expense	**5.30**	4.15
Components of defined benefit costs recognised in profit or loss	**20.38**	15.75
Actuarial (Gain)/Loss on obligation	**(16.90)**	10.94
Components of defined benefit costs recognised in other comprehensive income	**(16.90)**	10.94
Total	**3.48**	26.69

Particulars	Defined Benefit Plan (unfunded) Gratuity 31st March, 2021	31st March, 2020
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**67.76**	79.18
2. Surplus/(Deficit)	**(67.76)**	(79.18)
3. Current portion of the above	**1.22**	1.94
4. Non current portion of the above	**66.54**	77.24
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**79.18**	54.67
2. Expenses Recognised in Profit and Loss Account		
- Current Service Cost	**15.08**	11.60
- Interest Expense (Income)	**5.30**	4.15
3. Recognised in Other Comprehensive Income Remeasurement gains/(losses):		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**–**	–
ii. Financial Assumptions	**0.60**	8.43
iii. Experience Adjustments	**(17.50)**	2.51
4. Benefit payments	**(14.90)**	(2.18)
5. Present value of defined benefit obligation at the end of the year	**67.76**	79.18

The sensitivity of the defined benefit obligation to changes by in the weighted principal assumptions is:

Principal assumptions	Year	Impact on defined benefit obligation: Increase in assumption by 1%	Decrease in assumption by 1%
Discount rate	**2021**	**59.82**	**77.13**
	2020	70.08	89.89
Salary growth rate	**2021**	**76.49**	**59.94**
	2020	89.49	70.22

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous period.

Maturity profile of defined benefit obligation:	March 31, 2021	March 31, 2020
Within 1 year	**1.22**	1.94
1 - 2 year	**0.99**	1.96
2 - 3 year	**1.03**	1.78
3 - 4 year	**1.00**	1.10
4 - 5 year	**0.73**	1.06
5 - 10 years	**26.65**	27.20

All amounts are in Lakhs unless otherwise stated

Note No. 34 - Related Party Transactions

Description of relationship	Names of related parties	Description of relationship	Names of related parties
Entities having joint control/ significant influence over Company	Mahindra & Mahindra Limited Mahindra Lifespace Developers Limited Rajasthan State Industrial Development and Investment Corporation Limited	Fellow Subsidiaries (Note 1)	Mahindra World City Developers Limited Mahindra Integrated Business Solutions Private Limited Mahindra Susten Private Limited Mahindra EPC Irrigation Industries Ltd Mahindra Defence Systems Limited Mahindra Industrial Park Private Limited Mahindra Logistics Limited
Key Management Personnel (KMP)	Mr. Sanjay Srivastava - Chief Executive Officer - Till 14-08-2020 Mr. Suhas Kulkarni - Chief Executive Officer - From 18-01-2021 Mr. Asfar Khan - Chief Financial Officer Ms. Bijal Parmar - Company Secretary	Associate of Ultimate Holding Company	Tech Mahindra Limited

Details of transaction between the Company and its related parties are disclosed below:

Nature of transactions with Related Parties	For the year ended	Mahindra & Mahindra Limited	Mahindra Lifespace Developers Limited	Rajasthan State Industrial Develop-ment and Investment Corporation Limited	Mahindra Integrated Business Solutions Private Limited	Mahindra Susten Private Limited	Mahindra Logistics Limited	Tech Mahindra Limited	Mahindra Defence Systems Limited	Mahindra World City Developers Limited	Mahindra EPC Irrigation Industries Ltd	Mr. Sanjay Srivastava
Rendering of services	31-Mar-21	37.10	–			–	18.35	0.06	0.06	–	–	–
	31-Mar-20	40.04	0.65			0.11	–	0.12	0.12	–	–	–
Receiving of services	31-Mar-21	21.90	91.53	–	2.88		–			–	1.60	–
	31-Mar-20	25.45	180.66		4.10					0.03	1.00	–
Finance arrangements:												
Inter Corporate Deposits taken	31-Mar-21	–	2,000.00	–	–	–	–	–	–	–	–	–
	31-Mar-20	–	–	–	–	–	–	–	–	–	–	–
Inter Corporate Deposits paid back	31-Mar-21	–	2,000.00	–	–	–	–		–	–	–	–
	31-Mar-20											
Interest on Inter Corporate Deposits	31-Mar-21	–	38.80	–	–	–	–	–	–	–	–	–
	31-Mar-20	–	–	–	–	–	–	–	–	–	–	–
Reimbursement made to parties	31-Mar-21	1.14	–	–	–	–	–	–	–	–	–	–
	31-Mar-20	0.25	–	–	–	–	–	–	–	–	–	–
Remuneration	31-Mar-21	–	–	–	–	–	–	–	–	–	–	103.78
	31-Mar-20	–	–	–	–	–	–	–	–	–	–	163.73
Equity Shares Dividend Paid	31-Mar-21	–	–	–	–	–	–	–	–	–	–	–
	31-Mar-20	–	1,665.00	585.00	–	–	–	–	–	–	–	–

Particulars	Balance as on	Mahindra & Mahindra Limited	Mahindra Lifespace Developers Limited	Rajasthan State Industrial Development and Investment Corporation Limited	Mahindra Integrated Business Solutions Private Limited	Mahindra Susten Private Limited	Mahindra Logistics Limited	Tech Mahindra Limited	Mahindra Defence Systems Limited	Mahindra World City Developers Limited	EPC Industries Ltd	Mr. Sanjay Srivastava
Trade payables	31-Mar-21	3.21	62.66		0.17	–	–	–	–	–	15.17	–
	31-Mar-20	1.74	232.71		0.19	–	–	–	–	–	27.16	–
Loans & advances taken (MOU Advance)	31-Mar-21	–	–	–	–	–	–	570.00	–	–	–	–
	31-Mar-20	–	–	–	–	–	–	570.00	–	–	–	–
Trade Receivable	31-Mar-21	6.72	19.38		–	0.12	7.01	0.42	–	–		–
	31-Mar-20	0.25	11.65		–	0.12	–	0.34	0.04			–
Deposits Payables	31-Mar-21	8.40	–	–	–	–	–	–	–	–	–	–
	31-Mar-20	8.40	–	–	–	–	–	–	–	–	–	–
Advance / Deposit to Vendor	31-Mar-21	–	–	254.86	–	–	–	–	–	–	–	–
	31-Mar-20	–	–	254.86	–	–	–	–	–	–	–	–

Note:
1. Fellow subsidiaries mentioned with which the Company has transactions during the current year or previous year.
2. As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management Personnel is not ascertained separately, and therefore, not included above..

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2021

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Note No. 35 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	31st March, 2021		31st March, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost:				
- Trade Receivables	**734.61**	**734.61**	2,694.61	2,694.61
- Cash and Cash Equivalents	**1,347.50**	**1,347.50**	1,180.61	1,180.61
- Other Bank Balances	**514.75**	**514.75**	1,858.68	1,858.68
- Loans	**116.90**	**116.90**	116.06	116.06
- Other Financial Assets	**0.63**	**0.63**	27.66	27.66
Total financial assets	**2,714.39**	**2,714.39**	5,877.62	5,877.62
Financial liabilities				
Financial liabilities held at amortised cost:				
- Long term Borrowings-NCDs	**21,025.96**	**21,025.96**	16,200.96	16,200.96
- Short term Borrowings-From Banks	**393.06**	**393.06**	2,044.68	2,044.68
- Current Maturities-NCDs	**–**	**–**	7,108.38	7,108.38
- Trade Payables	**1,169.41**	**1,169.41**	1,449.35	1,449.35
- Other Financial Liabilities	**4,807.48**	**4,807.48**	5,706.85	5,706.85
Total	**27,395.91**	**27,395.91**	32,510.22	32,510.22

Fair value hierarchy as at 31st March, 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost:				
- Trade Receivables	**–**	**734.61**	**–**	**734.61**
- Cash and Cash Equivalents	**–**	**1,347.50**	**–**	**1,347.50**
- Other Bank Balances	**–**	**514.75**	**–**	**514.75**
- Loans	**–**	**116.90**	**–**	**116.90**
- Other Financial Assets	**–**	**0.63**	**–**	**0.63**
Total	**–**	**2,714.39**	**–**	**2,714.39**
Financial liabilities				
Financial Liabilities carried at amortised cost				
- Long term Borrowings-NCDs	**–**	**21,025.96**	**–**	**21,025.96**
- Short term Borrowings-From Banks		**393.06**	**–**	**393.06**
- Current Maturities-NCDs		**–**	**–**	**–**
- Trade Payables	**–**	**1,169.41**	**–**	**1,169.41**
- Other Financial Liabilities	**–**	**4,807.48**	**–**	**4,807.48**
Total	**–**	**27,395.91**	**–**	**27,395.91**

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2021

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Fair value hierarchy as at 31st March, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost:				
- Trade Receivables	–	2,694.61	–	2,694.61
- Cash and Cash Equivalents	–	1,180.61	–	1,180.61
- Other Bank Balances	–	1,858.68	–	1,858.68
- Loans	–	116.06	–	116.06
- Other Financial Assets	–	27.66	–	27.66
Total	–	5,877.62	–	5,877.62
Financial liabilities				
Financial Liabilities carried at amortised cost				
- Long term Borrowings-NCDs	–	16,200.96	–	16,200.96
- Short term Borrowings-From Banks		2,044.68	–	2,044.68
- Current Maturities-NCDs		7,108.38	–	7,108.38
- Trade Payables	–	1,449.35	–	1,449.35
- Other Financial Liabilities	–	5,706.85	–	5,706.85
Total	–	32,510.22	–	32,510.22

The fair values of the financial assets and financial liabilities included in the level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note No. 36 - Financial Instruments

Capital management

he Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31 March 2021, 31 March 2020 is as follows:

	31st March, 2021	31st March, 2020
Debt (A)*	**21,419.02**	25,354.02
Equity (B)	**33,678.10**	30,425.21
Debt Equity Ratio (A/B)	**0.64**	0.83

* Debt includes Borrowings (Note No. 14 - Borrowings) and Current maturities of long-term debt (Note No. 15 - Other Financial Liabilities)

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2021

All amounts are in Lakhs unless otherwise stated

Categories of financial assets and financial liabilities

As at 31st March, 2021

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Loans	116.90			116.90
Current Assets				
Trade Receivables	734.61			734.61
Cash and Cash Equivalents	1,347.50			1,347.50
Other Bank Balances	514.75			514.75
Other Financial Assets				
- Non Derivative Financial Assets	0.63			0.63
Non-current Liabilities				
Borrowings	21,025.96			21,025.96
Other Financial Liabilities				
- Non Derivative Financial Liabilities	3.08			3.08
Current Liabilities				
Borrowings	393.06			393.06
Trade Payables	1,169.41			1,169.41
Other Financial Liabilities				
- Non Derivative Financial Liabilities	4,804.40			4,804.40

As at 31st March, 2020

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Loans	116.06			116.06
Current Assets				
Trade Receivables	2,694.61			2,694.61
Cash and Cash Equivalents	1,180.61			1,180.61
Other Bank Balances	1,858.68			1,858.68
Loans				
- Non Derivative Financial Assets	27.66			27.66
Non-current Liabilities				
Borrowings	16,200.96			16,200.96
Other Financial Liabilities				
- Non Derivative Financial Liabilities	2.33			2.33
Current Liabilities				
Borrowings	2,044.68			2,044.68
Trade Payables	1,449.35			1,449.35
Other Financial Liabilities				
– Non Derivative Financial Liabilities	12,812.90			12,812.90

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counter party defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company enteres into an agreement with each customer. The agreement has a termination clause by which the Company can terminate the agreement and secure the receivable. The trade redeivables are also reviewed by the Management regularly and necessary actions are taken in order to collect any amount outstanding from customers. Being a Develper, a unit needs certain NOC and permission in respect of commencement and operation of the business and as per the agreement signed with customer, the developer gives the required NOC and permission after clearing the outstanding dues alongwith interest.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Customer creditibility is researched before leasing the land to ensure only credit worthiness of the clients.

The credit risk on liquid funds is limited because the counterparties are banks and debt mutual funds with high credit-ratings assigned.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2021

All amounts are in Lakhs unless otherwise stated

Particulars	Less than 1 Year	1 Year to 3 Years	3 Years to 5 Years	More than 5 years
Non-derivative financial liabilities				
31-Mar-21				
Non-interest bearing	1,350.11	–	–	*854.59
Trade payable	1,169.41	–	–	–
Loans repayable on demand from Bank	393.06	–	–	–
Fixed interest rate instruments				
Redeemable Non Convertible Debentures (Including interest accrued)	3,454.29	21,025.96	–	–
Total	**6,366.87**	**21,025.96**	**–**	**854.59**
31-Mar-20				
Non-interest bearing	1,408.44	–	–	*765.92
Trade payable	1,449.35	–	–	–
Loans repayable on demand from Bank	2,044.68	–	–	–
Fixed interest rate instruments				
Redeemable Non Convertible Debentures (Including interest accrued)	11,404.46	16,200.96	–	–
Total	**16,306.93**	**16,200.96**	**–**	**765.92**

* Security deposit payable on 17th August, 2105

Note No. 37 - COVID -19 Impact analysis

The management assessed the Company's future projections in light of the developments due to COVID 19 situation and has reassessed the impact that it may cause on the Company's financial and operational performance . The business activities were only temporarily suspended owing to initial lock down during the year. Post the lifting of the lock down, the activities have commenced in a regular manner. The Company has credit and term loan facilities available to meet the project costs and pay off the vendors and bankers in the immediate 12 months from the date of approval of these financial statements. The Company expects no additional inflow of capital towards currently planned development. Based on the above assessment, the management is of the view that company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

Note No. 38 - Dividend

In respect of the current year, the Board at its meeting held on May 10, 2021 has recommended a dividend of Re. 1.00 per share on equity shares of Rs. 10 each subject to approval by shareholders at the Annual General Meeting. The same has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members on book closure date. The total estimated equity dividend to be paid is Rs. 1,500 lakhs.

Note No. 39 - Expenditure on Corporate Social Responsibility (CSR)

Gross Amount required to be spent by the company for the year ended 31st March, 2021 (as certified by the Company) : Rs. 86.02 Lakhs (Previous Year Rs. 110.71 lakhs).

Note No. 40 - Events after the reporting period

No material events have occurred after the Balance Sheet date and upto the approval of financial statements.

Note No. 41 - Previous Year Figures

The figures of previous years have been regrouped/reclassified wherever necessary to Confirm to current year's grouping / classification.

In terms of our report attached

For B.K. Khare & Co.
Chartered Accountants

P. Shankar Raman
Partner

Place: Chennai
Date: May 10, 2021

For and on behalf of the Board of Directors

Director

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary

Place: Jaipur
Date: May 10, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Bloomdale Developers Limited

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of Mahindra Bloomdale Developers Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2021, and its profit and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

4. The company's Board of Directors is responsible for the other information. The other information comprises the Board report. Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Ind AS Financial Statements

5. The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.
6. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
8. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
    a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures

responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

Report on other Legal and Regulatory Requirements

13. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

14. As required by section 143(3) of the Act, we report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

   e) On the basis of written representations received from the directors as on March 31, 2021, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

   g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors.

   h) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No.: 105102W

Aniruddha Joshi
Partner
Membership No.: 040852
UDIN: 21040852AAAAAV6050

Mumbai, April 19, 2021

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Mahindra Bloomdale Developers Limited for the year ended March 31, 2021

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The title deeds of immovable property are held in the name of the Company.

2) Company's inventory comprises of raw materials and Construction work in progress and no material discrepancies were noticed in the same.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has prescribed maintenance of Cost records under section 148(1) of the Act and such accounts and records have been appropriately made and maintained.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) According to the information and explanations given to us, dues of goods and service tax, income tax, sales tax, service tax, excise duty, customs duty and value added tax which have not been deposited on account of any dispute are as follows:

Name of Statute	Amount in Rupees	Period to which amount relates	Forum where pending
Service Tax	28,09,911	April 2016 – June 2017	Commissioner of Central Excise (Appeals)
Service Tax	6,42,393	April 2016 – June 2017	CESTAT, Mumbai
Service Tax	8,78,881	April 2016 – June 2017	Commissioner of Central Excise (Appeals)
MVAT	42,00,648	FY 2010-11	Joint Commissioner (Appeals)

8) The Company has not obtained loans or borrowing from a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration No.: 105102W

Aniruddha Joshi
Partner
Membership No.: 040852
UDIN: 21040852AAAAAV6050

Mumbai, April 19, 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA BLOOMDALE DEVELOPERS LIMITED

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

We have audited the internal financial controls over financial reporting of Mahindra Bloomdale Developers Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Aniruddha Joshi
Partner
Membership No.: 040852
UDIN: 21040852AAAAAV6050

Mumbai, April 19, 2021

BALANCE SHEET AS AT 31ST MARCH 2021

Particulars	Note No.	As at 31st March 2021	Rs. In Lakhs As at 31st March 2020
I ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**9.96**	13.13
(b) Financial Assets			
(i) Security Deposits	7	**245.31**	244.60
(c) Deferred Tax Assets (Net)	6	**–**	612.50
(d) Non-Current Tax Assets (Net)		**124.85**	142.82
SUB-TOTAL		**380.12**	1,013.05
CURRENT ASSETS			
(a) Inventories	10	**14,533.17**	12,560.13
(b) Financial Assets			
(i) Trade Receivables	11	**37.46**	1,318.90
(ii) Cash and Cash Equivalents	12	**139.31**	677.25
(iii) Bank Balances other than (ii) above	12	**44.57**	55.65
(iv) Security Deposits	7	**–**	–
(v) Other Financial Assets	8	**5.96**	3.96
(c) Other Current Assets	9	**465.93**	528.22
SUB-TOTAL		**15,226.40**	15,144.11
TOTAL ASSETS		**15,606.52**	16,157.16
II EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	13	**5.00**	5.00
(b) Other Equity		**(966.94)**	(352.87)
SUB-TOTAL		**(961.94)**	(347.87)
LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
Borrowings	14	**5,225.53**	5,829.53
(b) Provisions	15	**21.48**	20.72
SUB-TOTAL		**5,247.01**	5,850.25
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	16	**2,029.65**	1,755.00
(ii) Trade Payables	18		
– Total outstanding dues of Micro Enterprises and Small Enterprises		**–**	–
– Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		**1,558.29**	1,787.40
(iii) Other Financial Liabilities	17	**507.81**	708.52
(b) Provisions	15	**96.51**	95.14
(c) Other Current Liabilities	19	**7,129.19**	6,308.71
SUB-TOTAL		**11,321.45**	10,654.78
TOTAL		**15,606.52**	16,157.16
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the Financial Statements

As per our report attached hereto

For B.K.Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No.: 040852

Place : Mumbai
Date : 19th April 2021

For and on behalf of the Board of Directors
of Mahindra Bloomdale Developers Limited

Vimal Agarwal
Director DIN No. 07296320

Place : Mumbai
Date : 19th April 2021

Parveen Mahtani
Director DIN No. 05189797

Place : Mumbai
Date : 19th April 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021

Rs. In Lakhs

Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
Continuing Operations			
INCOME			
Revenue from operations	20	2,125.49	9,905.30
Other Income	21	28.20	22.40
Total Income		2,153.69	9,927.70
EXPENSES			
(a) Operating Expenses	22	1,772.12	8,260.26
(b) Employee benefit expense	23	86.03	92.66
(c) Finance Cost	24	5.66	–
(d) Depreciation and amortisation expense	4	4.62	9.87
(e) Other expenses	25	290.53	947.58
Total Expenses		2,158.96	9,310.37
Profit/(loss) before exceptional items and tax		(5.27)	617.33
Tax Expense			
(a) Current tax		–	–
(b) Deferred tax	5	611.68	275.81
Total tax expense		611.68	275.81
Profit/(loss) after tax from continuing operations		(616.95)	341.52
Profit/(loss) for the period		(616.95)	341.52
Other Comprehensive Income		–	–
(i) Items that will not be recycled to profit or loss		–	–
(a) Changes in revaluation surplus		–	–
(b) Remeasurements of the defined benefit liabilities/(asset)(Net of taxes)		(2.87)	1.90
(ii) Income tax relating to items that will not be reclassified to profit or loss		–	(0.48)
Total Comprehensive Income for the period		(614.08)	340.10
Earnings per equity share			
(1) Basic and diluted	26	(1,233.89)	683.04
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the Financial Statements

As per our report attached hereto

For B.K.Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No.: 040852

Place : Mumbai
Date : 19th April 2021

For and on behalf of the Board of Directors of Mahindra Bloomdale Developers Limited

Vimal Agarwal
Director DIN No. 07296320

Place : Mumbai
Date : 19th April 2021

Parveen Mahtani
Director DIN No. 05189797

Place : Mumbai
Date : 19th April 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2021

Rs. In Lakhs

Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
Cash flows from operating activities			
Profit before tax for the year		**(5.27)**	617.33
Adjustments for:			
Finance costs recognised in profit or loss		**5.66**	–
IND AS 115 opening impact on Reserve & Deferred Tax		**–**	–
Depreciation and amortisation of non-current assets		**4.62**	9.87
Movements in working capital:			
Increase in trade and other receivables		**1,280.73**	(640.87)
(Increase)/decrease in inventories		**(1,352.74)**	4,275.68
(Increase)/decrease in other assets		**60.29**	255.57
Decrease in trade and other payables		**356.42**	(6,276.16)
Cash generated from operations		**349.71**	(1,758.59)
Income taxes paid		**20.84**	(47.72)
Net cash generated by operating activities		**370.55**	(1,806.31)
Cash flows from investing activities			
Payments for property, plant and equipment		**(1.45)**	–
Proceeds from maturity of bank deposits		**11.08**	259.65
Net cash (used in)/generated by investing activities		**9.63**	259.65
Cash flows from financing activities			
Proceeds from borrowings		**5,025.00**	7,959.96
Repayment of borrowings		**(5,354.35)**	(4,501.63)
Finance costs		**(588.77)**	(1,487.38)
Net cash used in financing activities		**918.12**	1,970.95
Net increase in cash and cash equivalents		**(537.94)**	424.29
Cash and cash equivalents at the beginning of the year		**677.25**	252.96
Cash and cash equivalents at the end of the year		**139.31**	677.25
Summary of significant accounting policies	**2**		

The accompanying notes are an integral part of the Financial Statements

As per our report attached hereto

For B.K.Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No.: 040852
Place : Mumbai
Date : 19th April 2021

For and on behalf of the Board of Directors
of Mahindra Bloomdale Developers Limited

Vimal Agarwal
Director DIN No. 07296320
Place : Mumbai
Date : 19th April 2021

Parveen Mahtani
Director DIN No. 05189797
Place : Mumbai
Date : 19th April 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2021

A. Equity share capital

Rs. In Lakhs

Particulars	Total
As at 1st April 2019	5.00
Changes in equity share capital during the year	–
As at 31st March 2020	5.00
Changes in equity share capital during the year	–
As at 31st March 2021	5.00

B. Other Equity

Rs. In Lakhs

Particulars	Retained Earnings	Other Comprehensive Income-Acturial Gain / Loss	Total
As at 31st March 2019	**(683.78)**	1.18	(682.60)
Profit / (Loss) for the period	341.52		341.52
Other Comprehensive Income / (Loss)	–	(1.42)	(1.42)
Other Adjustment (Accumulated Depreciation impact on Reserve)	(10.37)		(10.37)
As at 31st March 2020	(352.62)	(0.24)	(352.87)
Profit / (Loss) for the period	(616.95)	–	(616.95)
Other Comprehensive Income / (Loss)		2.87	2.87
Other Adjustment (Accumulated Depreciation impact on Reserve)	–	–	–
As at 31st March 2021	**(969.57)**	**2.63**	**(966.94)**

The accompanying notes are an integral part of the Financial Statements

As per our report attached hereto

For B.K.Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No.: 040852
Place : Mumbai
Date : 19th April 2021

For and on behalf of the Board of Directors of Mahindra Bloomdale Developers Limited

Vimal Agarwal
Director DIN No. 07296320
Place : Mumbai
Date : 19th April 2021

Parveen Mahtani
Director DIN No. 05189797
Place : Mumbai
Date : 19th April 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

1. General Information

Mahindra Bloomdale Developers Limited (Earlier known as Mahindra Bebanco Developers Limited), a wholly own subsidiary of Mahindra Lifespace Developers Ltd.

The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activity of the Company is development of residential complexes in MIHAN Nagpur.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements have been prepared in accordance with Ind-AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.4 Revenue recognition

2.4.1 Revenue from Projects

The Company develops and sells residential and commercial properties. Revenue from contracts is recognised when control over the property has been transferred to the customer. An enforceable right to payment does not arise until the development of the property is completed. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer and the development of the property is completed. The revenue is measured at the transaction price agreed under the contract.

The Company invoices the customers for construction contracts based on achieving a series of performance-related milestones.

For certain contracts involving the sale of property under development, the Company offers deferred payment schemes to its customers. The Company adjusts the transaction price for the effects of the significant financing component.

2.4.2 Revenue from Sale of land and other rights

Revenue from Sale of land and other rights is generally a single performance obligation and the Company has determined that this is satisfied at the point in time when control transfers as per the terms of the contract entered into with the buyers, which generally are with the firmity of the sale contracts / agreements. The determination of transfer of control did not change upon the adoption of Ind AS 115.

2.4.3 Contract Costs

- Costs to obtain contracts (“Contract costs”) relate to fees paid for obtaining property sales contracts. Such costs are recognised as assets when incurred and amortised upon recognition of revenue from the related property sale contract.

2.4.4 Dividend and interest income

Dividend income from investment in mutual funds is recognised when the unit holder’s right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

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

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.6.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.6.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.7 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties during construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.8 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest & manpower costs and expenses incidental to the projects undertaken by the Company.

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) because of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.11 Employee benefits provisions

Employee benefits provisions are measured and classified into long term and short-term provisions based on Actuarial valuation as per IND AS-19 as on Balance sheet date.

2.12 Financial Instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.13 *Financial assets*

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.13.1 *Classification of financial assets*

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of ‘Reserve for debt instruments through other comprehensive income’. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

2.13.2 *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

2.13.3 *Investments in equity instruments at FVTOCI*

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the ‘Reserve for equity instruments through other comprehensive income’. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

2.13.4 *Financial assets at fair value through profit or loss (FVTPL)*

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.13.5 *Impairment of financial assets*

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.13.6 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.13.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.14 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.14.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.14.2 Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

2.14.2.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

2.14.2.2 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

2.14.2.3 Financial Liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.14.2.4 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

2.14.2.5 *Commitments to provide a loan at a below-market interest rate*

Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

2.14.2.6 *Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

2.14.2.7 *Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. Significant accounting judgements, estimates and assumptions

3.1 Determining the timing of revenue recognition on the sale of completed and under development property

The Company has generally evaluated and concluded that based on a careful analysis of the rights and obligations under the terms of the contracts relating to the sale of property, the revenue is to be recognised at a point in time when control transfers which coincides with receipt of Occupation Certificate. The Company has generally concluded that the overtime criteria are not met owing to non-enforceable right to payment for performance completed to date and, therefore, recognises revenue at a point in time.

3.2 Determination of performance obligations

With respect to the sale of property, the Company has concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property is to undertake development of property and obtaining the Occupation Certificate. Generally, the Company is responsible for all these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Company accounts for them as a single performance obligation because they are not distinct in the context of the contract.

NOTE NO. 4 - PROPERTY, PLANT AND EQUIPMENT

Rs. In Lakhs

Description of Assets	Buildings - Leasehold	Office Equipment	Furniture and Fixtures	Computers	Total
I. Gross Carrying Amount					
Balance as at 1st April 2020	255.23	18.66	41.47	38.39	353.75
Additions	–	–	–	1.45	1.45
Disposals	–	–	–	–	–
Balance as at 31st Mar 2021	**255.23**	**18.66**	**41.47**	**39.84**	**355.20**
II. Accumulated depreciation and impairment					
Balance as at 1st April 2020	255.23	17.58	31.69	36.12	340.62
Depreciation expense for the year	–	0.62	2.88	1.13	4.62
Other Adjustment	–	–	–	–	–
Balance as at 31st Mar 2021	**255.23**	**18.20**	**34.57**	**37.25**	**345.24**
III. Net carrying amount (I-II)	**0.00**	**0.46**	**6.90**	**2.59**	**9.96**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Rs. In Lakhs

Description of Assets	Buildings - Leasehold	Office Equipment	Furniture and Fixtures	Computers	Total
I. Gross Carrying Amount					
Balance as at 1st April 2019	255.23	18.66	41.47	38.39	353.75
Additions	–	–	–	–	–
Disposals	–	–	–	–	–
Balance as at 31st Mar 2020	**255.23**	**18.66**	**41.47**	**38.39**	**353.75**
II. Accumulated depreciation and impairment					
Balance as at 1st April 2019	250.42	15.82	21.03	33.11	320.39
Depreciation expense for the year	3.00	0.74	2.89	3.23	9.87
Others [describe]	1.80	1.01	7.77	(0.22)	–
Balance as at 31st Mar 2020	**255.23**	**17.58**	**31.69**	**36.12**	**340.62**
III. Net carrying amount (I-II)	**0.00**	**1.08**	**9.78**	**2.27**	**13.13**

Impairment losses recognised in the year:

During the reporting period Company has not recognised any impairment loss on PPE.

Method of Depreciation:

Depreciation on tangible fixed assets has been provided on prorata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 or estimated useful life, whichever is lower. Sales office & the sample flat/show unit (Leasehold Building) cost, its furniture and office equipments are amortised over a period of 5 years.

NOTE NO. 5- INCOME TAXES

(a) Income Tax recognised in profit or loss

Rs. In Lakhs

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Current Tax:		
In respect of current year	–	–
In respect of prior years	–	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	611.68	155.38
Adustments due to changes in tax rates	–	120.43
Total income tax expense on continuing operations	611.68	275.81

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rs. In Lakhs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Profit before tax from continuing operations	(5.27)	617.33
Income tax expense calculated at 25.17% (PY @25.17%)	–	155.38
Reduction in tax rate	–	24.38
Changes in recognised deductible temporary differences	612.50	96.05
Others	(0.82)	
Income tax expense recognised In profit or loss from continuing operations	611.68	275.81

The tax rate used for the 31st March 2021 and 31st March 2020 reconciliations above is the corporate tax rate of 22% (plus Surcharge plus EC plus SHEC) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

NOTE NO. 6: DEFERRED TAX (NET)

(i) Movement in deferred tax balances

Rs. In Lakhs

For the Year ended 31st March 2021

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Recognised in Equity	Closing Balance
Tax effect of items constituting deferred tax assets					
Property, Plant and Equipment	30.25	(30.25)	–	–	–
IND AS 115 Impact on opening Reserve	534.87	(534.87)	–	–	–
Carryforward Tax Loss	85.39	(85.39)	–	–	–
Employee Benefits	3.47	(3.47)	–	–	–
	653.99	(653.99)	–	–	–
Tax effect of items constituting deferred tax liabilities					
Other Items	(41.49)	41.49	–	–	–
	(41.49)	41.49	–	–	–
Net Tax Asset/(Liabilities)	612.50	(612.50)	–	–	–

Rs. In Lakhs

For the Year ended 31st March 2020

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Recognised in Equity	Closing Balance
Tax effect of items constituting deferred tax assets					
Property, Plant and Equipment	35.00	(4.75)	–	–	30.25
IND AS 115 Impact on opening Reserve	618.81	(83.94)	–	–	534.87
Carryforward Tax Loss	278.56	(193.17)	–	–	85.39
Employee Benefits	3.46	(0.47)	0.48	–	3.47
Other Temporary Differences (please specify)					
	935.84	(282.32)	0.48	–	653.99
Tax effect of items constituting deferred tax liabilities					
Other Items	(48.00)	6.51	–	–	(41.49)
	(48.00)	6.51	–	–	(41.49)
Net Tax Asset/(Liabilities)	887.84	(275.81)	0.48	–	612.50

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 7 - Financial Assets

Rs. In Lakhs

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non-Current	As at 31st March 2020 Current	As at 31st March 2020 Non-Current
Loans				
(a) Secured, considered good	–	–	–	–
(b) Unsecured, considered good				–
(i) Security Deposits	–	245.31	–	244.60
Total	–	245.31	–	244.60

Note No. 8 - Other Financial Assets

Rs. In Lakhs

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non-Current	As at 31st March 2020 Current	As at 31st March 2020 Non-Current
Financial assets at amortised cost				
(i) Interest Accrued on Fixed Deposits	5.96	–	3.96	–
Total	5.96	–	3.96	–

Note No. 9 -Other Current Assets

Rs. In Lakhs

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non-Current	As at 31st March 2020 Current	As at 31st March 2020 Non-Current
(i) Advance to vendors	190.33	–	399.71	–
(ii) Balances with government authorities (other than income taxes)	120.47	–	2.39	–
(iii) Prepaid Expenses	155.13	–	126.12	–
Total	465.93		528.22	

Note No. 10 - Inventories

Rs. In Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
Raw Material	258.50	176.10
Construction Work in progress	14,274.67	12,190.41
Finished Goods	–	193.62
Total Inventories (at lower of cost and net realisable value)	14,533.17	12,560.13

Note-(a) Construction Work in Progress represents materials at site and unbilled costs on the projects. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/ or write off of costs carried to inventory are made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein.

Note No. 11 - Trade receivables

Rs. In Lakhs

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non-Current	As at 31st March 2020 Current	As at 31st March 2020 Non-Current
Trade receivables				
(a) Secured, considered good	37.46	–	1,318.90	–
(b) Unsecured, considered good	–	–	–	–
(c) Which have significant increase in credit risk	–	–	–	–
(d) Credit Impaired	–	–	–	–
Total	37.46	–	1,318.90	–
Of the above, trade receivables from:				
- Related Parties	–	–	–	–
- Others	37.46	–	1,318.90	–
Total	37.46	–	1,318.90	–

Note (a)- No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Note No. 12 - Cash and Bank Balances

Rs. In Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
Cash and cash equivalents		
Balances with banks	139.31	677.25
Cash on hand	–	–
Total Cash and cash equivalent	139.31	677.25
Other Bank Balances		
Balances with Banks:		
(i) On Margin Accounts	44.57	39.55
(ii) Fixed Deposits with maturity greater than 3 months	–	16.10
Total Bank Balances other than above	44.57	55.65

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 13 - Equity Share Capital

Rs. In Lakhs

Particulars	As at 31st March 2021 No. of shares	As at 31st March 2021 Amount	As at 31st March 2020 No. of shares	As at 31st March 2020 Amount
Authorised:				
Equity shares of Rs.10 each with voting rights	**50,000**	**5.00**	50,000	5.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs.10 each with voting rights	**50,000**	**5.00**	50,000	5.00
Total	**50,000**	**5.00**	50,000	5.00

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period

Rs. In Lakhs

Particulars	Opening Balance	Fresh Issue	Bonus	Closing Balance
Equity Shares with Voting rights				
Year Ended 31st March 2021				
No. of Shares	50,000	–	–	50,000
Amount	5.00	–	–	5.00
Year Ended 31st March 2020				
No. of Shares	50,000	–	–	50,000
Amount	5.00	–	–	5.00

(ii) Terms/ Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of Rs 10/- per share. Each holder of Equity Shares is entitled to one vote per share. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

No. of Shares

Particulars	Equity Shares with Voting rights
As at 31st March 2021	
Mahindra Lifespaces Developers Limited, the Holding Company	50,000
As at 31st March 2020	
Mahindra Lifespaces Developers Limited, the Holding Company	50,000

Note No. 14 - Non-Current Borrowings

Rs. In Lakhs

Particulars	Rate of Interest	As at 31st March 2021	As at 31st March 2020
A. Unsecured Borrowings - at amortised Cost			
(a) Loans from related parties			
- Mahindra Lifespaces Developers Limited	7.80%	**3,544.53**	3,929.53
- Mahindra Infrastructure Developers Limited	8.00%	**1,681.00**	1,900.00
Total Unsecured Borrowings		**5,225.53**	5,829.53

Note No. 15 - Provisions

Rs. In Lakhs

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non-Current	As at 31st March 2020 Current	As at 31st March 2020 Non-Current
(a) Provision for employee benefits	**3.51**	**21.48**	2.14	20.72
(b) Other Provisions				
(i) Defect Liability provision	**93.00**	–	93.00	–
Total	**96.51**	**21.48**	95.14	20.72

Note (a)- Provision for defect liability represents present value of management's best estimate of the future outflow of economic resources that will be required in respect residential units given under perpectual lease, the extimated cost of which is accrued during the period of construction, upon sale of units and recognition of related revenue. Management estimates the related provision for future defect liability claims based on historical cost of rectifications and is adjusted regularly to reflect new information. The residential units are generally covered under the defect liability period limited to 5 years from the date of handover of residential units.

Note No. 16 - Current Borrowings

Rs. In Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
A. Secured Borrowings		
(i) From Banks - Overdraft	**274.65**	–
	274.65	–
B. Unsecured Borrowings		
(i) From Related Parties	**1,755.00**	1,755.00
	1,755.00	1,755.00
Total	**2,029.65**	1,755.00

Note (a) - The overdraft facility from bank Rs. 274.65 Lakhs (PY Rs. Nil) is secured by First pari passu charge on current asset (Stocks and book debts)

Note No. 17 - Other Financial Liabilities

Rs. In Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
Current		
Interest accrued on borrowings	**457.92**	420.74
Society Maintainence deposits (Net)	**49.89**	287.78
Retention Money	**–**	–
Total	**507.81**	708.52

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31ST, 2021

Note No. 18 - Trade Payables

Rs. In Lakhs

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non-Current	As at 31st March 2020 Current	As at 31st March 2020 Non-Current
Trade payable - Micro and small enterprises*	–	–	0.97	–
Trade payable - Other than micro and small enterprises	1,558.29	–	1,786.43	–
	1,558.29	–	1,787.40	–

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

*This information has been determined to the extent such parties have been identified on the basis of intimation received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Based on the information available with the Company dues outstanding in respect to Micro, Small and Medium Enterprises as of Balance Sheet Date are shown as above.

Note No. 19 - Other Liabilities

Rs. In Lakhs

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non-Current	As at 31st March 2020 Current	As at 31st March 2020 Non-Current
a. Advances received from customers	7,097.40	–	6,272.76	–
b. Statutory dues				
Tax Deducted at sources	30.60	–	35.26	–
Service Tax	–	–	–	
Vat Payable	0.00	–	0.00	–
Provident Fund Payable	2.74	–	2.36	–
Family Pension Fund Payable	(1.59)		(1.69)	
Professional Tax Payable	0.04	–	0.03	–
	7,129.19	–	6,308.71	–

Note No. 20 - Revenue from Operations

Rs. In Lakhs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
(a) Income from Projects	2,125.49	9,905.30
Total	2,125.49	9,905.30

1. Contract Balances

Amounts received before the related performance obligation is satisified are included in the balance sheet (Contract liability) as “Advances received from Customers”. Amounts billed for development milestone achieved but not yet paid by the customer are included in the balance sheet under trade receivables.

During the year, the Company recognised Revenue of Rs.188.93 lakhs from opening contract liability (after Ind AS 115 adoption) of Rs 6272.76 lakhs and during previous year company recognised revenue of Rs. 6,726.89 Lakhs from opening contract liability (after Ind AS 115 adoption) of Rs. 9,623.91 Lakhs

There were no significant changes in the composition of the contract liabilities and Trade receivable during the reporting period other than on account of periodic invoicing and revenue recognition.

Amounts previously recorded as contract liabilities increase due to further milestone based invoices raised during the year and decrease due to revenue recognised during the year on completion of the construction.

Amounts previously recorded as Trade receivables increase due to further milestone based invoices raised during the year and decrease due to colelctions during the year.

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2021 is Rs. 16,664.54 lakhs (PY Rs. 14,277.74 Lakhs). Out of this, the Company expects to recognize revenue of around 75% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience with a penalty as per the agreement since, based on current assessment, the occurrence of the same is expected to be remote.

Rs. Lakhs

2. Reconciliation of revenue recognized with the contracted price is as follows:	Year ended 31st March 2021	Year ended 31st March 2020
Contracted price	2,176.22	10,257.01
Input Tax Credit	50.73	351.71
Adjustments on account of cash discounts or early payment rebates, etc.	–	–
Revenue recognised as per Statement of Profit & Loss	2,125.49	9,905.30

Rs. Lakhs

3. Contract Costs	Year ended 31st March 2021	Year ended 31st March 2020
Costs to obtain contracts	155.13	126.44

For the year ended 31st March 2020, amortisation amounting to Rs 116.57 lakhs (PY Rs. 700.54 Lakhs) was recognised as Subvention Interest, Compensation to Customers and Brokerage cost in note no. 25 - Other Expenses. There were no impairment loss in relation to the costs capitalised.

Note No. 21 - Other Income

Rs. In Lakhs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
(a) Interest Income		
(i) On Bank Deposits	5.91	7.37
(b) Miscellaneous Income	22.30	15.03
Total	28.20	22.40

Note No. 22 Operating Expenses

Rs. In Lakhs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Cost of materials consumed	1,772.12	8,260.26

Note No. 23 - Employee Benefits Expense

Rs. In Lakhs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Salaries and wages, including bonus	167.84	148.59
Less : Allocated to projects	(81.81)	(55.92)
Total	86.03	92.66

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31ST, 2021

Note No. 24 - Finance Cost

Rs. In Lakhs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Interest on Income Tax	–	–
Interest -Others	–	–
Interest on Loan from related parties	620.30	569.86
Interest on Borrowings	–	–
Interest on Overdraft	5.66	33.29
Less: Allocated to Projects	(620.30)	(603.15)
Total	**5.66**	–

Note No. 25 - Other Expenses

Rs. In Lakhs

	Year ended 31st March 2021	Year ended 31st March 2020
Repairs and Maintenance		
Others	21.72	19.83
Legal and Professional Fee	17.23	19.70
Advertisement and Marketing Expenses	89.12	139.67
Subvention Interest	33.78	394.29
Compensation to customers	61.86	234.07
Brokerage	20.93	72.19
Remuneration to auditors:		
For Statutory Audit Fees	5.50	5.50
For Tax Audit Fees	0.83	0.83
For Other Services	1.65	1.65
Corporate Social Responsibility Expenditure	–	0.24
Miscellaneous Expenses	37.91	59.61
Total	**290.53**	947.58

Note No. 26 - Earnings per Share

Basic and Diluted Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Rs. In Lakhs

	For the year ended 31st March 2021	For the year ended 31st March 2020
Profit / (loss) for the year attributable to owners of the Company	(616.95)	341.52
Weighted average number of equity shares	50,000	50,000
Earnings per share - Basic and Diluted	(1,233.89)	683.04

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Opening No. of Equity Shares	50,000	50,000
Additions	–	–
Closing No. of Equity Shares	50,000	50,000
Weighted average number of equity shares used in the calculation of Basic and diluted EPS	**50,000**	**50,000**

Note No. 27 - Financial Instruments

Capital management

The Company's capital management objectives are:

– safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders

– maintain an optimal capital structure to reduce the cost of capital.

The Management of the Company monitors the capital structure using debt equity ratio which is determined as the proportion of total debt to total equity.

Rs. In Lakhs

Particulars	As at 31st March, 2021	As at 31st March, 2020
Debt (A)	7,255.17	7,584.53
Equity (B)	(961.94)	(347.87)
Debt Ratio (A / B)	(7.54)	(21.80)

Categories of financial assets and financial liabilities

The following tables shows the carrying amount and fair values of financial assets and financial liabilities by category:

Rs. In Lakhs
As at 31st March, 2021

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Loans	245.31	–	–	245.31
Current Assets				
Trade Receivables	37.46	–	–	37.46
Other Bank Balances	44.57	–	–	44.57
Loans	–	–	–	–
Other Financial Assets				
- Non Derivative Financial Assets	5.96	–	–	5.96
Non-current Liabilities				
Borrowings	5,225.53	–	–	5,225.53
Current Liabilities				
Borrowings	2,029.65	–	–	2,029.65
Trade Payables	–	–	–	–
Other Financial Liabilities				
- Non Derivative Financial Liabilities	507.81	–	–	507.81

Rs. In Lakhs
As at 31st March, 2020

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Loans	244.60	–	–	244.60
Current Assets				
Trade Receivables	1,318.90	–	–	1,318.90
Other Bank Balances	55.65	–	–	55.65
Loans	–	–	–	–
Other Financial Assets				
- Non Derivative Financial Assets	3.96	–	–	3.96
Non-current Liabilities				
Borrowings	5,829.53	–	–	5,829.53
Current Liabilities				
Borrowings	1,755.00	–	–	1,755.00
Trade Payables	1,787.40	–	–	1,787.40
Other Financial Liabilities				
- Non Derivative Financial Liabilities	708.52	–	–	708.52

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31ST, 2021

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factor.

CREDIT RISK

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents, investments carried at amortised cost, deposits with banks and financial institutions as well as credit exposures to customers including outstanding receivables.

Trade Receivables:

The Companys trade receivables include receivables on sale of residential flats. As per the Company's flat handover policy, a flat is handed over to a customer only upon payment of entire amount of consideration. Thus, the Company is not exposed to any credit risk on receivables from sale of residential flats.

Balances with Banks, mutual funds and other financial assets:

For banks and financial institutions, only high rated banks/institutions are accepted. The Company holds cash and cash equivalents with bank and financial institution counterparties, which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

For other financial assets, the Company assesses and manages credit risk based on reasonable and supportive forward looking information. The Company does not have significant credit risk exposure for these items.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs. In Lakhs

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years
31-Mar-21			
Non-current Liabilities			
Borrowings	–	5,225.53	–
Current Liabilities			
Borrowings	2,029.65	–	–
Trade Payables	–	–	–
Other Financial Liabilities			
- Non Derivative Financial Liabilities	507.81	–	–
Total	**2,537.46**	**5,225.53**	**–**
31-Mar-20			
Non-current Liabilities			
Borrowings	–	5,829.53	–
Current Liabilities			
Borrowings	1,755.00	–	–
Trade Payables	1,787.40	–	–
Other Financial Liabilities			
- Non Derivative Financial Liabilities	708.52	–	–
Total	**4,250.92**	**5,829.53**	**–**

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Secured overdraft facility		
- Expiring within one year	**725.35**	–
	725.35	–

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. In Lakhs

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years
31st March 2021			
Non-current Assets			
Loans		245.31	
Current Assets			
Trade Receivables	37.46		
Other Bank Balances	44.57		
Loans	–		
Other Financial Assets	5.96		
- Non Derivative Financial Assets			
Total	**87.99**	**245.31**	**–**
31st March 2020			
Non-current Assets			
Loans		244.60	
Current Assets			
Trade Receivables	1,318.90		
Other Bank Balances	55.65		
Loans	–		
Other Financial Assets	3.96		
- Non Derivative Financial Assets			
Total	**1,378.51**	**244.60**	**–**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31ST, 2021

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and floating rate loans and borrowings.

Note No. 28 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Rs. In Lakhs

Particulars	31-Mar-21 Carrying amount	31-Mar-21 Fair value	31-Mar-20 Carrying amount	31-Mar-20 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
- Loans (Non-Current)	**245.31**	**245.31**	244.60	244.60
- Trade Receivables	**37.46**	**37.46**	1,318.90	1,318.90
- Cash and Cash Equivalents	**139.31**	**139.31**	677.25	677.25
- Other Bank Balances	**44.57**	**44.57**	55.65	55.65
- Other Financial Assets	**5.96**	**5.96**	3.96	3.96
- Loans (Current)	**–**	**–**	–	–
Total	**472.61**	**472.61**	2,300.37	2,300.37
Financial liabilities				
Financial liabilities held at amortised cost				
- Non-Current Borrowings	**5,225.53**	**5,225.53**	5,829.53	5,829.53
- Borrowings	**2,029.65**	**2,029.65**	1,755.00	1,755.00
- Trade Payables	**1,558.29**	**1,558.29**	1,787.40	1,787.40
- Other Financial Liabilities	**507.81**	**507.81**	708.52	708.52
Total	**9,321.28**	**9,321.28**	10,080.45	10,080.45

Fair value hierarchy as at 31st March, 2021

Rs. In Lakhs

Particulars	Level 1	Level 2	Level 3
Financial assets			
Financial assets carried at Amortised Cost			
- Trade Receivables	–	37.46	–
- Cash and Cash Equivalents	–	139.31	–
- Other Bank Balances	–	44.57	–
- Other Financial Assets	–	5.96	–
- Loans	–	–	–
Total	**–**	**227.30**	**–**
Financial liabilities			
Financial liabilities held at amortised cost			
- Non-Current Borrowings	–	5,225.53	–
- Borrowings	–	2,029.65	–
- Trade Payables	–	1,558.29	–
- Other Financial Liabilities	–	507.81	–
Total	**–**	**9,321.28**	**–**

Rs. In Lakhs

Fair value hierarchy as at 31st March, 2020

Particulars	Level 1	Level 2	Level 3
Financial assets			
Financial assets carried at Amortised Cost			
- Trade Receivables	–	1,318.90	–
- Cash and Cash Equivalents	–	677.25	–
- Other Bank Balances	–	55.65	–
- Other Financial Assets	–	3.96	–
- Loans	–	–	–
Total	**–**	**2,055.76**	**–**
Financial liabilities			
Financial liabilities held at amortised cost			
- Non-Current Borrowings	–	5,829.53	–
- Borrowings	–	1,755.00	–
- Trade Payables	–	1,787.40	–
- Other Financial Liabilities	–	708.52	–
Total	**–**	**10,080.45**	**–**

Note No. 29 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating Rs. 4.25 lakhs (2020 : Rs. 9.64 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Principal Actuarial Assumptions

Particulars	Year ended 31st March 2021 Rs	Year ended 31st March 2020 Rs
Discount rate	**6.40%**	6.70%
Retirement age	**60 years**	60 years
Average Mortality	**IALM (2012-14) Ultimate**	IALM (2012-14) Ultimate
Salary escalation	**8.00%**	**10.00%**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31ST, 2021

Reconciliation of Benefit Obligation

Rs. In Lakhs

Change in defined benefit obligations (DBO)	As at 31st March 2021	As at 31st March 2020
Present value of DBO at beginning of the year	12.96	8.36
Current service cost	2.58	1.92
Transfer In/ (Out)	–	0.15
Interest cost	0.87	0.64
Actuarial (gains) / losses	(2.87)	1.89
Past Service Cost	–	–
Benefits paid	–	–
Present value of DBO at the end of the year	**13.54**	12.96

Expenses recognised in the statement of profit and loss

Rs. In Lakhs

Components of employee benefit expenses	Year ended 31st March 2021	Year ended 31st March 2020
Current service cost	2.58	1.92
Past Service Cost	–	
Interest cost	0.87	0.64
Total expense recognised in the statement of profit and loss	**3.45**	**2.56**

Rs. In Lakhs

Components of other comprehensive income	Year ended 31st March 2021	Year ended 31st March 2020
Actuarial Loss on obligation	(2.87)	1.90
Components of defined benefit costs recognised in other comprehensive income	**(2.87)**	**1.90**

Rs. In Lakhs

Net Asset/(Liability) recognised in the Balance Sheet	Year ended 31st March 2021	Year ended 31st March 2020
Present value of defined benefit obligation as at 31st March	13.53	12.96
Fair value of plan assets as at 31st March	–	–
Surplus/(Deficit)	(13.53)	(12.96)
Current portion of the above	(1.63)	(0.86)
Non current portion of the above	(11.90)	(12.10)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs. In Lakhs

Principal assumption		Changes in assumption	Impact on defined benefit obligation: PO as on Valuation date on account of increase in assumption	Impact on defined benefit obligation: PO as on Valuation date on account of decrease in assumption
Discount rate	2021	1.00%	10.80	12.20
	2020	1.00%	11.92	14.15

Rs. In Lakhs

Principal assumption		Changes in assumption	Impact on defined benefit obligation: PO as on Valuation date on account of increase in assumption	Impact on defined benefit obligation: PO as on Valuation date on account of decrease in assumption
Salary growth rate	2021	1.00%	12.06	10.91
	2020	1.00%	13.92	12.07

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

Note - 30 - Micro Small and Medium Enterprises Development Act 2006

The amount due to Micro and Small Enterprises as defined in the " Micro, Small and Medium Enterprises Development, Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosure relating to Micro and Small Enterprises as at 31 March 2018 are as under:

Disclosures required under Section22 of the Micro Small and Medium Enterprises Development Act 2006

Rs. In Lakhs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	–	–
- Interest due on above	–	–
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	–	–
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	–	–
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	–	–
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	–	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31ST, 2021

Note No. 31- Related Party Disclosures

(a) Related Parties where control exists

(i) Ultimate Holding Company

Mahindra & Mahindra Company

(ii) Holding Company

Mahindra Lifespace Developers Limited (wholly owned subsidiary w.e.f. 29th May 2018)

(b) Other Parties with whom transaction have taken place during the year

(i) Fellow Subsidiaries

Mahindra Integrated Business Solutions Private Limited

Mahindra Infrastructure Developers Limited

(ii) Joint Ventures

Mahindra Industrial Park Private Limited

Note: Related parties have been identified by the Management.

Details of related party transactions and balances outstanding as at 31st March 2021:

Rs in Lakhs

Nature of transactions	Ultimate Holding Company (Mahindra & Mahindra Limited)		Holding Company (Mahindra Lifespace Developers Limited)		Fellow Subsidiary (Mahindra Integrated Business Solutions Private Limited)		Joint Venture (Mahindra Industrial Park Private Ltd)		Fellow Subsidiary (Mahindra Infrastructure Developers Limited)	
	Year Ended 31st March 2021	Year Ended 31st March 2020	Year Ended 31st March 2021	Year Ended 31st March 2020	Year Ended 31st March 2021	Year Ended 31st March 2020	Year Ended 31st March 2021	Year Ended 31st March 2020	Year Ended 31st March 2021	Year Ended 31st March 2020
Transactions during FY 20-21										
(Income)/Expenses										
Purchase of services	6.16	9.37	3.43	17.99	8.04	6.87	–	–	–	–
Inter corporate deposit taken	–	–	2,675.00	4,304.96	–	–		1,755.00	2,350.00	1,900.00
Interest on ICD	–	–	293.98	459.73	–	–	147.88	64.38	178.43	45.75
Inter corporate deposit repaid	–	–	3,060.00	2,850.00	–	–	–	–	2,569.00	–
Outstandings as on Balance Sheet date										
Liabilty/(Asset)										
Payable Towards Mark Up	–	–		201.28	–	–	–	–	–	–
Payable Towards ICD Interest	–	–	300.94	321.62	–	–	79.87	57.94	77.11	41.18
Payable Towards Purchase of services	5.65	0.45	1.17	–	0.16	0.15	–	–	–	–
Other Advances Recoverable	–	–	–	–	–	–	–	–	–	–
Mobilisation Advance Recoverable	–	–	–	–	–	–	–	–	–	–
Payable Towards ICD	–	–	3,544.53	3,929.52	–	–	1,755.00	1,755.00	1,681.00	1,900.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31ST, 2021

Note No. 32 - Continget Liabilities

Rs in Lakhs

Particulars	**Year ended 31st March 2021**	Year ended 31st March 2020
(i) Income Tax Matter under appeal		
Rectification order from the IT office pending towards Refunds claimed by the company	**43.20**	43.20
(ii) Indirect Tax Matters under appeal		
VAT and Service Tax claims disputed by the Company relating to issues of applicability. Company is pursuing the matter with the appropriate Appellate Authorities	**42.01**	**42.01**

Note No. 33 - Segment Reporting

The Company operates in one segment namely Project and Development activity, hence separate segment reporting has not been made under Indian Accounting Standard (Ind- AS 108)-"Operating Segment". The operation of company comprises a single geographical segment, India.

Note No. 34 - Unhedged Foreign Currency Exposure

The Company has no foreign currency exposure during the current year and previous year.

Note No. 35 - Comparatives

The figures for previous year have been regrouped/reclassified wherever necessary to conform to current year's grouping/classification.

The accompanying notes are an integral part of the Financial Statements

As per our report attached hereto

For B.K.Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No.: 040852

Place : Mumbai
Date : 19th April 2021

For and on behalf of the Board of Directors
of Mahindra Bloomdale Developers Limited

Vimal Agarwal
Director DIN No. 07296320

Place : Mumbai
Date : 19th April 2021

Parveen Mahtani
Director DIN No. 05189797

Place : Mumbai
Date : 19th April 2021

INDEPENDENT AUDITOR'S REPORT

To The Members of Mahindra Industrial Park Chennai Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Mahindra Industrial Park Chennai Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- Based on the work we have performed, we conclude that we have nothing to report in this regard.

Management's Responsibility for the Financial Statements

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

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

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position (Refer Note 33(i) to the financial statements).

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Geetha Suryanarayanan
Partner
(Membership No. 29519)
(UDIN: 21029519AAAACF5376)

Place: Chennai
Date: April 29, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **Mahindra Industrial Park Chennai Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place: Chennai
Date: April 29, 2021

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

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

(i) (a) The Company has maintained proper records showing full particulars including quantitative detail and situation of the property, plant and equipment / fixed assets.

(b) The fixed assets were physically verified during the year by the Management and there were no discrepancies identified during such verification.

(c) Immovable properties of land, whose title deeds have been pledged as security for loans are held in the name of the Company as per the Memorandum of Deposit of Title deeds executed by the Company and confirmed by the banker.

(ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventories, physical verification of materials and verification of title deeds, site visits by the Management, measurement of land under development and certification of extent of work completion by competent persons are at reasonable intervals and no material discrepancies were noticed on such verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. There were no deposits outstanding at any time during the year.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Goods and Service tax, Income Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Goods and Service tax, Service Tax, Income Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) There are no dues of Income tax, Service Tax and Goods and Services tax as at March 31, 2021 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions. The Company has not issued any debentures. The Company has not taken loans or borrowings from banks and government.

(ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, since the Company has not paid / provided managerial remuneration under the provisions of section 197 read with Schedule V to the Companies Act, 2013, reporting under this Clause is not currently applicable.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

Geetha Suryanarayanan
Partner
(Membership No. 29519)

Place: Chennai
Date: April 29, 2021

BALANCE SHEET AS AT MARCH 31, 2021

(Amounts in INR)

Particulars	Note No.	As at 31 March, 2021	As at 31 March, 2020
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	4a	**8,64,71,556**	8,70,25,891
(b) Capital Work in Progress	4b	**16,76,21,179**	15,11,32,553
(c) Financial Assets			
(i) Other Financial Assets	5	**4,57,352**	6,58,342
(d) Deferred Tax Asset	6	**1,10,55,319**	1,42,59,924
		26,56,05,406	25,30,76,710
Current assets			
(a) Inventories	7	**2,71,51,93,424**	2,85,61,14,598
(b) Financial assets			
(i) Trade Receivables	8	**32,94,28,954**	8,25,17,400
(ii) Cash and Cash Equivalents	9	**1,71,47,610**	1,08,48,176
(iii) Other Financial Assets	5	**–**	7,891
(c) Other current assets	10	**76,83,132**	91,03,347
		3,06,94,53,120	2,95,85,91,412
Total Assets		**3,33,50,58,526**	3,21,16,68,122
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	11	**1,70,00,00,000**	1,70,00,00,000
(b) Other Equity			
(i) Securities Premium	12	**9,00,00,000**	9,00,00,000
(ii) Retained Earnings	12	**(4,93,23,659)**	(5,84,01,503)
Total Equity		**1,74,06,76,341**	1,73,15,98,497
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	13A	**1,29,35,67,083**	1,12,30,06,793
(ii) Other Financial Liabilities	14	**32,10,498**	20,84,455
(b) Provisions	15	**11,71,483**	9,41,380
		1,29,79,49,064	1,12,60,32,628
Current liabilities			
(a) Financial Liabilities			
(i) Short Term Loans	13B	**–**	12,00,00,000
(ii) Trade Payable			
Total outstanding dues of micro enterprises and small enterprises	16	**17,11,607**	1,87,235
Total outstanding dues of creditors other than micro enterprises and small enterprises	16	**3,51,83,705**	1,92,98,363
(iii) Other Financial Liabilities	14	**19,58,81,449**	20,51,25,920
(b) Provisions	15	**1,06,877**	76,071
(c) Other Current Liabilities	17	**6,35,49,483**	93,49,408
		29,64,33,121	35,40,36,997
Total Equity and Liabilities		**3,33,50,58,526**	3,21,16,68,122

See accompanying notes which are an integral part of the financial statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Geetha Suryanarayanan
Partner

Place: Chennai
Date: 29 April, 2021

For and on behalf of the board of directors of
Mahindra Industrial Park Chennai Limited

ARVIND SUBRAMANIAN
Director
(DIN: 02551935)

NIDHI SEKSARIA
Director
(DIN: 06950793)

Vaibhav Mittal
Business Head (CEO)

Chaitanya Cherukuri
Chief Financial Officer

Aman J Desai
Company Secretary

Place: Chennai
Date: 16 April, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(Amounts in INR)

Particulars	Note No.	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Income			
Revenue from Operations	18	**40,97,12,227**	40,50,67,500
Total income		**40,97,12,227**	40,50,67,500
Expenses			
Project Development Expenses		**7,08,45,730**	18,32,17,244
Decrease/(Increase) in inventories of work-in-progress and Construction materials	19	**14,09,21,174**	1,94,23,621
Employee Benefits Expense	20	**3,23,37,652**	3,26,12,622
Depreciation Expenses	4	**7,24,034**	7,08,544
Finance Cost	21	**11,64,55,874**	10,64,96,017
Other expenses	22	**3,61,45,314**	4,02,86,656
Total Expense		**39,74,29,778**	38,27,44,704
Profit before tax		**1,22,82,449**	2,23,22,796
Tax expenses			
Current tax		**–**	–
Deferred tax		**32,04,605**	84,67,755
Total tax expenses		**32,04,605**	84,67,755
Profit for the year (A)		**90,77,844**	1,38,55,041
Other Comprehensive Income		**–**	–
Other Comprehensive Income for the year (B)		**–**	–
Total Comprehensive Income for the year (A+B)		**90,77,844**	1,38,55,041
Earnings per equity share	24		
Basic & Diluted			
Equity Shares [nominal value of share Rs 10 (March 31, 2019: Rs 10)]		**0.05**	0.08

See accompanying notes which are an integral part of the financial statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Geetha Suryanarayanan
Partner

Place: Chennai
Date: 29 April, 2021

For and on behalf of the board of directors of
Mahindra Industrial Park Chennai Limited

ARVIND SUBRAMANIAN
Director
(DIN: 02551935)

NIDHI SEKSARIA
Director
(DIN: 06950793)

Vaibhav Mittal
Business Head (CEO)

Chaitanya Cherukuri
Chief Financial Officer

Aman J Desai
Company Secretary

Place: Chennai
Date: 16 April, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

(Amounts in INR)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Cash flow from operating activities		
Profit for the year	**1,22,82,449**	2,23,22,796
Non-cash adjustment to reconcile profit before tax to net cash flows:		
Depreciation	**7,24,034**	7,08,544
Interest Expense	**11,64,55,874**	10,64,96,017
Unrealized Foreign Exchange loss	**–**	4,43,551
Profit from sale of fixed assets	**–**	–
Operating Profit before working capital changes	**12,94,62,357**	12,99,70,908
Working Capital changes and other adjustments:		
Increase/(Decrease) in Trade payables	**1,74,09,714**	(1,85,91,958)
Increase in Other Current Liabilities	**5,42,00,075**	75,42,063
Increase in Other Financial Liabilities- Current	**1,21,75,406**	3,69,03,009
Increase in Other Financial Liabilities- Non Current	**11,26,043**	15,84,455
Increase/(Decrease) in Provisions	**2,60,909**	(2,18,057)
Increase in Trade receivables	**(24,69,11,554)**	(8,25,17,400)
Decrease in Inventories	**14,09,21,174**	1,94,23,621
Decrease/(Increase) Other Financial assets	**2,08,881**	(3,65,168)
Decrease Other Current Assets	**2,75,512**	89,40,895
Cash generated from operations	**10,91,28,517**	10,26,72,368
Direct taxes paid (net of refunds)	**11,44,703**	(43,95,831)
Net cash from/ (used in) Operating activities (A)	**11,02,73,220**	9,82,76,537
Cash flows from Investing activities		
Payments for property, plant and equipment	**(3,22,13,463)**	(8,61,89,996)
Net cash used in Investing activities (B)	**(3,22,13,463)**	(8,61,89,996)
Cash flows from Financing activities		
Proceeds from Inter Corporate Deposit	**4,00,00,000**	20,00,00,000
Repayment of Inter Corporate Deposit	**(16,00,00,000)**	(8,00,00,000)
Proceeds from Borrowings	**23,00,00,000**	22,50,00,000
Repayment of Borrowings	**(5,99,94,750)**	(25,07,00,000)
Interest Paid	**(12,17,65,573)**	(10,85,44,890)
Net cash used in Financing activities (C)	**(7,17,60,323)**	(1,42,44,890)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**62,99,434**	(21,58,349)
Cash and cash equivalents at the beginning of the period	**1,08,48,176**	1,30,06,525
Cash and cash equivalents at the end of the period	**1,71,47,610**	1,08,48,176
Components of cash and cash equivalents		
Cash on hand	**–**	–
With banks		
– on current account	**1,71,47,610**	48,48,176
– Deposit with original maturity of less than three months	**–**	60,00,000
Total cash and cash equivalents	**1,71,47,610**	1,08,48,176

See accompanying notes which are an integral part of the financial statements.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Geetha Suryanarayanan
Partner

Place: Chennai
Date: 29 April, 2021

For and on behalf of the board of directors of
Mahindra Industrial Park Chennai Limited

ARVIND SUBRAMANIAN
Director
(DIN: 02551935)

NIDHI SEKSARIA
Director
(DIN: 06950793)

Vaibhav Mittal
Business Head (CEO)

Chaitanya Cherukuri
Chief Financial Officer

Aman J Desai
Company Secretary

Place: Chennai
Date: 16 April, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A. Equity Share Capital

Particulars	No. of Shares	Amount in INR
Equity Shares of Rs. 10 each issued, subscribed and fully paid		
As at 1 April, 2019	17,00,00,000	1,70,00,00,000
Issued during the year	–	–
At 31 March, 2020	**17,00,00,000**	**1,70,00,00,000**
Issued during the year	–	–
As at 31 March, 2021	**17,00,00,000**	**1,70,00,00,000**

B. Other Equity

Amounts in INR

Particulars	Reserves and Surplus		
	Securities Premium	Retained earnings	Total
As at 1 April, 2019	9,00,00,000	(7,22,56,544)	1,77,43,456
Profit for the year	–	1,38,55,041	1,38,55,041
Other Comprehensive Income/(Loss)	–	–	–
As at 31 March, 2020	**9,00,00,000**	**(5,84,01,503)**	**3,15,98,497**
Profit for the year	–	90,77,844	90,77,844
Other Comprehensive Income/(Loss)	–	–	–
As at 31 March, 2021	**9,00,00,000**	**(4,93,23,659)**	**4,06,76,341**

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Geetha Suryanarayanan
Partner

Place: Chennai
Date: 29 April, 2021

For and on behalf of the board of directors of
Mahindra Industrial Park Chennai Limited

ARVIND SUBRAMANIAN
Director
(DIN: 02551935)

NIDHI SEKSARIA
Director
(DIN: 06950793)

Vaibhav Mittal
Business Head (CEO)

Chaitanya Cherukuri
Chief Financial Officer

Aman J Desai
Company Secretary

Place: Chennai
Date: 16 April, 2021

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1. General Information

Mahindra Industrial Park Chennai Limited ("the Company") was incorporated on December 22, 2014. The Company is in the business of land development for industrial, commercial and residential use. The Company acquires land and incurs expenditure on its development and related infrastructure facilities for lease/sale. The Company is developing a 260-acre Industrial Park in North Chennai on NH 15.

The Company is a joint venture between Mahindra World City Developers Limited and Sumitomo Corporation SC of Japan.

2. Significant Accounting Policies

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with IND AS notified under the Companies (Indian Accounting Standards) Rules, 2015 to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 (to the extent notified and applicable). The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.3.1 Land Lease Premium

Land lease premium is recognized as income upon creation of leasehold rights in favour of the lessee or upon an agreement to create leasehold rights with handing over of possession.

2.3.2 Income from sale of land

Revenue from sale is recognized upon transfer of title to the acquirer.

2.3.3 Income from O&M

Income from operation & maintenance charges and water charges are recognized on an accrual basis as per terms of the agreement with the lessees.

2.3.4 Dividend and interest income

Dividend income from investment in mutual funds is recognised when the unit holder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

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

2.4 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.4.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates applicable for the financial year.

2.4.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.4.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.5 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.6 Goods and Services Tax (GST)

GST credit on materials purchased/services availed for construction / Input services are taken into account at the time of purchase. GST input credit is accounted for in the books in the period in which the underlying service / goods received is accounted and when there is no uncertainty in availing/ utilising the credits. GST credit on purchase of capital items wherever applicable are taken into account as and when the assets are acquired. The GST credits so taken are utilised for payment of GST on sale of land. The unutilised GST credit is carried forward in the books.

2.7 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Work in progress includes cost of land and all expenditure incurred in connection with, or attributable to the project, and, being a long-term project, includes interest.

2.9 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.10 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) because of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.11.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.12 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.13 Foreign currency transactions and translations

Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary assets / liabilities are translated at exchange rates prevailing on the date of settlement or at the year-end as applicable, and gain / loss arising out of such translation is adjusted to the Statement of profit and loss.

2.14 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.14.1 Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

2.14.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

2.14.3 Financial assets at fair value through profit or loss (FVTPL)

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

2.14.4 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

2.14.5 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.15 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.15.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.15.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

2.15.1.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.15.1.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.16 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employees.

<u>Defined benefit plans</u>

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognized in the other comprehensive income is reflected immediately in the retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

<u>Short-term employee benefits</u>

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

b) in case of non-accumulating compensated absences, when the absences occur.

<u>Long-term employee benefits</u>

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

4 a. Property, Plant and Equipment

Current Year 2020-21:

(Amounts in INR)

Description of Assets	Land*	Plant & Machinery	Electronic Equipment	Furniture & Fixtures	Computers	Total
I. Gross Carrying Amount						
Balance as at 1 April, 2020	8,62,85,761	6,59,165	5,65,988	5,57,952	5,34,802	8,86,03,668
Additions	–	–	17,800	–	1,51,900	1,69,700
Disposals	–	–	–	–	–	–
Balance as at 31 March, 2021	**8,62,85,761**	**6,59,165**	**5,83,788**	**5,57,952**	**6,86,702**	**8,87,73,368**
II. Accumulated depreciation and impairment						
Balance as at 1 April, 2020	–	4,55,747	3,66,500	3,85,768	3,69,762	15,77,777
Depreciation expense for the year	–	2,03,418	1,67,759	1,72,184	1,80,673	7,24,034
Eliminated on disposal of assets	–	–	–	–	–	–
Balance as at 31 March, 2021	**–**	**6,59,165**	**5,34,259**	**5,57,952**	**5,50,435**	**23,01,811**
III. Net carrying amount (I-II)						
Balance as at 31 March, 2021	**8,62,85,761**	**–**	**49,529**	**–**	**1,36,267**	**8,64,71,556**

Previous Year 2019-20:

Description of Assets	Land*	Plant & Machinery	Electronic Equipment	Furniture & Fixtures	Computers	Total
I. Gross Carrying Amount						
Balance as at 1 April, 2019	8,62,85,761	6,59,165	5,59,188	5,57,952	5,34,802	8,85,96,868
Additions	–	–	6,800	–	–	6,800
Disposals	–	–	–	–	–	–
Balance as at 31 March, 2020	**8,62,85,761**	**6,59,165**	**5,65,988**	**5,57,952**	**5,34,802**	**8,86,03,668**
II. Accumulated depreciation and impairment						
Balance as at 1 April, 2019	–	2,52,884	1,97,122	2,14,054	2,05,173	8,69,233
Depreciation expense for the year	–	2,02,863	1,69,378	1,71,714	1,64,589	7,08,544
Eliminated on disposal of assets	–	–	–	–	–	–
Balance as at 31 March, 2020	**–**	**4,55,747**	**3,66,500**	**3,85,768**	**3,69,762**	**15,77,777**
III. Net carrying amount (I-II)						
Balance as at 31 March, 2020	**8,62,85,761**	**2,03,418**	**1,99,488**	**1,72,184**	**1,65,040**	**8,70,25,891**

Refer notes on accounts for Company's policy on recognition and measurement of Property Plant, Equipment and Depreciation Methods used.
* These lands are given under mortgage to HDFC Limited against the term loan facility. Refer note no. 13A (iii)

4 b. Capital work in progress

Movement of Capital work in progress

(Amounts in INR)

Particulars	31 March, 2021	31 March, 2020
Opening Balance	**15,11,32,553**	3,75,23,142
Additions	**1,64,88,627**	11,32,27,473
Advances made to vendors towards capital assets procurement	–	3,81,938
Subtotal	**16,76,21,179**	15,11,32,553
Capitalised during the year	–	–
Closing Balance	**16,76,21,179**	**15,11,32,553**

5. Other Financial assets

(Amounts in INR)

Particulars	As at 31 March, 2021 Non-current	As at 31 March, 2021 Current	As at 31 March, 2020 Non-current	As at 31 March, 2020 Current
Interest accrued on Fixed Deposit	–	–	–	**7,891**
Security Deposits	**4,57,352**	–	**6,58,342**	–
Total Other Financial assets	**4,57,352**	**–**	**6,58,342**	**7,891**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

6. **Income Tax**

(a) **Income Tax recognised in profit or loss**

(Amounts in INR)

Particulars	31 March, 2021	31 March, 2020
Current Tax:		
In respect of current year	–	–
Unrecognised tax loss used to reduce current tax expense	–	–
Deferred Tax:	**32,04,605**	84,67,755
Total income tax expense on income from operations	**32,04,605**	84,67,755

(b) **Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:**

(Amounts in INR)

Particulars	31 March, 2021	31 March, 2020
Profit before tax	**1,22,82,449**	2,23,22,796
Applicable Income tax rate	**25.17%**	25.17%
Expected Income tax expense	**30,91,247**	56,18,201
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Effect in deferred tax asset due to changes in tax rates in current year	–	30,84,471
Effect of other permanent differences	**43,918**	25,168
Others	**69,440**	(2,60,085)
Reported income tax expense	**32,04,605**	84,67,755

(c) **Movement in deferred tax balances**

(Amounts in INR)

Particulars	For the Year ended 31 March, 2021 Opening Balance	Recognised in Profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax Liability				
Total Deferred Tax Liability	–	–	–	–
Tax effect of items constituting deferred tax assets				
On Expenses allowed on payment basis	**2,56,072**	**65,666**	–	**3,21,738**
Carry Forward of Losses	**1,36,88,458**	**(33,64,975)**	–	**1,03,23,483**
Property, Plant and Equipment	**3,15,394**	**94,704**	–	**4,10,098**
Total Deferred Tax Asset	**1,42,59,924**	**(32,04,605)**	–	**1,10,55,319**
Net Deferred Tax Asset	**1,42,59,924**	**(32,04,605)**	–	**1,10,55,319**

Particulars	For the Year ended 31 March, 2020 Opening Balance	Recognised in Profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax Liability				
Total Deferred Tax Liability	–	–	–	–
Tax effect of items constituting deferred tax assets				
On Expenses allowed on payment basis	**3,59,780**	**(1,03,708)**	–	**2,56,072**
Carry Forward of Losses	**2,22,84,533**	**(85,96,075)**	–	**1,36,88,458**
Property, Plant and Equipment	**83,366**	**2,32,028**	–	**3,15,394**
Total Deferred Tax Asset	**2,27,27,679**	**(84,67,755)**	–	**1,42,59,924**

As per IND AS -12 , Taxes on Income, Deferred tax assets shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Management expects with reasonable probability to generate adequate taxable profits to set off the carry forward losses in the near future.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

7. Inventories

(Amounts in INR)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Work in progress		
(representing cost of land and development expenditure including borrowing costs)	**2,70,95,15,128**	2,84,99,94,874
Materials in stock	**56,78,296**	61,19,724
Total Inventories	**2,71,51,93,424**	2,85,61,14,598

7.1 Inventories are stated at the lower of cost and net realisable value. Based on detailed assessment and evaluation of impact of the COVID-19 pandemic, the management concluded that the realisable value of these inventories will not be lower than the carrying value as stated above.

7.2 Part of these lands included under work in progress are given under mortgage to HDFC Limited against the term loan facility. Refer note no. 13A(iii).

7.3 The Cost of projects charged to Statement of Profit and Loss in respect of lands given on lease during the year is INR. 29,51,14,439 (Previous Year: INR 28,02,92,553).

8. Trade Receivables

(Amounts in INR)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Trade Receivables:		
Unsecured Considered Good	32,94,28,954	8,25,17,400
Total Trade Receivables	**32,94,28,954**	8,25,17,400

The above receivables are from leases signed during Mar-21. The company has informed that consequent to restrictions on account of pandemic situation, certain approvals are pending for the lessees impacting timely settlement; The Company has given extended credit for few receivables based on the payment commitment from the lessees.

9. Cash and bank balances

(Amounts in INR)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Cash and cash equivalents		
Balances with banks:		
– On current account	**1,71,47,610**	48,48,176
– Deposits with original maturity of less than three months	–	60,00,000
Cash on hand	–	–
Total Cash and cash equivalents	**1,71,47,610**	1,08,48,176

10. Other current assets

(Amounts in INR)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Advances to suppliers		
Unsecured considered good	–	–
	–	–
Others		
Prepaid expenses	**1,77,672**	11,29,360
Balances with statutory/government authorities	–	–
Income tax balances	**67,21,005**	78,65,708
Other Receivables	**7,84,455**	1,08,279
Total Other current Assets	**76,83,132**	91,03,347

11. Share capital

(Amounts in INR)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Authorized shares		
17,00,00,000 Ordinary Equity Shares of INR10 each	**1,70,00,00,000**	1,70,00,00,000
	1,70,00,00,000	1,70,00,00,000
Issued, subscribed and fully paid-up shares		
17,00,00,000 Ordinary Equity Shares of INR10 each	**1,70,00,00,000**	1,70,00,00,000
Total issued, subscribed and fully paid-up share capital	**1,70,00,00,000**	1,70,00,00,000

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

(Amounts in INR)

Particulars	Opening Balance	Changes during the year	Closing Balance
Equity Shares			
Year Ended March 31, 2020			
No. of Shares	17,00,00,000	–	17,00,00,000
Amount	1,70,00,00,000	–	1,70,00,00,000
Year Ended March 31, 2021			
No. of Shares	**17,00,00,000**	–	**17,00,00,000**
Amount	**1,70,00,00,000**	–	**1,70,00,00,000**

(a) Terms/ rights attached to equity shares

The Company has only one class of Equity Shares having a par value of INR 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

The dividends if any proposed by the Board of Directors are subject to the approval of the shareholders at the Annual General Meeting.

Repayment of capital will be in proportion to the number of equity shares held.

(ii) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31 March, 2021 No.	As at 31 March, 2021 % holding in the class	As at 31 March, 2020 No.	As at 31 March, 2020 % holding in the class
Equity shares with voting rights				
Mahindra World City Developers Limited	**10,20,00,000**	**60%**	10,20,00,000	60%
Sumitomo Corporation, Japan	**6,80,00,000**	**40%**	6,80,00,000	40%
(The above Enterprises have joint control over the Company)				

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

12. Other Equity

(Amounts in INR)

Particulars	Reserves and Surplus: Securities Premium	Reserves and Surplus: Retained earnings	Total
As at 1 April, 2019	9,00,00,000	(7,22,56,544)	1,77,43,456
Profit for the year	–	1,38,55,041	1,38,55,041
Other Comprehensive Income	–	–	–
As at 31 March, 2020	9,00,00,000	(5,84,01,503)	3,15,98,497
Profit for the year	–	90,77,844	90,77,844
Other Comprehensive Income	–	–	–
As at 31 March, 2021	**9,00,00,000**	**(4,93,23,659)**	**4,06,76,341**

13A. Non current borrowings

Details of Long term Borrowings of the Company:

(Amounts in INR)

Description of the instrument	Currency of Loan	Effective Interest Rate used for Discounting Cashflows	Coupon Rate	Repayment Bullet (or) Instalment	Number of Instalments	Amortised cost as at 31 March, 2021	Amortised cost as at 31 March, 2020
A. Secured Borrowings:							
a) Term Loans							
From HDFC Limited	INR	8.54%	8% - 12%	Quarterly Instalment	16	**1,29,35,67,083**	1,12,30,06,793
Total Secured Borrowings						**1,29,35,67,083**	1,12,30,06,793
Total non current borrowings						**1,29,35,67,083**	1,12,30,06,793

Term Loan from HDFC Limited

(i) Term Loan carried an interest of HDFC CPLR - 825 points. Principal to be repaid in 16 equal quarterly instalments, commencing from June 2023, after a moratorium of 72 months. Current rate of interest is 8.75% payable annually at the end of September. During the year, in November 2019, HDFC Ltd has mandated opening of an Escrow account in which all lease proceeds shall be deposited, of which 30% shall be adjusted against the principal outstanding and 30% of lease premium since received has been used in repayment of principal.

(ii) The loans are secured by equitable Mortgage by deposit of title deeds of 148.90 acres of land in Gummidipoondi and Ponneri Taluk with carrying value on INR 19144 Lakhs (PY 176.93 acres with a carrying value of INR 21795 Lakhs).

13B. Short Term Loan (Amortised cost)

(Amounts in INR)

Description of the instrument	Currency of Loan	Coupon Rate	As at 31 March, 2021	As at 31 March, 2020
A. Unsecured Borrowings at amortised cost:				
From Mahindra Residential Developers Limited - Loan repayable on demand after 3 months from the date of draw down	INR	8.50% to 9.50%	–	12,00,00,000
Total Unsecured Borrowings			–	12,00,00,000
Total Short Term Loans			–	12,00,00,000

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

14. Other Financial liabilities

(Amounts in INR)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Non Current		
Security Advances received	**32,10,498**	20,84,455
	32,10,498	20,84,455
Current		
Capital Creditors*	**2,45,76,312**	4,01,31,448
Interest accrued but not due- Refer Note 13A(i)	**5,71,99,034**	6,30,63,775
Accrued Expenses	**11,41,06,103**	8,89,30,697
Security deposit received from Customer	–	1,30,00,000
	19,58,81,449	20,51,25,920
Total Other Financial Liabilities	**19,90,91,947**	20,72,10,375

* Capital creditors include payables to vendors registered under MSMED Act INR 23,45,262/- (Previous year INR INR 25,52,804/-)

15. Provisions

(Amounts in INR)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Non Current		
Provision for Gratuity	**5,98,695**	5,02,660
Provision for Compensated Absences	**5,72,788**	4,38,720
Total Non Current Provisions	**11,71,483**	9,41,380
Current		
Provision for Gratuity	**31,514**	28,141
Provision for Compensated Absences	**75,363**	47,930
Total Current Provisions	**1,06,877**	76,071

16. Trade Payables

(Amounts in INR)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Trade payable - Micro and small enterprises	**17,11,607**	1,87,235
Trade payable - Other than micro and small enterprises	**3,51,83,705**	1,92,98,363
	3,68,95,312	1,94,85,598

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

There are no overdue amounts payable to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 as at the balance sheet or any time during the year. Accordingly there is no interest paid or payable. The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.

17. Other Current Liabilities

(Amounts in INR)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Statutory dues payable	6,35,49,483	93,49,408
Total Other Current Liabilities	**6,35,49,483**	93,49,408

18. Revenue from Operations

(Amounts in INR)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Land Lease Premium	40,77,97,500	40,50,17,500
Other Operating income	19,14,727	50,000
Total Revenue from Operations	**40,97,12,227**	40,50,67,500

19. Decrease/(Increase) in inventories of work-in-progress and materials in stock

(Amounts in INR)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Opening Stock		
Work-in-progress*	**2,84,99,94,874**	2,86,67,98,548
Materials in stock	**61,19,724**	87,39,671
Total Opening Stock	**2,85,61,14,598**	2,87,55,38,219
Closing Stock		
Work-in-progress*	**2,70,95,15,128**	2,84,99,94,874
Materials in stock	**56,78,296**	61,19,724
Total Closing Stock	**2,71,51,93,424**	2,85,61,14,598
Total Decrease/(Increase) in inventories of work-in-progress and materials in stock	**14,09,21,174**	1,94,23,621

* Work-in-progress includes cost of land, development expenditure and borrowing costs inventorised.

20. Employee Benefits Expense

(Amounts in INR)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Salaries & Wages	**3,16,68,154**	3,10,89,570
Contribution to provident and other funds	**4,90,283**	5,37,350
Staff welfare expenses	**1,79,215**	9,85,702
Total Employee Benefits Expense	**3,23,37,652**	3,26,12,622

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

21. Finance Costs

(Amounts in INR)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Interest on Term Loan	**11,28,72,141**	10,54,50,242
Interest on loan- others	**81,91,574**	59,71,244
Less: Interest cost transferred to CWIP	**(46,07,841)**	(49,25,469)
Total*	**11,64,55,874**	10,64,96,017
* Of the above, interest cost added to Work in progress inventory	**8,26,61,420**	7,69,70,647
Interest earned out of temporary parking of borrowed funds and netted off against this expense:	**65,340**	4,94,726

Analysis of Interest Expenses by Category

(Amounts in INR)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Interest Expenses		
On Financial Liability at Amortised Cost	**12,10,63,715**	11,14,21,486

22. Other expenses

(Amounts in INR)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Rent*	**7,68,000**	8,28,000
Insurance expenses	**1,65,268**	3,15,653
Legal and professional fees	**55,61,157**	56,29,276
Payment to auditor (Refer details below)	**9,00,600**	9,58,007
Commission	**1,83,94,412**	1,82,25,787
Foreign Exchange Loss	**18,019**	18,29,181
Advertisement, Marketing & Business Development	**26,14,792**	79,06,257
Travelling & Conveyance	**5,67,622**	25,27,442
Directors Sitting fees	**2,40,000**	2,00,000
Printing & Stationery	**2,48,767**	2,21,190
Rates & Taxes incl. ROC filing fees	**40,24,426**	6,678
Repairs & Maintenance	**15,75,172**	6,53,334
Communication and network expenses	**8,74,782**	8,50,008
Donations	**1,74,500**	1,00,000
Bank Charges	**11,811**	12,714
Miscellaneous Expenses	**5,986**	23,129
Total Other expenses	**3,61,45,314**	4,02,86,656

* towards operating lease of premises occupied by the company, cancellable at the option of both the parties to the lease.

(Amounts in INR)

Payment to auditor (excluding taxes)	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Audit Fees	**7,00,000**	7,00,000
Certification and Other Services	**2,00,000**	2,00,000
Out of Pocket Expenses	**600**	58,007
	9,00,600	9,58,007

23. Earnings per share (EPS)

(Amounts in INR)

Particulars	31 March, 2021 Per Share	31 March, 2020 Per Share
Basic/Diluted Earnings per share		
From continuing operations (INR) per share	**0.05**	0.08
Total basic/diluted earnings per share	**0.05**	0.08

Basic/Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	31 March, 2021	31 March, 2020
Profit for the year attributable to owners of the Company	**90,77,844**	1,38,55,041
Weighted average number of equity shares	**17,00,00,000**	17,00,00,000
Earnings per share from continuing operations - Basic/Diluted	**0.05**	0.08

24. Employee Benefits

a) Defined Contribution plans

The Company makes Provident fund contribution to defined contribution plans for the employees. Under the scheme, the company is required to contribute a specified percentage of the payroll cost to fund the benefits. The Company recognized INR 4,90,283 (Previous Year : INR 5,37,350) for Provident fund & Other funds contributions in the Statement of Profit and Loss. The contributions payable to these plans by the company are at rates specified in the rules of the scheme.

b) Defined Benefit Plans

The Company's obligation towards gratuity is defined benefit plan. The gratuity expense is included under 'Employee Benefit Expenses' in Note 21 Employee benefits expense. The details of actuarial valuation are given below:

(Amounts in INR)

		Gratuity (Un–Funded) 2020–21	2019–20
i.	**Net Asset/ (Liability) recognized in the balance sheet**		
	Present Value of Defined Benefit Obligation	**6,30,209**	5,30,801
	Fair Value of Plan assets	–	–
	Liability (Asset) recognised in the balance sheet	**6,30,209**	5,30,801
ii.	**Expense recognized in the Statement of Profit & Loss**		
	Past service cost	–	–
	Current Service cost	**1,20,782**	1,20,782
	Interest cost	**36,645**	36,645
	Expected return on plan assets	–	–
	Actuarial (gains)/Losses	**1,11,983**	1,11,983
	Total expenses	**2,69,410**	2,69,410
iii.	**Amounts recognized in other comprehensive income**	–	–
iv.	**Change in present value of Defined Benefit obligation**		
	Present Value of the obligation at the beginning of the year	**5,30,801**	7,79,657
	Past service cost	–	–
	Current Service cost	**2,06,901**	1,20,782
	Interest Cost	**34,502**	36,645
	Actuarial (Gains) /Losses	**(1,41,995)**	1,11,983

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Amounts in INR)

	Gratuity (Un–Funded) 2020–21	2019–20
Benefits Paid	–	(5,18,266)
Present value of the obligation as at the end of the year	**6,30,209**	5,30,801

v. **Principal actuarial assumptions**

	2020–21	2019–20
Discount Rate	**6.54%**	6.50%
Salary Growth Rate	**8.00%**	10.00%
Attrition rate	**10.00%**	10.00%

vi Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

			Impact on defined benefit obligation	
	Year	Change in Assumption	Increase in assumption	Decrease in assumption
Discount Rate	**2021**	**0.50%**	**6,20,035**	**6,60,476**
	2020	0.50%	5,04,726	5,59,216
Salary Growth Rate	**2021**	**0.50%**	**6,61,210**	**6,01,701**
	2020	0.50%	5,59,214	5,04,235

Maturity profile of defined benefit obligation:

	2020-21	2019-20
Year 1	**26,211**	24,317
Year 2	**31,384**	24,082
Year 3	**42,138**	28,198
Year 4	**59,904**	36,007
Year 5	**60,969**	45,710
Next 5 Years	**2,80,066**	2,21,642

c) **Compensated Absences**

The key assumptions used in the computation of provision for long term compensated absences as per the Actuarial Valuation are as given below:

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Discount rate	**6.54%**	6.50%
Salary Growth rate	**8.00%**	10.00%
Attrition rate	**10.00%**	10.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

25. Related party disclosures

Names of related parties and related party relationship

Enterprises having joint control over the Company:	Mahindra World City Developers Limited Sumitomo Corporation, Japan
Key managerial persons:	
Chief Financial Officer	Chaitanya Cherukuri
Company Secretary	Mr. Aman Desai
Business Head	Mr. Vaibhav Mittal (wef 19 April,2019)

Related party transactions

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

(Amounts in INR)

Nature of transactions with Related Parties	For the year ended	Mahindra World City Developers Limited	Sumitomo Corporation, Japan	KMP
Purchase of Land	**31-Mar-21**	–	–	–
	31-Mar-20	4,49,80,000	–	–
Professional services received	**31-Mar-21**	**39,24,000**	–	–
	31-Mar-20	52,16,000	–	–
Commission	**31-Mar-21**	**1,25,01,675**	**58,49,213**	–
	31-Mar-20	–	1,84,03,286	–
Professional services charged	**31-Mar-21**	**13,20,000**	–	–
	31-Mar-20	13,20,000	–	–
Others Services received	**31-Mar-21**	**4,15,198**	–	–
	31-Mar-20	3,93,343	–	–
Reimbursement of Expenses-Given	**31-Mar-21**	–	–	–
	31-Mar-20	38,64,107	–	–
Reimbursement of Expenses-Taken	**31-Mar-21**	–	–	–
	31-Mar-20	3,96,659	–	–
Sale of Fixed Asset (Car)	**31-Mar-21**	–	–	–
	31-Mar-20	–	–	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Amounts in INR)

Nature of transactions with Related Parties	For the year ended	Mahindra World City Developers Limited	Sumitomo Corporation, Japan	KMP
Managerial remuneration				
- Business Head	**31-Mar-21**	–	–	**82,53,172**
	31-Mar-20	–	–	72,63,804
- Company Secretary	**31-Mar-21**	–	–	**7,66,364**
	31-Mar-20	–	–	7,63,578
- Chief Financial Officer	**31-Mar-21**	–	–	**21,66,026**
	31-Mar-20	–	–	21,77,545

The following table provides the balances with related parties as on the relevant date:

(Amounts in INR)

Nature of Balances with Related Parties	Balance as on	Mahindra World City Developers Limited	Sumitomo Corporation, Japan
Payable	**31-Mar-21**	**1,60,99,239**	**52,64,291**
	31-Mar-20	3,34,363	86,99,583

26 Fair Values

The following tables show the carrying amount and fair values of financial assets and financial liabilities by categories:

(Amounts in INR)

Particulars	Carrying Value 31-Mar-21	Carrying Value 31-Mar-20	Fair value as at 31-Mar-21	Fair value as at 31-Mar-20
Financial assets				
Cash and Cash Equivalents	**1,71,47,610**	1,08,48,176	**1,71,47,610**	1,08,48,176
Other Financial Assets	**4,57,352**	6,66,233	**4,57,352**	6,66,233
Trade Receivables	**32,94,28,954**	8,25,17,400	**32,94,28,954**	8,25,17,400
Total financial assets	**34,70,33,916**	9,40,31,809	**34,70,33,916**	9,40,31,809
Financial liabilities				
Borrowings	**1,29,35,67,083**	1,12,30,06,793	**1,29,35,67,083**	1,12,30,06,793
Short Term Loans	–	12,00,00,000	–	12,00,00,000
Trade Payables	**3,68,95,312**	1,94,85,598	**3,68,95,312**	1,94,85,598
Other Financial Liabilities	**19,90,91,947**	20,72,10,375	**19,90,91,947**	20,72,10,375
Total financial liabilities	**1,52,95,54,342**	1,46,97,02,766	**1,52,95,54,342**	1,46,97,02,766

The management assessed that the fair value of cash and cash equivalents, trade receivables, other financial assets and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the Company's interest-bearing borrowings are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

27. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

Management's impact assessment on the COVID-19 pandemic:

The company assessed its performance and future business projections in light of the current development of pandemic outbreak worldwide and has reassessed the impact that it may cause on the company's financial and operational performance. The company's enquires and prospects has have not been affected, however it is experiencing delays in getting deals concluded and signing of lease deeds, which may have an impact on the inflow of receivables. However, the management expects the company's operations to be normal, provided , unless with any new lockdown restrictions that might be announced by the Government of Tamil Nadu / India. The same might delay project development works and may have an impact on overall collections through the financial year. The company has sufficient inflows and term loan facilities available to meet the project costs and pay off for the vendors and bankers in the immediate 12 months from the date of approval of these financial statements. The company expects no additional inflow of capital towards currently planned development, however it might resort to additional funds through loans funds. Based on the above assessment, the management is of the view that the company will be able to continue as a 'Going Concern' while maximising the return to stakeholders through the optimisation of its debt and equity balance.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the significant effect on the amounts recognised in the financial statements:

Estimates

Estimation uncertainty relating to the global health pandemic on COVID-19

In assessing the recoverability of receivables and contract costs, the Company has considered internal and external information up to the date of approval of these financial statements including Government policies, commitments made during the Global

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Investors' Meet in Tamilnadu, credit reports and various economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

Taxes

Deferred tax assets are recognised for unused tax losses and other temporary differences leading to deferred tax assets to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Estimation of net realisable value for inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value of inventories under construction is assessed with reference to the market prices at the reporting date less estimated costs to complete the construction and less an estimate of the time value of money to the date of completion if material. The market prices bear reference to the recent selling prices. The costs to complete the construction are estimated by management.

Fair value measurement of financial instruments

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

28. Capital management

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

The Company's objective when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide return for shareholders and benefits for other stakeholders and
- Maintain an optimal capital structure to reduce the weighted cost of capital.

In order to maintain or adjust the capital structure , the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares, or sell non-core assets to reduce the debt.

The Company is not subject to any externally imposed capital requirements.

Debt-to-equity ratio as of 31 March, 2021 and 31 March, 2020 is as follows:

(Amounts in INR)

	31-Mar-2021	31-Mar-2020
Debt (A)	**1,35,07,66,117**	1,30,60,70,568
Equity (B)	**1,74,06,76,341**	1,73,15,98,497
Debt Equity Ratio (A/B)	**0.78**	0.75

Categories of financial assets and financial liabilities

(Amounts in INR)

	As at 31 March, 2021			
	Amortised Costs	FVTPL	FVOCI	Total
Non- Current Assets				
Other financial assets	**4,57,352**	–	–	**4,57,352**
Current Assets				
Trade Receivables	**32,94,28,954**	–	–	**32,94,28,954**
Cash and Cash equivalents	**1,71,47,610**	–	–	**1,71,47,610**
Other financial assets	–	–	–	–
	34,70,33,916	–	–	**34,70,33,916**
Non-current Liabilities				
Borrowings	**1,29,35,67,083**	–	–	**1,29,35,67,083**
Other financial liabilities	**32,10,498**	–	–	**32,10,498**
Current Liabilities				
Short Term Loan	–	–	–	–
Trade Payables	**3,68,95,312**	–	–	**3,68,95,312**
Other financial liabilities	**19,58,81,449**	–	–	**19,58,81,449**
	1,52,95,54,342	–	–	**1,52,95,54,342**

(Amounts in INR)

	As at 31 March, 2020			
	Amortised Costs	FVTPL	FVOCI	Total
Non- Current Assets				
Other financial assets	6,58,342	–	–	6,58,342
Current Assets				
Trade Receivables	8,25,17,400	–	–	8,25,17,400
Cash and Cash equivalents	1,08,48,176	–	–	1,08,48,176
Other financial assets	7,891	–	–	7,891
	9,40,31,809	–	–	9,40,31,809

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Amounts in INR)

	As at 31 March, 2020			
	Amortised Costs	FVTPL	FVOCI	Total
Non-current Liabilities				
Borrowings	1,12,30,06,793	–	–	1,12,30,06,793
Other financial liabilities	20,84,455	–	–	20,84,455
Current Liabilities				
Short Term Loan	12,00,00,000	–	–	12,00,00,000
Trade Payables	1,94,85,598	–	–	1,94,85,598
Other financial liabilities	20,51,25,920	–	–	20,51,25,920
	1,46,97,02,766	–	–	1,46,97,02,766

29. Financial Risk Management Framework

The Company's principal financial liabilities comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and cash equivalents that are directly derived out of equity.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

Credit risk arises when a counterparty defaults on its contractual obligations to pay, resulting in financial loss to the Company.

Credit risk related to financial instruments

Credit risk from balances with banks and financial institutions is managed in accordance with the Company's policy. The Company has not created any Investments of surplus funds in any other instruments as of date and hence the company is not exposed to any credit risk in this respect.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(Amounts in INR)

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31-Mar-21				
Trade and other payables	**3,68,95,312**	–	–	–
Variable interest rate instruments	–	**32,33,91,771**	**98,74,13,479**	–
Total	**3,68,95,312**	**32,33,91,771**	**98,74,13,479**	–
31-Mar-20				
Trade and other payables	**1,94,85,598**	–	–	–
Variable interest rate instruments*	**12,00,00,000**	–	**1,14,08,00,000**	–
Total	**13,94,85,598**	–	**1,14,08,00,000**	–

* Of the above INR 20 cr repaid on April 10, 2019

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

The Company undertakes transactions denominated in foreign currencies only for the purchases of the components which are required to be imported for carry out the construction activities; consequently, exposures to exchange rate fluctuations arise, but the same is very nominal in nature as compared to the size of the operations if the Company.

The Company manages its foreign currency risk by forward contracts that are expected to occur within a maximum 12 month from the entering of a contract.

The Company's exposure to foreign currency changes for all other currencies is not material.

Interest rate risk

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

As at 31st March, 2021 and 31st March, 2020 100% of borrowings are at Variable rate.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(Amounts in INR)

	Increase/ decrease in basis points	Effect on financial statements* (Increase)/ Decrease
31-Mar-21		
INR	**+50**	(81,70,985)
INR	**-50**	81,70,985
31-Mar-20		
INR	+50	(63,04,000)
INR	-50	63,04,000

* Since the finance cost of the company is being capitalised to qualifying assets, the impact as above will be on the carrying value of inventory.

30. Capital & other Commitments

Estimated amount of contracts remaining to be executed towards construction of capital assets as at March 31, 2021 - INR 42,42,009 (As at March 31, 2020- INR 2,04,83,473).

31. Segment information

Based on the internal reporting provided to the Chief Operating Decision Maker (CODM), business of acquiring, development and maintenance of industrial parks is the only reportable segment of the Company. Accordingly, the amounts appearing in these financial statements relate to this operating segment. Further the company does not have any separate geographic segment other than India.

32. Other Notes

i. The Company does not have any pending litigations which will impact its financial position as at March 31, 2021

ii. The Company does not have any long-term contracts requiring provision for any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has not made any donations to Political parties during the year

v. As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013, the provisions relating to Corporate Social Responsibility (CSR) are currently not applicable to the Company.

vi. The Company has an unhedged foreign exchange exposure as at March 31, 2021 and 31 March 2020 as follows:

Particulars	**Currency**	**Amount in Foreign Currency**	Amount in INR.
Trade Payable- as at March 31, 2021	**USD**	**72,541**	**52,64,291**
Trade Payable- as at March 31, 2020	USD	1,14,975	86,99,583

33. Approval of financial statements

The financial statements were approved for issue by the Board of directors in their meeting held on April 16, 2021.

For and on behalf of the board of directors of
Mahindra Industrial Park Chennai Limited

ARVIND SUBRAMANIAN
Director
(DIN: 02551935)

NIDHI SEKSARIA
Director
(DIN: 06950793)

Vaibhav Mittal
Business Head (CEO)

Chaitanya Cherukuri
Chief Financial Officer

Aman J Desai
Company Secretary

Place: Chennai
Date: 16 April, 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA HOMES PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Mahindra Homes Private Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to Note 27 of the financial statements, which describes that the potential impact of COVID-19 pandemic on the financial statements of the Company are dependent on future developments, which remain uncertain.

Our opinion is not modified in respect of this matter.

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

      In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Signature
Ketan Vora
Partner
Membership No. 100459
(UDIN: 21100459AAAAJR2098)

Place: Mumbai
Date: 21 April 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **Mahindra Homes Private Limited** ("the Company") as of 31 March, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
Membership No. 100459
(UDIN: 21100459AAAAJR2098)

Place: Mumbai
Date: 21 April 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Mahindra Homes Private Limited of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, Plant and Equipment).

(b) The fixed assets (Property Plant and Equipment) were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the fixed assets (Property Plant and Equipment) at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the Company does not have any immovable properties of freehold or leasehold land and building other than administrative block and project facilities, temporarily constructed at project sites and capitalized as Buildings, hence reporting under clause (i)(c) of the Order is not applicable.

(ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of title deeds, site visits by the Management and certification of extent of work completion by competent persons, are at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

(iv) The Company has not granted any loans or provided guarantees, under the provisions of Section 185 of the Act. Provisions of Section 186 are not applicable to the Company, it being a Company engaged in the business of providing infrastructure facilities.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and the provisions of Sections 73 to 76 of the Companies Act, 2013 are not applicable and hence reporting under clause 3 (v) of Order is also not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Income Tax, Goods and Services Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities. The provisions of Provident Fund, Employees' State Insurance, Service Tax, Value added Tax and Excise Duty are not applicable to the operations of the Company.

(b) There were no undisputed amounts payable in respect of Income tax, Goods and Service tax, cess and other material statutory dues in arrears as at 31 March, 2021 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Goods and Service tax and Customs duty which have not been deposited as on 31 March, 2021 on account of disputes except as given below:

Name of the Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount In Rs. Lakhs
Finance Act, 1994	Service Tax	Appellate Authority- up to Commissioners	FY 2015-16 to FY 2017-18	153.76
Finance Act, 1994	Service Tax	Appellate Authority- up to Commissioners	FY 2014-15 to FY 2017-18	74.58
Finance Act, 1994	Service Tax	Appellate Authority- up to Commissioners	FY 2014-15 to FY 2017-18	51.20
Finance Act, 1994	Service Tax	Appellate Authority- up to Commissioners	FY 2013-14 to FY 2017-18	1,885.80

In our opinion and according -to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to Banks and dues to debenture holders. The Company has not taken any loans or borrowings from debenture holders and government.

(viii) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(ix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(x) In our opinion and according to the information and explanations given to us, the Company has not paid or provided any managerial remuneration during the year, hence compliance with the provisions of Section 197, read with Schedule V of the Act are not applicable to the Company.

(xi) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xii) According to the information and explanations given to us, in terms of Rule 4 of the Companies (Appointment and qualification of Directors) Rules, 2014 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, provisions of Section 177 of the Act are not applicable to the Company.

In our opinion and according to the information and explanations given to us, the Company has complied with other provisions of Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiii) During the year, the Company has not made any preferential allotment or private placement of shares of fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xiv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding Company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xv) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
Membership No. 100459
(UDIN: 21100459AAAAJR2098)

Place: Mumbai
Date: 21 April 2021

BALANCE SHEET AS AT MARCH 31, 2021

(Rs. in Lakh)

	Note No.	As at March 31, 2021	As at March 31, 2020
I ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3	**9.20**	19.24
(b) Financial Assets	9		
(i) Other Financial Assets		**87.28**	84.38
(c) Other Non-current assets	5	**742.69**	734.91
Total Non-current Assets		**839.17**	838.53
2 Current assets			
(a) Inventories	6	**44,748.07**	62,164.11
(b) Financial assets			
(i) Trade Receivables	7	**2,878.51**	2,398.50
(ii) Cash and Cash Equivalents	8	**4,710.88**	3,199.79
(iii) Bank Balances other than (ii) above	8	**957.66**	4,256.62
(iv) Other Financial Assets	9	**370.24**	8.42
(c) Other current assets	5	**29,279.68**	30,061.97
Total Current Assets		**82,945.04**	102,089.41
TOTAL ASSETS (1+2)		**83,784.21**	102,927.94
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share capital	10	**95.13**	95.13
(b) Other Equity	11	**43,756.26**	42,571.01
Total Equity		**43,851.39**	42,666.14
Liabilities			
2 Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	12	**–**	3,000.00
Total Non-Current Liabilities		**–**	3,000.00
3 Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	12	**7,981.78**	4,728.12
(ii) Trade Payables			
Total outstanding dues of micro enterprises and small enterprises and	13	**977.08**	473.34
Total outstanding dues of creditors other than micro enterprises and small enterprises	13	**3,602.26**	5,701.71
(iii) Other financial liabilities	14	**15,703.64**	35,342.56
(b) Other Current Liabilities	16	**11,407.38**	10,755.39
(c) Provisions	15	**218.97**	218.97
(d) Current Tax Liabilities (Net)	17	**41.71**	41.71
Total Current Liabilities		**39,932.82**	57,261.80
TOTAL EQUITY & LIABILITIES (1+2+3)		**83,784.21**	102,927.94

Summary of Significant Accounting Policies
The accompanying notes 1 to 33 are an integral part of these financial statements.

As per our report of even date
For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:- 117366W/W-100018

Ketan Vora
Partner

Place: Mumbai
Date: April 21, 2021

For and on behalf of the Board of Directors of
Mahindra Homes Private Limited

Arvind Subramanian
DIN No. 02551935

Place: Mumbai
Date: April 21, 2021

Vimal Agarwal
DIN No. 07296320

Place: Mumbai
Date: April 21, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(Rs. in Lakh)

		Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
I	**Income**			
	(a) Revenue from operations	18	**24,401.23**	42,155.70
	(b) Other income	19	**286.59**	411.25
	Total income (a+b)		**24,687.82**	42,566.95
II	**Expenses**			
	(a) Construction Expenses incurred	20A	**3,723.93**	28,910.63
	(b) Changes in inventories of raw materials, work-in-progress and stock-in-trade	20B	**17,416.06**	24,596.65
	(c) Finance Costs	22	**595.54**	1,883.08
	(d) Depreciation Expense	3	**10.53**	104.35
	(e) Other expenses	21	**1,756.51**	3,767.48
	Total Expenses (a+b+c+d+e)		**23,502.57**	59,262.19
III	**Profit/ (Loss) Before Tax (I-II)**		**1,185.25**	(16,695.24)
IV	**Tax expense**			
	(a) Current tax	4a	**–**	–
	(b) Deferred tax	4a	**–**	2,241.01
	Total tax expense (a+b)		**–**	2,241.01
V	**Profit/ (Loss) After Tax (III-IV)**		**1,185.25**	(18,936.25)
VI	**Other Comprehensive Income (B)**		**–**	–
	Total Comprehensive Income/(Loss) for the year (V+VI)		**1,185.25**	(18,936.25)
VII	**Earnings per equity share (Face value: Rs 10/share)**			
	Basic			
	(a) Class B Equity Shares (In Rs.)	23	**919.89**	(19,381.29)
	(b) Class C Equity Shares (In Rs.)	23	**919.89**	(56,898.45)
	Diluted			
	(a) Class B Equity Shares (In Rs.)	23	**919.89**	(19,381.29)
	(b) Class C Equity Shares (In Rs.)	23	**919.89**	(56,898.45)
	Summary of Significant Accounting Policies	2		

The accompanying notes 1 to 33 are an integral part of these financial statements.

As per our report of even date
For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:- 117366W/W-100018

Ketan Vora
Partner

Place: Mumbai
Date: April 21, 2021

For and on behalf of the Board of Directors of
Mahindra Homes Private Limited

Arvind Subramanian
DIN No. 02551935

Place: Mumbai
Date: April 21, 2021

Vimal Agarwal
DIN No. 07296320

Place: Mumbai
Date: April 21, 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

(Rs. in Lakh)

		For the year ended March 31, 2021	For the year ended March 31, 2020
A	**Cash flow from operating activities**		
	Profit/(Loss) Before Tax	**1,185.25**	(16,695.24)
	Adjustments for:		
	Provision for Defect Liabilities	**–**	53.95
	Allowance for credit Losses	**25.00**	–
	Depreciation	**10.53**	104.35
	Finance Costs	**595.54**	1,883.08
	Interest Income from Fixed Deposits	**(221.09)**	(204.45)
	Interest on Income tax Refund	**(12.17)**	–
	Adjustment of Inventories on account of Net realisable value	**10.68**	19,640.90
	Operating Profit before working capital changes	**1,593.74**	4,782.59
	Changes in working capital:		
	Decrease in trade and other payables	**(124.81)**	(14,836.96)
	Decrease in trade and other receivables	**276.95**	22,581.32
	Decrease in inventories	**17,649.32**	6,904.32
	Cash generated from operations	**19,395.20**	19,431.27
	Income taxes refund/(paid)	**4.40**	(349.07)
	Net cash generated by operating activities (A)	**19,399.60**	19,082.20
B	**Cash flows from Investing activities**		
	Payment to acquire property, plant and equipment	**(0.49)**	(3.28)
	Interest received	**225.67**	222.28
	Changes in earmarked balances amd margin accounts with banks	**(374.51)**	(340.05)
	Bank deposits (net)	**3,304.47**	(2,054.66)
	Net cash generated from/(used in) Investing activities (B)	**3,155.14**	(2,175.71)
C	**Cash flows from Financing activities**		
	Proceeds from Short Term Borrowings (Net)	**3,253.66**	(430.03)
	Repayment of Long Term Borrowings	**(6,000.00)**	(7,744.99)
	Interest Paid	**(18,297.31)**	(7,254.37)
	Net cash flow used in Financing activities (C)	**(21,043.65)**	(15,429.39)
	Net increase in cash and cash equivalents (A + B + C)	**1,511.09**	1,477.10
	Cash and cash equivalents at the beginning of the year	**3,199.79**	1,722.69
	Cash and cash equivalents at the end of the year	**4,710.88**	3,199.79

Summary of Significant Accounting Policies (Refer note 2)

The accompanying notes 1 to 33 are an integral part of these financial statements.

Notes

1 The above cash flow statement has been prepared under the 'Indirect method' as set out in "Indian Accounting Standard (Ind AS) - 7 Statement of Cash Flows".

2 Also refer Note no. 8 - Cash and Bank Balances

As per our report of even date

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm Registration Number:- 117366W/W-100018

Ketan Vora

Partner

Place: *Mumbai*
Date: *April 21, 2021*

For and on behalf of the Board of Directors of

Mahindra Homes Private Limited

Arvind Subramanian

DIN No. 02551935

Place: *Mumbai*
Date: *April 21, 2021*

Vimal Agarwal

DIN No. 07296320

Place: *Mumbai*
Date: *April 21, 2021*

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED MARCH 31, 2021

A. Equity Share Capital

(Rs. in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the Beginning of the year	**95.13**	82.32
Add: Issued during the year (refer note 10)	**–**	12.81
Balance at the end of the year	**95.13**	95.13

B. Other Equity

(Rs. in Lakh)

Particulars	Equity component of compound financial instruments *	Securities Premium	Retained earnings	Debenture Redemption Reserve	Total
As at March 31 2019	0.00	194.96	(4,333.89)	1,625.00	(2,513.93)
(Loss) for the year	–	–	(18,936.25)	–	(18,936.25)
Transfer to Debenture Redemption Reserve	–	–	1,025.00	(1,025.00)	–
Securities Premium received on conversion of Optionally Convertible Debentures (OCD) and Compulsory Convertible Debentures (CCD)	–	64,021.19	–	–	64,021.19
As at March 31 2020	**0.00**	**64,216.15**	**(22,245.14)**	**600.00**	**42,571.01**
Profit for the year	–	–	1,185.25	–	1,185.25
Transfer from Debenture Redemption Reserve#	–	–	600.00	(600.00)	
As at March 31 2021	**0.00**	**64,216.15**	**(20,459.89)**	**–**	**43,756.26**

Summary of Significant Accounting Policies (refer note 2)

The accompanying notes 1 to 33 are an integral part of the financial statements.

* **Equity component of compound financial instruments:** This amount relates to equity component of convertible preference shares as per the requirements of Ind AS 32. The liability component of preference shares is NIL (Refer Note no. 11). The equity component is Rs 20/- (Previous year Rs 20/-)

Debenture redemption reserve (DRR): Debenture Redemption Reserve balance of Rs 600 Lakhs has been transferred to Retained Earnings on account of redemption of Non Convertible Debentures during year ended 31 March 2021.

As per our report of even date
For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm Registration Number:- 117366W/W-100018

Ketan Vora
Partner

Place: Mumbai
Date: April 21, 2021

For and on behalf of the Board of Directors of
Mahindra Homes Private Limited

Arvind Subramanian
DIN No. 02551935

Place: Mumbai
Date: April 21, 2021

Vimal Agarwal
DIN No. 07296320

Place: Mumbai
Date: April 21, 2021

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. **General Information**

   Mahindra Homes Private Limited is a private company domiciled in India and was incorporated on June 2, 2010 under the provisions of the Companies Act, 1956 applicable in India. The registered office of the company is located at 5th Floor, Mahindra Tower, Worli, Mumbai – 400018. The company is engaged in the business of development of residential complexes. The Company is currently engaged in the development of residential projects in Gurugram and Bengaluru.

2. **Significant accounting policies**

2.1 Statement of compliance and basis of preparation and presentation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provisions of the act.

These aforesaid financial statements were approved by Company's Board of Directors and authorised for issue in the meeting held on April 21st, 2021.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Measurement of Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basisand measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.3 Current versus non-current classification

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Based on the nature of activity carried out by the company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 5 years for the purpose of Current – Non Current classification of assets & liabilities.

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Borrowings are classified as current if they are due to be settled within 12 months after the reporting period.

2.4 Revenue from Contracts with Customers

2.4.1 Revenue from Projects

- The Company develops and sells residential and commercial properties. Revenue from contracts is recognised when control over the property has been transferred to the customer. An enforceable right to payment does not arise until the development of the property is completed. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer and the developmentof the property is completedi.e. Completed contract method of accounting as per IND AS 115 when (a) the seller has transferred to the buyer all significant risks and rewards of ownership and the seller retains no effective control of the real estate to a degree usually associated with ownership, (b) The seller has effectively handed over possession of the real estate unit to the buyer forming part of the transaction; (c) No significant uncertainty exists regarding the amount of consideration that will be derived from real estate sales; and (d) It is not unreasonable to expect ultimate collection of revenue from buyers. The revenue is measured at the transaction price agreed under the contract.
- The Company invoices the customers for construction contracts based on achieving performance-related milestones.
- For certain contracts involving the sale of property under development, the Company offers deferred payment schemes to its customers. The Company adjusts the transaction price for the effects of the significant financing component.
- Costs to obtain contracts ("Contract costs") relate to fees paid for obtaining property sales contracts. Such costs are recognised as assets when incurred and amortised upon recognition of revenue from the related property sale contract.
- Contract assets is the Company's right to consideration in exchange for goods orservices that the Company has transferred to a customer when that right is conditioned on something other than the passage of time.

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2.4.2 Dividend and Interest income

Dividend income from investment in mutual funds is recognised when the unit holder's right to receive payment has been established.

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

2.5 Foreign exchange transactions and translation

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

2.6 Borrowing costs

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

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred

2.7 Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment.Identification of a lease requires significant judgment.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

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

Company as a lessee

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease termand a corresponding lease liability at the lease commencement datei.e. the date at which the leased asset is available for use by the Company. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

2.8 Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.8.1 Current tax

Current tax payable is determined as the amount of tax payable in respect of taxable profit for the year. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.8.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.8.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9 Property, plant and equipment

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Furniture and Fixtures and Office equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognisedso as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation on tangible fixed assets is provided on pro-rata basis on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except for certain assets as indicated below -

	Useful lives estimated by the management (years)
Computers	3 to 6
Furniture	5
Building - Office/Commercial constructed at site	5

2.10 Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of the value in use or fair value less cost to sell, of the asset or cash generating unit, as the case may be, is estimated and the impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.11 Inventories

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest & manpower costs and expenses incidental to the projects undertaken by the Company.

2.12 Cost of Construction/Development:

Cost of Construction/Development (including cost of land) incurred is charged to the statement of profit and loss proportionate to project area sold. Costs incurred for projects which have not received Occupancy/Completion Certificate is carried over as construction work-in-progress. Costs incurred for projects which have received Occupancy/Completion Certificate is carried over as Completed Properties.

2.13 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.14 Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS - 33 on 'Earnings per Share'.

Basic earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of Equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all diluted potential equity shares except where the results are anti- dilutive.

2.15 Provisions and Contingent Liabilities

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Provisions and contingent liabilities are reviewed at each Balance Sheet date.

2.15.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.15.2 Contingent liabilities

Contingent liability is disclosed in case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

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- a present obligation arising from past events, when no reliable estimate is possible.

2.16 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.16.1 Classification and subsequent movement

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on their respective classification.

On initial recognition, a financial asset is classified as – measured at:

- Amortised cost; or
- Fair Value through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All Financial assets are not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

Financial Assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment loss. Interest income and impairment loss are recognised in the statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

2.16.2 Impairment of financial assets

The Company applies the expected credit loss(ECL) model for recognising impairment loss on financial assets.

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the party does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

2.16.3 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in whichsubstantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised

2.17 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.17.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received, net of directly attributable transaction costs.

2.17.2 Financial Liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

2.17.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.18 Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has legally enforceable rights to set off the amount and it intended either to settle them on a net basis or to realise the assets and settle liability simultaneously.

3. Use of estimates and judgements

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the

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revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

In the process of applying the Company's accounting policies, management has made the followingjudgements, which have the significant effect on the amounts recognised in the financial statements.

A. Estimation of net realisable value for inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value of inventories under construction is assessed with reference to the market prices at the reporting date less estimated costs to complete the construction and less an estimate of the time value of money to the date of completion if material. The market prices bear reference to the recent selling prices. The costs to complete the construction are estimated by management.

B. Useful lives of Depreciable/amortisable assets

The Company reviews the useful life of depreciable/amortisable assets at the end of each reporting period. This re-assessment may result in change in depreciation expense in future periods.

C. Taxes

Deferred tax assets are recognised for unused tax losses and other temporary differences leading to deferred tax assets to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

D. Determining the timing of revenue recognition on the sale of completed and under development property

The Company has evaluated and generally concluded that the recognition of revenue over the period of time criteria are not met owing to non-enforceable right to payment for performance completed to date and, therefore, recognises revenue at a point in time. The Company has further evaluated and concluded that based on the analysis of the rights and obligations under the terms of the contracts relating to the sale of property, the revenue is to be recognised at a point in time when control transfers which coincides with receipt of Occupation Certificate.

E. Determination of performance obligations

With respect to the sale of property, the Company has concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property is to undertake development of property and obtaining the Occupation Certificate. Generally, the Company is responsible for all these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Company accounts for them as a single performance obligation because they are not distinct in the context of the contract.

3. Property, Plant and Equipment

(Rs. in Lakh)

Description of Assets	Building	Office Equipments	Furniture and Fixtures	Computers	Total
I. Gross Carrying Amount					
Balance as at April 1, 2020	452.19	114.99	238.35	56.52	862.05
Additions during the year	–	0.14	0.34	–	0.48
Deductions during the year	–	–	–	–	–
Balance as at March 31, 2021	**452.19**	**115.13**	**238.69**	**56.52**	**862.53**
II. Accumulated depreciation and impairment					
Balance as at April 1, 2020	452.18	104.59	236.50	49.53	842.80
Depreciation expense for the year	–	4.55	1.68	4.30	10.53
Deductions/adjustments during the year	–	–	–	–	–
Balance as at March 31, 2021	**452.18**	**109.14**	**238.18**	**53.83**	**853.33**
III. Net carrying amount (I-II)					
Balance as at March 31, 2021	**0.01**	**5.99**	**0.51**	**2.69**	**9.20**
At March 31, 2020	**0.01**	**10.39**	**1.85**	**7.00**	**19.24**

(Rs. in Lakh)

Description of Assets	Building	Office equipments	Furniture and Fixtures	Computers	Total
I. Gross Carrying Amount					
Balance as at April 1, 2019	452.19	114.99	238.35	53.25	858.77
Additions during the year	–	–	–	3.28	3.28
Deductions during the year	–	–	–	–	–
Balance as at March 31, 2020	**452.19**	**114.99**	**238.35**	**56.52**	**862.05**
II. Accumulated depreciation and impairment					
Balance as at April 1, 2019	402.63	87.93	204.89	43.00	738.46
Depreciation expense for the year	49.55	16.67	31.61	6.52	104.35
Deductions/adjustments during the year	–	–	–	–	–
Balance as at March 31, 2020	**452.18**	**104.59**	**236.50**	**49.53**	**842.81**
III. Net carrying amount (I-II)					
At March 31, 2020	**0.01**	**10.39**	**1.85**	**7.00**	**19.24**

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4. Tax Expense

(a) Tax Expense recognised in Statement of Profit & Loss

(Rs. in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current Tax:		
In respect of current year	–	–
Deferred Tax:		
Provision for Defect Liabilities	–	48.03
Adjustment relating to cumulative effect of applying IND AS 115 - Revenue from Contracts with Customers	–	1,994.39
Other temporary differences	–	48.21
Impact of difference in carrying amount of Property, Plant & Equipment	–	150.38
Total income tax expense	–	2,241.01

(b) Reconciliation of estimated income tax expense at tax rate to income tax expense reported in the Statement of Profit and Loss is as follows:

(Rs. in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit/(Loss) before tax	**1,185.25**	(16,695.24)
Income tax expense calculated at the statutory rate of 25.17% (29.12% for the previous year)	**298.33**	(4,861.65)
Effect of expenses that are not deductible in determining taxable profits	–	17.96
Carried Forward business loss	**(298.33)**	–
Non recognition on deferred tax asset on current year loss	–	4,843.70
Derecognition of carried forward Deferred Tax Asset	–	2,241.01
	–	2,241.01
Income tax expense recognised in profit or loss	–	2,241.01

4c Deferred Tax Assets (Net)

(i) Movement in deferred tax balances

(Rs. in Lakh)

Particulars	For the year ended 31 March 2021			
	Opening Balance as at April 1, 2020	**Recognised in profit and Loss**	**Adjusted in Opening Retained Earnings**	**Closing Balance as at March 31, 2021**
Tax effect of items constituting deferred tax assets				
Fiscal allowance on Property, Plant and Equipment	–	–	–	–
Provision for Defect Liabilities	–	–	–	–
Adjustment relating to cumulative effect of applying IND AS 115 - Revenue from Contracts with Customers	–	–	–	–
Other Temporary Differences	–	–	–	–
	–	–	–	–
Total	–	–	–	–

(Rs. in Lakh)

Particulars	For the year ended 31 March 2020			
	Opening Balance as at April 1, 2019	**Recognised in profit and Loss**	**Adjusted in Opening Retained Earnings**	**Closing Balance as at March 31, 2021**
Tax effect of items constituting deferred tax assets				
Fiscal allowance on Property, Plant and Equipment	150.38	(150.38)		–
Provision for Defect Liabilities	48.03	(48.03)		–
Adjustment relating to cumulative effect of applying IND AS 115 - Revenue from Contracts with Customers	1,994.39	(1,994.39)	–	–
Other Temporary Differences	48.21	(48.21)		–
	2,241.01	(2,241.01)	–	–
Total	2,241.01	(2,241.01)	–	–

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5. Other assets

(Rs. in Lakh)

Particulars	As at 31 March, 2021 Non-current	As at 31 March, 2021 Current	As at 31 March, 2020 Non-current	As at 31 March, 2020 Current
Advances other than capital advances				
Balances with government authorities (other than income taxes)	**–**	**1,362.42**	–	1,036.57
Prepaid Expenses	**–**	**547.75**	–	620.26
Income Tax Assets (Net)	**742.69**	**–**	734.91	–
Collaboration Advance	**–**	**26,492.67**	–	26,778.10
Other Advances #	**–**	**876.84**	–	1,627.04
Total	**742.69**	**29,279.68**	734.91	30,061.97

Other Advances comprises of Project Advances given to vendors.

6. Inventories (at lower of cost and net realisable value)

(Rs. in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw Materials	**531.84**	1,250.06
Construction work-in-progress*	**41,756.21**	42,711.11
Stock in Trade	**2,460.02**	18,202.94
Total	**44,748.07**	62,164.11

* Construction Work-in-Progress represents materials at site and construction cost incurred for the projects.

The Company is executing residential projects at NCR and Bengaluru. The residential project in NCR is a Joint Development with the land owner. The project saw a successful launch in 2015 in a buoyant market. The market has thereafter seen muted demand and declining prices. During the previous year the company also saw significant cancellations of earlier bookings. Consequently, while valuing its balance inventory as per its accounting policies, the Company has taken an impact of Rs 19,641 lakh. This has been done considering uncertain market conditions.

During the year ended 31 March 2021, the Company has taken an additional impact of Rs 10.68 Lakhs while valuing its balance inventory as per its accounting policies.

The Company has availed cash credit facilities which are secured by hypothecation of inventories.

7. Trade Receivables

(Rs. in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Receivables		
(a) Considered good- unsecured	**2,878.51**	2,398.50
(b) Credit Impaired	**25.00**	–
Less: Allowance for credit Losses	**(25.00)**	–
Total	**2,878.51**	2,398.50

7a. Movement in the allowance for credit losses

(Rs. in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at beginning of the year	**–**	–
Addition during the year	**25.00**	
Total	**25.00**	–

Refer Note 26 for disclosures related to credit risk, impairment risk of trade receivables under expected credit loss model and related financial instrument disclosures.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

8. Cash and bank balances

(Rs. in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents		
Cheques on hand	–	37.61
Balances with banks:		
– On current accounts	**121.88**	708.26
– Fixed deposits with original maturity of less than three months	**4,589.00**	2,453.92
Total Cash and cash equivalent (considered in Statement of Cash Flows)	**4,710.88**	3,199.79
Bank Balances other than Cash and cash equivalents		
Balances with Banks:		
– Earmarked Balances	**793.62**	924.74
– Towards margin money	**136.63**	–
– Fixed deposits with original maturity greater than 3 months	**27.41**	3,331.88
Total Other Bank balances	**957.66**	4,256.62

9. Other Financial assets

(Rs. in Lakh)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Non-current	Current	Non-current	Current
Other Financial assets at amortised cost				
Unsecured, considered good unless stated otherwise				
Interest accrued	**2.60**	**1.24**	–	8.42
Security Deposit with Government Authorities	**84.68**	**–**	84.38	–
Fixed Deposits towards Margin money	**–**	**344.00**	–	–
Fixed Deposits- Earmarked Balances	**–**	**25.00**	–	–
Total	**87.28**	**370.24**	84.38	8.42

10. Equity Share capital

(Rs. in Lakh)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Authorised				
Ordinary Equity Shares of Rs.10 each	**100,000**	**10.00**	100,000	10.00
Class A Equity Shares of Rs.10 each	**1,550,000**	**155.00**	1,550,000	155.00
Class B Equity Shares of Rs.10 each	**116,500**	**11.65**	116,500	11.65
Class C Equity Shares of Rs.10 each	**116,500**	**11.65**	116,500	11.65
Series A 0.01% Optionally Convertible Redeemable Preference Shares (OCRPS) of Rs.10 each	**250**	**0.03**	250	0.03
0.01% Compulsorily Convertible Preference Shares (CCPS) of Rs.10 each	**250**	**0.02**	250	0.02
Series B 0.01% Optionally Convertible Redeemable Preference Shares (OCRPS) of Rs.10 each	**116,500**	**11.65**	116,500	11.65
	2,000,000	**200.00**	2,000,000	200.00
Issued, subscribed and fully paid-up shares				
Class A Equity Shares of Rs 10 each	**822,507**	**82.25**	822,507	82.25
Class B Equity Shares of Rs 10 each	**64,423**	**6.44**	64,423	6.44
Class C Equity Shares of Rs 10 each	**64,423**	**6.44**	64,423	6.44
Series A 0.01% Optionally Convertible Redeemable Preference Shares (OCRPS) of Rs.10 each*	**1**	**0.00**	1	0.00
0.01% Compulsorily Convertible Preference Shares (CCPS) of Rs.10 each*	**1**	**0.00**	1	0.00
Total	**951,355**	**95.13**	951,355	95.13

(i) Reconciliation of the number of shares and outstanding amount

(Rs. in Lakh)

Particulars	Opening Balance	Issued during the year	Closing Balance
(a) <u>Equity Shares without Voting rights</u>			
Class B equity shares			
Year Ended 31 March 2021			
No. of Shares	**64,423**	**–**	**64,423**
Amount	**6.44**	**–**	**6.44**
Year Ended 31 March 2020			
No. of Shares	389	64,034	64,423
Amount	0.04	6.40	6.44
Class C equity shares			
Year Ended 31 March 2021			
No. of Shares	**64,423**	**–**	**64,423**
Amount	**6.44**	**–**	**6.44**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in Lakh)

Particulars	Opening Balance	Issued during the year	Closing Balance
Year Ended 31 March 2020			
No. of Shares	389	64,034	64,423
Amount	0.04	6.40	6.44
(b) Equity Shares with Voting rights			
Class A equity shares			
Year Ended 31 March 2021			
No. of Shares	**822,507**	**–**	**822,507**
Amount	**82.25**	**–**	**82.25**
Year Ended 31 March 2020			
No. of Shares	822,507	–	822,507
Amount	82.25	–	82.25
(c) Preference Shares			
Series A 0.01% Optionally Convertible Redeemable Preference Shares (OCRPS)			
Year Ended 31 March 2021			
No. of Shares	**1**	**–**	**1**
Amount*	**0.00**	**–**	**0.00**
Year Ended 31 March 2020			
No. of Shares	1	–	1
Amount*	0.00	–	0.00
0.01% Compulsorily Convertible Preference Shares (CCPS)			
Year Ended 31 March 2021			
No. of Shares	**1**	**–**	**1**
Amount*	**0.00**	**–**	**0.00**
Year Ended 31 March 2020			
No. of Shares	1	–	1
Amount*	0.00	–	0.00

This Note covers the equity component of the issued convertible preference shares

* Represents Rs 20/- (As at March 31, 2020 Rs 20/-)

(a) Terms/ rights attached to equity shares

The Company has three classes of equity shares. The details are as follows :-

Each holder of Class A Equity Share is entitled to one vote per share, shall not carry any dividend and shall not carry any economic rights. The Series A Equity Shares shall rank subordinate to the Compulsorily Convertible Preference Shares, the Series A OCRPS, the Series B OCRPS, the Series A Debentures, the Series B Debentures, the Series B Equity Shares and the Series C Equity Shares with respect to distribution rights and rights on liquidation, dissolution and winding up of the affairs of the Company.

Each holder of Class B Equity Share shall be non voting and entitled to dividend. The economic rights on Series B Equity Shares shall be for the entire Series B as a whole, with economic rights equal to 50% of the total economic rights of the Shareholders of the Company, until the Series B shareholder has achieved a 17% Internal Rate of Return (IRR) on the Investment Subscription Amount. On achieving 17% IRR by the Series B shareholder, the Series B Equity Shares to carry 35% share of the total economic rights of the Shareholders of the Company.

Each holder of Class C Equity Share shall be non voting and entitled to dividend. The economic rights on Series C Equity Shares shall be for the entire Series C as a whole, with economic rights equal to 50% of the total economic rights of the Shareholders of the Company, until the Series C shareholder has achieved a 17% IRR on the Investment Subscription Amount. On achieving 17% IRR by Series C shareholder, the Series C Equity Shares to carry 65% share of the total economic rights of the Shareholders of the Company.

(b) Terms of conversion/ redemption of Optionally Convertible Redeemable Preference Shares (OCRPS)

The Series A OCRPS shall carry a dividend, as and when declared, at the rate of 0.01% per annum (“Fixed Dividends”). The Series A OCRPS shall be non-cumulative and not carry any voting rights. One Series A OCRPS shall convert to one Series A Equity Share at the conversion Ratio at the option of the holder of the Series A OCRPS. The Series A OCRPS shall be optionally redeemable at par. In the event of liquidation of the Company, Series A OCRPS shall be deemed to have been converted into Series A Equity Shares.

(c) Terms of conversion/ redemption of Compulsorily Convertible

CCPS shall carry a dividend, as and when declared, at the rate of 0.01% per annum (Fixed Dividend). The CCPS shall be non-cumulative and shall not carry any voting rights. One CCPS Share shall convert to one Series B Equity Share. The CCPS shall be deemed to have automatically and mandatorily converted to Series B Equity Shares at the Conversion Ratio at the expiry of 12 years from the date of allotment. CCPS can be voluntarily converted to Series B Equity Shares at the option of the holder. In the event of liquidation of the Company, the CCPS shall be deemed to have been converted into Series B Equity Shares.

Note on Issue of Class B and Class C Equity Shares on conversion of Compulsory Convertible Debentures (CCD) and Optionally Convertible Debentures (OCD) during the previous year

During the previous year ended March 31, 2020, the company has converted 3,20,17,000 Series A Compulsory Convertible Debentures and 3,20,17,000 Series B Optionally Convertible Debentures and allotted to Actis Mahi Holdings (Singapore) Private Limited fully paid-up 64,034 Series B Equity Shares (non-voting rights) of the face value of Rs 10 each and to Mahindra Lifespace Developers Limited fully paid-up 64,034 Series C Equity Shares (non-voting rights) of the face value of Rs 10 each respectively.

(ii) Details of shares held by the holding company, the ultimate holding company and its subsidiaries

Particulars	Class A Equity shares with voting rights	Class C Equity shares without voting rights	Series A 0.01% Optionally Convertible Redeemable Preference Shares (OCRPS)
As at 31st March 2021			
Mahindra Lifespace Developers Ltd - the holding company			
No. of Shares	**616,879**	**64,423**	**1**
As at 31st March 2020			
Mahindra Lifespace Developers Ltd - the holding company			
No. of Shares	616,879	64,423	1

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(iii) Details of shareholders holding more than 5% shares in the company

	As at March 31, 2021		As at March 31, 2020	
Name of the shareholder	No.	% holding in the class	No.	% holding in the class
Equity shares without voting rights:-				
Class C equity Shares	64,423	100%	64,423	100%
Mahindra Lifespace Developers Limited - Enterprise having joint control over the Company				
Class B equity Share	64,423	100%	64,423	100%
Actis Mahi Holdings (Singapore) Private Limited - Enterprise having joint control over the Company				
Equity shares with voting rights				
Class A equity Share	616,879	75%	616,879	75%
Mahindra Lifespace Developers Limited - Enterprise having joint control over the Company				
Class A equity Shares	205,628	25%	205,628	25%
Actis Mahi Holdings (Singapore) Private Limited - Enterprise having joint control over the Company				
Preference Shares				
Optionally Convertible Redeemable Preference Shares (OCRPS)- Series A	1	100%	1	100%
Mahindra Lifespace Developers Limited - Enterprise having joint control over the Company				
Compulsorily Convertible Preference Shares (CCPS)- Series B	1	100%	1	100%
Actis Mahi Holdings (Singapore) Private Limited - Enterprise having joint control over the Company				

(iv) Shares reserved for issue under options

For details of shares reserved for issue on conversion of OCRPS and CCPS, please refer note 10 (b) and 10 (c) respectively regarding terms of conversion/ redemption of preference shares.

11. Other Equity

(Rs. in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Securities premium	**64,216.15**	64,216.15
Retained earnings	**(20,459.89)**	(22,245.14)
Debenture redemption reserve#	**–**	600.00
Equity component of compound financial instruments*	**0.00**	0.00
Other Equity Total	**43,756.26**	42,571.01

* **Equity component of compound financial instruments:** This amount relates to equity component of convertible preference shares as per the requirements of Ind AS 32. The liability component of preference shares is NIL. The equity component is Rs 20/- (March 31, 2020 - Rs 20/-)

Debenture redemption reserve (DRR): Debenture Redemption Reserve balance of Rs 600 Lakhs has been transferred to Retained Earnings on account of redemption of Non Convertible Debentures during year ended 31 March 2021.

Description of the nature and purpose of Other Equity:

Securities Premium: The Securities Premium Reserve is created on issue of shares at a premium

Debenture Redemption Reserve: Debenture Redemption Reserve is a Statutory Reserve (as per Companies Act, 2013) created out of profits of the Company available for payment of dividend for the purpose of redemption of Debentures issued by the Company. On completion of redemption, the reserve is transferred to retained earnings.

Retained earnings: This reserve represents cumulative profits/losses of the Company. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.

12. Borrowings

(Rs. in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Non-Current Borrowings		
A. Secured Borrowings (Carried at Amortised cost)		
a) Non-Convertible Debentures (Carried at Amortised cost)		
300 8.5% Series II Debentures of Rs 10,00,000/- each	–	3,000.00
300 8.5% Series III Debentures of Rs 10,00,000/- each	–	3,000.00
Instalments due in less than 1 year - classified as current maturities of long term debt (Refer Note A)	–	(3,000.00)
	–	3,000.00
Total	–	3,000.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rs. in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Current Borrowings		
A. Secured Borrowings (Carried at Amortised cost)		
a. Loans repayable on demand from banks (Refer Note B)	**3,981.78**	4,728.12
b. Short Term Loans from Banks (Refer Note C)	**1,000.00**	–
B. Unsecured Borrowings (Carried at Amortised cost)		
(i) Short Term Loan from Financial Institution (Refer Note D)	**3,000.00**	–
	7,981.78	4,728.12
Total	**7,981.78**	4,728.12

Non-Convertible Debentures (NCD)

A. Series II and III Secured, Unlisted, Rated, Redeemable Non-Convertible Debentures ('NCD')

The Series II and III Secured, Unlisted, Rated, Redeemable Non-Convertible Debentures ('NCD') shall bear a coupon rate of 8.50% payable annually. The tenor for the Series II is 3 years from the deemed date of allotment, i.e. date of redemption is December 15, 2020 and for Series III debentures, it is 4 years from the deemed date of allotment, i.e. date of redemption is December 15, 2021. All 2 series of NCDs shall be redeemed at par, with the scheduled redemption being on 'Bullet at Maturity' terms. The Company has excercised call option for Series III Non-Convertible Debentures ('NCD') in the month of December 2020 and repaid the entire Series III outstanding amount.

The NCDs was secured by first pari-passu charge over identified movable / immovable properties providing a minimum security cover of 1.25x at all times during the currency of the debentures; security cover was to be calculated on annual basis based on ratio of Market Value of the Security created on first pari-passu charge along with the existing holders on security / outstanding amount."

B. Loans repayable on demand from banks (Secured)

Axis Bank Ltd (sanctioned limit of Rs 5,000 lakhs)

Overdraft facility from Axis Bank Ltd carries interest rate in the range of 8.15% to 9.10% p.a. The facility is secured by first ranking pari passu charge by way of hypothecation (pari passu only with the security interest created / to be created to secure the working capital facilities availed by the Company) over the receivables, including security deposit to land owners, second charge over the land, building and development rights of Luminare project.

HDFC Bank Ltd (sanctioned limit of Rs 3,000 Lakhs)

Overdraft facility from HDFC Bank carries interest rate of 8.45% to 9.15% p.a. The facility is secured by first pari passu charge (pari passu along with other lenders for current facility) on receivables to the extent of Borrower's share (75% of receivables) pertaining to Gurgaon project and receivable of Bengaluru project, present and future to be shared pari-passu with Rupee Term Loan facility.

C. Short Term Loan from Banks (Secured)

HDFC Bank Ltd (Loan amount of Rs 1,000 Lakhs)

Short Term working capital loan carries interest rate of 5.80% per annum. The Loan will be paid as bullet repayment in April 2021. This facility is part of overall sanctioned limit of Rs 3,000 Lakhs by HDFC Bank Ltd in (B) above. The facility is secured by first pari passu charge (pari passu along with other lenders for current facility) on receivables to the extent of Borrower's share (75% of receivables) pertaining to Gurgaon project and receivable of Bengaluru project, present and future to be shared pari-passu with Rupee Term Loan facility.

D. Short Term Loan from Financial Institution (Unsecured)

Bajaj Finance Ltd (Loan amount of Rs 3,000 Lakhs)

Unsecured Short Term loan carries interest rate of 7.25% per annum. The Loan will be paid as bullet repayment at the end of 12 months i.e. December 2021.

13. Trade Payables

(Rs. in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payable - micro and small enterprises*	**977.08**	473.34
Trade payable - Other than micro and small enterprises	**3,602.26**	5,701.71
Total	**4,579.34**	6,175.05

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Disclosures required under section 22 of the Micro, Small and Medium Enterprise Development Act, 2006

* This information has been determined to the extent such parties have been identified on the basis of the intimation received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

Additional Disclosure in relation to Micro, Small and Medium enterprises

Particulars	As at March 31, 2021	As at March 31, 2020
a) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	**977.08**	473.34
b) The amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	**–**	–
c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	**–**	–
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	**–**	–
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**–**	–
	977.08	473.34

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

14. Other Financial liabilities

(Rs. in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Carried at Amortised Cost		
Interest accrued	**14,885.02**	32,342.56
Current maturities of long term debt	**–**	3,000.00
Advance towards Society Maintenance	**818.62**	–
Total	**15,703.64**	35,342.56

15. Provisions

(Rs. in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Other Current Provisions		
Provision for Defect Liabilities	**218.97**	218.97
Total	**218.97**	218.97

Defect Liability Provisions:

Provision for defect liability represents present value of management's best estimate of the future outflow of economic resources that will be required in respect of residential units when control over the property has been transferred to the customer, the estimated cost of which is accrued during the period of construction, upon sale of units and recognition of related revenue. Management estimates the related provision for future defect liability claims based on historical cost of rectifications and is adjusted regularly to reflect new information. The residential units are generally covered under a the defect liability period limited to 5 year from the date when control over the property has been transferred to the customer.

The movement in provision for defect liabilities is as follows:

(Rs. in Lakh)

Particulars	Provision for Defect Liability
Balance at March 31, 2019	165.02
Additional provisions recognised	53.95
Amounts utilised during the year	–
Balance at March 31, 2020	218.97
Additional provisions recognised	–
Amounts utilised during the year	–
Balance at March 31, 2021	**218.97**

16. Other Current liabilities

(Rs. in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Advances received from customers	**11,360.28**	9,754.00
Statutory dues payable*	**47.10**	76.64
Advance towards Society Maintenance	**–**	924.74
Total	**11,407.38**	10,755.39

* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

17. Current tax liability (net)

(Rs. in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Current tax assets		
– Advance Income Tax	**472.50**	472.50
Current tax liabilities		
– Income Tax Payable	**514.21**	514.21
Total	**41.71**	41.71

18. Revenue from Operations

(Rs. in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from Contracts with Customers		
Revenue from Projects	**24,401.23**	42,155.70
Total	**24,401.23**	42,155.70

Revenue from operations for the year ended March 31, 2021 is net of Rs 3.84 Lakhs (March 31, 2020 -Rs 46.72 Lakhs) towards input tax credit benefits passed on to the customers as per the provisions of section 171 on Anti-Profiteering of CGST Act, 2017. The treatment is as per the prevailing Indian Accounting Standards.

Notes

a) Contract Balances

i) Amounts received before the related performance obligation is satisfied are included in the balance sheet (Contract liability) as "Advances received from Customers" in note 16- Other Current Liabilities. Amounts billed for development milestone achieved but not yet paid by the customer are included in the balance sheet under trade receivables in note 7- Trade Receivables.

ii) During the year, the Company recognised Revenue of Rs. 286.38 lakhs (Previous Year- Rs. 5,086.01 lakhs) from opening contract liability (after Ind AS 115 adoption) of Rs 36,841.70 lakhs. Contract Liability of Rs 1,300.82 Lakhs (previous year- Rs. 4,812.34 Lakhs) cancelled during the current year.

iii) There were no significant changes in the composition of the contract liabilities and Trade receivable during the reporting period other than on account of periodic invoicing, sales cancellations and revenue recognition.

iv) Amounts previously recorded as contract liabilities increased due to further milestone based invoices raised during the year and decreased due to revenue recognised during the year on completion of the construction.

v) Amounts previously recorded as Trade receivables increased due to further milestone based invoices raised during the year and decreased due to collections during the year.

vi) There are no contract assets outstanding at the end of the year.

vii) The aggregate amount of the transaction price allocated to the performance obligations that are completely or partially unsatisfied as at March 31, 2021, is Rs. 22,311.49 lakhs (March 31, 2020: Rs. 24,614.30 lakhs). Out of this, the Company expects, based on current projections, to recognize revenue of around 100% within the next one year. This includes contracts that can be terminated for convenience with a penalty as per the agreement since, based on current assessment, the occurrence of the same is expected to be remote.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

b) Reconciliation of revenue recognised with the contracted price is as follows:

(Rs. in Lakh)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Contracted price	**24,413.19**	42,401.80
Adjustments on account of cash discounts or early payment rebates, deferred payment schemes etc.	**(11.96)**	(246.10)
Revenue recognised as per Statement of Profit & Loss	**24,401.23**	42,155.70

c) Contract Costs

(Rs. in Lakh)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Contract costs included in Prepaid expenses in Note 5- Other Assets	**384.45**	512.11

The Company incurs commissions that are incremental costs of obtaining a contract with a customer. Under Ind AS 115, the Company recognises the incremental costs of obtaining a contract as assets under Prepaid Expenses under note no. 5 - Other Assets and amortises it upon completion of the related property sale contract.

For the year ended March 31, 2021, amortisation amounting to Rs. 1,019.30 lakhs (Previous Year - Rs. 1,394.70 lakhs) was recognised as brokerage cost in note 21- Other expenses. There was no impairment loss in relation to the costs capitalised.

19. Other Income

(Rs. in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest Income on Bank Deposits	**221.09**	204.45
Interest income on account of financing component involved in contracts with customers	**–**	199.38
Interest on Income Tax Refund	**12.17**	–
Miscellaneous Income	**53.33**	7.42
Total Other Income	**286.59**	411.25

20A. Construction Expenses incurred

(Rs. in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Expenses incurred during the year		
Civil, Electricals, Contracting, etc.	**3,074.07**	26,309.96
Rates and taxes	**192.21**	261.07
Legal & Professional Fees	**134.03**	250.80
Interest costs allocated	**244.22**	1,948.57
Power and fuel cost	**1.60**	39.59
Other Project Administration Cost	**77.81**	46.69
Construction Expenses incurred during the year (a)	**3,723.93**	28,856.68
Provision for Defect Liability (b)	**–**	53.95
Total Construction Expenses incurred (a+b)	**3,723.93**	28,910.63

20B. Changes in inventories of finished goods, work-in-progress and stock-in-trade

(Rs. in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Stock		
Work-in-progress	**42,711.11**	61,693.30
Raw Material	**1,250.06**	1,117.41
Stock in Trade	**18,202.94**	23,950.06
Total Opening Stock	**62,164.11**	86,760.77
Closing Stock		
Work-in-progress	**41,756.21**	42,711.11
Raw Material	**531.84**	1,250.06
Stock in Trade	**2,460.02**	18,202.94
Total Closing Stock	**44,748.07**	62,164.11
Changes in inventories of raw materials, work-in-progress and stock-in-trade	**17,416.06**	24,596.66

21. Other expenses

(Rs. in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Advertisement, Marketing & Business Development	**229.15**	889.26
Commission & Brokerage	**1,019.30**	1,394.70
Legal and other professional costs	**168.83**	203.44
Payment to auditors #	**22.83**	23.07
Repairs & Maintenance	**176.11**	241.83
Rent	**–**	3.14
Rates & Taxes	**74.13**	166.84
Travelling & Conveyance	**0.70**	4.80
Printing & Stationery	**2.24**	0.90
Allowance for credit Losses	**25.00**	–
Miscellaneous Expenses	**20.45**	726.94
Expenditure on Corporate Social Responsibility (CSR) under section 135 of the Companies Act 2013 (Refer details below)	**–**	61.68
Power & Fuel	**17.77**	50.87
Total	**1,756.51**	3,767.47

#Payment to auditors	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) To Statutory Auditors		
For Audit	**12.32**	12.32
For Tax Audit	**5.60**	5.60
For Other Services	**3.75**	1.70
Reimbursement of expenses	**0.06**	2.35
(b) To Cost Auditors for cost audit	**1.10**	1.10
	22.83	23.07

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Expenditure on Corporate Social Responsibility (CSR) under section 135 of the Companies Act 2013	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Gross amount required to be spent by the Company	–	61.68
(b) Amount spent during the year:	–	61.68
(i) Construction/acquisition of any asset	–	–
(ii) Purposes other than (i) above	–	61.68
	–	61.68

22. Finance Costs

(Rs. in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Interest Costs		
Interest expense for financial liabilities at amortised cost	**796.39**	3,700.27
b) Other Borrowing Cost	**9.64**	–
Less: Allocated to Projects	**(244.22)**	(1,948.57)
c) Interest cost due to discount to customers	**33.73**	131.38
Total	**595.54**	1,883.08

23. Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit/(loss) attributable to equity holders of the Company (after adjusting for interest on the convertible Debentures and dividend on preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the profit/(loss) and share data used in the basic and diluted EPS computations:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit/(Loss) after tax for the year (in Rs Lakh)	**1,185.25**	(18,936.25)
Weighted average number of Class A equity shares in calculating EPS*	**822,507**	822,507
Weighted average number of Class B equity shares in calculating EPS	**64,423**	64,423
Weighted average number of Class C equity shares in calculating EPS	**64,423**	33,281
Conversion of Compulsory Convertible Preference Shares	**1**	1
Conversion of Optionally Convertible Preference Shares	**1**	1
Face Value of Class B Equity Shares	**10**	10
Face Value of Class C Equity Shares	**10**	10
Earnings per Class B Equity share - Basic	**919.89**	(19,381.29)
Earnings per Class C Equity share - Basic	**919.89**	(56,898.45)
Earnings per Class B Equity share - Diluted (refer note)	**919.88**	(19,381.29)
Earnings per Class C Equity share - Diluted (refer note)	**919.88**	(56,898.45)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net profit/(loss) for the year, used in the calculation of basic earning per share (in Rs Lakh)	**1,185.25**	(18,936.25)
Add: Interest on convertible debentures (net) - adjusted for attributable taxes (in Rs Lakh)	–	–
Profit for the year used in the calculation of diluted earnings per share	**1,185.25**	(18,936.25)
Weighted average number of equity shares used in calculating basic EPS	**128,846**	97,704
Effect of dilution:		
Compulsory Convertible Preference Shares & Optionally Convertible Preference Shares	**2**	2
Weighted average number of equity shares in the calculation of diluted EPS	**128,848**	97,706

* As Class A Equity Shares does not carry any dividend and economic rights, therefore the same has not been considered in calculation of Basic & Diluted EPS.

Note- In calculating the Earnings per share the effect of dilution on account of outstanding Convertible Preference Shares is ignored in the previous year since the results are anti-dilutive.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

24. Leases

The company does not have any leasing arrangement during the year ended 31 March 2021

Expense of Nil (Previous Year- Rs. 3.14 lakhs) relating to short term lease for the year ended March 31, 2021 is included in "Rent" of Note 21 "Other Expenses"

25. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

Enterprises having joint control over the Company	Mahindra Lifespace Developers Limited
	Actis Mahi Holdings (Singapore) Private Limited (Formerly known as SCM Real Estate (Singapore) Pvt. Limited)
Other Related parties with whom transactions have taken place	
Subsidiary of a company having joint control over the Company	Anthurium Developers Limited
Holding company of enterprise having joint control over the Company	Mahindra & Mahindra Limited
Subsidiary of Holding company of enterprise having joint control over the Company	Mahindra Defence Systems Limited
	Mahindra Intertrade Limited
	Mahindra Integrated Business Solutions Private Limited

Related party transactions

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

(Rs. in Lakh)

Nature of transactions with Related Parties	For the year ended	Mahindra Lifespace Developers Limited	Actis Mahi Holdings (Singapore) Private Limited	Mahindra & Mahindra Limited	Mahindra Defence Systems Limited	Mahindra Integrated Business Solutions Private Limited	Mahindra Intertrade Limited	Anthurium Developers Limited
Interest Expense	**31-Mar-21**	–	–	–	–	–	–	–
	31-Mar-20	1,220.35	1,222.17	–	–	–	–	–
Receiving of Services	**31-Mar-21**	**37.68**	–	**4.22**	–	**11.97**	–	–
	31-Mar-20	190.65	–	11.73	–	3.64	–	4.63
Conversion of Optionally Convertible Debentures/ Compulsorily Convertible Debentures (refer note 12)	**31-Mar-21**	–	–	–	–	–	–	–
	31-Mar-20	32,017.00	32,017.00	–	–	–	–	–

The following table provides the balances with related parties as on the relevant date:

(Rs. in Lakh)

Nature of Balances with Related Parties	Balance as on	Mahindra Lifespace Developers Limited	Actis Mahi Holdings (Singapore) Private Limited	Mahindra & Mahindra Limited	Mahindra Defence Systems Limited	Mahindra Integrated Business Solutions Private Limited	Mahindra Intertrade Limited
Payables	**31-Mar-21**	**8,122.89**	**6,879.78**	**1.95**	**0.02**	**0.52**	–
	31-Mar-20	16,180.79	16,125.78	2.38	0.02	–	0.76

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

26 - Financial Instruments

Capital management

The Company's capital management objectives are:

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders
- maintain an optimal capital structure to reduce the cost of capital

The Management of the Company monitors the capital structure using debt equity ratio which is determined as the proportion of total debt to total equity.

(Rs. in Lakh)

	As at March 31, 2021	As at March 31, 2020
Debt	**7,981.78**	10,728.12
Cash and bank balances	**(4,738.29)**	(6,531.66)
Net Debt (A)	**3,243.49**	4,196.46
Equity (B)	**43,851.39**	42,666.15
Debt Ratio (A/B)	**0.07**	0.10

Categories of financial assets and financial liabilities

The following tables shows the carrying amount of financial assets and financial liabilities by category:

(Rs. in Lakh)

	Amortised Costs	
Particulars	**As at March 31, 2021**	As at March 31, 2020
Financial assets		
Non-Current Assets		
Other Financial Assets-Non Derivative Financial Assets	**87.28**	84.38
Current Assets		
Trade Receivables	**2,878.51**	2,398.50
Cash and Cash Equivalents	**4,710.88**	3,199.79
Other Bank Balances	**957.66**	4,256.62
Other Financial Assets-Non Derivative Financial Assets	**370.24**	8.42
Total financial assets	**9,004.57**	9,947.71
Financial liabilities		
Non-Current Liabilities		
Borrowings	**–**	3,000.00
Current liabilities		
Borrowings	**7,981.78**	4,728.12
Trade Payables	**4,579.34**	6,175.05
Other financial liabilities-Non Derivative Financial Liabilities	**15,703.64**	35,342.56
Total financial liabilities	**28,264.76**	49,245.73

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factor.

CREDIT RISK

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents, mutual funds and other financial assets.

Trade Receivables

The Company's trade receivables include receivables on sale of residential flats. As per the Company's flat handover policy, a flat is handed over to a customer only upon payment of entire amount of consideration. Thus, the Company is not exposed to any credit risk on receivables from sale of residential flats.

Cash and Cash Equivalents & Other Financial Assets

For banks and financial institutions, only high rated banks/institutions are accepted. The Company holds cash and cash equivalents with bank and financial institution counterparties, which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

For other financial assets, the Company assesses and manages credit risk based on reasonable and supportive forward looking information. The Company does not have significant credit risk exposure for these items.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of directors who have established an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

(Rs. in Lakh)

Particulars	**Less than 1 Year**	**1-3 Years**
Non-derivative financial liabilities		
As at March 31, 2021		
Borrowings	**7,981.78**	–
Trade Payables	**4,579.34**	–
Other financial liabilities	**15,703.64**	–
Total	**28,264.76**	**–**
As at March 31, 2020		
Borrowings	7,728.12	3,000.00
Trade Payable	6,175.05	–
Other financial liabilities	32,342.56	–
Total	**46,245.73**	**3,000.00**

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

Currency Risk

Foreign currency risk is the risk that the fair value or the future cash flows of an exposure will fluctuate because of changes in the foreign exchange rate. The Company undertakes transactions in foreign currencies only for purchase of components which are required to be imported to carry out construction activities or for travelling and sales promotion activities; consequently, exposing to exchange rate fluctuations, but the same is not material in nature as compared to the size of the operations of the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Interest rate risk

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

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Interest rate sensitivity

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

(Rs. in Lakh)

	Increase/ decrease in basis points	Effect on financial statements*
As at March 31, 2021		
INR	**+100**	**(49.82)**
INR	**-100**	**49.82**
As at March 31, 2020		
INR	+100	(47.28)
INR	-100	47.28

* The effect as mentioned above will have impact on the carrying value of Inventories and Profit/(Loss) Before Tax.

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

(Rs. in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured Bank Overdraft facility		
Expiring within one year	**4,018.22**	7,271.88
Total	**4,018.22**	7,271.88

27 - Impact of COVID 19 (Global Pandemic)

The Company is actively monitoring the impact of the global health pandemic on its financial condition, liquidity, operations, suppliers, industry, and workforce. The operations of the Company were impacted due to the stoppage of work at its project sites and corporate office following the nationwide lockdown by the Government of India on March 23, 2020. The sites were impacted due to the lockdown for different periods of time, depending on their location and local regulations. The Company has resumed its operations in a phased manner as per the directives issued by the Government of India and local authorities.

However, since early March 2021, India has witnessed a second wave of COVID-19 with sudden rise in COVID-19 cases across the country. This has again led to imposing lockdown like restrictions across the country, which is likely to impact the economic activity of the country as a whole and the Company's operations in particular. The Company has used the principles of prudence in applying judgments, estimates and assumptions based on current assessments. In assessing the recoverability of assets such as inventories, financial assets and other assets, based on current indicators of future economic conditions, the Company expects to recover the carrying amounts of its assets.

The extent to which COVID -19 impacts the operations will depend on future developments which remain uncertain.

28. Capital & other Commitments

At March 31, 2021, the company has commitments of Rs. 2,075 lakhs (Previous year Rs. 2,075 lakhs) relating to further security deposit payable towards Joint Development Agreement.

29. Segment information

The Company is engaged only in the business of development of property and related activities in India. It has no other reportable segments as per the terms of Indian Accounting Standards (Ind AS) 108 on Segment Reporting.

No single customer contributed 10% or more to the company's revenue for year ended March 31, 2021 and year ended March 31, 2020.

30 - Contingent Liabilities

(Rs. in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
i) Income Tax matters under dispute		
Income tax claims in respect of certain expenses disallowed by the Income Tax Department. The company is pursuing the matter with the appropriate appellate authorities.	**799.01**	37.57
ii) Indirect Tax matters under dispute		
Demand raised by Service Tax Authorities claiming construction service provided by the Company under Colloaboration agreement	**1,885.00**	
Input Service Tax claims disallowed by the Service Tax Department. Company is pursuing the matter with the appropriate appellate authorities	**279.54**	228.34

31 - Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

32. - Events after the reporting period

No material events have occurred after the Balance Sheet date and upto the approval of the Financial Statements

33. - Previous Year Figures

The figures for the previous year have been regrouped wherever necessary to confirm to current year's grouping.

For and on behalf of the Board of Directors of
Mahindra Homes Private Limited

Arvind Subramanian	**Vimal Agarwal**
DIN No. 02551935	*DIN No. 07296320*
Place: Mumbai	*Place: Mumbai*
Date: April 21, 2021	*Date: April 21, 2021*

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Happinest Developers Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mahindra Happinest Developers Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to Note 34 of the financial statements, which describes that the potential impact of COVID-19 pandemic on the financial statements of the Company are dependent on future developments, which remain uncertain.

Our opinion is not modified in respect of this matter.

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
   d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
   e. On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

      In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.
   h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations which would impact its financial position.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
Membership No. 100459
UDIN: 21100459AAAAJS3801

Place: Mumbai
Date: 26th April, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Mahindra Happinest Developers Limited ("the Company") as of 31st March, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
Membership No. 100459
UDIN: 21100459AAAAJS3801

Place: Mumbai
Date: 26th April, 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Mahindra Happinest Developers Limited of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (Property, Plant and Equipment).

(b) The fixed assets (Property Plant and Equipment) were physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the fixed assets (Property Plant and Equipment) at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the Company does not have any immovable properties of freehold or leasehold land and building other than sales and projects office and sales gallery, temporarily constructed at the project site and capitalized as Buildings, hence reporting under clause (i)(c) of the Order is not applicable

(ii) In our opinion and according to the information and explanations given to us, having regard to the nature of inventory, the physical verification by way of verification of title deeds, site visits by the Management and certification of extent of work completion by competent persons, are at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

(iv) The Company has not granted any loans or provided guarantees, under the provisions of Section 185 of the Act. Provisions of Section 186 are not applicable to the Company, it being a Company engaged in the business of providing infrastructure facilities.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and the provisions of Sections 73 to 76 of the Companies Act, 2013 are not applicable and hence reporting under clause 3 (v) of Order is also not applicable.

(vi) The Company is not required to maintain the cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Goods and Service Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities. The provisions of Employees' State Insurance, Excise Duty, Service Tax and Value added tax are not applicable to the operations of the Company.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Service tax, cess and other material statutory dues in arrears as at 31st March, 2021 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Goods and Service tax and Customs Duty which have not been deposited as on 31st March, 2021 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institution, bank and dues to debenture holders. The Company has not taken any loans or borrowings from government.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. The money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid or provided any managerial remuneration during the year, hence compliance with the provisions of Section 197, read with Schedule V of the Act are not applicable to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us, in terms of Rule 4 of the Companies (Appointment and qualification of Directors) Rules, 2014 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, provisions of Section 177 of the Act are not applicable to the Company.

In our opinion and according to the information and explanations given to us, the Company has complied with other provisions of Section 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares of fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding Company or persons connected with them and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
Membership No. 100459
UDIN: 21100459AAAAJS3801

Place: Mumbai
Date: 26th April, 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

(₹ in Lakh)

	Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
	ASSETS			
I	**Non-Current Assets**			
	(a) Property, Plant and Equipment	3	**362.89**	527.05
	(b) Right of use assets	4	**–**	155.53
	(c) Other Intangible assets	5	**23.54**	6.91
	(d) Intangible Assets under development		**–**	4.72
	(e) Financial assets			
	(i) Other Financial assets	6	**217.48**	200.92
	(f) Deferred Tax Assets (Net)	7	**1,158.26**	1,160.80
	Total Non-Current Assets		**1,762.17**	2,055.93
II	**Current Assets**			
	(a) Inventories	8	**26,652.95**	23,424.30
	(b) Financial assets			
	(i) Trade Receivables	9	**4,262.80**	–
	(ii) Cash and Cash Equivalents	10	**4,940.44**	1,374.19
	(iii) Bank Balances other that (i) above	10	**1,651.15**	2.30
	(iv) Other Financial Assets	11	**36.50**	102.39
	(c) Other Current Assets	12	**1,996.68**	2,033.72
	Total Current Assets		**39,540.52**	26,936.90
	Total Assets (I+II)		**41,302.69**	28,992.83
	EQUITY AND LIABILITIES			
I	**Equity**			
	(a) Equity Share Capital	13	**10.00**	10.00
	(b) Other Equity	14	**(3,689.73)**	(2,357.77)
	Total Equity		**(3,679.73)**	(2,347.77)
	Liabilities			
II	**Non-Current Liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	15	**14,026.57**	18,964.79
	(b) Provisions	16	**31.88**	48.56
	Total Non-Current Liabilities		**14,058.45**	19,013.35
III	**Current Liabilities**			
	(a) Financial Liabilities			
	(i) Trade Payables:	17		
	Total outstanding dues of micro enterprises and small enterprises and		**50.14**	30.51
	Total outstanding dues of creditors other than micro enterprises and small enterprises		**1,203.35**	1,265.98
	(ii) Lease Liabilities		**–**	159.54
	(iii) Other financial liabilities	18	**3,000.00**	–
	(b) Other Current Liabilities	19	**26,646.92**	10,862.37
	(c) Provisions	16	**23.56**	8.85
	Total Current Liabilities		**30,923.97**	12,327.25
	Total Equity and Liabilities (I+II+III)		**41,302.69**	28,992.83
	Summary of Significant Accounting Policies	2		

The accompanying notes 1 to 38 are an integral part of these financial statements.

As per our report of even date attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Ketan Vora
Partner
Place: Mumbai
Date: 26th April, 2021

For and on behalf of the Board of Directors of
Mahindra Happinest Developers Ltd.

Arvind Subramanian
Director
DIN - 02551935
Place: Mumbai
Date: 26th April, 2021

Vimal Agarwal
Director
DIN - 07296320

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in Lakh)

	Particulars	Note No.	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	Income			
I	Revenue from Operations	20	**4,849.18**	70.75
II	Other Income	21	**238.22**	69.52
III	**Total Income (I+II)**		**5,087.40**	140.27
	Expenses			
	Construction Expenses Incurred	22A	**7,080.26**	14,121.28
	Changes in inventories of raw material, work-in-progress and finished goods	22B	**(3,228.65)**	(14,121.28)
	Operating Expense	25	**89.26**	–
	Employee Benefits Expense	23	**364.56**	386.74
	Finance Costs	24	**127.00**	21.45
	Depreciation and Amortisation Expense	3, 4 &5	**177.69**	246.49
	Other Expenses	25	**1,815.42**	1,612.44
IV	**Total Expenses**		**6,425.54**	2,267.12
V	**Loss Before Tax (III- IV)**		**(1,338.14)**	(2,126.85)
VI	**Tax Expense/(Credit)**			
	Current Tax		**–**	–
	Deferred Tax	26 (a)	**–**	(1,160.80)
	Total Tax Expense/(Credit)		**–**	(1,160.80)
VII	**Loss After Tax (V- VI)**		**(1,338.14)**	(966.05)
	Other Comprehensive Income			
	Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit plans		**8.72**	12.25
	Income tax relating to Items that will not be reclassified to profit or loss	26 (b)	**(2.54)**	(3.57)
VIII	**Total Other Comprehensive Income for the year**		**6.18**	8.68
IX	**Total Comprehensive Loss for the year**		**(1,331.96)**	(957.37)
X	**Earnings per Equity Share [Face value of Rs 10 each]**	27		
	Basic (in Rs.)		**(1,338.14)**	(966.05)
	Diluted (in Rs.)		**(1,338.14)**	(966.05)
	Summary of Significant Accounting Policies	2		

The accompanying notes 1 to 38 are an integral part of these financial statements.

As per our report of even date attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Ketan Vora
Partner
Place: Mumbai
Date: 26th April, 2021

For and on behalf of the Board of Directors of
Mahindra Happinest Developers Ltd.

Arvind Subramanian
Director
DIN - 02551935
Place: Mumbai
Date: 26th April, 2021

Vimal Agarwal
Director
DIN - 07296320

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in Lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Cash flows from operating activities		
Loss before Tax	**(1,338.14)**	(2,126.85)
Adjustments for:		
Depreciation and Amortisation Expense	**177.69**	246.49
Finance Costs	**127.00**	21.45
Loss on Sale of Property, Plant and Equipment	**13.34**	–
Interest Income	**(173.38)**	(37.45)
Net loss arising on financial liabilities designated at Fair Value through Profit or Loss (FVTPL)	**1,110.19**	493.41
Operating Loss before working capital changes	**(83.30)**	(1,402.95)
Changes in:		
Increase in Trade and Other payables	**15,749.84**	7,425.28
(Increase)/Decrease in Trade and Other receivables	**(4,137.81)**	1,883.92
Increase in Inventories	**(2,581.15)**	(13,408.62)
Cash generated from/(used in) operations	**8,947.58**	(5,502.37)
Income Taxes paid	**(14.21)**	–
Net cash generated from/(used in) Operating activities (A)	**8,933.37**	(5,502.37)
Cash flows from Investing activities		
Payment to acquire Property, Plant and Equipment, Other intangible assets and Intangible assets under development	**(37.19)**	(556.92)
Proceeds from disposal of Property, Plant and Equipment	**11.63**	–
Payment to acquire financial assets	**–**	(190.00)
Proceeds on sale of non current investments	**–**	200.10
Changes in earmarked balances and margin accounts with banks	**(0.05)**	(2.30)
Interest received	**149.51**	18.18
Bank Deposit (net)	**(1,650.00)**	–
Net cash (used in) Investing activities (B)	**(1,526.10)**	(530.94)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2021 (COUNT.)

(₹ in Lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Cash flows from Financing activities		
Proceeds from Issue of Securities	**–**	6,253.47
Proceeds from Borrowings	**–**	1,500.00
Repayment of Borrowings	**(3,065.47)**	–
Interest Paid	**(757.44)**	(734.10)
Payment of lease Liabilities	**(18.12)**	(184.09)
Net cash flow (used in)/generated from Financing activities (C)	**(3,841.03)**	6,835.28
Net increase in cash and cash equivalents (A + B + C)	**3,566.24**	801.97
Cash and cash equivalents at the beginning of the year	**1,374.19**	572.22
Cash and cash equivalents at the end of the year	**4,940.43**	1,374.19

Summary of Significant Accounting Policies (Refer note 2)

Notes:

1. The above cash flow statement has been prepared under the 'Indirect method' as set out in Indian Accounting Standard (Ind AS) 7- Statement of Cash Flows.
2. Also refer note 10- Cash and cash equivalents

The accompanying notes 1 to 38 are an integral part of these financial statements.

As per our report of even date attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Ketan Vora
Partner
Place: Mumbai
Date: 26th April, 2021

For and on behalf of the Board of Directors of
Mahindra Happinest Developers Ltd.

Arvind Subramanian
Director
DIN - 02551935
Place: Mumbai
Date: 26th April, 2021

Vimal Agarwal
Director
DIN - 07296320

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

A. Equity Share Capital

(₹ in Lakh)

Particulars	Note No	As at 31st March, 2021	As at 31st March, 2020
Balance at the beginning of the year	12	**10.00**	10.00
Add: Issue of equity shares	12	**–**	–
Balance at the end of the year		**10.00**	10.00

B. Other Equity

(₹ in Lakh)

	Retained Earnings	Total
As at 31st March, 2019	**(1,400.40)**	(1,400.40)
Loss for the year	**(966.05)**	(966.05)
Other Comprehensive Income	**8.68**	8.68
Total Comprehensive Loss for the year	**(957.37)**	(957.37)
As at 31st March, 2020	**(2,357.77)**	**(2,357.77)**
Loss for the year	**(1,338.14)**	(1,338.14)
Other Comprehensive Income net of taxes*	**6.18**	6.18
Total Comprehensive Loss for the year	**(1,331.96)**	(1,331.96)
As at 31st March, 2021	**(3,689.73)**	**(3,689.73)**

* Remeasurement gains/(losses) net of taxes on defined benefit plans during the year is recognised as part of retained earnings

Summary of Significant Accounting Policies (Refer note 2)

The accompanying notes 1 to 38 are an integral part of these financial statements.

As per our report of even date attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No: 117366W/W-100018

Ketan Vora
Partner
Place: Mumbai
Date: 26th April, 2021

For and on behalf of the Board of Directors of
Mahindra Happinest Developers Ltd.

Arvind Subramanian
Director
DIN - 02551935
Place: Mumbai
Date: 26th April, 2021

Vimal Agarwal
Director
DIN - 07296320

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021

1. General Information

Mahindra Happinest Developers Limited ("The Company") (Formerly known as Mahindra Happinest Developers Pvt. Ltd.) was incorporated on 6th September, 2017 under the provisions of the Companies Act,2013. It was converted to a public limited company on 26th September, 2017.

The registered office of the company is located at 5th Floor, Mahindra Tower, Worli, Mumbai – 400018. The company is engaged in the business of development of residential complexes. The company is currently engaged in development of residential projects in Palghar and Kalyan near Mumbai.

2. Significant Accounting Policies

2.1 Statement of compliance and basis of preparation and presentation

The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provision of the act. The aforesaid financial statements have been approved by the Company's Board of Directors and authorised for issue in the meeting held on 26th April, 2021. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 Measurement of Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 : Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.4 Revenue from contracts with customers

2.4.1 Revenue from Projects

i. The Company develops and sells residential and commercial properties. Revenue from contracts is recognised when control over the property has been transferred to the customer. An enforceable right to payment does not arise until the development of the property is completed. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer and the development of the property is completed i.e. Completed contract method of accounting as per IND AS 115 when (a) the seller has transferred to the buyer all significant risks and rewards of ownership and the seller retains no effective control of the real estate to a degree usually associated with ownership, (b) The seller has effectively handed over possession of the real estate unit to the buyer forming part of the transaction; (c) No significant uncertainty exists regarding the amount of consideration that will be derived from real estate sales; and (d) It is not unreasonable to expect ultimate collection of revenue from buyers. The revenue is measured at the transaction price agreed under the contract.

ii. The Company invoices the customers for construction contracts based on achieving performance-related milestones.

iii. For certain contracts involving the sale of property under development, the Company offers deferred payment schemes to its customers. The Company adjusts the transaction price for the effects of the significant financing component.

iv. Costs to obtain contracts ("Contract costs") relate to fees paid for obtaining property sales contracts. Such costs are recognised as assets when incurred and amortised upon recognition of revenue from the related property sale contract.

2.4.2 Dividend and interest income

Dividend income from investment in mutual funds is recognised when the unit holder's right to receive payment has been established

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

2.5 Current versus non-current classification

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Based on the nature of activity carried out by the company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 5 years for the purpose of Current – Non Current classification of assets & liabilities.

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

– It is expected to be settled in normal operating cycle

– It is held primarily for the purpose of trading

– It is due to be settled within twelve months after the reporting period, or

– There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

Borrowings and investment are classified as current if they are due to be settled within 12 months after the reporting period.

2.6 Leasing

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

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

2.6.1 The Company as a Lessee

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

2.7 Employee Benefits

2.7.1 Defined Contribution Plan

The Company's contribution paid/payable during the year to Provident Fund and Superannuation Fund is recognised in profit or loss.

2.7.2 Defined Benefit Plan

The liability or assets recognised in the Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The defined benefit obligation is calculated by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows with reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the employee benefit expenses in the Statement of Profit and Loss.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in Statement of Profit and Loss as past service cost.

2.7.3 Remeasurement gains/losses

Remeasurement of defined benefit plans, comprising of actuarial gains or losses, return on plan assets excluding interest income are recognised immediately in balance sheet with corresponding debit or credit to other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent period. They are included in Retained Earnings in the Statement of Changes in Equity and in the Balance Sheet.

Remeasurement gains or losses on long term compensated absences that are classified as other long term benefits are recognised in profit or loss.

2.7.4 Short-term and other long-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase the irentitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of expected future payments to be made in respect of services provided by employees up the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of Profit and Loss.

2.8 Cash and Cash Equivalents

Cash and cash equivalent in the Balance sheet comprise cash at banks and cash on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

2.9 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Ind AS - 33 on 'Earnings per Share'. Basic earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of Equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all diluted potential equity shares except where the results are anti- dilutive.

2.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.11 Income Taxes

Income Tax expense represents the sum of tax currently payable and deferred tax

2.11.1 Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rate that has been enacted or substantially enacted by the end of the reporting period.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

2.11.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.11.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.12 Property, plant and equipment

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Furniture & Fixtures and Office equipment's are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation on tangible fixed assets has been provided on pro-rata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except for certain assets as indicated below:

Lease hold improvements are amortised over the period of lease/estimated period of lease.

Vehicles used by employees are depreciated over the period of 4 years considering this period as the useful life of the vehicle for the Company.

Sales office and the sample flat/ show unit cost at site is amortised over 5 years or the duration of the project (as estimated by management) whichever is lower.

Fixed Assets held for disposal are valued at estimated net realizable value.

2.13 Intangible Assets

2.13.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.13.2 Derecognition of Intangible assets

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

2.13.3 Useful lives of Intangible assets

Estimated useful lives of the intangible assets are as follows:

Software 3 years

2.14 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of the value in use or fair value less cost to sell, of the asset or cash generating unit, as the case may be, is estimated and the impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.15 Inventories

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, construction costs and allocated interest & manpower costs and expenses incidental to the projects undertaken by the Company.

2.16 Cost of Construction / Development:

Cost of Construction/Development (including cost of land) incurred is charged to the statement of profit and loss proportionate to project area sold. Costs incurred for projects which have not received Occupancy/Completion Certificate is carried over as construction

work-in-progress. Costs incurred for projects which have received Occupancy/Completion Certificate is carried over as Completed.

2.17 Provisions and contingent liabilities

2.17.1 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. Provisions and contingent liabilities are reviewed at each Balance Sheet date.

2.17.2 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.17.3 Contingent liabilities

Contingent liability is disclosed in case of:

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

b) a present obligation arising from past events, when no reliable estimate is possible.

2.18 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.18.1 Classification and subsequent measurement

2.18.1.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured at either amortised cost or fair value depending on their respective classification.

On initial recognition, a financial asset is classified as - measured at:

– Amortised cost; or

– Fair Value through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

2.18.1.2 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

2.18.1.3 Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

2.18.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.18.3 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

2.18.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has legally enforceable rights to set off the amount and it intended either to settle them on a net basis or to realise the assets and settle liability simultaneously.

3. Use estimates and judgement

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

In the process of applying the Company's accounting policies, management has made the following judgements based on estimates and assumptions, which have the significant effect on the amounts recognised in the financial statements:

A. Useful lives of property, plant and equipment

The Company reviews the useful life of depreciable / amortisable assets at the end of each reporting period. This re-assessment may result in change in depreciation expense in future periods.

B. Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party valuers, where required, to perform

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets, liabilities and share based payments are disclosed in the notes to the financial statements.

C. Actuarial Valuation

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

D. Taxes

Deferred tax assets are recognised for temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

E. Determining the timing of revenue recognition on the sale of completed and under development property

The Company has generally evaluated and concluded that based on a careful analysis of the rights and obligations under the terms of the contracts relating to the sale of property, the revenue is to be recognised at a point in time when control transfers which coincides with receipt of Occupation Certificate. The Company has generally concluded that the over time criteria are not met owing to non-enforceable right to payment for performance completed to date and, therefore, recognises revenue at a point in time, when control transfers which coincides with receipt of Occupation Certificate.

F. Determination of performance obligations

With respect to the sale of property, the Company has concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property is to undertake development of property and obtaining the Occupation Certificate. Generally, the Company is responsible for all these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, the Company accounts for them as a single performance obligation because they are not distinct in the context of the contract.

3. Property, Plant and Equipment

(₹ in Lakh)

Description of Assets	Leasehold Improvements	Office equipments	Furniture and fixtures	Computers	Building	Vehicles	Total
I. Gross Carrying Amount							
Balance as at 1st April, 2020	20.12	84.69	193.03	58.16	238.86	22.74	617.60
Additions during the year	–	2.80	0.67	9.19	–	–	12.66
Deductions during the year	(20.12)	(13.72)	(7.40)	–	(11.80)	–	(53.04)
Balance as at 31st March, 2021	**–**	**73.77**	**186.30**	**67.35**	**227.06**	**22.74**	**577.22**
II. Accumulated depreciation							
Balance as at 1st April, 2020	11.72	17.56	24.10	13.62	20.80	2.75	90.55
Depreciation expense for the year	3.03	21.97	46.36	16.80	58.00	5.69	151.85
Deductions during the year	(14.75)	(8.98)	(4.34)	–	–	–	(28.07)
Balance as at 31st March, 2021	**–**	**30.55**	**66.12**	**30.42**	**78.80**	**8.44**	**214.33**
III. Net carrying amount (I-II)	**–**	**43.22**	**120.18**	**36.93**	**148.26**	**14.30**	**362.89**

(₹ in Lakh)

Description of Assets	Leasehold Improvements	Office equipments	Furniture and fixtures	Computers	Building	Vehicles	Total
I. Gross Carrying Amount							
Balance as at 1st April, 2019	20.12	24.75	16.77	11.67	–	–	73.31
Additions during the year	–	59.94	176.26	46.49	238.86	22.74	544.29
Deductions during the year	–	–	–	–	–	–	–
Balance as at 31st Mar 2020	**20.12**	**84.69**	**193.03**	**58.16**	**238.86**	**22.74**	**617.60**
II. Accumulated depreciation							
Balance as at 1st April, 2019	7.70	8.01	4.17	1.04	–	–	20.92
Depreciation expense for the year	4.02	9.55	19.93	12.58	20.80	2.75	69.63
Deductions/Adjustments during the year	–	–	–	–	–	–	–
Balance as at 31st Mar 2020	**11.72**	**17.56**	**24.10**	**13.62**	**20.80**	**2.75**	**90.55**
III. Net carrying amount (I-II)	**8.40**	**67.13**	**168.93**	**44.54**	**218.06**	**19.99**	**527.05**

4. Right of use assets

(₹ in Lakh)

Description of Assets	As at 31st March, 2021	As at 31st March, 2020
	Buildings	Buildings
I. Gross Carrying Amount		
Opening Balance	**331.38**	39.86
Additions during the year	**–**	291.52
Deductions during the year	**(331.38)**	–
Closing Balance	**–**	331.38
II. Accumulated depreciation		
Opening Balance	**175.85**	–
Amortisation expense for the year	**17.94**	175.85
Deductions during the year	**(193.79)**	–
Closing Balance	**–**	175.85
III. Net carrying amount (I-II)	**–**	155.53

5. Intangible Assets

(₹ in Lakh)

Description of Assets	As at 31st March, 2021	As at 31st March, 2020
	Software	Software
I. Gross Carrying Amount		
Opening Balance	**7.92**	–
Additions during the year	**24.53**	7.92
Deductions during the year	**–**	–
Closing Balance	**32.45**	7.92
II. Accumulated depreciation		
Opening Balnace	**1.01**	–
Amortisation expense for the year	**7.90**	1.01
Deductions during the year	**–**	–
Closing Balance	**8.91**	1.01
III. Net carrying amount (I-II)	**23.54**	6.91

6. Other Non-Current Financial assets

(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Financial Assets at amortised cost		
Bank deposit towards margin money	**191.20**	190.00
Accrued interest	**26.28**	10.92
Total	**217.48**	200.92

7. Deferred Tax Assets (Net)

(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred Tax Assets	**1,160.80**	1,160.80
Deferred Tax Liabilities	**(2.54)**	–
Total	**1,158.26**	1,160.80

Deferred Tax assets/(liabilities) in relation to:

(₹ in Lakh)

Particulars	Opening Balance as at 1st April, 2020	Recognised in P&L	Recognised in Other Comprehensive Income	**Closing Balance as at 31st March, 2021**
Fiscal allowance on Property, Plant and Equipment and Other Intangible Assets	6.26	11.74	–	**18.00**
Provision for Employee Benefits	1.84	7.79	(2.54)	**7.09**
Disallowance u/s 43(B) of the Income tax Act, 1961	21.92	3.43	–	**25.35**
Carried forward of Business Loss	777.04	266.19	–	**1,043.23**
Other Temporary differences	353.74	(289.15)	–	**64.59**
Total	**1,160.80**	**–**	**(2.54)**	**1,158.26**

8. Inventories (at lower of cost and net realisable value)

(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Raw Materials	**662.67**	722.41
Construction work-in-progress	**25,420.05**	22,701.89
Finished Goods	**570.23**	–
Total	**26,652.95**	23,424.30

a) Construction Work in Progress represents materials at site and cost of actual work incurred on the projects.

b) Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/ or write off of costs carried to inventory are made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein.

c) The company has availed term loan, which is secured by hypothecation of inventories of Palghar Project.

9. Trade Receivables

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured Considered Good	**4,262.80**	–
Total	**4,262.80**	**–**

Refer Note 32 for disclosures related to credit risk and related financial instrument disclosures.

10. Cash and bank balances

(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash and cash equivalents		
Cheques on hand	**–**	33.19
(a) Balances with banks:		
(i) On current accounts	**684.88**	317.35
(ii) Fixed Deposits with Original maturity of less than 3 months	**4,255.56**	1,023.65
Total	**4,940.44**	1,374.19
Bank Balances other than Cash and cash equivalents		
(a) Balances with Banks:		
(i) Towards margin money	**1.15**	2.30
(ii) Fixed Deposits with original maturity greater than 3 months	**1,650.00**	–
Total	**1,651.15**	2.30

11. Other Financial assets

(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Financial assets at amortised cost		
Interest accrued	**16.22**	8.37
Security Deposits- unsecured, considered good	**20.28**	94.02
Total	**36.50**	102.39

12. Other Current assets

(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Advances other than capital advances:		
Balances with government authorities (Other than income taxes)	**423.84**	445.36
Income Tax Assets	**17.07**	2.86
Prepaid Expenses	**1,069.84**	499.56
Other Advances#	**485.93**	1,085.94
Total	**1,996.68**	2,033.72

#Other Advances mainly include project advances given to vendors.

13. Equity Share capital

(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Authorised:		
100,000 Equity shares of Rs 10 each with voting rights	**10.00**	10.00
	10.00	10.00
Issued, Subscribed and Fully Paid:		
100,000 Equity shares of Rs 10 each with voting rights	**10.00**	10.00
Total	**10.00**	10.00

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	**₹ in Lakh**	No. of Shares	₹ in Lakh
Balance at the beginning of the year	**100,000**	**10.00**	100,000	10.00
Add: Issued during the year	**–**	**–**	–	–
Balance at the end of the year	**100,000**	**10.00**	100,000	10.00

Terms/ rights attached to equity shares with voting rights

The Company has only one class of equity shares having face value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share and carry a right to dividends. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

(ii) Details of shares held by the holding company and its subsidiaries (as per Companies Act 2013)

Particulars	Equity Shares with Voting rights
As at 31st March, 2021	
Mahindra Lifespace Developers Limited	**51,000**
As at 31st March, 2020	
Mahindra Lifespace Developers Limited	**51,000**

Other than above shares, no shares are held by any subsidiaries or associates of the Holding Company.

(iii) Details of shareholders holding more than 5% shares in the company

	As at 31st March, 2021		As at 31st March, 2020	
Name of the shareholder	**No.**	**% holding**	No.	% holding
Equity shares with voting rights				
Mahindra Lifespace Developers Limited:	**51,000**	**51%**	51,000	51%
HDFC Capital Affordable Real Estate Fund I :	**49,000**	**49%**	49,000	49%

14. Other Equity

(₹ in Lakh)

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
Retained earnings	**(3,689.73)**	(2,357.77)
Total	**(3,689.73)**	(2,357.77)

Description of the nature and purpose of other equity

Retained Earnings: This reserve represents cumulative losses of the Company and effects of remeasurement of defined benefit obligations. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.

15. Borrowings

(₹ in Lakh)

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
A. Non Current Secured Borrowings- at amortised cost		
a) Term Loan		
Loan from other party	**4,982.97**	7,965.91
Total Secured Borrowings	**4,982.97**	7,965.91
B. Non Current Unsecured Borrowings- at Fair value:		
a) Debentures		
1,76,00,000 Series 1 (Previous year 2,76,00,000) and 36,884,230 Series 2 (Previous year 36,884,230), 15% Optionally Convertible Redeemable Debentures ("OCRD") of Rs. 10/- each (Refer note 33 & 35)	**5,670.21**	7,663.18
b) Preference Shares		
12,33,500 Series 1 (Previous year 12,33,500) and 25,65,044 Series 2 (Previous year 25,65,044) Optionally Convertible Redeemable Preference Shares ("OCRPS") of face value of Rs. 10/- each (Refer note 33 & 35)	**3,373.39**	3,335.70
Total Unsecured Borrowings	**9,043.60**	10,998.88
Total Non Current Borrowings	**14,026.57**	18,964.79

A. Non Current Secured Borrowings- at amortised cost:

a) Term Loan from other party is repayable in 8 equal instalment starting from year 4 from the date of drawdown viz July 2018. The facility is fully secured against first charge over land, movable & immovable property, current assets and cash flow of Palghar Project. Term loan carries floating interest rate which is linked to 1 year MCLR of ICICI Bank Ltd and interest rate is in the range of 8.75% p.a. to 9.70% p.a. (previous year rate range 9.95% p.a. to 9.70% p.a.)

B. Terms and conditions of Series 1 and Series 2 Optionally Convertible Debenture (OCDs)

a) Series 1 and Series 2 Debentures are unsecured, unlisted, redeemable and optionally convertible debentures. The issue price of each Series 1 & Series 2 Debenture is Rs.10 (face value Rs.10). The Series 1 and Series 2 Debentures shall earn, interest of 15% per annum compounded annually. Interest on each Series 1 and Series 2 Debentures shall be accrued, due and payable to the holders of Series 1 & Series 2 Debentures subject to availability of Distributable Cash and on obtaining an approval from the Distributions Committee and the board of directors of the Company. Each Series 1 and Series 2 debentures constitutes a direct obligation of the Company and shall at all times rank pari passu inter se (without any preference or priority of one over the other or others of them).

At the time of redemption of Series 1 and Series 2 Debentures on a Redemption Date (not latter than 9 years from the date of allotment), the Company shall pay the holders of Series 1 and Series 2 Debentures an Interest determined by the Distributions Committee and such Interest shall become due and payable on the date of which it is determined by the Distributions Committee without the need for an approval from the Board.

At the option of the holder of the Series 1 and Series 2 Debentures, if the then outstanding Series 1 and Series 2 Debentures cannot be redeemed in full then, with the prior written unanimous approval of all the holders of the Series 1 and Series 2 Debentures, the Series 1 and Series 2 Debentures shall be converted into equity shares of the Company, in accordance with such formula as may be determined between the Company and the holder of the Series 1 and Series 2 Debentures, but at a price which is not less than fair market value of the equity shares at the time of such conversion.

In the event of conversion, the holders of Series 1 Debentures will be entitled to equity shares of the Company only up to the principal amount (i.e. the issue price) of the outstanding OCDS.

Terms and conditions of Series 1 and Series 2 Optionally Convertible redeemable Preference Shares (OCRPS)

b) Series 1 and Series 2 Preference Shares are unsecured, unlisted, redeemable, optionally convertible preference shares. The issue price of each Series 1 & Series 2 Preference Shares is Rs.100 (face value Rs.10). The Series 1 and Series 2 Preference Shares shall not be entitled to any voting rights, other than as prescribed under Applicable Law and the articles of association of the Company. Each Series 1 and Series 2 Preference Share constitutes a direct obligation of the Company and shall at all times rank pari passu inter se (without any preference or priority of one over the other or others of them).

Series 1 and Series 2 Preference Shares shall be eligible to receive Redemption Premium which shall be paid along with Redemption of Series 1 and Series 2 Preference Shares (not latter than 9 years from the date of allotment). Redemption Premium shall mean a premium not exceeding 15% per annum compounded annually from the date of subscription of the Series 1 and Series 2 Preference Shares that is being redeemed. The payment of Redemption Premium shall be subject to the Distributable Cash as determined by the Distribution Committee. The Redemption Premium shall be accrued, due and payable only on Redemption Date and proportionate to the Series 1 and Series 2 Preference Shares so being redeemed.

At the option of holder of the Series 1 and Series 2 Preference Shares, if the then outstanding Series 1 and Series 2 Preference Shares cannot be redeemed in full then, with the prior written unanimous approval of all the holders of the Series 1 and Series 2 Preference Shares, the Series 1 and Series 2 Preference Shares shall be converted into equity shares of the Company, in accordance with such formula as may be determined by the Company and the holder of the Series 1and Series 2 Preference Shares, but at a price which is not less than fair market value of the equity shares at the time of such conversion.

At the time of conversion, the holder of Preference Shares will be entitled to equity shares of the Company up to the principal amount (i.e. issue price) of the outstanding OCRPS.

16. Provisions

(₹ in Lakh)

	As at 31st March, 2021		As at 31st March, 2020	
Particulars	**Current**	**Non Current**	Current	Non Current
Provision for employee benefits (Refer Note- 31)				
– Gratuity	**4.16**	**20.20**	4.71	28.56
– Leave Encashment	**2.43**	**11.68**	4.14	20.00
Other Provisions				
– Defect Liabilities	**16.97**	–	–	–
Total	**23.56**	**31.88**	8.85	48.56

17. Trade Payables

(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Total outstanding dues of micro enterprises and small enterprises *	**50.14**	30.51
Total outstanding dues of creditors other than micro enterprises and small enterprises	**1,203.35**	1,265.98
Total	**1,253.49**	1,296.49

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

* This information has been determined to the extent such parties have been identified on the basis of intimation received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

Particulars	As at 31st March, 2021	As at 31st March, 2020
a) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	**50.14**	30.51
b) The amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	**–**	–
c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006		–
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	**–**	–
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**–**	–

18. Other financial liabilities

(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current maturities of long term debt	**3,000.00**	–
Total	**3,000.00**	**–**

19. Other Current liabilities

(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Advances received from customers	**26,603.60**	10,789.52
Statutory dues payable*	**43.32**	72.85
Total	**26,646.92**	**10,862.37**

*There are no amounts due and outstanding to be credited to the Investor Education and Protection fund.

20. Revenue from Operations

(₹ in Lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Revenue from Contract with Customers		
Revenue from Projects	**4,849.18**	70.75
Total	**4,849.18**	**70.75**

Refer Note 29 for IND AS 115 disclosures

21. Other Income

(₹ in Lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Interest Income on Bank Deposits	**106.43**	37.45
Interest on Bank Subvention	**50.81**	–
Interest Income others	**67.47**	6.30
Miscellaneous Income	**13.51**	25.77
Total	**238.22**	**69.52**

22A. Construction Expenses incurred

(₹ in Lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Expenses incurred during the year:		
Cost of land and related cost	**–**	8,696.50
Civil, Electricals, Contracting, etc.	**5,505.23**	3,763.16
Legal, Consultant & Professional Fees	**438.83**	594.36
Employee Benefits Expense Allocated	**269.59**	210.36
Interest Costs Allocated	**664.56**	728.11
Power and fuel cost	**15.52**	38.67
Other Project Administration Cost	**186.53**	90.12
Total	**7,080.26**	**14,121.28**

22B. Changes in inventories of raw material, work–in-progress and finished goods

(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening Stock		
Raw Material	**722.41**	251.10
Work-in-progress	**22,701.89**	9,051.92
Total Opening Stock	**23,424.30**	9,303.02
Closing Stock		
Raw Material	**662.67**	722.41
Work-in-progress	**25,420.05**	22,701.89
Finished Goods	**570.23**	
Total Closing Stock	**26,652.95**	23,424.30
Total	**(3,228.65)**	(14,121.28)

23. Employee Benefits Expense

(₹ in Lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Salaries and wages including bonus	**608.16**	559.96
Contribution to provident and other funds	**25.76**	21.53
Staff welfare expenses	**0.23**	15.61
Less: Allocated to projects	**(269.59)**	(210.36)
Total	**364.56**	386.74

24. Finance Costs

(₹ in Lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Interest on Term Loan	**719.78**	712.63
Interest on Bank Overdraft	**3.21**	2.72
Interest on Bank Subvention	**50.81**	–
Interest on lease liabilities	**0.70**	18.73
Less: Allocated to projects	**(647.50)**	(712.63)
Total	**127.00**	21.45

Analysis of Interest Expenses by Category

(₹ in Lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Interest Expenses		
On Financial Liabilities at Amortised Cost	**723.69**	734.08

25. Other expenses

(₹ in Lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Advertising Marketing & Business Development	**452.47**	719.50
Commission & Brokerage	**89.26**	–
Legal and Other Professional costs	**81.08**	57.52
Power & Fuel	**0.50**	4.30
Repairs and Maintenance	**34.62**	28.12
Rent, Rates & Taxes	**5.41**	12.40
Development Management Fees	**–**	162.07
Subscription & Membership Fees	**2.97**	13.84
Security Charges	**0.90**	6.15
Travelling and Conveyance Expenses	**29.06**	65.44
Printing & Stationery	**10.71**	15.19
Net Loss arising on financial liabilities designated at Fair Value through Profit or Loss (FVTPL)	**1,110.19**	493.41
Payment to Auditors #	**18.02**	16.39
Miscellaneous Expenses	**39.18**	18.11
Defect Liability Expenses	**16.97**	–
Loss of Sale of Fixed Asset and Asset Written off	**13.34**	–
Total	**1,904.68**	1,612.43

(₹ in Lakh)

# Payment to Auditors (excluding taxes)	For the year ended 31st March, 2021	For the year ended 31st March, 2020
For Audit	**9.00**	9.00
For Tax Audit	**3.00**	3.00
For Other Services	**5.95**	4.25
For Reimbursement of expenses	**0.07**	0.14
Total	**18.02**	16.39

26. Income Taxes

(a) Income Tax recognised in profit or loss

(₹ in Lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Current Tax		
In respect of current year	**–**	–
Deferred Tax		
In respect of current year origination and reversal of temporary differences	**–**	(1,160.80)
Total	**–**	(1,160.80)

(b) Income tax recognised in Other Comprehensive income

(₹ in Lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit plans	**2.54**	3.57
Total	**2.54**	3.57

(c) Reconciliation of estimated income tax expense at tax rate to income tax expense reported in Profit or Loss is as follows:

(₹ in Lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Loss before tax	**(1,338.14)**	(2,126.85)
Income tax expense calculated at 29.12%	**(389.67)**	(619.33)
Effect of income that is non allowable in determining taxable profit		619.32
Effect of tax incentives and concessions	**0.84**	–
Business Loss	**–**	(777.04)
Changes in recognised deductible temporary differences	**–**	(383.75)
Unrecognised Deferred Tax Asset	**388.83**	–
Total	**–**	(1,160.80)

27. Earnings per share (EPS)

Basic and diluted EPS amounts are calculated by dividing the (loss) for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

The following reflects the loss and share data used in the basic and diluted EPS computations:

(₹ in Lakh)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Loss after tax (Rs. in Lakh)	**(1,338.14)**	(966.05)
Weighted average number of equity shares	**100,000**	100,000
Face Value of Equity Shares (in Rs.)	**10**	10
Earnings per Equity share - Basic (in Rs.)	**(1,338.14)**	(966.05)
Earnings per Equity share - Diluted (in Rs.)	**(1,338.14)**	(966.05)

28. Leases

A. As lessee

The company had entered into operating leases arrangement for its regional office and sales & marketing office. These operating leases have been either expired or terminated during the current year.

(₹ in Lakh)

Maturity Analysis - Contractual Undiscounted Cash Flow	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Less than one year	**–**	165.19
One to Three years	**–**	–
Three to five years	**–**	–
More than five years	**–**	–
Total discounted lease liabilities at Balance sheet date	**–**	159.54

During the year the company has incurred Rs. Nil against lease rental payments (Previous Year Rs. 184.09 lacs) of two premises which is classified as Lease Liability payment as per IND AS 116.

Expense of Rs 3.93 lakh (previous year Rs. 6.92 lakh) relating to leases of low-value assets for the year ended March 31, 2020 is inlcuded under Rent, Rates & Taxes in Note 25 “Other Expenses”

29. Disclosures as per IND AS 115

(1) Contract Balances

(a) Amounts received before the related performance obligation is satisfied are included in the balance sheet (Contract liability) as “Advances received from Customers/Income received in Advance” in note no. 19- Other Current Liabilities amounting to Rs 26,603.61 lakhs (previous year Rs. 10,789.52 lakhs). Amounts billed for development milestones achieved but not yet paid by the customer are included in the balance sheet under note no.9 - Trade Receivables amounting to Rs.4,262.80 lakhs (previous year Nil).

(b) During the year, the Company recognised Revenue of Rs. 3,764.77 (previous year Nil) from opening contract liability of Rs 10,789.52 lakhs (previous year Rs. 3,640.64 lakhs).

(c) There were no significant changes in the composition of the contract liabilities during the reporting period other than on account of periodic invoicing and one new project opened for sale.

(d) Amounts previously recorded as contract liabilities increased due to further milestone based invoices raised during the year and one new project opened for sale.

(e) There are no contract assets outstanding at the end of the year.

(f) The aggregate amount of the transaction price allocated to the performance obligations that are completely or partially unsatisfied as at March 31, 2021, is Rs. 46,327.57 lakhs (previous year Rs. 41,276.54 lakhs). Out of this, the Company expects, based on current projections, to recognize revenue of around 15% (previous year 26%) within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience with a penalty as per the agreement since, based on current assessment, the occurrence of the same is not expected to be material.

(2) Contract costs

(₹ in Lakh)

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
Contract costs included in Prepaid expenses in Note no. 12- Other Current Assets	**1,074.84**	494.49

(a) The Company incurs commissions & incentives that are incremental costs of obtaining a contract with a customer. Under Ind AS 115, the Company recognises the incremental costs of obtaining a contract as assets under Prepaid Expenses under Note no. 12 - Other Current Assets and amortises it upon completion of the related property sale contract.

30. Capital Commitments

(₹ in Lakh)

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
Capital Commitment : Estimated value of contracts remaining to be executed on capital account and not provided for	**–**	27.14
Total	**–**	27.14

31. Related parties disclosures

Names of related parties and related party relationship

Related parties where control exists

Enterprises having joint control over the Company	Mahindra Lifespace Developers Ltd.
	HDFC Capital Affordable Real Estate Fund I

Other Related parties with whom transactions have taken place during the year

Holding Company of Enterprise exercising joint control over the Company	Mahindra & Mahindra Ltd.
Subsidiary of Holding Company of Enterprise exercising joint control over the Company	a) Mahindra Integrated Business Solutions Pvt. Ltd. b) Mahindra Intertrade Ltd. c) Mahindra Retail Ltd. d) Mahindra Engineering & Chemical Products Ltd.
Key Managerial Personnel	Mr. Arvind Subramanian
Relative of Key Managerial Personnel	Mrs. Poornima Subramanian

Related party transactions

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

(₹ in Lakh)

Nature of transactions with Related Parties	**Year Ended**	**Mahindra Lifespace Developers Ltd**	**HDFC Capital Affordable Real Estate Fund I**	**Mahindra & Mahindra Ltd.**	**Mahindra Integrated Business Solutions Pvt. Ltd.**	**Mahindra Engineering & Chemical Products Ltd**	**Mahindra Retail Ltd.**	**Mr. Arvind Subramanian**	**Mrs. Poornima Subramanian**
Issue of 15% Optionally Convertible Redeemable Series 2 Debentures ("OCD")	**31-Mar-21**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	31-Mar-20	922.11	2,766.32	–	–	–	–	–	–
Issue of 15% Optionally Convertible Redeemable Series 2 Preference Shares (OCRPs)	**31-Mar-21**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	31-Mar-20	641.26	1,923.78	–	–	–	–	–	–
Redemption of Series I Debenture (OCDs)	**31-Mar-21**	**250.00**	**750.00**	**–**	**–**	**–**	**–**	**–**	**–**
	31-Mar-20	–	–	–	–	–	–	–	–
Sale of Goods	**31-Mar-21**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**29.49**
	31-Mar-20	–	–	–	–	–	–	–	
Purchase of Goods	**31-Mar-21**	**–**	**–**	**–**	**–**	**2.70**	**–**	**–**	**–**
	31-Mar-20	–	–	–	–	–	1.98	–	–
Receiving of services	**31-Mar-21**	**3.51**	**–**	**21.51**	**65.13**	**–**	**–**	**–**	**–**
	31-Mar-20	334.54	–	–	72.05	–	–	–	–

(₹ in Lakh)

Nature of transactions with Related Parties	Year Ended	Mahindra Lifespace Developers Ltd	HDFC Capital Affordable Real Estate Fund I	Mahindra & Mahindra Ltd.	Mahindra Integrated Business Solutions Pvt. Ltd.	Mahindra Engineering & Chemical Products Ltd	Mahindra Retail Ltd.	Mr. Arvind Subramanian	Mrs. Poornima Subramanian
Interest on Series I Debenture (OCDs)	**31-Mar-21**	**516.37**	**1,549.10**	**–**	**–**	**–**	**–**	**–**	**–**
	31-Mar-20	–	–	–	–	–	–	–	–
Reimbursement made to parties	**31-Mar-21**	**95.29**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	31-Mar-20	115.51	–	20.39	–	–	–	4.43	–
Reimbursement received from parties	**31-Mar-21**	**36.16**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	31-Mar-20	82.13	–	–	–	–	–	–	–

The following table provides the balances with related parties as on balance sheet date:

(₹ in Lakh)

Nature of Balances with Related Parties	Balance as at	Mahindra Lifespace Developers Ltd	HDFC Capital Affordable Real Estate Fund I	Mahindra & Mahindra Ltd.	Mahindra Integrated Business Solutions Pvt. Ltd.	Mahindra Retail Ltd.
Long Term Borrowings - Series 1 & Series 2 debentures (OCDs)	**31-Mar-21**	**1,362.11**	**4,086.32**	**–**	**–**	**–**
	31-Mar-20	1,612.11	4,836.32	–	–	–
Long Term Borrowings - Series 1 & Series 2 preference Shares (OCRPs)	**31-Mar-21**	**949.66**	**2,848.88**	**–**	**–**	**–**
	31-Mar-20	949.66	2,848.88	–	–	–
Payables	**31-Mar-21**	**59.12**	**–**	**5.71**	**14.85**	**–**
	31-Mar-20	20.14	–	4.18	4.89	1.98

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

32. Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and Superannuation Fund aggregating Rs. 25.76 lakhs (31st March, 2020 Rs. 21.53 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the amount calculated as per the Payment of Gratuity Act, 1972. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The scheme is unfunded as on March 31, 2021.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk

The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk

A decrease in the bond interest rate will increase the plan liability.

Longevity risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

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

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	As at	
	31st March, 2021	31st March, 2020
Discount rate(s)	**5.71%**	5.68%
Expected rate(s) of salary increase	**5.00%**	5.00%
Attrition Rate	**0 to 42: 16%**	0 to 42: 16%
Mortality	**IALM (2012-14) ULT.**	IALM (2012-14) ULT.

Retirement age of the employees is assumed to be 60 years.

Defined benefit plans – as per actuarial valuation on 31st March, 2021

(₹ in Lakh)

Particulars	Un-funded Gratuity Plan For the year ended 31st March, 2021	For the year ended 31st March, 2020
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**9.07**	8.27
Past service cost and (gains)/losses on transfer of employees from holding company as at 1st August, 2019	**–**	35.78
Net interest expense	**1.76**	1.46
Components of defined benefit costs recognised in profit or loss	**10.83**	45.51
Remeasurement on the net defined benefit liability		
Actuarial (gains)/loss arising from demographic assumptions	**–**	(4.11)
Actuarial (gains)/loss arising from changes in financial assumptions	**(0.03)**	(7.42)
Actuarial (gains)/loss arising from experience adjustments	**(8.69)**	(0.72)
Components of defined benefit costs recognised in other comprehensive income	**(8.72)**	(12.25)
Total	**2.11**	33.26
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2021		
1. Present value of defined benefit obligation as at 31st March, 2021	**24.36**	33.27
2. Fair value of plan assets as at 31st March, 2021	**–**	–
3. Surplus/(Deficit)	**(24.36)**	(33.27)
4. Current portion of the above	**(4.16)**	(4.71)
5. Non current portion of the above	**(20.20)**	(28.56)
II. Movements in the present value of the defined benefit obligation are as follows.		
1. Present value of defined benefit obligation on transfer of employees from holding company as at 1st April, 2020	**33.27**	35.78
2. Transfer out liability	**(6.65)**	–
3. *Expenses Recognised in Profit and Loss Account*		
- Current Service Cost	**9.07**	8.27
- Past Service Cost	**–**	–
- Interest Cost	**1.76**	1.46
4. *Recognised in Other Comprehensive Income*		
Remeasurement gains / (losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**–**	(4.11)
ii. Financial Assumptions	**(0.03)**	(7.42)
iii. Experience Adjustments	**(8.69)**	(0.72)
5. Benefit payments	**(4.37)**	–
6. Present value of defined benefit obligation at the end of the year	**24.36**	33.26

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(₹ in Lakh)

Principal Assumptions		Changes in assumption (%)	Impact on defined benefit obligation Increase in assumption	Decrease in assumption
Discount rate	**2021**	**1.00%**	**23.32**	**25.51**
	2020	1.00%	31.66	35.05
Salary growth rate	**2021**	**1.00%**	**24.85**	**23.92**
	2020	1.00%	34.33	32.30

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

Maturity profile of defined benefit obligation:

	31st March, 2021	31st March, 2020
Within 1 year	**4.16**	4.71
1 - 2 year	**3.59**	4.66
2 - 3 year	**3.44**	4.12
3 - 4 year	**3.10**	4.21
4 - 5 year	**2.68**	3.95
5 - 10 years	**11.79**	12.98

The weighted average age considered for defined benefit obligation as at 31st March 2021 is 33.71 years (31st March, 2020 was 34.72 years)

33. Financial Instruments

Capital management

The Company's capital management objectives are-

– safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders

– maintain an optimal capital structure to reduce the cost of capital

The Management of the Company monitors the capital structure using debt equity ratio which is determined as the proportion of total debt to total equity.

(₹ in Lakh)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Debt	**7,982.97**	7,965.91
Cash and Bank Balances	**(6,782.79)**	(1,577.41)
Net Debt (A)	**1,200.17**	6,388.50
Total Equity (B)	**(3,679.73)**	(2,347.77)
Debt Ratio (A / B)	**(0.33)**	(2.72)

* Since Optionally Convertible Debentures and Optionally Convertible Redeemable Preference shares issued by the company are subscribed by the share-holders, the Debt-equity ratio of the company is reviewed by the management based on the external debt only.

Categories of financial assets and financial liabilities

The following tables shows the carrying amount of financial assets and financial liabilities by category:

As at 31st March, 2021

(₹ in Lakh)

Particulars	Amortised Costs	FVTPL	Total
Non- Current Assets			
Other Financial assets	**217.48**	**–**	**217.48**
Current Assets			
Trade Receivables	**4,262.80**	**–**	**4,262.80**
Cash and Bank Balances	**6,591.59**	**–**	**6,591.59**
Other Financial Assets - Non derivative financial asset	**36.50**	**–**	**36.50**
Non-current Liabilities			
Borrowings	**4,982.97**	**9,043.60**	**14,026.57**
Current Liabilities			
Trade Payables	**1,253.49**	**–**	**1,253.49**
Other Financial Liabilities	**3,000.00**	**–**	**3,000.00**

As at 31st March, 2020

(₹ in Lakh)

Particulars	Amortised Costs	FVTPL	Total
Non- Current Assets			
Other Financial assets	200.92	–	200.92
Current Assets			
Cash and Bank Balances	1,376.49	–	1,376.49
Other Financial Assets - Non derivative financial asset	102.39	–	102.39
Non-current Liabilities			
Borrowings	7,965.91	10,998.88	18,964.79
Current Liabilities			
Lease Liabilities	159.54	–	159.54
Trade Payables	1,296.49	–	1,296.49

34. COVID-19

The Company is actively monitoring the impact of the global health pandemic on its financial condition, liquidity, operations, suppliers, industry, and workforce. The operations of the Company were impacted due to the stoppage of work at its project sites and corporate office following the nationwide lockdown by the Government of India on March 23, 2020. The sites were impacted due to the lockdown for different periods of time, depending on their location and local regulations. The Company has resumed its operations in a phased manner as per the directives issued by the Government of India and local authorities.

However, since early March 2021, India has witnessed a second wave of COVID-19 with sudden rise in COVID-19 cases across the country. This has again led to imposing lockdown like restrictions across the country, which is likely to impact the economic activity of the country as a whole and the Company's operations in particular. The Company has used the principles of prudence in applying judgments, estimates and assumptions based on current assessments. In assessing the recoverability of assets such as inventories, financial assets and other assets, based on current indicators of future economic conditions, the Company expects to recover the carrying amounts of its assets.

The extent to which COVID-19 impacts the operations will depend on future developments which remain uncertain.

35. Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents and other financial assets.

Trade Receivables

The Company's trade receivables include receivables on sale of residential flats. As per the Company's flat handover policy, a flat is handed over to a customer only upon payment of entire amount of consideration. Thus, the Company is not exposed to any credit risk on receivables from sale of residential flats.

Cash and cash equivalents and other financial assets

For Cash and bank balances only high rated banks are accepted. The Company holds cash and cash equivalents with banks which are having highest safety ratings based on ratings published by various credit rating agencies. The Company considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties.

For other financial assets, the Company assesses and manages credit risk based on reasonable and supportive forward looking information. The Company does not have significant credit risk exposure for these items.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of Directors who have established an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

(₹ in Lakh)

Particulars	Less than 1 Year	1 Year to 3 Years	3 Year to 5 Years
Non-derivative financial liabilities			
As at 31st March, 2021			
Trade and other payables	**3,946.46**	**307.03**	**–**
Non- Current Secured Borrowings	**–**	**4,982.97**	**–**
Series 1 and Series 2 Optionally Convertible Redeemable Preference Shares ("OCRPS")	**–**	**2,674.00**	**699.39**
15% Series 1 and Series 2 Optionally Convertible Redeemable Debenture ("OCRD")	**4,780.00**	**890.21**	**–**
Total	**8,726.46**	**8,854.21**	**699.39**

(₹ in Lakh)

Particulars	Less than 1 Year	1-3 Years	3-5 Years
Non-derivative financial liabilities			
As at 31st March, 2020			
Trade and other payables	1,228.87	227.16	–
Current unsecured borrowings	–	6,970.17	995.74
Series 1 Optionally Convertible Redeemable Preference Shares (“OCRPs”)	–	1,837.00	1,498.70
15% Series 1 Optionally Convertible Redeemable Debenture (“OCD”)	–	7,663.18	–
Total	1,228.87	16,697.51	2,494.44

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

(₹ in Lakh)

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
Secured Term Loan		
- Expiring within one year	**–**	–
Unsecured Bank Overdraft facility		
- Expiring within one year	**4,200.00**	300.00
Total	**4,200.00**	300.00

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

CURRENCY RISK

Foreign currency risk is the risk that the fair value or the future cash flows of an exposure will fluctuate because of changes in the foreign exchange rate. The Company undertakes transactions denominated in foreign currencies only for the purchases of the components which are required to carry out the construction activities. The Company manages its foreign currency risk by forward contracts that are expected to occur within a maximum 12 month from the entering of a contract.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and floating rate loans and borrowings.

Interest rate sensitivity

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

	Currency	Increase / decrease in basis points	(₹ in Lakh)
As at 31st March, 2021	**INR**	**+100**	**(49.83)**
	INR	**-100**	**49.83**
As at 31st March, 2020	INR	+100	(79.66)
	INR	-100	79.66

Fair Valuation Techniques and Inputs used - Recurring Items

(₹ in Lakh)

Financial liabilities measured at Fair value	Fair value as at 31st March, 2021	Fair value hierarchy	Valuation Technique(s)	Key input(s) used
Borrowings				
Series 1 and Series 2 Optionally Convertible Redeemable Debenture (“OCD”)	5,670.21	Level 3	Income Approach - Discounted Cash Flow	For Discounted Cash Flow - Companies Financial projections. These include forecasts of balance sheet, statement of profit and loss along with underlying assumptions.
Series 1 and Series 2 Optionally Convertible Redeemable Preference Shares (“OCRPS”)	3,373.39	Level 3	Income Approach - Discounted Cash Flow	For Discounted Cash Flow - Companies Financial projections. These include forecasts of balance sheet, statement of profit and loss along with underlying assumptions.
Total	**9,043.60**			

(₹ in Lakh)

Financial assets and liabilities measured at Fair value	Fair value as at 31st March, 2020	Fair value hierarchy	Valuation Technique(s)	Key input(s) used
Borrowings				
Series 1 Optionally Convertible Redeemable Debenture (“OCD”)	7,663.18	Level 3	Income Approach - Discounted Cash Flow	For Discounted Cash Flow - Companies Financial projections. These include forecasts of balance sheet, statement of profit and loss along with underlying assumptions.
Series 1 Optionally Convertible Redeemable Preference Shares (“OCRPS”)	3,335.70	Level 3	Income Approach - Discounted Cash Flow	For Discounted Cash Flow - Companies Financial projections. These include forecasts of balance sheet, statement of profit and loss along with underlying assumptions.
Total	**10,998.88**			

Significant unobservable inputs used in level 3 fair value measurements

(₹ in Lakh)

Financial assets measured at Fair value	**Fair value as at 31st March, 2021**	Fair value as at 31st March, 2020	**Fair value hierarchy**	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value and sensitivity**
Borrowings					
Series 1 and Series 2 Optionally Convertible Redeemable Debenture ("OCD")	5,670.21	7,663.18	Level 3	Interest Rates to discount future cash flow, Financial Projections	Any change (increase/ decrease) in the discount factor, financial projections etc. would entail corresponding change in the valuation
Series 1 and Series 2 Optionally Convertible Redeemable preference shares ("OCRPS")	3,373.39	3,335.70	Level 3	Interest Rates to discount future cash flow, Financial Projections	Any change (increase/ decrease) in the discount factor, financial projections etc. would entail corresponding change in the valuation

Except for the above, carrying value of Other financial assets / liabilities represent reasonable estimate of fair value.

Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

(₹ in Lakh)

Particulars	**Series 1 and Series 2 Optionally Convertible Redeemable Preference Shares ("OCRPS")**	**Series 1 and Series 2 Optionally Convertible Redeemable Debenture ("OCD")**	**Total**
Year Ended 31st March 2021			
Opening Balance of Fair Value	**3,335.70**	**7,663.18**	**10,998.88**
Total incomes/gains or (losses) recognised in Profit or Loss	37.69	1,072.50	1,110.19
Redemption of Optionally Convertible Redeemable Debentures during the year	–	(3,065.47)	(3,065.47)
Closing balance of fair value	**3,373.39**	**5,670.21**	**9,043.60**
Year Ended 31st March 2020			
Opening Balance of Fair Value	**1,104.00**	**3,148.00**	**4,252.00**
Total incomes/gains or (losses) recognised in Profit or Loss	(333.34)	826.76	493.41
Fair value of purchases made during the year	2,565.04	3,688.42	6,253.47
Closing balance of fair value	**3,335.70**	7,663.18	10,998.88

36. Segment information

The Company is engaged only in the business of development of property and related activities in India. It has no other reportable segments as per the terms of Indian Accounting Standards (Ind AS) 108 on Segment Reporting.

37. Events after the reporting period

No material events have occurred after the Balance Sheet date and upto the approval of the financial statements.

38. Previous year figures

The figures for previous year have been regrouped wherever necessary to confirm to current year's classification.

(For and on behalf of the Board of Directors of)
Mahindra Happinest Developers Ltd.

Arvind Subramanian	**Vimal Agarwal**
Director	Director
DIN - 02551935	DIN - 07296320
Place: Mumbai	
Date: 26th April, 2021	

INDEPENDENT AUDITOR'S REPORT

To the Members of MAHINDRA KNOWLEDGE PARK (MOHALI) LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of **MAHINDRA KNOWLEDGE PARK (MOHALI) LIMITED** (the 'Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no other key audit matters to communicate in our report

Information other than the Financial Statements and Auditor's Report thereon

5. The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

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

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

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

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

6. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

8. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

14. As required by Section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.
15. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the Order.
16. Further to our comments in Annexure 1, as required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c) the standalone financial statements dealt with by this report are in agreement with the books of account;
    d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;
    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act;
    f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report as per Annexure 2 expressed an unmodified opinion; and
    g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company does not have any pending litigations which would impact its financial position;
        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Giriraj Bang & Company
Chartered Accountants
Firm registration No.: 129434W

Giriraj Bang
Proprietor
Membership No. 111840
UDIN:21111840AAAABV9352

Mumbai, April 26, 2021

ANNEXURE – 1 TO THE AUDITORS REPORT

The annexure referred to in independent auditors report to the members of the Company on the financial statements for the year ended 31 March 2021. We report that:

(i) The Company does not have fixed assets and, accordingly, the requirements under paragraph 4 (i) (a),(b) and (c) are not applicable to the Company.

(ii) The Company's business does not have inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.

(v) The Company has not accepted any deposits from the public.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of custom, duty of excise, value added tax, Goods and Service Tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, Goods and Service Tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty, value added tax, Goods and Service Tax and cess which have not been deposited on account of any dispute.

(viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.

(ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management and on an overall examination of the balance sheet, we report that monies raised by way term loans were applied for the purposes for which those were raised.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.

(xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xi) of the order are not applicable to the Company and hence not commented upon.

(xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.

(xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For Giriraj Bang & Company
Chartered Accountants
Firm registration No.: 129434W

Giriraj Bang
Proprietor
Membership No. : 111840
UDIN:21111840AAAABV9352

Mumbai, April 26, 2021

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF MAHINDRA KNOWLEDGE PARK (MOHALI) LIMITED, ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Annexure 2

Independent Auditor's report on the Internal Financial Controls with reference to the standalone financial statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

1. In conjunction with our audit of the standalone financial statements of **MAHINDRA KNOWLEDGE PARK (MOHALI) LIMITED** (the "Company") as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.

Responsibility of Management and Those Charged with Governance for Internal Financial Controls

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

Auditors' Responsibility for the Audit of the Internal Financial Controls with Reference to Standalone Financial Statements

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

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

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

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Giriraj Bang & Company
Chartered Accountants
Firm registration No.: 129434W

Giriraj Bang
Proprietor
Membership No. : 111840
UDIN:21111840AAAABV9352

Mumbai, April 26, 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

(Amount in ₹)

	Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
I	**ASSETS**			
	Non-current assets		**–**	–
	Total Non-current assets (I)		**–**	**–**
	Current assets			
	(a) Financial assets			
	(i) Cash and cash equivalents	4	**2,666**	2,666
	(b) Other current assets	5	**5,576**	**9,293**
	Total current assets (II)		**8,242**	11,959
	TOTAL ASSETS {(I)+(II)}		**8,242**	11,959
II	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity share capital	6	**130**	130
	(b) Other equity	7	**(12,410,773)**	(12,243,177)
	Total equity (III)		**(12,410,643)**	(12,243,047)
	LIABILITIES			
	NON-CURRENT LIABILITIES			
	(a) Financial liabilities			
	(i) Borrowings	8	**500,000**	500,000
	Total Non-current liabilities (IV)		**500,000**	500,000
	Current liabilities			
	(a) Financial liabilities			
	(i) Trade payables	9	**11,918,884**	11,755,005
	(b) Other current liabilities	10	**–**	–
	Total current liabilities (V)		**11,918,884**	11,755,005
	Total equity and liabilities {(III)+(IV)+(V)}		**8,242**	11,959

See accompanying notes forming part of the financial statements

In terms of our report attached

For Giriraj Bang & Company
Chartered Accountants
Firm registration No.: 129434W

Giriraj Bang
Proprietor
Membership No.: 111840

Place : Mumbai
Date : 26th April, 2021

For and on behalf of Board of Directors

Feroze Baria
Director (DIN 03315262)

Ulhas Bhosale
Director (DIN 08217384)

Place : Mumbai
Date : 26th April, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

(Amount in ₹)

	Particulars	Note No.	For the year ended 31st March, 2021	For the year ended 31st March, 2020
I	Revenue from operations		–	–
II	Other income		–	–
III	**Total income (I+II)**		–	–
IV	**Expenses**			
	(a) Other expenses	11	**167,596**	40,367
	Total Expenses (IV)		**167,596**	40,367
V	**Loss before tax (III-IV)**		**(167,596)**	(40,367)
VI	**Tax Expense**			
	(1) Current tax		–	–
	(2) Deferred tax		–	–
	Total tax expense		–	–
VII	**Loss for the period (V-VI)**		**(167,596)**	(40,367)
VIII	**Other comprehensive income**		–	–
IX	**Total comprehensive income for the year (VII+VIII)**		**(167,596)**	(40,367)
X	**Earnings per equity share**			
	Basic/Diluted	12	**(12,892.00)**	(3,105.12)

See accompanying notes forming part of the financial statements

In terms of our report attached

For Giriraj Bang & Company
Chartered Accountants
Firm registration No.: 129434W

Giriraj Bang
Proprietor
Membership No.: 111840

Place : Mumbai
Date : 26th April, 2021

For and on behalf of Board of Directors

Feroze Baria
Director (DIN 03315262)

Ulhas Bhosale
Director (DIN 08217384)

Place : Mumbai
Date : 26th April, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

(Amount in ₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Cash flows from operating activities		
Loss for the year	**(167,596)**	(40,367)
	(167,596)	(40,367)
Movements in working capital:		
Decrease in trade and other payables	**163,879**	61,459
(Increase)/decrease in other current assets	**3,717**	(9,293)
(Decrease)/increase in other current liabilities	**-**	(11,800)
Cash generated from operations		
Income taxes paid	**–**	–
Net cash (used in)/generated by operating activities	**–**	–
Cash flows from investing activities		
Net increase in cash and cash equivalents	**–**	–
Cash and cash equivalents at the beginning of the year	**2,666**	2,666
	2,666	2,666
Cash and cash equivalents at the end of the year	**2,666**	2,666

See accompanying notes forming part of the financial statements

In terms of our report attached

For Giriraj Bang & Company
Chartered Accountants
Firm registration No.: 129434W

Giriraj Bang
Proprietor
Membership No.: 111840

Place : Mumbai
Date : 26th April, 2021

For and on behalf of Board of Directors

Feroze Baria
Director (DIN 03315262)

Ulhas Bhosale
Director (DIN 08217384)

Place : Mumbai
Date : 26th April, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

A. Equity share capital **(Amount in ₹)**

As at 31st March, 2019	**130**
Changes in equity share capital during the year	–
As at 31st March, 2020	**130**
Changes in equity share capital during the year	–
As at 31st March, 2021	**130**

B. Other Equity

	Retained earnings (Amount in ₹)
As at 31st March, 2019	**(12,202,810)**
Loss for the year	(40,367)
Other Comprehensive Loss	–
As at 31st March, 2020	**(12,243,177)**
Loss for the year	(167,596)
Other Comprehensive Loss	–
As at 31st March, 2021	**(12,410,773)**

See accompanying notes forming part of the financial statements

In terms of our report attached

For Giriraj Bang & Company
Chartered Accountants
Firm registration No.: 129434W

Giriraj Bang
Proprietor
Membership No.: 111840

Place : Mumbai
Date : 26th April, 2021

For and on behalf of Board of Directors

Feroze Baria
Director (DIN 03315262)

Ulhas Bhosale
Director (DIN 08217384)

Place : Mumbai
Date : 26th April, 2021

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. **Corporate information**

Mahindra Knowledge Park (Mohali) Limited ("the Company") is a public company incorporated in India on 11 July, 1994 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at Mahindra Towers, Dr G.M.Bhosale Marg, P.K. Kurne Chowk, Worli, Mumbai - 400018.

2. **Significant Accounting Policies**

2.1 Statement of compliance and Basis of preparation and presentation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (Rs.) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 26th April, 2021.

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the statement of profit and loss.

Depreciation on assets (other than impaired assets) is calculated on straight line method at the rate of 11.31% p.a. which is based on useful life of about 9 years determined on the basis of technical evaluation by the Management of the Company and is different from the useful life of 15 years indicated in part C of schedule II to the Companies Act, 2013.

2.3 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement profit and loss.

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value, whichever is lower. Cost is arrived at on first-in-first-out basis and includes overheads on absorption basis, where appropriate.

Financial assets and Liabilities

2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of profit or loss.

2.6 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.6.1 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowances at an amount equal to lifetime expected credit losses.

2.6.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

2.7 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.7.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.7.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.7.1.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.8 Revenue recognition

Revenue on account of sale of services is recognised under the completed service contract method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9.2 Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9.4 Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Note No. 4 - (a) Cash and cash equivalents

(Amount in ₹)

Particulars	As at 31st March 2021	As at 31st March 2020
(a) Balance with bank	**2,666**	2,666
Total Cash and cash equivalents	**2,666**	2,666

Note No. 5 - Other Current assets

(Amount in ₹)

Particulars	As at 31st March 2021	As at 31st March 2020
(a) Prepaid Expenses	**5,576**	9,293
Total Other current assets	**5,576**	9,293

Note No. 6 - Equity Share Capital

Particulars	As at 31st March 2021 No. of shares	As at 31st March 2021 Amount in ₹	As at 31st March 2020 No. of shares	As at 31st March 2020 Amount in ₹
Authorised:				
Equity shares of ₹10 each with voting rights	**1,000,000**	**10,000,000**	1,000,000	10,000,000
Issued, Subscribed and Fully Paid:				
Equity shares of ₹10 each with voting rights	**13**	**130**	13	130
Total	**13**	**130**	13	130

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Closing Balance
(a) Equity Shares with Voting rights*			
Year Ended 31st March, 2021			
No. of Shares	**13**	**–**	**13**
Amount	**130**	**–**	**130**
Year Ended 31st March 2020			
No. of Shares	13	–	13
Amount	130	–	130

Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The Distribution will be in proportion to the amount paid up on equity shares held by the shareholders.

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

Class of shares/ Name of shareholder	As at 31st March 2021 Number of shares held	As at 31st March 2021 % holding in that class of shares	As at 31st March 2020 Number of shares held	As at 31st March 2020 % holding in that class of shares
Equity shares with voting rights				
Mahindra Lifespace Developers Limited	**6**	**46.15%**	6	46.15%
Mr.A Vishwanth	**1**	**7.69**	1	7.69
Mr.Rajkumar Andley	**1**	**7.69**	1	7.69
Mr.Vivek Kejriwal	**1**	**7.69**	1	7.69
Mr. Pawan Kumar	**1**	**7.69**	1	7.69
Mr. Chandra Prakash Bhatia	**1**	**7.69**	1	7.69
Mr. Neerak Saroj	**1**	**7.69**	1	7.69
Mr.Alok Kumar Mishra	**1**	**7.69**	1	7.69

Note No. 7 - Other Equity

(Amount in ₹)

Particulars	Retained earnings	Total
As at 31st March, 2019	**(12,202,810)**	**(12,202,810)**
Loss for the period	(40,367)	(40,367)
Other Comprehensive Loss	–	–
As at 31st March, 2020	**(12,243,177)**	**(12,243,177)**
Loss for the period	(167,596)	(167,596)
Other Comprehensive Loss	–	–
As at 31st March, 2021	**(12,410,773)**	**(12,410,773)**

Note No. 8 - Non-Current Borrowings

(Amount in ₹)

Particulars	As at 31st March 2021	As at 31st March 2020
Measured at amortised cost		
A. Secured Borrowings:	**–**	–
Total Secured Borrowings	**–**	–
B. Unsecured Borrowings - at amortised Cost		
(a) Other Loans		
Redeemable preference share capital	**500,000**	500,000
Total Unsecured Borrowings	**500,000**	500,000
Total Borrowings	**500,000**	500,000

Note No. 9 - Trade Payables

(Amount in ₹)

Particulars	As at 31st March 2021	As at 31st March 2020
	Current	Current
Trade payables for goods & services	**11,918,884**	11,755,005
Total trade payables	**11,918,884**	11,755,005

No Companies have been identified under the Micro, Small and Medium Enterprises Development Act, 2006 as on 31 March, 2017 and hence the disclosure as required by Notification No. G.S.R. 719 (E), dated 16 November, 2007 issued by the Ministry of Corporate Affairs is not applicable.

Note No. 10 - Other current liabilities

(Amount in ₹)

Particulars	As at 31st March 2021	As at 31st March 2020
	Current	Current
a. Others		
Expenses Payable	**–**	–
TOTAL OTHER LIABILITIES	**–**	–

Note No. 11 - Other Expenses

(Amount in ₹)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a) Professional charges	**88,837**	26,429
(b) Stamp & Filing Fees	**37,700**	4,288
(c) Payments to auditors (including GST):		
(i) For audit	**5,900**	5,900
(d) Miscellaneous expenses	**35,159**	3,750
Total Other Expenses	**167,596**	40,367

Note No. 12 - Earnings per Share

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a) Net loss for the period	**(167,596)**	(40,367)
(b) Nominal value per share	**10**	10
(c) Weighted average number of equity shares (No.)	**13**	13
(d) Basic/Diluted earning per share	**(12,892.00)**	(3,105.12)

Note No. 13 - Related Party Transactions

Related party disclosures as required by IND AS 24 “Related Party Disclosures” are given below.

Enterprises Controlling the Company

1	Mahindra & Mahindra Limited	Ultimate Holding Company

Group Company

2	Mahindra Infrastructure Developers Limited

Particulars	For the year ended	Ultimate Holding Company	Group Company
Nature of transactions with Related Parties			
Trade payables	**31-Mar-21**	**–**	**146,649**
	31-Mar-20	–	36,707

Nature of Balances with Related Parties	Balances as on	Ultimate Holding Company	Group Company
Payables	**31-Mar-21**	**859,205**	**304,725**
	31-Mar-20	859,205	158,076

1. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.

2. Related parties have been identified by the Management.

Note No. 14 - Financial Instruments

Capital management

The company’s capital management objectives are:

– to ensure the company’s ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The Company manages capital risk in order to maximize shareholders’ profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31 March 2021, 31 March 2020 is as follows:

	31-Mar-21	31-Mar-20
Debt (A)	**500,000**	500,000
Equity (B)	**(12,410,643)**	(12,243,047)
Debt Ratio (A/B)	**(0.04)**	(0.04)

Categories of financial assets and financial liabilities

As at 31st March 2021

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	–			–
Current Assets				
Other Bank Balances	**2,666**	–	–	**2,666**
Non-current Liabilities				
Borrowings	**500,000**	–	–	**500,000**
Current Liabilities				
Borrowings	**–**			–
Trade Payables	**11,918,884**	–	–	**11,918,884**

(Amount in ₹)

	As at 31st March 2020			
	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	–			–
Current Assets				
Other Bank Balances	2,666			2,666
Non-current Liabilities				
Borrowings	500,000			500,000
Current Liabilities				
Trade Payables	11,755,005			11,755,005

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk list all such risks as applicable. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

Credit risk arises when a counterparty defaults on its contractual obligations to pay, resulting in financial loss to the Company.

Credit risk related to financial instruments

Credit risk from balances with banks and financial institutions is managed by Treasury in accordance with the Company's policy. Investments of surplus funds are made only by investment them in mutual funds. Hence the company is not exposed to any credit risk in this respect.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial liabilities				
31-Mar-21				
Trade Payable	**189,249**	**158,076**	**859,205**	**10,712,354**
Total	**189,249**	**158,076**	**859,205**	**10,712,354**
31-Mar-20				
Trade Payable	62,077	980,574	10,712,354	–
Total	**62,077**	**980,574**	**10,712,354**	**–**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated only in India Rupees and hence there is no risk of foreign exchnage fluctuations.

Interest rate risk

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

Note No. 15 - Fair Value Measurement

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

	Carrying Value		Fair value as at	
Particulars	**31-Mar-21**	31-Mar-20	**31-Mar-21**	31-Mar-20
Financial assets				
Investments	**–**	–	**–**	–
Trade Receivables	**–**	–	**–**	–
Other Bank Balances	**2,666**	2,666	**2,666**	2,666
Total financial assets	**2,666**	2,666	**2,666**	2,666
Financial liabilities				
Trade Payable	**11,918,884**	11,755,005	**11,918,884**	11,755,005
Total financial liabilities	**11,918,884**	11,755,005	**11,918,884**	11,755,005

The management assessed that Investment in cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the Group's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2021: **(Amount in)**

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets				
Assets measured at Fair Value:				
Other Bank Balances	–	2,666	–	2,666
Total	**–**	**2,666**	**–**	**2,666**
Financial liabilities				
Liabilities measured at fair value:				
Trade Payable	–	11,918,884	–	11,918,884
Total	**–**	**11,918,884**	**–**	**11,918,884**

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2020:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets				
Assets measured at Fair Value:				
Other Bank Balances	–	2,666	–	2,666
Total	**–**	**2,666**	**–**	**2,666**
Financial liabilities				
Liabilities measured at fair value:				
Trade Payable	–	11,755,005	–	11,755,005
Total	**–**	**11,755,005**	–	**11,755,005**

There have been no transfers between Level 1 and Level 2 during year ended 31 March 2021.

Note No. 16: Previous period's figures have been regrouped/reclassified wherever necessary to correspond with the current period's classification/disclosure

In terms of our report attached

For Giriraj Bang & Company
Chartered Accountants
Firm registration No.: 129434W

Giriraj Bang
Proprietor
Membership No.: 111840

Place : Mumbai
Date : 26th April, 2021

For and on behalf of Board of Directors

Feroze Baria
Director (DIN 03315262)

Ulhas Bhosale
Director (DIN 08217384)

Place : Mumbai
Date : 26th April, 2021

DEEP MANGAL DEVELOPERS PRIVATE LIMITED

INDEPENDENT AUDITORS' REPORT

To the Members of Deep Mangal Developers Private Limited

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of **M/s. Deep Mangal Developers Private Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2021 and the Statement of Profit and Loss and statement of cash flows for the year then ended, the Statement of Changes in Equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and its Loss and cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the standards on auditing (SAs) specified under Section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

Information other than the financial statements and auditors' report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Management and Those Charged with Governance for the financial statements

The Company's Board of Directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations which would impact its financial statements;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **M/s. R. Jaitlia & Co.**
Chartered Accountants
FRN: 117246W

Mukesh Maheshwari
Partner
Membership No. : 049818
UDIN: 21049818AAAAEW9385

Place: Mumbai
Date: 12.04.2021

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2021:

i. In respect of its fixed assets:

As per information provided by the Company to us, it does not have any fixed asset as on 31st March, 2021. Accordingly, paragraph 3 (i) of the Order is not applicable to the Company.

ii. In respect of its inventories:

A) The Company is having inventory and work in progress; and it is physically verified by its management at reasonable intervals.

B) Procedures adopted by the Company's management for physical verification of inventories are adequate and reasonable according to the size and nature of its business.

iii. Loan given by Company:

The Company has not granted secured or unsecured loans to Companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013.

iv. Loan to Directors and investment by company:

The Company has not given any loans, made any investment nor issued any guarantees and securities. Hence the provisions of section 185 and 186 of the Companies Act, 2013 are not applicable.

v. Deposits:

The Company has not accepted any deposits from the public within the meaning of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there-under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. Cost Records:

The maintenance of cost records as specified under subsection (1) of the section 148 of the Act are not applicable to the Company and hence relevant provisions of the Order is not applicable.

vii. Statutory Dues:

According to information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including income tax, Goods and Service Tax (GST), and other material statutory dues, as applicable, with the appropriate authorities and there are no outstanding as on the last day of the financial year concerned for a period of more than six months. The Company has no obligation under Provident Fund and Employee State Insurance Rules. Payment of Sales Tax, Wealth Tax, Customs and Excise duties and Value Added Tax is not applicable to the Company during the period of Audit period.

viii. Repayment of Loans:

According to the records of the company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of any loans. The Company has also not issued any debentures as at the balance sheet date.

ix. Utilisation of IPO & further public offer:

The Company has not raised any money by way of initial public offer or further public offer and no term loan was raised by the Company.

x. Reporting of Fraud:

During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance fraud by the Company or any fraud on the Company by its offices or employees, nor noticed or reported during the year.

xi. Approval of Managerial Remuneration:

According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the Audit Period. Accordingly, paragraph 3 (xi) of the Order is not applicable to the Company.

xii. Nidhi Company:

The Company is not a Nidhi Company and so relevant clause is not applicable.

xiii. Related Party Transaction:

During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us all transactions with related parties have been disclosed in the financial statements.

xiv. Private Placements or Preferential Issues:

The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. Non – cash Transactions:

The Company has not entered into any non-cash transactions with directors or persons connected with any director of the Company.

xvi. Register under RBI Act 1934:

The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **R. Jaitlia & Co.**
Chartered Accountants
FRN 117246W

Mukesh Maheshwari
Partner
Membership No. : 049818
UDIN: 21049818AAAAEW9385

Place: Mumbai
Date: 12.04.2021

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF DEEP MANGAL DEVELOPERS PRIVATE LIMITED

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

We have audited the internal financial controls over financial reporting of **Deep Mangal Developers Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M/s. R. Jaitlia & Co.**
Chartered Accountants
FRN: 117246W

Mukesh Maheshwari
Partner
Membership No. : 049818
UDIN: 21049818AAAAEW9385

Place: Mumbai
Date: 12.04.2021

BALANCE SHEET AS AT 31ST MARCH, 2021

(Amount in ₹)

	Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
I	**ASSETS**			
	Non-current assets			
	(a) Financial Assets			
	(i) Investments	4	**5,010**	5,010
	Total Non-current assets (I)		**5,010**	5,010
	Current assets			
	(a) Inventories	5	**29,684,190**	25,551,561
	(b) Financial Assets			
	(i) Cash and Cash Equivalents	6	**34,540**	219,730
	(ii) Bank balances other than (i) above	6	**600,000**	–
	(c) Other Current Assets	7	**1,249,519**	642,251
	Total current assets (II)		**31,568,249**	26,413,542
	TOTAL ASSETS		**31,573,259**	26,418,552
II	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity Share Capital	8	**100,700**	100,700
	(b) Other Equity	9	**(4,837,195)**	(3,772,052)
	Total equity (III)		**(4,736,495)**	(3,671,352)
	Liabilities			
	Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	10	**15,818,583**	10,968,583
	(ii) Trade payables	11		
	– total outstanding dues of micro enterprises and small enterprises		**–**	–
	– total outstanding dues of trade payables other than micro enterprises and small enterprises		**18,655,955**	18,271,367
	(iii) Other Financial Liabilities	12	**1,539,023**	602,779
	(b) Other Current Liabilities	13	**296,193**	247,175
	Total current liabilities (IV)		**36,309,754**	30,089,904
	TOTAL		**31,573,259**	26,418,552

See accompanying notes forming part of the financial statements

In terms of our report attached.

For R Jaitlia & Co.
Chartered Accountants
Firm Registration No:117246W

Mukesh Maheshwari
Partner
Membership No:049818

Place: Mumbai
Date: 12th April 2021

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Vimal Agarwal
Director (DIN-07296320)

Place: Mumbai
Date: 12th April 2021

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2021

(Amount in ₹)

	Particulars	Note No.	For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
I	Revenue from operations		**–**	–
II	Other Income	15	**82**	–
III	**Total Revenue (I + II)**		**82**	–
IV	**EXPENSES**			
	(a) Finance cost	16	**1,012,155**	669,758
	(b) Other expenses	17	**53,069**	67,807
	Total Expenses (IV)		**1,065,224**	737,565
	Loss before tax (III-IV)		**(1,065,142)**	(737,565)
V	**Loss for the period (IV)**		**(1,065,142)**	(737,565)
VI	**Other comprehensive income**		**–**	–
VII	**Total comprehensive income for the period (V +VI)**		**(1,065,142)**	(737,565)
VIII	**Earnings per equity share**			
	Basic/Diluted	18	**(1,057.74)**	(732.44)

See accompanying notes forming part of the financial statements

In terms of our report attached.

For R Jaitlia & Co.
Chartered Accountants
Firm Registration No:117246W

Mukesh Maheshwari
Partner
Membership No:049818

Place: Mumbai
Date: 12th April 2021

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Vimal Agarwal
Director (DIN-07296320)

Place: Mumbai
Date: 12th April 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

(Amount in ₹)

Particulars	**Note No.**	**For the Year ended 31st March, 2021**	For the Year ended 31st March, 2020
Cash flows from operating activities			
Profit before tax for the year		**(1,065,142)**	(737,565)
Adjustments for:			
Movements in working capital:			
(Increase)/decrease in inventories		**(4,132,629)**	(4,092,056)
(Increase)/decrease in other assets		**(607,268)**	(642,251)
(Increase)/decrease in trade and other payables		**384,588**	126,197
(Decrease)/increase in other liabilities		**985,262**	(925,231)
Net cash generated by operating activities		**(4,435,190)**	(6,270,905)
Cash flows from investing activities			
Net cash (used in)/generated by investing activities		**–**	–
Cash flows from financing activities			
Proceeds from borrowings		**4,850,000**	6,413,583
Net cash used in financing activities		**4,850,000**	6,413,583
Net increase in cash and cash equivalents		**414,810**	142,678
Cash and cash equivalents at the beginning of the year		**219,730**	77,052
		34,540	219,730
Cash and cash equivalents at the end of the year		**634,540**	219,730

See accompanying notes forming part of the financial statements

In terms of our report attached.

For R Jaitlia & Co.
Chartered Accountants
Firm Registration No:117246W

Mukesh Maheshwari
Partner
Membership No:049818

Place: Mumbai
Date: 12th April 2021

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Vimal Agarwal
Director (DIN-07296320)

Place: Mumbai
Date: 12th April 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

A. Equity share capital

	(Amount in ₹)
As at 31st March, 2019	**100,700**
Changes in equity share capital during the year	–
As at 31st March, 2020	**100,700**
Changes in equity share capital during the year	–
As at 31st March, 2021	**100,700**

a. Equity share capital

	Equity share capital (no. of shares)
Balance at 31st March, 2019	**1,007**
Changes in equity share capital during the year	–
Issue of equity shares	
Balance at 31st March, 2020	**1,007**
Changes in equity share capital during the year	
Issue of equity shares	–
Balance at 31st March, 2021	**1,007**

Other equity

Particulars	Retained earnings
Balance at 31st March, 2019	**(3,034,488)**
Profit/(Loss) for the year	(737,565)
Other comprehensive income	–
Total comprehensive income	(737,565)
Balance at 31st March, 2020	**(3,772,052)**
Profit/(Loss) for the year	(1,065,142)
Other comprehensive income	–
Total comprehensive income	(1,065,142)
Balance at 31st March, 2021	**(4,837,195)**

See accompanying notes forming part of the financial statements

In terms of our report attached.

For R Jaitlia & Co.
Chartered Accountants
Firm Registration No:117246W

Mukesh Maheshwari
Partner
Membership No:049818

Place: Mumbai
Date: 12th April 2021

For and on behalf of the Board of Directors

Ulhas Bhosale
Director (DIN-08217384)

Vimal Agarwal
Director (DIN-07296320)

Place: Mumbai
Date: 12th April 2021

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. **Corporate information**

Deep Mangal Developers Private Limited ("the Company") is a public company incorporated in India on 25 May, 1989 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

2. **Significant Accounting Policies**

2.1 Statement of compliance and Basis of preparation and presentation

The Standalone Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provision of the act. The aforesaid financial statements have been approved by the Company's Board of Directors and authorised for issue in the meeting held on 12th April, 2021.

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the statement of profit and loss.

Depreciation on assets (other than impaired assets) is calculated on straight line method at the rate of 11.31% p.a. which is based on useful life of about 9 years determined on the basis of technical evaluation by the Management of the Company and is different from the useful life of 15 years indicated in part C of schedule II to the Companies Act, 2013.

2.3 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement profit and loss.

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value, whichever is lower. Cost is arrived at on first-in-first-out basis and includes overheads on absorption basis, where appropriate.

Financial assets and Liabilities

2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of profit or loss.

2.6 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.6.1 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowances at an amount equal to lifetime expected credit losses.

2.6.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

2.7 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.7.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.7.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.7.1.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.8 Revenue recognition

Revenue on account of sale of services is recognised under the completed service contract method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9.2 Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9.4 Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/ (loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Note No. 4 - Investments

Particulars	Face Value (₹)	As at 31st March, 2021 NOs.	As at 31st March, 2021 Amount in ₹	As at 31st March, 2020 Nos.	As at 31st March, 2020 Amount in ₹
A. Investments carried at cost or deemed cost					
I. Unquoted Investments (all fully paid)					
Investments in Preference shares					
- of associate					
7% Non-cumulative redeemable participating optionally convertible preference shares in Moonshine Construction Private Limited	**10**	**500**	**5,000**	500	5,000
Moonshine Construction Private Limited	**10**	**1**	**10**	1	10
Total Investments			**5,010**		5,010

Note No. 5 - Inventories

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
a) Work-in-progress	**29,684,190**	25,551,561
Total Inventories (at lower of cost and net realisable value)	**29,684,190**	25,551,561

Statement of changes in Inventory

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening inventory (WIP)	**25,551,561**	21,459,505
Additions during the year:		
Survey fees	**2,339,600**	2,924,500
Government fees	**–**	524,000
Legal expenses	**518,888**	643,556
Security expenses	**1,274,141**	–
Closing Inventory (WIP)	**29,684,190**	25,551,561

Note No. 6 - Cash and Bank Balances

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash and cash equivalents		
a) Balances with banks	**34,540**	219,730
b) Bank balances other than (i) above	**600,000**	–
Total Cash and cash equivalent	**634,540**	219,730

Note No. 7 - Other Current Assets

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) GST Input Tax Credit	**1,176,887**	526,410
(b) GST Reverse charge	**72,550**	115,841
(c) Interest accrued on Fixed Deposit	**82**	–
Total Other Current Assets	**1,249,519**	642,251

Note No. 8 - Equity Share Capital

Particulars	As at 31st March, 2021 Number of shares	As at 31st March, 2021 ₹	As at 31st March, 2020 Number of shares	As at 31st March, 2020 ₹
(a) Authorised				
Equity shares of ₹ 100 each with voting rights	**5,000**	**500,000**	5,000	500,000
	5,000	**500,000**	5,000	500,000
(b) Issued, subscribed and fully paid-up shares				
Equity shares of ₹ 100 each	**1,007**	**100,700**	1,007	100,700
	1,007	**100,700**	1,007	100,700

Notes (i) to (iv) below

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March, 2021 Number of shares	As at 31st March, 2021 ₹	As at 31st March, 2020 Number of shares	As at 31st March, 2020 ₹
Opening balance	**1,007**	**100,700**	1,007	100,700
Add: Issued during the year	**–**	**–**	–	–
Closing balance	**1,007**	**100,700**	1,007	100,700

The company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

(ii) Terms/rights attached to equity shares:

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the amount paid up on equity shares held by the shareholders.

(iii) Details of shares held by the holding company:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Mahindra Lifespace Developers Limited, the holding company	**177**	177

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

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Number of shares	% holding	Number of shares	% holding
Mahindra Lifespace Developers Limited the holding company,	**177**	**17.58%**	177	17.58%
Mahindra World City (Maharashtra) Limited	**830**	**82.42%**	830	82.42%

Note No. 9 - Other Equity

(Amount in ₹)

Particulars	Retained earnings	Total
Balance at 31st March, 2019	**(3,034,488)**	**(3,034,488)**
Profit/(Loss) for the year	(737,565)	(737,565)
Other comprehensive income	–	–
Total comprehensive income	(737,565)	(737,565)
Balance at 31st March, 2020	**(3,772,052)**	**(3,772,052)**
Profit/(Loss) for the year	(1,065,142)	(1,065,142)
Other comprehensive income	–	–
Total comprehensive income	(1,065,142)	(1,065,142)
Balance at 31st March 2021	**(4,837,195)**	**(4,837,195)**

Note No. 10 - Current Borrowings

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
A. Unsecured Borrowings		
(i) Loans from related parties*	**15,813,583**	10,963,583
(ii) Deposits	**5,000**	5,000
Total Unsecured Borrowings	**15,818,583**	4,555,000
Total Current Borrowings	**15,818,583**	4,555,000

* The Unsecured Inter Corporate Deposit taken from Mahindra Lifespace Developers Limited

Note No. 11 - Trade Payables

(Amount in ₹)

	As at 31st March, 2021	As at 31st March, 2020
Particulars	**Current**	Current
Trade payable -total outstanding Dues of micro enterprises and small enterprises	**–**	**–**
Trade payable - Other than micro and small enterprises	**18,655,955**	18,271,367
Total Trade Payables	**18,655,955**	18,271,367

Based on the information available with the Company there are no outstanding in respect of Micro, Small and Medium Enterprises as of Balance Sheet date

Note No. 12 - Other Financial Liabilities

(Amount in ₹)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Other Financial Liabilities Measured at Amortised Cost		
Current		
(i) Interest accrued but not due on Borrowings	**1,539,023**	602,779
Total other financial liabilities	**1,539,023**	1,361,675

Note No. 13 - Other Liabilities

(Amount in ₹)

	As at 31st March, 2021	As at 31st March, 2020
Particulars	**Current**	Current
a. Statutory dues		
– taxes payable	**296,193**	247,175
b. Other Current Liablities	**–**	–
Total Other Liabilities	**296,193**	247,175

Note No. 14 - Other Income

(Amount in ₹)

Particulars	For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
(a) Interest Income on Fixed Deposit	**82**	–
Total Other Income	**82**	–

Note No. 15 - Finance Cost

(Amount in ₹)

Particulars	For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
(a) Interest expense	**1,012,155**	669,758
Total Finance Cost	**1,012,155**	669,758

Note No. 16 - Other Expenses

(Amount in ₹)

Particulars	For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
(a) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	**15,340**	15,340
(b) Other expenses		
(i) Legal and other professional costs	**26,990**	35,140
(ii) Others	**10,739**	17,327
Total Other Expenses	**53,069**	67,807

Note No. 17 - Earnings Per Share

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a) Net loss for the period	**(1,065,142)**	(737,565)
(b) Nominal value per share	**10**	10
(c) Weighted average number of equity shares (No.)	**1,007**	1,007
(d) Basic/Diluted earning per share	**(1,057.74)**	(732.44)

Note No. 18 - Related Party Transactions

Related party disclosures as required by Ind As 24 "Related Party Disclosures" are given below.

Enterprises Controlling the Company

1	Mahindra & Mahindra Limited	Ultimate Holding Company
2	Mahindra Lifespace Developers Limited	Holding Company

Particulars	For the year ended	Holding Company
Nature of transactions with Related Parties		
Inter Corproate Deposits received	**31-Mar-21**	**4,850,000**
	31-Mar-20	6,413,583
Interest on ICD	**31-Mar-21**	**1,012,155**
	31-Mar-20	669,758

Nature of Balances with Related Parties	Balances as on	Holding Company
Payables (ICD and Interest on ICD)	**31-Mar-21**	**17,352,606**
	31-Mar-20	11,566,362
Other payables	**31-Mar-21**	**18,059,592**
	31-Mar-20	18,059,592

1. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
2. Related parties have been identified by the Management.

Note No. 19

The accounts of the Company for the year ended 31st March, 2021 have been prepared on the basis of going concern.

Note No. 20 - Financial Instruments

[I] Capital management

The Company's capital management objectives is to ensure the Company's ability to continue as a going concern

The capital structure of the Company consists of equity.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

[II] Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) CREDIT RISK

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

(i) Financial instruments and cash deposits:

Credit risk from balances with banks is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with bank.

B) LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

(Amount in ₹)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above	Total	Carrying Value
Non-derivative financial liabilities						
31st March, 2021						
Other financial laibilities	**936,244**	**602,779**	**–**	**–**	**1,539,023**	**1,539,023**
Total	**936,244**	**602,779**	**–**	**–**	**1,539,023**	**1,539,023**
31st March, 2020						
Other financial liabilities	602,779	–	–	–	602,779	602,779
Total	**602,779**	**–**	**–**	**–**	**602,779**	**602,779**

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Amount in ₹)

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 years and above	Total	Carrying Value
Non-derivative financial assets						
31st March, 2021						
Non interest rate bearing	**34,540**	**–**	**–**	**–**	**34,540**	**34,540**
Fixed interest rate bearing	**600,000**	**–**	**–**	**–**	**600,000**	**600,000**
Total	**634,540**	**–**	**–**	**–**	**634,540**	**634,540**
31st March, 2020						
Non interest rate bearing	219,730	–	–	–	219,730	219,730
Fixed interest rate bearing	–	–	–	–	–	–
Total	**219,730**	**–**	**–**	**–**	**219,730**	**219,730**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

(i) Currency Risk

The Company undertakes transactions denominated only in Indian Rupees and hence, there is no risk of foreign exchnage fluctuations.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have significant exposure to the risk of changes in market interest rates.

(iii) Other price risk

The Company does not have significant other price risk.

Note No. 21 - Fair Value Measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 Inputs:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 Inputs:

Level 2 inputs are inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval
- implied volatilities
- credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 Inputs:

Level 3 inputs inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

(Amount in ₹)

Financial assets/financial liabilities	**Fair value hierarchy as at 31st March, 2021**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	–	34,540	–	34,540
(ii) Other financial assets	–	5,010	–	5,010
Total	–	**39,550**	–	**39,550**
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Borrowings	–	15,818,583	–	15,818,583
(ii) Trade payables	–	18,655,955	–	18,655,955
(iii) Other Financial Liabilities	–	1,539,023	–	1,539,023
Total	–	**36,013,561**	–	**36,013,561**

(Amount in ₹)

Financial assets/financial liabilities	**Fair value hierarchy as at 31st March, 2020**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	–	219,730	–	219,730
(ii) Other financial assets	–	5,010	–	5,010
Total	–	**224,740**	–	**224,740**
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Borrowings	–	10,968,583	–	10,968,583
(ii) Trade payables	–	18,271,367	–	18,271,367
(iii) Other Financial Liabilities	–	602,779	–	602,779
Total	–	**29,842,729**	–	**29,842,729**

In terms of our report attached.

For R Jaitlia & Co.

Chartered Accountants

Firm Registration No:117246W

Mukesh Maheshwari

Partner

Membership No:049818

Place: Mumbai

Date: 12th April 2021

For and on behalf of the Board of Directors

Ulhas Bhosale

Director (DIN-08217384)

Vimal Agarwal

Director (DIN-07296320)

Place: Mumbai

Date: 12th April 2021

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
MOONSHINE CONSTRUCTION PRIVATE LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of **M/s. Moonshine Construction Private Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2021 and the Statement of Profit and Loss and statement of cash flows for the year then ended, the Statement of Changes in Equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and its Loss and cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the standards on auditing (SAs) specified under Section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

Information other than the financial statements and auditors' report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the financial statements

The Company's Board of Directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report

expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **M/s. R. Jaitlia & Co.**
Chartered Accountants
FRN: 117246W

Mukesh Maheshwari
Partner
Membership No.: 049818

UDIN : 21049818AAAAEX5967

Place: Mumbai
Date: 26 April, 2021

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

   Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2021:

   i. In respect of its fixed assets:

   As per information provided by the Company to us, it does not have any fixed assets. Accordingly, paragraph 3 (i) of the Order is not applicable to the Company.

   ii. In respect of its inventories:

   The Company does not have inventory. Accordingly, clause 3(ii) of the Order is not applicable.

   iii. Loan given by Company:

   The Company has not granted secured or unsecured loans to Companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013.

   iv. Loan to Directors and investment by company:

   According to the Information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, Investments made, guarantees given and security as applicable.

   v. Deposits:

   The Company has not accepted any deposits from the public within the meaning of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there-under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

   vi. Cost Records:

   The maintenance of cost records as specified under subsection (1) of the section 148 of the Act are not applicable to the Company and hence relevant provisions of the Order is not applicable.

   vii. Statutory Dues:

   According to information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including income tax, Goods and Service Tax (GST), and other material statutory dues, as applicable, with the appropriate authorities and there are no outstanding as on the last day of the financial year concerned for a period of more than six months. The Company has no obligation under Provident Fund and Employee State Insurance Rules. Payment of Sales Tax, Wealth Tax, Customs and Excise duties and Value Added Tax is not applicable to the Company during the period of Audit period.

   viii. Repayment of Loans:

   According to the records of the company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of any loans. The Company has also not issued any debentures as at the balance sheet date.

   ix. Utilisation of IPO & further public offer:

   The Company has not raised any money by way of initial public offer or further public offer and no term loan was raised by the Company.

   x. Reporting of Fraud:

   During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance fraud by the Company or any fraud on the Company by its offices or employees, nor noticed or reported during the year.

   xi. Approval of Managerial Remuneration:

   According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the Audit Period. Accordingly, paragraph 3 (xi) of the Order is not applicable to the Company.

   xii. Nidhi Company:

   The Company is not a Nidhi Company and so relevant clause is not applicable.

xiii. Related Party Transaction:

During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us all transactions with related parties have been disclosed in the financial statements.

xiv. Private Placements or Preferential Issues:

The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. Non – cash Transactions:

The Company has not entered into any non-cash transactions with directors or persons connected with any director of the Company.

xvi. Register under RBI Act 1934:

The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **M/s. R. Jaitlia & Co.**
Chartered Accountants
FRN 117246W

Mukesh Maheshwari
Partner
Membership No.: 049818

UDIN : 21049818AAAAEX5967

Place: Mumbai
Date: 26 April, 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MOONSHINE CONSTRUCTION PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Moonshine Construction Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M/s. R. Jaitlia & Co.**
Chartered Accountants
FRN: 117246W

Mukesh Maheshwari
Partner
Membership No.: 049818

UDIN : 21049818AAAAEX5967

Place: Mumbai
Date: 26 April, 2021

BALANCE SHEET FOR THE PERIOD ENDED 31ST MARCH 2021

(Amount in ₹)

		Note No.	As at 31st March 2021	As at 31st March 2020
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Financial Assets			
	(i) Investments	4	**25,000**	25,000
	Total Non-Current Assets (I)		**25,000**	25,000
	CURRENT ASSETS			
	(a) Financial Assets			
	(i) Cash and Cash Equivalents	5	**683**	46,804
	(b) Other Current Assets	6	**5,576**	9,293
	Total Current Assets (II)		**6,259**	56,097
	Total Assets [(I)+(II)]		**31,259**	81,097
II	**EQUITY AND LIABILITIES**			
	EQUITY			
	(a) Equity Share Capital	7	**210**	210
	(b) Other Equity	8	**(3,172,776)**	(3,130,054)
	Total equity (III)		**(3,172,566)**	(3,129,844)
	LIABILITIES			
	NON-CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Borrowings	9	**99,790**	99,790
	Total Non-current liabilities (IV)		**99,790**	99,790
	CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Borrowings	10	**2,665,000**	2,665,000
	(ii) Trade Payables	11		
	– total outstanding dues of micro enterprises and small enterprises		**–**	–
	– total outstanding dues of trade payables other than micro enterprises and small enterprises		**385,784**	404,063
	(iii) Other Financial Liabilities	12	**52,305**	40,686
	(b) Other Current Liabilities	13	**946**	1,402
	Total current liabilities (V)		**3,104,035**	3,111,151
	Total equity and liabilities [(III)+(IV)+(V)]		**31,259**	81,097

See accompanying notes forming part of the financial statements

In terms of our report attached

For **R Jaitlia & Co.**
Chartered Accountants
Firm Registration No: 117246W

Partner
Membership No: 049818

Place: Mumbai
Date: 26th April 2021

For and on behalf of the Board of Directors

Ulhas Bhosale
(DIN-08217384)

Vinay Mohan Srivastva
(DIN-01172665)

Place: Mumbai
Date: 26th April 2021

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH 2021

(Amount in ₹)

Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
Continuing Operations			
I Revenue from operations		–	–
II Other Income	14	–	1,684
III **Total Revenue (I + II)**		–	1,684
IV **EXPENSES**			
(i) Finance cost	15	**12,565**	14,025
(ii) Other expenses	16	**30,157**	44,032
Total Expenses (III-IV)		**42,722**	58,057
V **Loss for the period (IV)**		**(42,722)**	(56,373)
VI **Loss before tax**		**(42,722)**	(56,373)
VII **Other comprehensive income**		**–**	–
VIII **Total comprehensive income for the period (VI + VII)**		**(42,722)**	(56,373)
IX **Earnings per equity share (from continuing and discontinued operations):**			
Basic/Diluted	17	**(2,034.38)**	(2,684.40)

See accompanying notes forming part of the financial statements

In terms of our report attached

For **R Jaitlia & Co.**
Chartered Accountants
Firm Registration No: 117246W

Partner
Membership No: 049818

Place: Mumbai
Date: 26th April 2021

For and on behalf of the Board of Directors

Ulhas Bhosale
(DIN-08217384)

Vinay Mohan Srivastva
(DIN-01172665)

Place: Mumbai
Date: 26th April 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021

(Amount in ₹)

Particulars	As at 31st March 2021	As at 31st March 2020
Cash flows from operating activities		
Profit before tax for the year	**(42,722)**	(56,373)
Adjustments for:		
Finance costs recognised in profit or loss	**12,565**	14,025
Investment income recognised in profit or loss	**–**	(1,684)
	(30,157)	(44,032)
Movements in working capital:		
(Increase)/decrease in other assets	**3,717**	64,602
Decrease in trade and other payables	**(18,279)**	–
(Decrease)/increase in other liabilities	**11,163**	33,804
Net cash generated by operating activities	**(33,556)**	54,374
Cash flows from investing activities		
Interest received	**–**	1,684
Net cash (used in)/generated by investing activities	**–**	1,684
Cash flows from financing activities		
Interest paid on ICD	**(12,565)**	(14,025)
Net cash used in financing activities	**(12,565)**	(14,025)
Net increase in cash and cash equivalents	**(46,121)**	42,033
Cash and cash equivalents at the beginning of the year	**46,804**	4,771
	683	46,804
Cash and cash equivalents at the end of the year	**683**	46,804

In terms of our report attached

For **R Jaitlia & Co.**
Chartered Accountants
Firm Registration No: 117246W

Partner
Membership No: 049818

Place: Mumbai
Date: 26th April 2021

For and on behalf of the Board of Directors

Ulhas Bhosale
(DIN-08217384)

Vinay Mohan Srivastva
(DIN-01172665)

Place: Mumbai
Date: 26th April 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2021

A. Equity Share Capital

As at 1 April, 2019	210
Changes in equity share capital during the year	–
As at 31 March, 2020	210
Changes in equity share capital during the year	–
As at 31 March, 2021	**210**

a. Equity share capital

	Equity share capital (no of shares)
Balance at 31 March, 2019	21
Changes in equity share capital during the year	
Issue of equity shares	–
Balance at 31 March, 2020	21
Changes in equity share capital during the year	
Issue of equity shares	–
Balance at 31 March, 2021	21

Particulars	**Retained earnings**
Balance at 31 March, 2019	**(3,073,682)**
Profit/(Loss) for the period	(56,373)
Other comprehensive income	–
Total comprehensive income	(56,373)
Balance at 31 March, 2020	**(3,130,054)**
Profit/(Loss) for the period	(42,722)
Other comprehensive income	**–**
Total comprehensive income	(42,722)
Balance at 31 March, 2021	**(3,172,776)**

See accompanying notes forming part of the financial statements

In terms of our report attached

For **R Jaitlia & Co.**
Chartered Accountants
Firm Registration No: 117246W

Partner
Membership No: 049818

Place: Mumbai
Date: 26th April 2021

For and on behalf of the Board of Directors

Ulhas Bhosale
(DIN-08217384)

Vinay Mohan Srivastva
(DIN-01172665)

Place: Mumbai
Date: 26th April 2021

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate information

Moonshine Construction Private Limited ("the Company") is a private limited company incorporated in India on 16 May, 1996 under the provisions of erstwhile Companies Act, 1956. The registered office of the Company is located at 5th Floor, Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400 018.

The Company is subsidiary of Mahindra Lifespace Developers Limited, Mumbai, a company incorporated in India. The ultimate parent company is Mahindra & Mahindra Limited.

2. Significant Accounting Policies

2.1 Statement of compliance and Basis of preparation and presentation

The Standalone Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the Act) and other relevant provision of the act. The aforesaid financial statements have been approved by the Company's Board of Directors and authorised for issue in the meeting held on 26th April, 2021.

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the statement of profit and loss.

Depreciation on assets (other than impaired assets) is calculated on straight line method at the rate of 11.31% p.a. which is based on useful life of about 9 years determined on the basis of technical evaluation by the Management of the Company and is different from the useful life of 15 years indicated in part C of schedule II to the Companies Act, 2013.

2.3 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement profit and loss.

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value, whichever is lower. Cost is arrived at on first-in-first-out basis and includes overheads on absorption basis, where appropriate.

Financial assets and Liabilities

2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of profit or loss.

2.6 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.6.1 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowances at an amount equal to lifetime expected credit losses.

2.6.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

2.7 Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.7.1 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.7.1.1 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at Fair value through profit and loss.

2.7.1.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between the lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.8 Revenue recognition

Revenue on account of sale of services is recognised under the completed service contract method to the extent it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Dividend income is recognised in the statement of profit and loss when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

2.9 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.9.2 Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.9.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.9.4 Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/ (loss) for the year is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 4 - Investments

Particulars	Face Value (₹)	As at 31st March 2021 Nos.	As at 31st March 2021 Amount in ₹	As at 31st March 2020 Nos.	As at 31st March 2020 Amount in ₹
A. Investments carried at cost or deemed cost					
Investments in Preference shares					
Preference shares - Mahindra World City Maharashtra Limited	10	**2,500**	**25,000**	2,500	25,000
Total Investments (A)			**25,000**		25,000

Note No. 5 - Cash and Bank Balances

(Amount in ₹)

Particulars	As at 31st March 2021	As at 31st March 2020
Cash and cash equivalents		
(a) Balances with banks	**683**	46,804
Total Cash and cash equivalent	**683**	46,804
Total Cash and Bank Balances	**683**	46,804

Note No. 6 - Other assets

(Amount in ₹)

Particulars	As at 31st March 2021 Current	As at 31st March 2020 Current
(a) Advances other than capital advances		
(i) Prepaid expenses	**5,576**	9,293
	5,576	9,293

Note No. 7 - Equity share capital

Particulars	As at 31st March 2021 Number of shares	As at 31st March 2021 ₹	As at 31st March 2020 Number of shares	As at 31st March 2020 ₹
(a) Authorised				
Equity shares of ₹ 10 each with voting rights	**21**	**210**	21	210
	21	**210**	21	210
(b) Issued, subscribed and fully paid-up shares				
Equity shares of ₹ 10 each	**21**	**210**	21	210
	21	**210**	21	210

Notes (i) to (iv) below

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31st March 2021 Number of shares	As at 31st March 2021 ₹	As at 31st March 2020 Number of shares	As at 31st March 2020 ₹
Opening balance	**21**	**210**	21	210
Add: Issued during the year	**–**	**–**	–	–
Closing balance	**21**	**210**	21	210

The company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

(ii) Terms/rights attached to equity shares:

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the amount paid up on equity shares held by the shareholders.

(iii) Details of shares held by:

Particulars	As at 31st March 2021	As at 31st March 2020
Mahindra World City Maharashtra Limited	**20**	20

(iv) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31st March 2021 Number of shares	As at 31st March 2021 % holding	As at 31st March 2020 Number of shares	As at 31st March 2020 % holding
Mahindra World City Maharashtra Limited	**20**	**95.24%**	20	95.24%

Note No. 8 - Other equity

(Amount in ₹)

Particulars	Retained earnings	Total
Balance at 31st March, 2019	**(3,073,682)**	**(3,073,682)**
Profit/(Loss) for the period	(56,373)	(56,373)
Other comprehensive income	–	–
Total comprehensive income	(56,373)	(56,373)

(Amount in ₹)

Particulars	Retained earnings	Total
Balance at 31st March, 2020	**(3,130,054)**	**(3,130,054)**
Profit/(Loss) for the period	(42,722)	(42,722)
Other comprehensive income	–	–
Total comprehensive income	(42,722)	(42,722)
Balance at 31st March, 2021	**(3,172,776)**	**(3,172,776)**

Note No. 9 - Non-Current Borrowings

(Amount in ₹)

Particulars	As at 31st March 2021	As at 31st March 2020
Measured at amortised cost*		
A. Unsecured Borrowings - at amortised Cost		
(i) Other Loans		
Redeemable preference share capital	**99,790**	99,790
Total Unsecured Borrowings	**99,790**	99,790
Total Borrowings	**99,790**	99,790

Note No. 10 - Current Borrowings

(Amount in ₹)

Particulars	As at 31st March 2021	As at 31st March 2020
A. Unsecured Borrowings		
(i) Loans from related parties*	**150,000**	150,000
(ii) Loans from others	**2,515,000**	2,515,000
Total Unsecured Borrowings	**2,665,000**	2,665,000
Total Current Borrowings	**2,665,000**	2,665,000

*The Unsecured Inter Corporate Deposit taken from Mahindra Lifespace Developers Limited @ 8.95% p.a. from 01.04.2020 to 30.09.2020 and 7.80% p.a. from 01.10.2020 to 31.03.2021

Note No. 11 - Trade Payables

(Amount in ₹)

Particulars	As at 31st March 2021	As at 31st March 2020
Trade payable -total outstanding Dues of micro enterprises and small enterprises	–	–
Trade payable - Other than micro and small enterprises	**385,784**	404,063
Total Trade Payables	**385,784**	404,063

Note:

Based on the information available with the Company there are no outstanding in respect of Micro, Small and Medium Enterprises as of Balance Sheet date

Note No. 12 - Other current liabilities

(Amount in ₹)

Particulars	As at 31st March 2021	As at 31st March 2020
Current		
(a) Interest accrued but not due on inter corporate deposits	**52,305**	40,686
Total Other Current Liabilities	**52,305**	40,686

Note No. 13 - Other Financial Liabilities

(Amount in ₹)

Particulars	As at 31st March 2021	As at 31st March 2020
a. Others		
Statuatory remittances (withholding taxes, service tax, etc.)	**946**	1,402
Total Other Financial Liabilities	**946**	1,402

Note No. 14 - Other Income

(Amount in ₹)

Particulars	As at 31st March 2021	As at 31st March 2020
(a) Interest Income		
(i) Interest on Bank Deposits	–	1,684
Total Other Income	–	1,684

Note No. 15 - Finance Cost

(Amount in ₹)

Particulars	As at 31st March 2021	As at 31st March 2020
(a) Interest expense	**12,565**	14,025
Total Finance Cost's	**12,565**	14,025

Note No. 16 - Other Expenses

(Amount in ₹)

Particulars	As at 31st March 2021	As at 31st March 2020
(a) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	**15,340**	15,340
(b) Other expenses		
(i) Legal and other professional costs	**14,817**	21,329
(ii) Others	–	7,363
Total Other Expenses	**30,157**	44,032

Note No. 17 - Earnings per Share
Basic Earnings per Share

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
(a) Net loss for the period	**(42,722)**	(56,373)
(b) Nominal value per share	**10**	10
(c) Weighted average number of equity shares (No.)	**21**	21
(d) Basic/Diluted earning per share	**(2,034.38)**	(2,684.40)

Note No. 18 - Related Party Transactions

Related party disclosures as required by Ind As 24 "Related Party Disclosures" are given below.

Enterprises Controlling the Company

(Amount in ₹)

1	**Mahindra Lifespace Developers Limited**	**Holding Company**

Particulars	For the year ended	Holding Company
Nature of transactions with Related Parties		
Interest on ICD	31-Mar-21	**12,565**
	31-Mar-20	14,025

Nature of Balances with Related Parties	Balances as on	Holding Company
Payables (ICD and Interest on ICD)	31-Mar-21	**202,305**
	31-Mar-20	190,686

Notes:

1. During the year, there were no amounts required to be written off or written back in respect of debts due from or to related parties.
2. Related parties have been identified by the Management.

Note No. 19 - The accounts of the Company for the year ended 31 March, 2021 have been prepared on the basis of going concern.

Note No. 20 - Financial Instruments

[I] Capital management

The Company's capital management objectives is to ensure the Company's ability to continue as a going concern

The capital structure of the Company consists of equity.

The Company does not have any borrowings.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

[II] Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primary trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

(i) Trade receivables

Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date and the Company measures the loss allowances at an amount equal to lifetime expected credit lossess. The Company does not hold collateral as security.

(ii) Financial instruments and cash deposits:

Credit risk from balances with banks is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with bank.

(B) LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

(Amount in ₹)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above	Total	Carrying Value
Non-derivative financial						
31-Mar-21						
Trade Payable	**15,340**	**370,444**	**–**	**–**	**385,784**	**385,784**
Total	**15,340**	**370,444**	**–**	**–**	**385,784**	**385,784**
31-Mar-20						
Trade Payable	37,919	366,144	–	–	404,063	404,063
Total	**37,919**	**366,144**	**–**	**–**	**404,063**	**404,063**

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Amount in ₹)

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 years and above	Total	Carrying amount
Non-derivative financial assets						
31st March, 2021						
Non interest rate bearing	**683**	**–**	**–**	**–**	**683**	**683**
Fixed interest rate bearing	**–**	**–**	**–**	**–**	**–**	**–**
Total	**683**	**–**	**–**	**–**	**683**	**683**
31st March, 2020						
Non interest rate bearing	46,804	–	–	–	46,804	46,804
Fixed interest rate bearing	–	–	–	–	–	–
Total	**46,804**	**–**	**–**	**–**	**46,804**	**46,804**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

(i) Currency Risk

The Company undertakes transactions denominated only in Indian Rupees and hence, there is no risk of foreign exchnage fluctuations.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have significant exposure to the risk of changes in market interest rates.

(iii) Other price risk

The Company does not have significant other price risk.

Note No. 21 - Fair Value Measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 Inputs:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 Inputs:

Level 2 inputs are inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval
- implied volatilities
- credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 Inputs:

Level 3 inputs inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

(Amount in ₹)

Financial assets/financial liabilities	Fair value hierarchy as at 31st March 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	**–**	**683**	**–**	**683**
(ii) Other bank balances	**–**	**–**	**–**	**–**
Total	**–**	**683**	**–**	**683**
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Non Current Borrowings	**–**	**99,790**	**–**	**99,790**
(ii) Current Borrowings	**–**	**26,65,000**	**–**	**26,65,000**
(iii) Trade payables	**–**	**3,85,784**	**–**	**3,85,784**
(iv) Other Financial Liabilities	**–**	**52,305**	**–**	**52,305**
Total	**–**	**32,02,879**	**–**	**32,02,879**

(Amount in ₹)

Financial assets/financial liabilities	Fair value hierarchy as at 31st March 2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
(i) Cash and cash equivalents	–	46,804	–	46,804
(ii) Other bank balances	–	–	–	–
Total	–	46,804	–	46,804
Financial liabilities				
Financial liabilities held at amortised cost				
(i) Non Current Borrowings	–	99,790	–	99,790
(ii) Current Borrowings	–	26,65,000	–	26,65,000
(iii) Trade payables	–	4,04,063	–	4,04,063
(iv) Other Financial Liabilities	–	40,686	–	40,686
Total	–	32,09,539	–	32,09,539

In terms of our report attached

For **R Jaitlia & Co.**
Chartered Accountants
Firm Registration No: 117246W

Partner
Membership No: 049818

Place: Mumbai
Date: 26th April 2021

For and on behalf of the Board of Directors

Ulhas Bhosale
(DIN-08217384)

Vinay Mohan Srivastva
(DIN-01172665)

Place: Mumbai
Date: 26th April 2021

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAHINDRA CONSULTING ENGINEERS LIMITED

Report on the audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **Mahindra Consulting Engineers Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. (herein after referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, of its profit and total comprehensive income, its cash flows and its changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

Information other than the Standalone Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report and the related annexures, but does not include the Standalone Financial Statements and our Auditors' Report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, and changes in equity of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's Financial reporting process.

Auditors' Responsibilities for the audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
    (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
    (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Standalone Financial Statements.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.

(h) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements. (Refer Note 32 to the Standalone Financial Statements).

(ii) The Company did not have any long term contracts which has any material foreseeable losses. The Company did not have any derivative contracts.

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co**
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN: 21204764AAAABN1778

Place: Chennai
Date: May 10, 2021

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

Report on the Internal Financial Controls with reference to Standalone Financial Statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Standalone Financial Statements of **Mahindra Consulting Engineers Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Standalone Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to Standalone Financial Statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A company's internal financial control with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Standalone Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial control with reference to Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at March 31, 2021, based on the criteria for internal financial control with reference to Standalone Financial Statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co**
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN: 21204764AAAABN1778

Place: Chennai
Date: May 10, 2021

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its fixed assets (Property, Plant and Equipment)

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its Property, Plant and Equipment.

(b) Most of the Property, Plant and Equipment were physically verified during the year by the Management and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable to the Company.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting under Clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company

(iv) The Company has not granted any loans or provided guarantees and hence compliance of Sections 185 and 186 is not applicable. In our opinion and according to the information and explanation given to us, the Company has not made any investments or given guarantees or securities during the year.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under sub- section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generallybeen regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Services Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable except Goods and Services Tax of Rs 14,400 which has been subsequently remitted.

(c) Details of dues of Income tax which has not been deposited as on March 31, 2021, on account of disputes is given below:

Nature of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Unpaid (Rs. In lakhs)
Income Tax Act	Income Tax	Income tax Appellate Tribunal	AY 1997-98	26.28

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from government and financial institutions and has not issued any debentures

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such cases by the Management.

(xi) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act. Also refer paragraph 2(g) of Independent Auditors' Report.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions during the year with its directors or directors of its holding company or subsidiary company or persons connected with them and hence provisions of Section 192 of the Act are not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi) of the Order is not applicable to the Company.

For **B. K. Khare & Co**
Chartered Accountants
(Firm's Registration No. 105102W)

P. Shankar Raman
Partner
Membership No. 204764
UDIN: 21204764AAAABN1778

Place: Chennai
Date: May 10, 2021

STANDALONE BALANCE SHEET AS AT MARCH 31, 2021

				Rupees in Lakhs
	Particulars	**Note No**	**As at 31-March-2021**	As at 31-March-2020
I.	**Assets**			
1	**Non-current assets**			
	(a) Property, plant and equipment	4(i)	**31.13**	37.20
	(b) Intangible assets	4(ii)	**–**	–
	(c) Financial assets			
	(i) Investments	5	**0**	–
	(ii) Other financial assets	6	**65.96**	14.13
	(d) Other non-current assets	7 & 11	**204.50**	217.26
	(e) Deferred tax assets (net)	8	**63.17**	54.83
	Sub-total		**364.76**	323.42
2	**Current assets**			
	(a) Financial assets			
	(i) Trade receivables	9	**759.94**	552.33
	(ii) Cash and cash equivalents	10	**77.75**	58.84
	(iii) Bank balances other than(ii) above	10	**343.41**	278.74
	(iv) Other Financial Assets	6	**18.38**	76.93
	(b) Other current assets	11	**1,298.46**	1,462.70
	Sub-total		**2,497.94**	2,429.54
	TOTAL ASSETS		**2,862.70**	2,752.96
II.	**Equity and Liabilities**			
1	**Equity**			
	(a) Equity share capital	12	**189.06**	189.06
	(b) Other equity	13	**1,708.95**	1,573.22
	Sub-total		**1,898.01**	1,762.28
	Liabilities			
2	**Non-current liabilities**			
	(a) Provisions	14	**65.43**	65.17
	Sub-total		**65.43**	65.17
3	**Current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	15	**–**	169.86
	(ii) Trade payables	16		
	– total outstanding dues of Micro enterprises and small enterprises		**–**	–
	– total outstanding dues of Creditors other than Micro enterprises and small enterprises		**669.12**	579.82
	(b) Provisions	14	**54.09**	55.41
	(c) Other current liabilities	17	**176.05**	120.42
	Sub-total		**899.26**	925.51
	Total liabilities		**964.69**	990.68
	TOTAL EQUITY AND LIABILITIES		**2,862.70**	2,752.96

See accompanying notes forming part of the standalone financial statements

In terms of our report attached
For **B.K. Khare & Co**
Chartered Accountants

P Shankar Raman
Partner

Place: Chennai
Date: May 10, 2021

For and on behalf of the Board

B. Suresh
CEO & Managing Director

Place: Chennai
Date: May 10, 2021

Parag C Shah
Director

Place: Mumbai
Date: May 10, 2021

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

			Rupees in Lakhs
Particulars	**Note No**	**For the year ended 31-March-2021**	For the year ended 31-March-2020
Revenue			
Revenue from operations	18	**1,465.21**	2,075.07
Other Income	19	**48.29**	25.52
Total Revenue		**1,513.50**	2,100.59
Expenses:			
(a) Employee benefits expense	20	**817.64**	881.28
(b) Finance costs	21	**9.89**	3.31
(c) Depreciation and amortization expense	22	**8.74**	10.03
(d) Other expenses	23	**509.15**	1,052.46
Total Expenses		**1,345.42**	1,947.08
Profit before tax		**168.08**	153.51
Tax Expense			
(a) Current tax		**49.12**	48.76
(b) Deferred tax		**(10.46)**	(2.54)
Total tax expense		**38.66**	46.22
Profit after tax for the year		**129.42**	107.29
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit obligation		**8.43**	(11.35)
Income tax relating to items that will not be reclassified to profit or loss		**(2.12)**	2.78
Remeasurement of defined benefit obligation - net of tax		**6.31**	(8.57)
Total comprehensive income for the year		**135.73**	98.72
Earnings per equity share (of Rs. 10/- each)			
Basic & diluted	25	**6.85**	5.67

See accompanying notes forming part of the standalone financial statements

In terms of our report attached
For **B.K. Khare & Co**
Chartered Accountants

P Shankar Raman
Partner

Place: Chennai
Date: May 10, 2021

For and on behalf of the Board

B. Suresh
CEO & Managing Director

Place: Chennai
Date: May 10, 2021

Parag C Shah
Director

Place: Mumbai
Date: May 10, 2021

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

Rupees in Lakhs

Particulars	For the year ended 31-March-2021	For the year ended 31-March-2020
A. Cash flows from operating activities		
Profit before tax for the year	**168.08**	153.51
Adjustments for:		
Interest Income recognized in profit or loss	**(15.66)**	(4.50)
Gain on disposal of property, plant and equipment	**(1.14)**	–
Bad Debts written off	**51.20**	323.09
Provision for doubtful receivables	**3.37**	17.66
Provision for due from customers -Unbilled revenue	**25.00**	–
Depreciation and amortization expense	**8.74**	10.03
Unrealized foreign exchange loss/(gain),net	**0.02**	(8.11)
Interest expense	**7.40**	0.21
Operating Profit before working capital changes	**247.01**	491.89
Movements in working capital:		
Increase in trade and other receivables	**(261.01)**	(292.38)
Decrease /(Increase) in other assets	**137.35**	(206.19)
Increase in trade and other payables	**89.30**	91.90
Increase in provisions	**7.38**	18.61
Increase in other liabilities	**55.63**	18.70
Cash generated from operations	**275.66**	122.53
Income taxes paid, net	**(30.86)**	(101.95)
Net cash generated from operating activities	**244.80**	20.58
B. Cash flows from investing activities		
Profit on sale of property, plant and equipment	**1.27**	–
Interest received	**10.80**	3.50
Capital expenditure	**(2.80)**	(5.02)
Bank Deposits Placed	**(57.90)**	(252.15)
Net cash used in investing activities	**(48.63)**	(253.67)
C. Cash flows from financing activities		
(Repayment of) / Proceeds from short term borrowings	**(169.86)**	169.86
Interest paid	**(7.40)**	(0.21)
Net cash (used in) / generated from financing activities	**(177.26)**	169.65
Net increase/ (decrease) in cash and cash equivalents	**18.91**	(63.44)
Cash and cash equivalents at the beginning of the year	**58.84**	122.28
Cash and cash equivalents at the end of the year (Refer Note 10)	**77.75**	58.84

See accompanying notes forming part of the standalone financial statements

In terms of our report attached
For **B.K. Khare & Co**
Chartered Accountants

P Shankar Raman
Partner

Place: Chennai
Date: May 10, 2021

For and on behalf of the Board

B. Suresh
CEO & Managing Director

Place: Chennai
Date: May 10, 2021

Parag C Shah
Director

Place: Mumbai
Date: May 10, 2021

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A. Equity share capital

	As at 31-March-2021	As at 31-March-2020
Issued, subscribed and Paid up		
1,890,590 (Previous year: 1,890,590 shares) equity shares of Rs. 10 each	**189.06**	189.06
Balance as at beginning / end of the year	**189.06**	189.06

B. Other equity

Rupees in Lakhs

	Reserves and Surplus					Items of other comprehensive income	
Particulars	**Capital Reserve**	**Securities Premium**	**Capital Redemption Reserve**	**General Reserve**	**Retained Earnings**	**Other items of Other Comprehensive Income (Defined Benefit Obligation)**	**Total**
As at April 01, 2019	**16.28**	**53.64**	**23.47**	**194.75**	**1,201.20**	**(14.84)**	**1,474.50**
Profit for the year					107.29		107.29
Adjustment on:-							
Other Comprehensive Loss						(8.57)	(8.57)
As at March 31, 2020	**16.28**	**53.64**	**23.47**	**194.75**	**1,308.49**	**(23.41)**	**1,573.22**
Profit for the year					129.42		129.42
Adjustment on:-							
Other Comprehensive Income						6.31	6.31
As at March 31, 2021	16.28	53.64	23.47	194.75	1,437.91	(17.10)	1,708.95

See accompanying notes forming part of the standalone financial statements

In terms of our report attached
For **B.K. Khare & Co**
Chartered Accountants

P Shankar Raman
Partner

Place: Chennai
Date: May 10, 2021

For and on behalf of the Board

B. Suresh
CEO & Managing Director

Place: Chennai
Date: May 10, 2021

Parag C Shah
Director

Place: Mumbai
Date: May 10, 2021

Notes forming part of Standalone Financial Statements as at and for the year ended March 31, 2021

1. General information

Mahindra Consulting Engineers Limited (MACEL/Company) was incorporated on October 26, 1993.

The Company is a multidisciplinary engineering consultancy organization providing Engineering, Project Advisory Services and Infrastructure Consulting. The sectors of operation covers urban infrastructure, industrial infrastructure, water and wastewater, environment, transportation sector, tourism infrastructure, renewable energy, sustainable development studies, buildings and structures, industrial plants and systems, agribusiness and food infrastructure, social infrastructure, institutional studies. The Company offers wide range of services in both domestic and international market right from project conceptualization, market demand, feasibility studies, planning, design, engineering, project management, Public Private Partnership (PPP) transaction advisory etc. across several sectors. The clientele base includes Central Government, State Government, Public Sector Undertakings, Infrastructure Development Agencies, Private Sector, Financial Institutions, International Consulting firms, etc.

2. Significant Accounting Policies

2.1. Statement of compliance

The Standalone financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2. Basis of preparation and presentation

The Standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these Standalone financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116 and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3. Exemption from preparation of Consolidated Financial Statements

The Company has investments in a Subsidiary. The Holding company, Mahindra and Mahindra Limited, having its registered office at Gateway Building, Apollo Bunder, Mumbai are presenting the consolidated financial statements. The Company has therefore availed the exemption under paragraph 4(a) of Ind AS 110 having satisfied the conditions for exemption from preparing consolidated financial statements as per Companies (Accounts) Amendments Rules, 2016 and thereby does not present consolidated financial statements.

Consequently, the accounting policies mentioned herein relate to the standalone financial statements of the Company.

2.4. Revenue recognition

a. The Company recognizes revenue on the percentage of completion method, which involves technical estimates with respect to costs to completion, of each contract / activity. The percentage of completion of a contract is determined considering the proportion that contract costs incurred to measure the efforts or work performed up to the reporting date bear to the estimated total contract costs estimated.

   Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

b. Revenue from project supervision/maintenance services (included under consultancy) is recognized based on agreed terms of contract, covers personnel costs of employees deputed for the project, materials used, and includes appropriate overheads and margins.

Other income

a. Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

b. Export incentive income is recognized when the Company fulfills all the eligible conditions and there is no uncertainty as to ultimate collection.

2.5. Foreign currencies

In preparing the Standalone financial statements of the Company, transactions in currencies other than the entity's functional currency, which is Indian Rupee, are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences on monetary items are recognized in statement of profit and loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note 2.19 below for hedging accounting policies)

2.6. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.6.1. Current tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

2.6.2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.6.3. Current and deferred tax for the year

Current and deferred tax are recognized in statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

2.7. Tangible and Intangible assets

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of Property, Plant and Equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying assets up to the date the asset is ready for its intended use. Subsequent expenditure on assets after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. When an asset is scrapped or otherwise disposed of, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the statement of profit and loss.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2.8. Impairment of assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the statement of profit and loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognized for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the statement of profit and loss , to the extent the amount was previously charged to the statement of profit and loss . In case of revalued assets such reversal is not recognized.

2.9. Cash flow statement

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows from operating activities are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the Company are segregated based on the available information.

2.10. Depreciation and amortization

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in statement of profit and loss.

Assets individually costing less than Rs.5000/- are fully depreciated in the year of purchase.

The estimated useful life for the other categories of assets are as given below:

Computers	3 years
Furniture & fixtures	10 years
Office equipment	5 years
Vehicles	8 years

2.11. Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund and compensated absences.

Defined contribution plans

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out by an independent actuary at the end of each reporting period. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur.

Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to statement of profit and loss. Curtailment gains and losses are accounted for as past service costs. Past service cost is recognized in statement of profit and loss in the period of a plan amendment.

The obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflow expected to be made by the group in respect of services provided by employees up to the reporting date.

2.12. Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/ (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.13. Goods and Services Tax input credit

Goods and Services Tax Input Credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilizing the credits.

2.14. Operating cycle

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

Based on the nature of services / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

The Company present the assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed it, in its normal operating cycle
- Held preliminarily for the purpose of trade
- Expected to be realized within 12 months from the end of the reporting period or
- cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current

A liability is current when it is:

- Expected to be settled in the normal operating cycle
- Held preliminarily for the purpose of trade
- Due to be settled within 12 months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for atleast 12 months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Borrowings are classified as current if they are due to be settled within 12 months after the reporting period.

2.15. Provisions

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognized in the Standalone financial statements.

2.16. Financial instruments

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in statement of profit and loss.

2.17. Financial assets

A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual right:

i. to receive cash or another financial asset from another entity; or

ii. to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the Company; All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets

Impairment of financial assets recorded at amortised costs

The Company has used reasonable and supportable information to determine the credit risk on financial assets recorded at amortized cost and provides for impairment loss based on best estimate basis as prescribed under Ind AS 109.

2.17.1. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.17.2. Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

2.18. Financial liabilities and equity instruments

2.18.1. Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.18.2. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.18.3. Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities are subsequently measured at amortized cost using the effective interest method.

2.18.4. Derecognition of financial assets and financial liabilities

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

2.18.5. Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 1, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

Note No. 4 - (i) Property, plant and equipment

Rupees in Lakhs

Description of Assets	Computers	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Block					
Balance as at 1 April, 2020	38.10	16.90	1.06	55.30	**111.36**
Additions during the year	2.63	0.17			**2.80**
Disposals of Assets	–			1.30	**1.30**
Balance as at 31 March, 2021	**40.73**	**17.07**	**1.06**	**54.00**	**112.86**
II. Accumulated depreciation and impairment					
Balance as at 1 April, 2020	33.18	13.30	0.73	26.95	**74.16**
Depreciation expense for the year	2.76	1.74	0.07	4.17	**8.74**
Eliminated on disposal of assets	–	–	–	1.17	**1.17**
Balance as at 31 March, 2021	**35.94**	**15.04**	**0.80**	**29.95**	**81.73**
Net block (I-II)					
Balance as at 31 March, 2021	**4.79**	**2.03**	**0.26**	**24.05**	**31.13**
I. Gross Block					
Balance as at 1 April, 2019	39.26	20.35	1.06	55.30	**115.97**
Additions during the year	4.25	0.77	–	–	**5.02**
Disposals of Assets	5.41	4.22	–	–	**9.63**
Balance as at 31 March, 2020	**38.10**	**16.90**	**1.06**	**55.30**	**111.36**
II. Accumulated depreciation and impairment					
Balance as at 1 April, 2019	35.15	15.29	0.66	22.66	**73.76**
Depreciation expense for the year	3.44	2.23	0.07	4.29	**10.03**
Eliminated on disposal of assets	5.41	4.22	–	–	**9.63**
Balance as at 31 March, 2020	**33.18**	**13.30**	**0.73**	**26.95**	**74.16**
Net block (I-II)					
Balance as at 31 March, 2020	**4.92**	**3.60**	**0.33**	**28.35**	**37.20**

Note No. 4 - (ii) Intangible assets

Rupees in Lakhs

Description of Assets	Technical Knowhow	Total
Intangible Assets		
Cost		
Balance as at 1 April, 2020	40.69	40.69
Additions during the year	–	–
Balance as at 31 March, 2021	40.69	40.69
II. Accumulated depreciation and impairment		
Balance as at 1 April, 2020	40.69	40.69
Additions during the year		–
Balance as at 31 March, 2021	40.69	40.69
Net block (I-II)	–	–
Balance as at 31 March, 2021	–	–

Description of Assets	Technical Knowhow	Total
Intangible Assets		
Cost		
Balance as at 1 April, 2019	40.69	40.69
Additions during the year	–	–
Balance as at 31 March, 2020	40.69	40.69
II. Accumulated depreciation and impairment		
Balance as at 1 April, 2019	40.69	40.69
Additions during the year	–	–
Balance as at 31 March, 2020	40.69	40.69
Net block (I-II)	–	–
Balance as at 31 March, 2020	–	–

Note No. 5 - Investments

Rupees in Lakhs

Particulars	**As at 31-March-2021** Current	Non-Current	As at 31-March-2020 Current	Non-Current
At cost				
Unquoted investment (fully paid)				
Investment in equity instruments				
Subsidiary				
Mahindra Namaste Limited (9,010,000 Shares, face value of Rs.10 each)*		**0.00**		0.00
TOTAL		**0.00**		0.00

* Investment under Non-current Re.1 in Mahindra Namaste Ltd and shown as 0.00 lakhs due to round off

Note No. 6 - Other financial assets

Rupees in Lakhs

Particulars	**As at 31-March-2021** Current	Non–Current	As at 31-March-2020 Current	Non–Current
Security Deposits	**10.96**	**3.41**	10.82	7.36
Fixed deposits held as security against contracts	–	–	–	6.77
Interest accrued on fixed deposits	**7.42**	–	2.56	–
Other receivables	–	**62.55**	63.55	–
TOTAL	**18.38**	**65.96**	76.93	14.13

Note No.7 - Other assets

Rupees in Lakhs

Particulars	As at 31-March-2021 Current	As at 31-March-2021 Non-Current	As at 31-March-2020 Current	As at 31-March-2020 Non-Current
Advance Income tax (Net of Provision for Tax Rs.1,161.34 lakhs, 31-March-20 Rs. Lakhs 1,112.22)		199.00		217.26
TOTAL	–	199.00	–	217.26

Note No. 8 - Deferred tax assets

Rupees in Lakhs

Particulars	As at 31-March-2021	As at 31-March-2020
Deferred tax assets	63.17	54.83
Net deferred tax assets	63.17	54.83

Deferred tax assets as on 31-March-2021

Rupees in Lakhs

Particulars	Balance as on 01.04.2020	CY charge / credit thru PL	CY charge / credit thru OCI	Balance as on 31.03.2021
On difference between book balance and tax balance of Property, plant and equipment	3.16	(0.48)		2.68
Provision for compensated absences and gratuity and retirement benefits	29.52	2.68	(2.12)	30.08
Allowance for doubtful debts	22.15	8.26		30.41
Total	54.83	10.46	(2.12)	63.17

Deferred tax assets as on 31-March-2020

Rupees in Lakhs

Particulars	Balance as on 01.04.2019	CY charge / credit thru PL	CY charge / credit thru OCI	Balance as on 31.03.2020
On difference between book balance and tax balance of Property, plant and equipment	4.05	(0.89)	–	3.16
Provision for compensated absences and gratuity and retirement benefits	25.20	1.54	2.78	29.52
Allowance for doubtful debts	20.26	1.89	–	22.15
Total	49.51	2.54	2.78	54.83

Effective Tax rate Vs Corporate tax rate reconciliation

Rupees in Lakhs

Particulars	for the year ended 31-March-2021	for the year ended 31-March-2020
Profit Before Tax for the year	168.08	153.51
Current Tax - at statutory rates	42.30	37.58
Impact of permanent differences		
- Rate difference from PY (24.482% -25.168%)	(1.54)	5.94
Other adjustments		
- Interest paid on tds, GST	0.01	0.11
- Bonus paid difference	–	(0.08)
- 80JJA	–	(0.11)
- roundoff adjustments	0.01	–
Total tax expense	40.78	43.44

Note No.9 - Trade receivables

Particulars	As at 31-March-2021 Current	As at 31-March-2021 Non-Current	As at 31-March-2020 Current	As at 31-March-2020 Non-Current
Trade receivables -				
- Unsecured Considered good	759.94		552.33	
- Unsecured Considered doubtful	15.46		13.29	
Total Receivables	775.40		565.62	
Allowance for doubtful receivables	(15.46)		(13.29)	
- Credit impaired	16.95		16.95	
Allowance for doubtful receivables - credit impaired	16.95		16.95	
TOTAL	759.94	–	552.33	–

Trade Receivables breakup

Particulars	As at 31-March-2021 Current	As at 31-March-2021 Non-Current	As at 31-March-2020 Current	As at 31-March-2020 Non-Current
Of the above, trade receivables from:				
– Related Parties	0.22	–	4.05	–
– Others	759.72	–	548.28	–
TOTAL	759.94	–	552.33	–

Movement in expected credit loss allowance

Particulars	As at 31-March-2021 Current	As at 31-March-2021 Non-Current	As at 31-March-2020 Current	As at 31-March-2020 Non-Current
Balance at beginning of the year	30.24		40.65	
Net movement in expected credit loss allowance on trade receivables	2.17		(10.41)	
Balance at end of the year	32.41	–	30.24	–

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and the average credit period on service rendered is as per the terms of the service agreement with clients. Credit period allowed to customers varies between 07 days to 45 days.

Refer Note 28 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related financial instrument disclosures.

Note No.10 - Cash and bank balances

Particulars	**As at 31-March-2021**	As at 31-March-2020
Cash and cash equivalents		
Balances with banks		
In current accounts	**77.75**	58.84
TOTAL	**77.75**	58.84
Other Bank balances		
In deposit accounts more than 3 months and less than 12 months maturity	**307.93**	259.32
In earmarked accounts		
Deposits with clients	**35.48**	19.42
TOTAL	**343.41**	278.74

Note No. 11 - Other current assets -Unsecured Considered good unless otherwise stated

Particulars	**As at 31-March-2021**		As at 31-March-2020	
	Current	**Non-Current**	Current	Non-Current
Prepaid expenses	**11.91**	**5.50**	8.51	–
Advances to employees	**4.45**	–	6.24	–
TOTAL (a)	**16.36**	**5.50**	14.75	–
Due from customers - Unbilled revenue				
- Unsecured considered good	**1,282.10**		1,447.95	
- Unsecured considered doubtful	**61.44**		60.24	
Total of Due from customers - Unbilled revenue	**1,343.54**		1,508.19	
Provision for loss allowance on dues from customers	**(61.44)**	–	(60.24)	–
- Credit impaired	**25.00**	–	–	–
Allowance for doubtful unbilled revenue - credit impaired	**25.00**	–	–	–
TOTAL (b)	**1,282.10**	–	1,447.95	–
TOTAL (a+b)	**1,298.46**	**5.50**	1,462.70	–

Note No. 11(a) - Unbilled revenue

Particulars	**for the year ended 31-March-2021**	for the year ended 31-March-2020
i) Contract revenue recognized for the year	**1,264.70**	1,866.41
ii) In respect of contracts in progress as at 31 March 2021/ 2020, the aggregate costs incurred and recognized profits (net) up to the year end	**4,016.22**	4,365.74
ii) Retention money for contracts in progress	**0.95**	0.95

Note No.11(b) Movement in expected credit loss allowance

Particulars	**Current**	**Non-Current**	Current	Non-Current
Balance at beginning of the year	**60.24**		32.17	
Net movement in expected credit loss allowance on Unbilled revenue	**26.20**		28.07	
Balance at end of the year	**86.44**	–	60.24	–

Note No.12 : Equity share capital

Rupees in Lakhs

Particulars	**As at 31-March-2021**	As at 31-March-2020
Authorized		
4,000,000 equity shares of Rs.10 each (Previous year: 4,000,000 shares)	**400.00**	400.00
Issued, Subscribed & Paid-up		
1,890,590 (Previous year: 1,890,590 shares) equity shares of Rs. 10 each	**189.06**	189.06
Notes:		
(i) The Company has only one class of equity shares having a par value of Rs. 10/-. Each holder is entitled to one vote per equity share		
(ii) The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting		
(iii) Repayment of capital will be in proportion to the number of equity shares held	**189.06**	189.06

Note

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of reporting period:

	For the year ended 31-March-2021		For the year ended 31-March-2020	
Name of Shareholder	**Number of shares held**	**Amount**	Number of shares held	Amount
Opening Balance	**18,90,590**	**189.06**	18,90,590	189.06
Closing Balance	**18,90,590**	**189.06**	18,90,590	189.06

ii) Details of shares held by each shareholder holding more than 5% shares:

	As at 31-March-2021		As at 31-March 2020	
Name of Shareholder	**Number of shares held**	**% holding**	Number of shares held	% holding
Mahindra & Mahindra Ltd and its nominees (Holding Company)	**11,51,000**	**60.88%**	11,51,000	60.88%
Mahindra Consulting Engineers Employees Stock Option Trust (MCET)	**5,87,882**	**31.10%**	5,87,882	31.10%
B.Suresh	**1,00,000**	**5.29%**	1,00,000	5.29%

iii) Details of shares held by holding company:

	As at 31-March-2021		As at 31-March 2020	
Name of Shareholder	**Number of shares held**	**% holding**	Number of shares held	% holding
Mahindra & Mahindra Ltd and its nominees (Holding Company)	**11,51,000**	**60.88%**	11,51,000	60.88%

Note No. 13

b. Other equity

Rupees in Lakhs

Particulars	**Reserves and Surplus**					**Items of other comprehensive income**	
	Capital Reserve	**Securities Premium**	**Capital Redemption Reserve**	**General Reserve**	**Retained Earnings**	**Other items of Other Comprehensive Income (Defined Benefit Obligation)**	**Total**
As at April 01,2019	16.28	53.64	23.47	194.75	1,201.20	(14.84)	**1,474.50**
Profit for the year					107.29		**107.29**
Adjustment on:-							
Other Comprehensive Loss						(8.57)	**(8.57)**
As at March 31, 2020	**16.28**	**53.64**	**23.47**	**194.75**	**1,308.49**	**(23.41)**	**1,573.22**
Profit for the year					129.42		**129.42**
Adjustment on:-							
Other Comprehensive Loss						**6.31**	**6.31**
As at March 31, 2021	**16.28**	**53.64**	**23.47**	**194.75**	**1,437.91**	**(17.10)**	**1,708.95**

Description of the nature and purpose of Other Equity

General reserve: In the year of declaration of dividend the company transfers such amounts from the current profits to the reserves as deemed appropriate by the Board of Directors.

Capital Redemption Reserve: Capital Redemption Reserve was created against Buyback of Shares as required under Companies Act, 2013.

Securities Premium Account: The Securities Premium is created on issue of shares at a premium.

Retained Earnings: This reserve represents cumulative profits of the Company. This reserve can be utilised in accordance with the provisions of Companies Act, 2013.

Note No. 14 : Provisions

Rupees in Lakhs

Particulars	As at 31-March-2021		As at 31-March-2020	
	Current	Non-Current	Current	Non-Current
Provision for employee benefits :				
Compensated absences	**19.23**	**65.43**	18.72	65.17
Gratuity	**14.81**	–	22.59	–
Retirement benefits	**20.05**	–	14.10	–
TOTAL	**54.09**	**65.43**	55.41	65.17

Note No. 15: Short term Borrowings

Rupees in Lakhs

Particulars	As at 31-March-2021	As at 31-March-2020
(i) Cash credit facilities from Bank (secured)	–	169.86
TOTAL	–	169.86

The Company has utilised Cash Credit facilities of Rs.169.86 lakhs out of the sanctioned limit of Rs.200 lakhs from Federal Bank in March 2020. These are primarily secured by exclusive charge on current assets including receivables. These Borrowings carry an interest rate 9.10% (one year MCLR +0.10%). The Company settled the cash credit facility in September 2020.

Note No. 16 : Trade payables

Rupees in Lakhs

Particulars	As at 31-March-2021		As at 31-March-2020	
	Current	Non-Current	Current	Non-Current
Trade payable - Micro and small enterprises	–	–	–	–
Trade payable - Other than micro and small enterprises				
Amounts payable to related parties	**460.73**	–	347.68	–
Other payables	**208.39**	–	232.14	–
TOTAL	**669.12**	–	579.82	–

(i) Trade Payables are payables in respect of the amount due on account of services received in the normal course of business. Usually, Credit period with vendors varies from 07 days to 30 days.

(ii) Refer Note 31 for Disclosures on Micro and Small Enterprises.

Note No. 17: Other current liabilities

Rupees in Lakhs

Particulars	As at 31-March-2021	As at 31-March-2020
Advance from customers	**132.51**	71.09
Statutory dues (PF, ESIC, TDS, Service tax / GST, etc)	**43.54**	49.33
TOTAL	**176.05**	120.42

Note No.18 - Revenue from operations

Rupees in Lakhs

Particulars	For the year ended 31-March-2021	For the year ended 31-March-2020
(a) Revenue from consulting services	**1,457.81**	2,060.15
(b) Revenue from EPC Contracts	**7.40**	14.92
TOTAL	**1,465.21**	2,075.07
Note: The above excludes GST as applicable	**122.40**	138.01
Breakup of international and domestic revenue		
Revenue from International projects	**616.03**	1,590.17
Revenue from Domestic projects	**849.18**	484.90
Total	**1,465.21**	2,075.07

Note No.19 - Other income

Rupees in Lakhs

Particulars	For the year ended 31-March-2021	For the year ended 31-March-2020
(a) Interest Income	**15.66**	4.50
(b) Net gain on foreign currency transactions	–	10.98
(c) Gain on sale of property, plant and equipment	**1.14**	–
(d) Incentive Income – Service exports from India scheme	**22.18**	–
(e) Rental income	**9.31**	10.04
TOTAL	**48.29**	25.52

Note 18 Contd : Revenue information

Disaggregation of revenue

(i) The following table provides information about disaggregated revenue by primary geographical market, major product line and timing of revenue recognition, and includes a reconciliation of the disaggregated revenue with reportable segments:

	Disaggregation based on customer base					
	For the year ended 31-March-2021			For the year ended 31-March-2020		
Particulars	**Government**	**Non Government**	**Total**	**Government**	**Non Government**	**Total**
Primary geographical markets:						
India	**640.80**	**208.38**	**849.18**	267.91	216.99	484.90
Neighbouring countries	**62.95**	**–**	**62.95**	235.26	–	235.26
Africa	**549.40**	**3.68**	**553.08**	1,344.33	10.58	1,354.91
Total	**1,253.15**	**212.06**	**1,465.21**	**1,847.50**	**227.57**	**2,075.07**

Particulars	**For the year ended 31-March-2021**	For the year ended 31-March-2020
Timing of revenue recognition		
Products & services transferred at point in time	**200.50**	208.66
Products & services transferred over time	**1,264.71**	1,866.41
Total	**1,465.21**	2,075.07

Contract balances

(ii) The following table provides information about receivables, contract assets and contract liabilities from contracts with customers :

Particulars	**As at 31-March-2021**	As at 31-March-2021
Receivables	**759.94**	552.33
Short-term contract assets	**1,282.10**	1,447.95

Note No.20 - Employee benefits expense

Rupees in Lakhs

Particulars	**For the year ended 31-March-2021**	For the year ended 31-March-2020
(a) Salaries and wages, including bonus	**761.30**	834.21
(b) Contribution to provident and other funds (Refer Note 27)	**48.12**	26.45
(c) Staff welfare expenses	**8.22**	20.62
TOTAL	**817.64**	881.28

Note No.21 - Finance costs

Rupees in Lakhs

Particulars	**For the year ended 31-March-2021**	For the year ended 31-March-2020
(a) Interest paid on Advance from Clients	**2.49**	3.10
(b) Interest paid on Cash Credit account (OD)	**7.40**	0.21
TOTAL	**9.89**	**3.31**

Note No.22 - Depreciation and amortization expense

Rupees in Lakhs

Particulars	**For the year ended 31-March-2021**	For the year ended 31-March-2020
(a) Depreciation of property, plant and equipment	**8.74**	10.03
TOTAL	**8.74**	**10.03**

Note No.23 - Other expenses

Rupees in Lakhs

Particulars	**For the year ended 31-March-2021**	For the year ended 31-March-2020
(a) Sub contractors' costs	**66.50**	152.65
(b) Consortium project costs	**114.80**	200.46
(c) Rent	**48.69**	48.80
(d) Rates and taxes	**0.10**	0.54
(e) Repairs and maintenance-others	**15.36**	16.08
(f) Power and fuel	**4.90**	8.55
(g) Commission to Directors *	**3.00**	3.00
(h) Professional charges (refer note below)	**61.76**	63.67
(i) Postage, telephone and fax	**5.32**	9.43
(j) Insurance	**6.16**	7.07
(k) Printing and stationery	**4.66**	10.99
(l) Traveling & conveyance expenses	**68.24**	165.72
(m) Vehicle expenses	**3.94**	7.13
(n) Bad debts written off	**51.20**	323.09
(o) Allowance for doubtful receivables, Net	**2.17**	(10.41)
(p) Provision for loss allowance on dues from customers	**1.20**	28.07
(q) Provision for due from customers -Unbilled revenue	**25.00**	–
(r) Net loss on foreign currency transactions	**11.33**	–
(s) Miscellaneous expenses	**14.82**	17.62
TOTAL	**509.15**	1,052.46

* subject to approval of shareholders in the ensuring AGM

Amount paid / payable to the statutory auditors (included under professional charges in Note 23)

Rupees in Lakhs

Particulars	For the year ended 31-March-2021	For the year ended 31-March-2020
	6.25	6.25
TOTAL	**6.25**	6.25

Note No. 24 - Segment information

The Managing Director & CEO is also the Chief Operating Decision Maker (CODM) and reviews the performance of the Company.

The CODM monitors the operating results of the business for the purpose of making decisions about resource allocation and performance assessment using profit or loss and return on capital employed.

The Company has a single reportable business segment viz. income from consultancy services for the purpose of Accounting Standard 108 on Segment Reporting.

Geographic information

The Company is domiciled in India. The amount of its revenue from external customer broken down by location of the customers and information about its non-current assets other than financial instruments, deferred tax assets, post employment benefit asset by location are detailed below:

Rupees in Lakhs

Geographic information	Year Ended 31-March-2021	Year Ended 31-March-2020
Revenue from external customers		
India	**849.18**	484.90
Outside India	**616.03**	1,590.17
Total revenue per statement of profit or loss	**1,465.21**	2,075.07

Rupees in Lakhs

Non-current operating assets:	As at 31-March-2021	As at 31-March-2020
India	**235.63**	254.46
Outside India	**–**	–
TOTAL	**235.63**	254.46

Non-current assets for this purpose consists of property, plant and equipment, investment properties and intangible assets.

Information about major customers

During the year ended 31-March-2021, total income from three domestic customers constituted 38% of total revenue and one international customer constituted 13% of total revenue. The total income from two outside India customers constituted 42% of total revenue for 2019-20.

Note No.25 - Earnings per Share

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Rupees in Lakhs

Particulars	For the year ended 31-March-2021	For the year ended 31-March-2020
Profit for the year after tax (Rupees in Lakhs)	**129.42**	107.29
Weighted average number of equity shares	**18,90,590**	18,90,590
Earnings per share - Basic & Diluted (of Rs. 10 each)	**6.85**	5.67

Note No. 26 - Disclosure of interest in Subsidiaries

(a) Details of the Company's subsidiaries at the end of the reporting period are as follows:

Name of the Subsidiary	Principal Activity	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and Voting power held by the Company 31-March-2021	31-March-2020	Quoted (Y/N)
Mahindra Namaste Limited	Capacity building and training activities	Place of Incorporation - Mumbai Place of Operation - Chennai	**100%**	100%	No

Note No. 27 - Employee benefits

(a) Defined Contribution Plan

a) The Company has recognized Rs. 19.09 Lakhs (Previous Year Rs.20.08 Lakhs) towards Company's Contribution to Provident Fund and Rs.22.41 Lakhs (Previous Year NIL) towards Company's Contribution to Superannuation Fund in the Statement of Profit and Loss.

(b) Defined Benefit Plans:

Gratuity

Gratuity payable as per Payment of Gratuity Act, 1972. In terms of the same Gratuity is computed by multiplying last drawn salary (Basic salary) by completed years of continuous service with part thereof in excess of six months and again by 15/26. The Gratuity Act provides for a vesting period of 5 years for withdrawal and retirement and ceiling of Rs.20,00,000/-. However if the enterprise has more favourable terms in these regard, the same is to be adopted.

Investment risk

The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	
	31-March-2021	31-March-2020
Expected rate(s) of salary increase	**5%**	5%
Average Longevity	**12.50**	11.80

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, priority and other relevant factor, such as supply and demand in the employment market.

Defined benefit plans – as per actuarial valuation on March 31, 2021

Rupees in Lakhs

Particulars	**Funded Plan Gratuity for the year ended**	
	31-March-2021	31-March-2020
Ia. Expense recognized in the Statement of Profit and Loss for the year ended 31st March:	**6.83**	5.83
1. Current service cost	**5.53**	5.18
2. Past Service Credit		–
3. Interest cost	**1.30**	0.65
Ib. Included in other Comprehensive Income	**(8.43)**	11.35
1. Return on plan assets	**(6.72)**	10.37
2. Actuarial (Gain)/Loss on account of:		
– Demographic Assumptions		
– Financial Assumptions	**(1.71)**	0.98
– Experience Adjustments		
Amounts recognized in comprehensive income in respect of these defined benefit plans are as follows:		
Current Service Cost	**5.53**	5.18
Past service cost and (gains)/ losses from settlements		
Net interest expense	**1.30**	0.65
Components of defined benefit costs recognized in profit or loss	**6.83**	5.83

Rupees in Lakhs

Particulars	**Funded Plan Gratuity for the year ended**	
	31-March-2021	31-March-2020
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)		
Actuarial gains and loss arising form changes in financial assumptions	**(6.72)**	10.37
Actuarial gains and loss arising form experience adjustments	**(1.71)**	0.98
Others (describe) (expected return on plan assets)		
Components of defined benefit costs recognized in other comprehensive income	**(8.43)**	11.35
Total	**(1.60)**	17.18
I. Net Asset/(Liability) recognized in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**102.29**	98.81
2. Fair value of plan assets as at 31st March	**87.48**	76.22
3. Surplus/(Deficit)	**(14.81)**	(22.59)
4. Current portion of the above	**(14.81)**	(22.59)
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**98.81**	87.74
2. Expenses Recognized in Profit and Loss Account		
- Current Service Cost	**5.53**	5.18
- Past Service Cost		
- Interest Expense (Income)	**6.53**	6.28
3. Recognized in Other Comprehensive Income		
Remeasurement gains / (losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions		
ii. Financial Assumptions		
iii. Experience Adjustments	**(6.72)**	10.37
4. Benefit payments	**(1.86)**	(10.76)
5. Present value of defined benefit obligation at the end of the year	**102.29**	98.81

Rupees in Lakhs

Particulars	Funded Plan Gratuity for the year ended 31-March-2021	31-March-2020
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**76.22**	76.24
2. Add/(Less) on account of Scheme of Arrangement/ Business Transfer		
3. Expenses Recognized in Profit and Loss Account		
- Expected return on plan assets	**5.23**	5.63
4. Recognized in Other Comprehensive Income		
Remeasurement gains / (losses)		
- Actual Return on plan assets in excess of the expected return	**1.71**	(0.98)
- Others (specify)		
5. Contributions by employer (including benefit payments recoverable)	**6.18**	6.09
6. Benefit payments	**(1.86)**	(10.76)
7. Fair value of plan assets at the end of the year	**87.48**	76.22
IV. The Major categories of plan assets		
- Plan assets by category		
With Insurer	**87.48**	76.22
	100%	100%
V. Actuarial assumptions		
1. Discount rate	**6.87%**	6.67%
2. Expected rate of return on plan assets	**6.87%**	6.67%
3. Attrition rate	**3.00%**	3.00%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rupees in Lakhs

			Impact on defined benefit obligation	
Principal assumption		**Changes in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	**2021**	+/- 0.50%	**99.85**	**104.85**
	2020	+/- 0.50%	96.30	101.45
Salary growth rate	**2021**	+/- 0.50%	**104.94**	**99.75**
	2020	+/- 0.50%	101.54	96.20

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognized in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute Rs.6.00 Lakhs to the gratuity trusts during the next financial year of 2022.

Maturity profile of defined benefit obligation:

Rupees in Lakhs

	31-March-2021	31-March-2020
Within 1 year	**4.43**	4.20
1 - 2 year	**59.69**	56.99
2 - 3 year	**2.17**	2.08
3 - 4 year	**2.23**	2.14
4 - 5 year	**2.30**	2.20
5 - 10 years	**63.36**	24.66

The weighted average duration of the defined benefit obligation as at 31 March 2021 is ***5.3 years*** (2020: 5.7 years)

VIII. Experience Adjustments :

Rupees in Lakhs

	Year Ended Gratuity				
	2021	**2020**	**2019**	**2018**	**2017**
1. Defined Benefit Obligation	**102.29**	98.81	87.74	77.01	67.63
2. Fair value of plan assets	**87.48**	76.22	76.24	61.77	57.51
3. Surplus/ (Deficit)	**(14.81)**	(22.59)	(11.50)	(15.24)	(10.12)
4. Experience adjustment on plan liabilities [(Gain)/ Loss]	–	(5.71)	(0.15)	(1.43)	(8.15)
5. Experience adjustment on plan assets [Gain/ (Loss)]	**1.71**	(0.98)	(0.25)	0.36	(0.62)

Note No. 28 - Financial Instruments

Capital management

The Company manages its capital risk in order to maximize shareholders' profit by maintaining optimal capital structure. There is no change in the overall capital risk management strategy of the Company compared to last year. The Company manages its funding requirements fully through internal accruals. During the year, the Company has renewed the credit limit facility amounting to Rs.150 Lakhs and Rs.1000 Lakhs for fund and non fund based respectively. The company has utilised fund based facility to the extent of Rs.170 lakhs during the year 2019-20 and the same has been settled in Fy 2020-21.

As at 31-March-2021
Rupees in Lakhs

	Amortized Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	**0.00**			**0.00**
Other Financial Assets	**65.96**			**65.96**
Current Assets				
Trade Receivables	**759.94**			**759.94**
Cash and Cash equivalents	**77.75**			**77.75**
Other bank balances	**343.41**			**343.41**
Other Financial Assets	**18.38**	–	–	**18.38**
	1,265.44	–	–	**1,265.44**
Non-current Liabilities				
Borrowings	–	–	–	–
Other Financial Liabilities	–	–	–	–
Current Liabilities				
Borrowings	–	–	–	–
Trade Payables	**669.12**	–	–	**669.12**
Other Financial Liabilities	–			–
	669.12	–	–	**669.12**

Categories of financial assets and financial liabilities

As at 31-March-2020
Rupees in Lakhs

	Amortized Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	–	–	–	–
Other Financial Assets	14.13	–	–	14.13
Current Assets				
Trade Receivables	552.33	–	–	552.33
Cash and Cash equivalents	58.84	–	–	58.84
Other bank balances	278.74	–	–	278.74
Other Financial Assets	76.93	–	–	76.93
	980.97	–	–	**980.97**
Non-current Liabilities				
Borrowings	–	–	–	–
Other Financial Liabilities	–	–	–	–
Current Liabilities				
Borrowings	169.86	–	–	169.86
Trade Payables	579.82	–	–	579.82
Other Financial Liabilities	–			–
	749.68	–	–	**749.68**

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company enters into an agreement with each customer. The trade receivables are also reviewed by the Management regularly and necessary actions are taken in order to collect any amount outstanding from customers.

Allowance for credit loss receivables, amounts due from customers and carry forward as current assets and allowance towards credit impaired receivables have been provided based on expected credit loss estimates by the management, based on past experience and on specific case to case basis on credit impaired receivables, current portfolio of customers and economic conditions in the geographies from where the customer operates etc.

LIQUIDITY RISK

(i) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rupees in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31-March-2021				
Non-interest bearing				
Trade Payable	**669.12**	–	–	–
Total	**669.12**	–	–	–
31-March-2020				
Non-interest bearing				
Trade Payable	579.82	–	–	–
Interest bearing				
Borrowings	169.86	–		
Total	**749.68**	–	–	–

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rupees in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31-March-2021				
Non-interest bearing				
Non Current Investment	–	–	–	–
Trade Receivable	**759.94**	–	–	–
Cash and Cash equivalents	**77.75**	–	–	–
Bank balances	**343.41**			
Other Non Current Financial Assets		**65.96**	–	–
Other Current Financial Assets	**18.38**		–	–
TOTAL	**1,199.48**	**65.96**	–	–
31-March-2020				
Non-interest bearing				
Non Current Investment	–	–	–	–
Trade Receivable	552.33	–	–	–
Cash and Cash equivalents	58.84	–	–	–
Bank balances	278.74			
Other Non Current Financial Assets		14.13	–	–
Other Current Financial Assets	76.92		–	–
TOTAL	**966.83**	**14.13**	–	–

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors.

CURRENCY RISK

The company is yet to formulate its risk mitigation policies and accordingly the Company has not hedged its exposures in foreign currencies

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period and remain unhedged are as follows.

Particulars	Currency	31-March-2021	31-March-2020
Trade Receivables	USD	**4.76**	3.35
	OMR	**0.07**	0.07
	Euro	**0.74**	–

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Currency	Change in rate	Effect on profit before tax
31-March-21	USD	+10%	0.48
	USD	-10%	(0.48)
	EUR	+9%	0.07
	EUR	-9%	(0.07)

Particulars	Currency	Change in rate	Effect on profit before tax
31-March-20	USD	+10%	0.34
	USD	-10%	(0.34)
	EUR	+9%	–
	EUR	-9%	–

Note No. 29 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees in Lakhs

Particulars	31-March-2021		31-March-2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortized Cost				
– investments in Equity	0.00	0.00	0.00	0.00
– trade and other receivables	**759.94**	**759.94**	**552.33**	**552.33**
– cash and cash equivalents	**77.75**	**77.75**	**58.84**	**58.84**
– other bank balances	**343.41**	**343.41**	**278.74**	**278.74**
– other Financial Assets	**84.34**	**84.34**	91.06	91.06
TOTAL	**1,265.44**	**1,265.44**	980.97	980.97
Financial liabilities				
Financial liabilities held at amortized cost				
– Borrowings	–	–	169.86	169.86
– Trade and other payables	**669.12**	**669.12**	579.82	579.82
TOTAL	**669.12**	**669.12**	749.68	749.68

Particulars	Fair value hierarchy as at 31-March-2021			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortized Cost				
– investments in Equity		**0.00**		**0.00**
– trade and other receivables		**759.94**		**759.94**
– cash and cash equivalents		**77.75**		**77.75**
– other bank balances		**343.41**		**343.41**
– Other Financial Assets		**84.34**		**84.34**
TOTAL	–	**1,265.44**	–	**1,265.44**

Particulars	Fair value hierarchy as at 31-March-2021			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial Liabilities carried at amortized cost				
– trade and other payables	–	**669.12**	–	**669.12**
TOTAL	–	**669.12**	–	**669.12**

Particulars	Fair value hierarchy as at 31-March-2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortized Cost				
– investments in Equity		0.00		0.00
– trade and other receivables		552.33		552.33
– cash and cash equivalents		58.84		58.84
– other bank balances		278.74		278.74
– other Financial Assets		91.06		91.06
TOTAL		**980.97**	–	**980.97**
Financial liabilities				
Financial Liabilities carried at amortized cost				
– Borrowings		169.86	–	169.86
– Trade and other payables		579.82	–	579.82
TOTAL		**749.68**	–	**749.68**

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note No.30 - Related party disclosures

a) Names of related parties and nature of relationship

Sl. No.	Particulars	Nature of relationship
1	Mahindra & Mahindra Limited	Holding Company
2	Mahindra Consulting Engineers Employees Stock Option Trust	Employee Welfare Trust
3	Mahindra Namaste Limited	Subsidiary
4	Mahindra Engineering & Chemical Products Ltd	Subsidiary
5	Mahindra World City Developers Ltd*	Fellow Subsidiary
6	Mahindra Lifespace Developers Limited*	Fellow Subsidiary
7	Mahindra Industrial Park Chennai Limited*	Fellow Subsidiary
8	Mr. B. Suresh, CEO & Managing Director	Key Managerial Personnel (KMP)

* only those parties with whom there were transactions.

b) Details of related party transactions as at year ended 31-March-2021 and balances outstanding as at 31-March-2021

Rupees in Lakhs

S. No.	Nature of transaction	For the year ended	Holding Company	Subsidiary		Fellow Subsidiaries			Welfare Trust	
			Mahindra & Mahindra Ltd.	Mahindra Engineering & Chemical Products Ltd	Mahindra Namaste Ltd.	Mahindra Lifespaces Developers Ltd.	Mahindra World City Developers Ltd	Mahindra Industrial Park Chennai Ltd.	Mahindra Consulting Engineers Employees Stock Option Trust	KMP
1	2		3	4	5	6	7	8	9	10
1	Income from consultancy services	31-03-2021	–	–	40.94	–	3.00	152.36	–	–
		31-03-2020	–	(–)	(48.49)	(–)	(–)	(148.99)	(–)	(–)
2	Reimbursement of expenses	31-03-2021	35.92	–	20.13	–	–	–	–	–
		31-03-2020	(19.24)	(–)	(52.76)	(–)	(–)	(–)	(–)	(–)
3	Rent expense	31-03-2021	37.26	–	–	–	–	–	–	–
		31-03-2020	(40.17)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
4	Staff Welfare expenses	31-03-2021	–	0.27	–	–	–	–	–	–
		31-03-2020	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
5	Rent income	31-03-2021	–	–	9.31	–	–	–	–	–
		31-03-2020	(–)	(–)	(10.04)	(–)	(–)	(–)	(–)	(–)
6	Consortium project cost - Professional charges	31-03-2021	–	–	103.05	–	–	–	–	–
		31-03-2020	(–)	(–)	(181.10)	(–)	(–)	(–)	(–)	(–)
7	Managerial Remuneration	31-03-2021	–	–	–	–	–	–	–	204.67
		31-03-2020	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(196.49)
8	Outstanding as at year end Payables	31-03-2021	405.48	–	55.25	–	–	–	–	–
		31-03-2020	(325.07)	(–)	(21.65)	(0.97)	(–)	(–)	(–)	(–)
	Receivables	31-03-2021	–	–	–	–	–	0.22	–	–
		31-03-2020	(–)	(–)	(–)	(–)	(–)	(4.05)	(–)	(–)

Note No. 31 - Additional Information to the Financial Statements

i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

There are no overdue amounts payable to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as at the reporting date or anytime during the year and hence no interest has been paid or payable accordingly no additional disclosures have been made.

Rupees in Lakhs

Sl. No.	Particulars	As at 31-March-2021	As at 31-March-2021
1.	Dues remaining unpaid		
	- Principal	–	–
	- Interest	–	–
2.	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year	–	–
	Principal paid beyond the appointed date		
	Interest paid in terms of Section 16 of the MSMED Act		
3.	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	–	–
4.	Further interest due and payable even in the succeeding years until such date when the interest due as above are actually paid to the small enterprises	–	–
5.	Amount of interest accrued and remaining unpaid		

ii) Earnings in foreign exchange (on accrual basis)

Rupees in Lakhs

Particulars	For the year ended 31-March-2021	For the year ended 31-March-2020
Consultancy fees	**616.03**	1,590.17
TOTAL	**616.03**	1,590.17

iii) Expenditure in foreign currency (on accrual basis)

Particulars	For the year ended 31-March-2021	Rupees in Lakhs For the year ended 31-March-2020
Consultancy fees	**39.50**	57.99
Travel	**17.78**	28.50
TOTAL	**57.28**	86.49

Note No.32 - Contingent Liabilities

Income Tax dues - arising out of disallowance of expenses relating to financial year 2013-14 with tax impact of approximately Rs. 26.28 Lakhs - being contested by Company at Commissioner of Income tax (Appeals).

Note No. 33 - Other Notes

i. The Company did not have any other pending litigation which would impact its financial position - other than as disclosed in Note 33 above.

ii. The Company did not have any material foreseeable losses on long term contracts and the Company has not entered into any derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The provisions of Section 135 of Companies Act, 2013 are not applicable to the Company in the current year.

v. Donations made to political parties - Rs. Nil (Previous year -Rs. Nil)

vi. No material events have occurred after the Balance Sheet date and up to the approval of the financial statements

vii. From December 2019, COVID - 19 has spread globally, including India, and various states are still reeling under the pressure of COVID-19. This event has significantly affected economic activity across the infrastructure and industrial sector, globally and in India. As a result, it has impacted the operations and financial results of the Company in the year Fy21 in terms of revenue. For Fy 21 financial reporting, the Company has used the principles of prudence in applying judgments, estimates and assumptions in significant areas like estimating the remaining useful life of the tangible assets, cost to complete provision for long term contracts, evaluating the long term contracts for any onerous elements, recoverability of receivables including unbilled receivables, provision for receivables, provision for warranties, the impact of cancellation or modifications to the terms of the revenue contracts, cancellation or deferment of revenue contracts, penalties due to non-fulfilment of service legal obligations, fair valuation of financial assets and liabilities etc. The Company has considered internal and external information up to the date of approval of these financial statements, and the Company expects to recover the carrying amount of these assets.

    The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements, and the Company will continue to closely monitor any material changes to future economic conditions.

viii. The figures for previous year have been regrouped wherever necessary to confirm to current year's grouping

Note No. 34 - Approval of standalone financial statements

The financial statements were approved for issue by the Board of Directors on 10th May 2021.

For and on behalf of the Board of Directors

B. Suresh *CEO & Managing Director*	**Parag C Shah** *Director*
Place: Chennai *Date: May 10, 2021*	*Place: Mumbai* *Date: May 10, 2021*

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Mahindra Holidays & Resorts India Limited ("the Company"), which comprise the standalone balance sheet as at March 31, 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditors' Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matters'

I) Revenue from Contracts with Customers under Ind AS 115
See note no. 36 and 52 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
The Company has a unique business model and its revenue comprises of numerous individual transactions and also multiple streams of revenue with its members. In accordance Ind AS 115 (a) the membership fees and (b) incremental costs to obtain a contract with a customer, are recognized over the effective membership period. The application of the accounting standard on revenue recognition, involves certain judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations and the appropriateness of the basis used to recognize revenue over a period. Incremental costs are those that would not have been incurred if the contract was not obtained. The Company has applied significant judgement in identifying the expenses which can be treated as incremental cost of acquiring new members.	Our procedures included the following: - Evaluating the appropriate accounting policy in accordance with Ind AS 115 for membership contracts entered with customers. - Evaluating and testing the identification of expenses incurred by the Company, which can get classified as incremental costs of acquisition. - Evaluating the process followed by the Company and evaluating the data used for the purpose of identifying and determining the effective membership period after considering breakage i.e customer's unexercised rights and comparing the basis with historical experience of utilization of memberships. - Evaluating the process followed by the Company and evaluating the data used for the purpose of deferral of revenue due to uncertainty of collection based on historical trends and considering factors impacting future collections. - Testing the processes and controls instituted for recognition of revenue and incremental costs of acquisition, over the effective membership period. Involving our IT specialists to test the controls in the IT system for recording revenue as per Ind AS 115. - Assessing the adequacy of the Company's disclosures in accordance with the requirements of Ind AS 115.

II) Contingent liabilities See note no. 43 to the standalone financial statements	
The key audit matter	**How the matter was addressed in our audit**
The Company has significant tax litigations for both direct and indirect taxes. There is a high level of judgement required in estimating the level of provisioning and appropriateness of disclosure of those litigations in the financial statements. The value of the litigations together with the level of judgement involved make it a significant matter for our audit.	Our audit procedures included the following: - Examining the list of outstanding litigation against the Company. - Inquiring and obtaining explanation for movement during the year. - Reading the latest correspondence between the Company and the regulatory authorities for significant matters. - Discussing the status of significant litigation with the Company's senior management personnel and assessing their responses. - Examining opinions obtained by the Company from external advisors. - Involving our tax specialists, and discussing with the Company's tax officers, their views and strategies on significant cases, as well as the related technical grounds relating to their conclusions based on applicable tax laws. - Assessing the decisions and rationale for provisions made or for decisions not to record provisions or make disclosures.

III) Leases in accordance with Ind AS 116 See note no. 3, 5 and 53 to the standalone financial statements	
The key audit matter	**How the matter was addressed in our audit**
The Company has a large number of leasing arrangements. The application of the accounting standard on leases, involves certain judgements relating to determination of incremental borrowing rate, determination of leases to which Ind AS 116 applies and determination of lease period. During the current year, Company has also negotiated lease concessions with lessors based on mutually agreed terms.	Our audit procedures included the following: - Assessing and testing processes and controls in respect of Ind AS 116 - Assessing the Company's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business. - Evaluating the reasonableness of Company's key judgements and estimates made in determining the amounts at which ROU assets and lease liabilities are accounted. - Evaluating the completeness, accuracy and relevance of data used in preparing the lease adjustments. - Assessing management's calculation on remeasurement of lease liabilities. - On a statistical sample, assessing the key terms and conditions of each lease with the underlying lease contracts, including lease rent concessions received; and - On a statistical sample, evaluating computation of lease liabilities and challenging the key estimates such as, discount rates and the lease term. - Assessing the computation of lease incentives with the aforesaid lease rent concession terms agreed with lessors - Assessing and testing the presentation and disclosures relating to Ind AS 116

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   a) The Company has disclosed the impact of pending litigations as at March 31, 2021 on its financial position in its standalone financial statements - Refer Note no. 43 to the standalone financial statements;

   b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

   d) The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in these financial statements since they do not pertain to the financial year ended March 31, 2021.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Koosai Lehery
Partner
Membership No. 112399
UDIN: 21112399AAAAAV5582

Mumbai, May 3, 2021

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT - MARCH 31, 2021

(Referred to in our report of even date)

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the management during the year. In our opinion, and according to information and explanations given to us, no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the registered sale deeds and Court orders approving schemes of arrangements/ amalgamations provided to us by the Company, the title deeds of immovable properties are held in the name of the Company except for the following which are not held in the name of the Company:

Sr. No.	Total no. of cases	Type of Assets	Gross Block as at March 31, 2021	Net Block as at March 31, 2021	Remarks
1	2	Freehold land	302,600,000	302,600,000	Received on merger of the erstwhile Companies. Company is in the process of transferring the title deeds.
2	2	Building	184,034.373	143,581,443	Received on merger of the erstwhile Companies. Company is in the process of transferring the title deeds

ii. The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.

iii. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to the loans given, investments made, guarantees given and security provided.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. In our opinion and according to the information and explanations given to us, having regard to the nature of the Company's business/activities, paragraph 3(vi) of the Order is not applicable to the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and services tax, Provident fund, Employees' state insurance, Income-tax, Sales-tax, Luxury tax, Value added tax, Duty of customs, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Goods and services tax, Provident fund, Employees' state insurance, Income-tax, Sales-tax, Luxury tax, Value added tax, Duty of customs, Cess and other material statutory dues were in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no dues of Goods and services tax, Sales tax, Value added tax and Duty of customs which have not been deposited on account of any dispute. The following disputed dues in respect of Income-tax, Luxury tax and Service tax have not been deposited by the Company with the appropriate authorities:

Name of the Statute	Nature of the Dues	Forum where dispute is pending	Period to which amount relates	Amount* (₹ in Lakhs)
Income Tax Act, 1961	Income tax, Interest and Penalty	High Court	AY 1999 to 2011	31,251
Income Tax Act, 1961	Income tax, Interest and Penalty	ITAT	AY 2010 AY 2012 to 2016	42,212
Income Tax Act, 1961	Income tax, Interest and Penalty	Commissioner of Income Tax-Appeals	AY 2017	9,929
Finance Act, 1994	Service Tax, Interest and Penalty	Appellate Authorities	FY 2007 to 2016	3,926
Tamil Nadu Luxury Tax Act	Luxury Tax	Deputy Commissioner	FY 2003 to 2006	64
		Commissioner-Appeals	FY 2011 to 2012	17
Kerala Luxury Tax Act	Luxury Tax	Intelligence officer-Debikulam	FY 2009 to 2011	659
		Appeallate Commissioner	FY 2010 to 2016	3,270
		High Court	FY 2012 to 2015	1,706
Uttarakhand Luxury Tax Act	Luxury Tax	Appeallate Commissioner	FY 2013	34
Maharashtra Luxury Tax Act	Luxury Tax	Commissioner of Commercial taxes	FY 2013 to 2014	42
Rajasthan Luxury Tax Act	Luxury Tax	High Court	FY 2011 to 2017	1,763
Rajasthan Value Added Tax Act	Value Added Tax	High Court	FY 2015 to 2017	15
Kerala Value Added Tax Act	Value Added Tax	Assistant Commissioner	FY 2015 to 2017	23

* net of amounts paid under protest.

viii. According to the information and explanations given to us, and based on the records of the Company, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company did not have any outstanding loans or borrowing from financial institutions or government or debenture holders during the year.

ix. According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

x. According to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone Ind AS financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi. According to information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For B S R & Co LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Koosai Lehery
Partner
Membership No. 112399
UDIN: 21112399AAAAAV5582

Mumbai, May 3, 2021

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED FOR THE YEAR ENDED MARCH 31, 2021

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2 (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Holidays & Resorts India Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Koosai Lehery
Partner
Membership No. 112399
UDIN: 21112399AAAAAV5582

Mumbai, May 3, 2021

STANDALONE BALANCE SHEET AS AT MARCH 31, 2021

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, Plant and Equipment	4	**201,572.43**	183,451.81
Right of Use Asset	5	**15,412.03**	17,426.53
Capital work-in-progress		**11,182.29**	23,606.27
Other intangible assets	6	**588.31**	394.95
Intangible assets under development		**941.90**	725.21
Financial Assets			
Investments			
Investments in subsidiaries	7	**9,532.75**	9,532.75
Other Investments	7	**702.09**	388.96
Trade receivables	8	**29,008.39**	49,438.05
Loans	9	**4,383.80**	4,415.41
Other financial assets	10	**8,733.04**	9,089.73
Deferred Tax Assets (Net)	11	**42,872.74**	47,237.69
Other non-current tax assets (Net)	12	**18,656.37**	18,227.70
Deferred Acquisition Cost	13	**65,379.84**	66,516.39
Other non-current assets	14	**3,271.31**	3,286.19
		412,237.29	433,737.64
Current assets			
Inventories	15	**453.75**	472.29
Financial Assets			
Investments	16	**5,942.51**	39,294.82
Trade receivables	17	**91,470.80**	118,750.18
Cash and cash equivalents	18	**1,962.78**	1,463.48
Other bank balances	19	**32,318.59**	19,168.12
Loans	20	**5,083.78**	4,478.67
Other financial assets	21	**52,626.20**	14,400.57
Deferred Acquisition Cost	22	**5,001.16**	4,831.47
Other current assets	23	**4,623.23**	5,334.38
		199,482.80	208,193.98
		611,720.09	641,931.62
EQUITY AND LIABILITIES			
Equity			
Equity share capital	24	**13,292.38**	13,292.38
Other equity	25		
Reserves & Surplus		**83,688.45**	70,983.97
Revaluation Reserve		**76,925.70**	73,759.44
Other Comprehensive Income		**(162.92)**	(147.89)
Transition Difference		**(140,272.59)**	(140,272.59)
		20,178.64	4,322.93
		33,471.02	17,615.31
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings- Lease liabilities	26	**11,779.15**	13,545.23
Other financial liabilities	27	**787.16**	547.68
Provisions	28	**795.46**	694.07
Deferred Tax Liabilities	11	**19,235.44**	22,401.70
Other non-current liabilities			
Contract Liability-Deferred Revenue	29	**454,752.79**	499,640.79
		487,350.00	536,829.47
Current liabilities			
Financial Liabilities			
Trade payables	30		
Total outstanding dues of micro enterprises and small enterprises; and		**154.23**	124.92
Total outstanding dues of creditors other than micro enterprises and small enterprises		**19,342.32**	17,669.57
Lease Liabilities	31	**4,690.28**	5,180.94
Other financial liabilities	32	**10,161.19**	9,276.46
Provisions	33	**697.61**	606.90
Other current liabilities			
Contract Liability-Deferred Revenue	34	**53,373.85**	52,232.87
Others	35	**2,479.59**	2,395.18
		90,899.07	87,486.84
		611,720.09	641,931.62

See accompanying notes to the financial statements

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Koosai Lehery
Partner

Membership Number: 112399

Place: Mumbai
Date: May 3, 2021

For and on behalf of the Board of Directors

Arun Nanda
Chairman
DIN: 00010029

Kavinder Singh
Managing Director & CEO
DIN: 06994031

Akhila Balachandar
Chief Financial Officer

Dhanraj Mulki
Company Secretary

Place: Mumbai
Date: May 3, 2021

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	Note No.	**Year ended March 31, 2021**	Year ended March 31, 2020
Revenue			
Revenue from operations	36	**82,224.45**	97,700.53
Other income	37	**8,651.94**	6,011.25
Total Revenue		**90,876.39**	103,711.78
Expenses			
Employee benefits expense	38	**24,300.84**	27,268.65
Finance costs	39	**1,295.83**	1,599.31
Depreciation and amortisation expense	4, 5 & 6	**10,374.24**	10,166.79
Other expenses	40	**37,958.99**	52,282.29
Total Expenses		**73,929.90**	91,317.04
Profit before tax		**16,946.49**	12,394.74
Tax expense excluding impact of change in tax rate			
Current tax	41	**–**	2,520.37
Deferred tax	41	**4,370.00**	722.88
Total tax expense		**4,370.00**	3,243.25
Profit after tax for the year excluding impact of change in tax rate		**12,576.49**	9,151.49
One time impact on Tax expense (Current and Deferred) due to change in tax rate	41	**–**	19,972.94
Profit/(Loss) after tax for the year		**12,576.49**	(10,821.45)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit (asset)/liability		**(20.08)**	(72.98)
Income taxes related to items that will not be reclassified to profit or loss		**3,171.31**	18.37
Net other comprehensive income not to be reclassified subsequently to profit or loss		**3,151.23**	(54.61)
Total comprehensive income for the year		**15,727.72**	(10,876.06)
Earnings per equity share :			
(face value of ₹ 10 per share)			
Basic	42	**9.46**	(8.14)
Diluted	42	**9.46**	(8.14)

See accompanying notes to the financial statements
In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Koosai Lehery
Partner
Membership Number: 112399

Place: Mumbai
Date: May 3, 2021

For and on behalf of the Board of Directors

Arun Nanda
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DIN: 00010029

Kavinder Singh
Managing Director & CEO
DIN: 06994031

Akhila Balachandar
Chief Financial Officer

Dhanraj Mulki
Company Secretary

Place: Mumbai
Date: May 3, 2021

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

STATEMENT OF CHANGES IN EQUITY

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	Share Capital	Other Equity									Total
		Reserves & Surplus						Revaluation Reserve	Other Comprehensive Income Actuarial Gain / (Loss)	Transition Difference	
	Equity Share Capital	Capital Reserve	Securities Premium	General Reserve	Share Options Outstanding Account	Capital Redemption Reserve	Retained Earnings				
Balance at the beginning of the reporting year - April 1, 2020	**13,292.38**	**44.75**	**10,361.67**	**10,381.68**	**1,475.48**	**145.80**	**48,574.59**	**73,759.44**	**(147.89)**	**(140,272.59)**	**17,615.31**
Profit for the year	–	–	–	–	–	–	12,576.49	–	–	–	12,576.49
Effect of change in tax base	–	–	–	–	–	–	–	3,166.26	–	–	3,166.26
Additions during the year	–	–	–	–	127.99	–	–	–	–	–	127.99
OCI component of actuarial gains/(losses) (Net of taxes)	–	–	–	–	–	–	–	–	(15.03)	–	(15.03)
Balance at the end of the reporting period - March 31, 2021	**13,292.38**	**44.75**	**10,361.67**	**10,381.68**	**1,603.47**	**145.80**	**61,151.08**	**76,925.70**	**(162.92)**	**(140,272.59)**	**33,471.02**

Particulars	Share Capital	Other Equity									Total
		Reserves & Surplus						Revaluation Reserve	Other Comprehensive Income Actuarial Gain/(Loss)	Transition Difference	
	Equity Share Capital	Capital Reserve	Securities Premium Reserve	General Reserve	Share Options Outstanding Account	Capital Redemption Reserve	Retained Earnings				
Balance at the beginning of the reporting year - April 1, 2019	13,289.98	44.75	10,312.39	10,381.68	1,265.90	145.80	41,620.10	73,759.44	(93.28)	(121,044.68)	29,682.08
Profit for the year	–	–	–	–	–	–	9,151.49	–	–	–	9,151.49
Effect of change in tax rate	–	–	–	–	–	–	(2,197.00)	–	–	(17,775.94)	(19,972.94)
Effect of change in tax rate on Ind AS 116 impact	–	–	–	–	–	–	–	–	–	218.18	218.18
Additions during the year	–	–	–	–	209.58	–	–	–	–	–	209.58
Issue of shares by ESOP Trust	2.40	–	49.28	–	–	–	–	–	–	–	51.68
Impact on account of transition to Ind AS 116 (refer note no. 3)	–	–	–	–	–	–	–	–	–	(1,670.15)	(1,670.15)
OCI component of actuarial gains/ (losses) (Net of taxes)	–	–	–	–	–	–	–	–	(54.61)	–	(54.61)
Balance at the end of the reporting year - March 31, 2020	13,292.38	44.75	10,361.67	10,381.68	1,475.48	145.80	48,574.59	73,759.44	(147.89)	(140,272.59)	17,615.31

See accompanying notes to the financial statements

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Koosai Lehery
Partner

Membership Number: 112399

Place: Mumbai
Date: May 3, 2021

For and on behalf of the Board of Directors

Arun Nanda
Chairman
DIN: 00010029

Kavinder Singh
Managing Director & CEO
DIN: 06994031

Akhila Balachandar
Chief Financial Officer

Dhanraj Mulki
Company Secretary

Place: Mumbai
Date: May 3, 2021

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in ₹ Lakhs unless otherwise stated

	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Net Profit before tax for the year	**16,946.49**	12,394.74
	Adjustments for:		
	Finance costs	**1,295.83**	1,599.31
	Interest income	**(5,038.59)**	(3,042.91)
	Depreciation and amortisation of non-current assets	**10,374.24**	10,166.79
	Net Loss on disposal of property, plant and equipment	**122.68**	108.80
	Gain due to change in lease arrangements	**(3,156.05)**	(43.27)
	Net foreign exchange (gain)/loss	**8.50**	(94.06)
	Net Gain on sale of investment	**(89.44)**	(239.05)
	Net Gain on Investments carried at FVTPL	**(61.54)**	(2,398.42)
	Equity-settled share-based payments	**127.99**	209.58
		3,583.62	6,266.77
	Operating profit before working capital changes	**20,530.11**	18,661.51
	Movements in working capital:		
	Decrease/(Increase) in trade and other receivables	**47,575.62**	(9,582.97)
	Decrease in inventories	**18.54**	90.44
	Increase in trade payables	**1,676.44**	1,400.79
	Increase in provisions	**172.02**	99.90
	(Decrease)/Increase in contract liability-deferred revenue	**(43,747.02)**	27,941.89
	Increase in other liabilities	**878.37**	709.50
		6,573.97	20,659.55
	Cash generated from operations	**27,104.08**	39,321.06
	Income taxes paid	**(428.67)**	(6,221.05)
	NET CASH GENERATED FROM OPERATING ACTIVITIES	**26,675.41**	33,100.01
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Interest received	**4,053.76**	2,336.29
	ICD given to related parties	**(818.50)**	(1,040.00)
	ICD repayments by related parties	**244.33**	190.26
	Placement of fixed deposits and other deposits	**(130,189.71)**	(38,809.45)
	Proceeds from maturity of fixed deposits and other deposits	**80,943.44**	26,040.00
	Payments for property, plant and equipment and intangibles	**(10,159.18)**	(10,998.66)
	Proceeds from disposal of property, plant and equipment	**146.65**	8.03
	Proceeds from disposal of investment	**64,095.16**	45,700.00
	Equity Investment in other entities	**(305.00)**	–
	Purchase of investment	**(30,600.00)**	(51,180.00)
	NET CASH USED IN INVESTING ACTIVITIES	**(22,589.06)**	(27,753.53)
C.	**CASH FLOW FROM FINANCING ACTIVITIES :**		
	Proceeds from borrowings	**79.94**	1,527.98
	Repayment of borrowings	**(79.94)**	(1,527.98)
	Payment of lease liabilities	**(2,291.22)**	(4,908.91)
	Interest paid on borrowings	**(0.04)**	(1.22)
	Interest paid on lease liabilities	**(1,295.79)**	(1,598.09)
	NET CASH USED IN FINANCING ACTIVITIES	**(3,587.05)**	(6,508.22)
	NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**499.30**	(1,161.74)
	Cash and cash equivalents at the beginning of the year	**1,463.48**	2,625.22
	Cash and cash equivalents at the end of the year (Refer note no 18)	**1,962.78**	1,463.48

See accompanying notes to the financial statements
In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Koosai Lehery
Partner

Membership Number: 112399

Place: Mumbai
Date: May 3, 2021

For and on behalf of the Board of Directors

Arun Nanda
Chairman
DIN: 00010029

Kavinder Singh
Managing Director & CEO
DIN: 06994031

Akhila Balachandar
Chief Financial Officer

Dhanraj Mulki
Company Secretary

Place: Mumbai
Date: May 3, 2021

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1 Corporate Information

The Company was incorporated on September 20, 1996, and is in the business of selling vacation ownership and providing holiday facilities.

2(a) Significant accounting policies

(i) Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

(ii) Basis of preparation and presentation

The financial statements of the Company have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

All amounts have been rounded off to the nearest lakhs, unless stated otherwise.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102 and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

(iii) Revenue recognition

a. Revenue from sale of Vacation Ownership

The Company's business is to sell vacation ownership and provide holiday facilities to members for a specified period each year, over a number of years, for which membership fee is collected either in full upfront, or on a deferred payment basis.

Revenue from Membership fees

The Company recognises the membership fees over the tenure of membership as the performance obligation is fulfilled over the tenure of membership (33 years/25 years/10 years or any other tenure applicable to the respective member). The Company will recognise revenue on a straight line basis over the tenure of membership after considering the expected customer unexercised rights from date of admission of each member. The revenue which will be recognised in future periods are disclosed under other liabilities – contract liability - deferred revenue - vacation ownership. Revenue from consumer offers and other benefits provided on membership are recognized as and when such benefits are provided to members at its respective fair value.

Discounts and other incentives provided to the customer's are reduced from the overall contract value. Incremental costs of acquisition of the members are deferred over the period of effective membership in line with revenue deferral. Incremental costs are those that would not have been incurred if the contract was not obtained. Such cost which will be amortised in the future period are disclosed under deferred acquisition cost.

Revenue from Annual subscription fees

Annual subscription fee dues from members are recognized as income on accrual basis and fees pertaining to the period beyond the date of the Balance Sheet is grouped under Other liabilities - Deferred revenue – Annual subscription fee.

Interest income on deferred payment plans

Interest revenue is recognised only to the extent that a contract asset (or receivable) or a contract liability is recognised in accounting for a contract with the customer. Also refer accounting policy for financial instruments (note no. xv)

Revenue is recognized only when it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue with respect to instalments/contracts where there is an uncertainty about collectability, is deferred (even though the membership is not cancelled). The estimation of such revenues where there is uncertainity in collection has been made by the Company based on past trends of year-wise cancellation of memberships and considering factors impacting future collections.

b. Income from resorts include income from room rentals, food and beverages, etc. and is recognized when services are rendered.

(iv) Leases

The Company has adopted Ind AS 116, Leases (which replaces earlier standard Ind AS 17) using the modified retrospective method, the effect of which is recognised at the date of initial application (i.e. April 1, 2019) and has been reported under transition difference in Other Equity.

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the present value of future lease liability. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the period of lease term. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rates in the country of domicile of these leases.

(v) Foreign currencies

The financial statements of the Company are presented in Indian Rupees (₹), which is the Company's functional currency. In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Under previous GAAP, paragraph 46A of AS 11, The Effects of Changes in Foreign Exchange Rates, provided an accounting treatment to Companies with respect to exchange differences arising on restatement of long-term foreign currency monetary items. Exchange differences in respect of items other than those related to acquisition of depreciable assets, could be accumulated in a foreign currency monetary item translation difference account ('FCMITDR'), and amortised over the balance period of such long term monetary item. Ind AS provides an option to Company to continue the above accounting treatment in respect of long term foreign currency items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS reporting period. The Company has elected this option.

(vi) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the statement of profit and loss in the period in which they are incurred.

(vii) Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund and compensated absences.

Defined contribution plans

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out by an independent actuary at the end of each reporting period. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments; settlements);
- Net interest expense or income; and
- Re-measurement

The Company presents the first two components of defined benefit costs in statement of profit and loss in the line item 'Employee benefits expense'. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to statement of profit and loss. Curtailment gains and losses are accounted for as past service costs. Past service cost is recognized in statement of profit and loss in the period of a plan amendment.

The obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflow expected to be made by the Company in respect of services provided by employees upto the reporting date.

(viii) Share based payment arrangements

Equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date.

Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note no. 24.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to Share options outstanding account in Reserves & Surplus.

(ix) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxes are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on the tax rates and the tax laws enacted or substantively enacted as at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

(x) Property, plant and equipment (PPE)

Buildings held for use in the supply or production of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is valued at Fair value based on valuations by external independent valuers at sufficient regularity. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in statement of profit and loss, in which case the increase is recognised in statement of profit and loss. A revaluation deficit is recognised in statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset carried in the revaluation reserve.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

PPE in the course of construction for supply, production or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees, other directly attributable expenses and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Category of Asset	Estimated useful lives
Leasehold Building	Period of lease
Buildings (other than those mentioned below)	30 - 60 years
Floating cottages (grouped under buildings)	25 years
Plant & equipment	5 - 15 years
Furniture and Fixtures (other than those mentioned below)	5 - 10 years
Furniture and Fixtures (in Club Mahindra Holiday World)	3 years
Vehicles (other than those mentioned below)	8 years
Motor vehicles/other assets provided to employees	4/5 years
Office equipment	5 years

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit and loss.

(xi) Intangible assets

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Category of Asset	Estimated useful lives
Computer Software and website development cost	3 years

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in statement of profit and loss when the asset is derecognized.

(xii) Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in statement of profit and loss.

(xiii) Inventories

Inventories are carried at the lower of cost and net realizable value. Costs of inventories are determined on moving weighted average basis. Cost includes the purchase price, non-refundable taxes and delivery handling cost. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(xiv) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(xv) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognized immediately in statement of profit and loss.

Interest income from other financial assets is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognized when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(xvi) Financial assets

A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual right:

(i) to receive cash or another financial asset from another entity; or

(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the Company; or

(d) a contract that will or may be settled in the Company's own equity instruments and is:

(i) a non-derivative for which the Company is or may be obliged to receive a variable number of the entity's own equity instruments; or

(ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at "fair value through profit and loss (FVTPL)" on initial recognition):

the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments (except for debt instruments that are designated as at FVTPL on initial recognition) that meet the following conditions are subsequently measured at "fair value through other comprehensive income (FVTOCI)":

the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Interest income is recognized in statement of profit and loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortized cost are recognized in statement of profit and loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to statement of profit and loss.

A debt instrument that meets the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Debt instruments classified as FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in statement of profit and loss. The Company has not designated any debt instrument as at FVTPL.

Equity

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Equity instruments at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in statement of profit and loss. The net gain or loss recognized in statement of profit and loss incorporates any dividend earned on the financial asset and is included under 'Other income'. Dividend on financial assets at FVTPL is recognized when the Company's right to receive the dividends is established and the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Investments in equity instruments of subsidiaries, joint ventures and associates are measured at cost.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, and other contractual rights to receive cash or other financial asset not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses considering the nature of industry and the deferred payment schemes operated.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in statement of profit and loss if such gain or loss would have otherwise been recognized in statement of profit and loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in statement of profit and loss if such gain or loss would have otherwise been recognized in statement of profit and loss on disposal of that financial asset. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Foreign exchange gains and losses on financial assets

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognized in statement of profit and loss.

Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognized in other comprehensive income.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortized cost are recognized in statement of profit and loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income.

(xvii) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

A financial liability is any liability that is:

(a) a contractual obligation :

(i) to deliver cash or another financial asset to another entity; or

(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or

(b) a contract that will or may be settled in the Company's own equity instruments and is:

(i) a non-derivative for which the Company is or may be obliged to deliver a variable number of the Company's own equity instruments; or

(ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the Company offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. Apart from the aforesaid, the equity conversion option embedded in a convertible bond denominated in foreign currency to acquire a fixed number of the Company's own equity instruments is an equity instrument if the exercise price is fixed in any currency.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

a) it has been incurred principally for the purpose of repurchasing it in the near term; or

b) on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

c) it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

a) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

b) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or

c) it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in statement of profit and loss. The net gain or loss recognized in statement of profit and loss incorporates any interest paid on the financial liability and is included in the 'Other income' / 'Other expenses' line item as appropriate.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit and loss are recognized in statement of profit and loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included under 'Finance costs'.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognized less, when appropriate, the cumulative amount of income recognized.

Foreign exchange gains and losses on financial liabilities

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains are determined based on the amortised cost of the instruments and are recognized in "Other income" and losses are recognised in "Finance Cost" to the extent it is related to borrowings.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in statement of profit and loss.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in statement of profit and loss.

(xviii) Cash flow statements

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows from operating activities are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the Company are segregated based on the available information.

(xix) Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/ (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

(xx) Insurance Claims

Insurance claims are accounted for on the basis of claims admitted/ expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

(xxi) Operating cycle

Based on the nature of services / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2(b) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below :

a. Share based payments

The entity initially measures the cost of equity settled transactions with employees using the Black Scholes model to determine the fair value of the options granted. Estimating the fair value of the share options granted require determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value for the share based payment transactions are disclosed in Note no. 24.

b. Defined benefit plans (gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the gratuity obligation are disclosed in Note no. 44.

c. Intangible assets under development

The Company capitalizes intangibles under development in accordance with the accounting policy. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed.

d. Life time Expected credit losses

Life time expected credit loss allowance is computed based on historical credit loss experience and adjusted for forward-looking information on collection.

e. Estimation towards revenue deferred due to uncertainity of collection

The quantum of revenue deferred due to uncertainity of collection is computed based on past trends of year-wise cancellation of memberships and considering factors impacting future collections.

f. Significant financing component

Given the nature of vacation ownership business, the Company has determined that membership fee does not include a significant financing component. Where the payment is received in installments, the Company charges appropriate interest to the members.

g. Customer unexercised rights

The Company considers the expected Customers unexercised rights, while determining the effective membership period over which the membership fee needs to be recognised. This customer unexercised right is computed based on past trend of utilisation of membership by the customer.

h. Litigation for taxation matters

The company is subject to tax litigation, the outcome of which is subject to many uncertainities inherent in litigation such as interpretation of legislation, outcome of appeals etc. Litigation provisions are reviewed at each accounting period and revisions made for the change in facts and circumstances.

i. Fair valuation of Freehold land

Freehold land is measured at Fair value based on valuations by external independent valuers using the market approach at sufficient regularity.

j. Leases

The Company makes an assessment on the expected lease term on a lease-by lease basis as per the contract period. Further, discount rate is based on the incremental borrowing rate of the company at the time of commencement of lease.

3 Changes in significant accounting policies
Leases (Change in previous year)

The Company has applied the modified retrospective approach as per para C5(b) of IND AS 116 to existing Leases as on April 1, 2019 and the cumulative effect of applying this standard is recognised at the date of initial application i.e. April 1, 2019 in accordance with para C7 of IND AS 116 as an adjustment to the Transition Difference under other equity. This has resulted in recognising a right-of-use asset of ₹ 19,736.60 lakhs and a corresponding lease liability of ₹ 21,183.10 lakhs by adjusting Transition Difference (other equity) net of taxes of ₹ 1,670.15 lakhs as at April 1, 2019 (This is further adjusted for the effect of change in tax rate). Due to the application of Ind AS 116, a lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The nature of expenses related to these leases has changed as Ind AS 116 replaced the operating lease expense (i.e. rent) with depreciation charge for ROU assets and interest expense on lease liabilities.

All amounts are in ₹ Lakhs unless otherwise stated

Note No. 4 - Property Plant and Equipment

Description of Assets	**Land - Freehold**	**Buildings - Freehold**	**Buildings - Leasehold**	**Plant and Equipment**	**Office Equipment**	**Furniture and Fixtures**	**Vehicles**	**Total**
I. Gross Block								
Balance as at April 1, 2020	112,902.97	70,245.13	156.09	24,807.17	2,381.18	16,148.83	1,265.28	227,906.65
Additions	1,581.52	11,311.58	–	5,520.48	370.96	4,375.61	131.96	23,292.11
Disposals	–	(239.11)	–	(211.16)	(3.31)	(10.06)	(48.36)	(512.00)
Balance as at March 31, 2021	**114,484.49**	**81,317.60**	**156.09**	**30,116.49**	**2,748.83**	**20,514.38**	**1,348.88**	**250,686.76**
II. Accumulated depreciation								
Balance as at April 1, 2020	–	11,486.60	156.09	16,503.91	2,110.92	13,404.34	792.98	44,454.84
Depreciation for the year	–	1,295.74	–	2,194.36	180.43	1,105.31	126.41	4,902.25
Eliminated on disposal of assets	–	(82.99)	–	(108.17)	(3.22)	(9.11)	(39.27)	(242.76)
Balance as at March 31, 2021	**–**	**12,699.35**	**156.09**	**18,590.10**	**2,288.13**	**14,500.54**	**880.12**	**49,114.33**
Net block (I-II)								
Balance as at March 31, 2021	**114,484.49**	**68,618.25**	**–**	**11,526.39**	**460.70**	**6,013.84**	**468.76**	**201,572.43**
Balance as at March 31, 2020	112,902.97	58,758.53	–	8,303.26	270.26	2,744.49	472.30	183,451.81

Description of Assets	Land - Freehold	Buildings - Freehold	Buildings - Leasehold	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Block								
Balance as at April 1, 2019	112,875.63	64,862.54	156.09	22,669.44	2,262.66	15,348.11	1,246.80	219,421.27
Additions	27.34	5,397.53	–	2,377.50	143.96	853.44	63.63	8,863.40
Disposals	–	(14.94)	–	(238.99)	(26.22)	(52.72)	(45.15)	(378.02)
Others (reclassification)	–	–	–	(0.78)	0.78	–	–	–
Balance as at March 31, 2020	112,902.97	70,245.13	156.09	24,807.17	2,381.18	16,148.83	1,265.28	227,906.65
II. Accumulated depreciation								
Balance as at April 1, 2019	–	10,244.99	156.09	14,531.25	1,998.71	12,479.21	688.61	40,098.86
Depreciation for the year	–	1,246.18	–	2,129.03	133.86	971.38	136.76	4,617.21
Eliminated on disposal of assets	–	(4.57)	–	(155.62)	(22.40)	(46.25)	(32.39)	(261.23)
Others (reclassification)	–	–	–	(0.75)	0.75	–	–	–
Balance as at March 31, 2020	–	11,486.60	156.09	16,503.91	2,110.92	13,404.34	792.98	44,454.84
Net block (I-II)								
Balance as at March 31, 2020	112,902.97	58,758.53	–	8,303.26	270.26	2,744.49	472.30	183,451.81
Balance as at March 31, 2019	112,875.63	54,617.55	–	8,138.19	263.95	2,868.90	558.19	179,322.41

Note No. 5 - Right of Use Asset

Description of Assets	**Right of Use Asset**
I. Gross Block	
Balance as at April 1, 2020	22,543.05
Additions	3,967.62
Deletions	770.61
Balance as at March 31, 2021*	**25,740.06**
II. Accumulated depreciation	
Balance as at April 1, 2020	5,116.52
Amortisation expense for the year	5,211.51
Balance as at March 31, 2021	**10,328.03**
Net block (I-II)	
Balance as at March 31, 2021 (refer note no. 53)	**15,412.03**
Balance as at March 31, 2020	17,426.53

Description of Assets	Right of Use Asset
I. Gross Block	
Balance as at April 1, 2019 (On Transition to Ind AS 116)*	19,736.60
Additions	3,259.91
Deletions	(453.46)
Balance as at March 31, 2020	22,543.05
II. Accumulated depreciation	
Amortisation expense for the year	5,116.52
Balance as at March 31, 2020	5,116.52
Net block (I-II)	
Balance as at March 31, 2020 (refer note no. 3 and 53)	17,426.53
Balance as at March 31, 2019	–

* Pertains to lease of resorts and office properties

All amounts are in ₹ Lakhs unless otherwise stated

Note No. 6 - Other Intangible Assets

Description of Assets	**Computer Software & Website development cost**
I. Gross Block	
Balance as at April 1, 2020	7,466.26
Additions	453.84
Balance as at March 31, 2021	**7,920.10**
II. Accumulated amortization	
Balance as at April 1, 2020	7,071.31
Amortisation expense for the year	260.48
Balance as at March 31, 2021	**7,331.79**
Net block (I-II)	
Balance as at March 31, 2021	**588.31**
Balance as at March 31, 2020	394.95

Description of Assets	Computer Software & Website development cost
I. Gross Block	
Balance as at April 1, 2019	7,243.90
Additions	222.36
Balance as at March 31, 2020	7,466.26
II. Accumulated amortization	
Balance as at April 1, 2019	6,638.25
Amortisation expense for the year	433.06
Balance as at March 31, 2020	7,071.31
Net block (I-II)	
Balance as at March 31, 2020	394.95
Balance as at March 31, 2019	605.65

Note No. 7 - Non-Current Investments

Particulars	**Face value**	**Currency**	**As at March 31, 2021**		As at March 31, 2020	
			Quantity	**Amount**	Quantity	Amount
Unquoted Investments at Cost (fully paid)						
In Equity Instruments of Subsidiaries						
Heritage Bird (M) Sdn. Bhd..	1	MYR	**300,002**	**40.27**	300,002	40.27
Mahindra Hotels and Residences India Ltd..	10	₹	**49,994**	**5.00**	49,994	5.00
Gables Promoters Private Limited	10	₹	**65,000,000**	**6,543.78**	65,000,000	6,543.78
MH Boutique Hospitality Limited	100	THB	**49,000**	**95.38**	49,000	95.38
Infinity Hospitality Group Company Limited	100	THB	**734,850**	**2,681.11**	734,850	2,681.11
MHR Holdings (Mauritius) Limited	1	EUR	**145,000**	**115.10**	145,000	115.10
Arabian Dreams Hotel Apartments LLC	100	AED	**147**	**52.11**	147	52.11
				9,532.75		9,532.75
Unquoted Investments at FVTPL (fully paid)						
In Equity Instruments of other entities						
Mahindra World City Developers Ltd.	10	₹	**1**	**0.00**	1	0.00
Mahindra Hotels and Resorts Limited (cost of investment ₹ 1/-)	10	₹	**20,011**	**0.00**	20,011	0.00
Nreach Online Services Private Limited	10	₹	**5,738**	**300.00**	5,738	300.00
Great Rocksport Private Limited	1	₹	**148,942**	**305.00**	–	–
In Preference Instruments of other entities						
Guestline Hospitality Management and Developement Services Limited (25,000 7% non-cumulative redeemable participating optionally convertible preference shares of ₹ 10/- each)	10	₹	**25,000**	**97.09**	25,000	88.96
				702.09		388.96
Aggregate Book Value of Unquoted Investments				**10,234.84**		9,921.71

Notes:

The preference shares of Guestline Hospitality Management and Developement Services Limited can be redeemed at par at the option of the investee at any time after five years but before twenty years from the date of allotment viz. December 06, 2002 or at the option of the holder be convertible into fully paid equity shares of the face value of ₹ 10 each anytime after thirty six months from the date of allotment.

All amounts are in ₹ Lakhs unless otherwise stated

Note No. 8 - Non-Current Trade Receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good*	**29,008.39**	49,438.05
	29,008.39	49,438.05

*The balance of Trade Receivables has been reduced to the effect of cancellation of membership carried out during the year

Note No. 9 - Non-Current Loans (Unsecured, Considered good)

Particulars	As at March 31, 2021	As at March 31, 2020
Security Deposits	**4,383.80**	4,408.01
Loans to related parties (refer note no. 51)	**–**	7.40
	4,383.80	4,415.41

Note No. 10 - Other Financial Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Financial assets at amortised cost		
Guarantee commission receivable from related parties (refer note no. 51)	**2,620.16**	1,589.73
Bank deposit with more than 12 months maturity	**6,112.88**	–
Other Deposits*	**–**	7,500.00
	8,733.04	9,089.73

* In previous year out of the total amount, ₹ 6,500 lakhs pertains to deposit with related party

Note No. 11 (a) - Deferred Tax Assets (Net)

Particulars	As at March 31, 2021	As at March 31, 2020
Tax effect of items constituting deferred tax liabilities		
Property, Plant and Equipment (excluding land)	**6,623.44**	6,183.88
Deferred Acquisition Cost	**17,713.49**	17,956.83
Fair valuation of financial assets	**1,442.30**	1,426.82
Tax effect of items constituting deferred tax assets		
Employee Benefits	**311.07**	308.00
Deferred Revenue	**65,335.87**	71,164.05
Receivables / Revenue derecognition	**645.20**	645.20
Lease Arrangements	**1,374.67**	633.34
Income tax loss	**961.19**	–
Provisions	**47.73**	41.78
Fair valuation of financial assets	**(23.76)**	12.85
Net Deferred Tax Asset	**42,872.74**	47,237.69

Note No. 11 (b) - Deferred Tax Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Fair valuation of Land	**19,235.44**	22,401.70
	19,235.44	22,401.70

Note No. 12 - Other Non-Current Tax Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Other Non-Current Tax Assets (Net of provisions up to the reporting date)	**18,656.37**	18,227.70
	18,656.37	18,227.70

Note No. 13 - Deferred Acquisition Cost

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred Acquisition Cost (refer note no. 2(a)(iii))	**65,379.84**	66,516.39
	65,379.84	66,516.39

Note No. 14 - Other Non-Current Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Advances	**1,835.84**	2,885.14
Prepayments	**443.18**	137.12
Duty paid under protests	**263.93**	263.93
With Government authorities (excluding income taxes)	**728.36**	---
	3,271.31	3,286.19

Note No. 15 - Inventories (At lower of cost and net realisable value)

Particulars	As at March 31, 2021	As at March 31, 2020
Food and beverages	**127.65**	111.82
Operating supplies	**326.10**	360.47
	453.75	472.29
Cost of food and beverages recognised as an expense during the year (Refer Note 40)	**1,860.26**	3,531.43

All amounts are in ₹ Lakhs unless otherwise stated

Note No. 16 - Current Investments

Particulars	As at March 31, 2021 Units	As at March 31, 2021 Amount	As at March 31, 2020 Units	As at March 31, 2020 Amount
Unquoted Investments at FVTPL (all fully paid)				
Investments in Mutual Funds				
HDFC Banking and PSU Debt Fund Direct Growth	–	–	8,368,759	1,408.09
HDFC Banking and PSU Debt Fund Regular Growth	–	–	8,407,362	1,388.99
IDFC Corporate Bond Fund Regular Plan Growth	–	–	14,043,341	1,935.35
IDFC Corporate Bond Fund Direct Plan Growth	–	–	34,982,465	4,884.46
Birla Sun Life Floating Rate Fund-Long Term Plan Growth	–	–	966,662	2,399.08
Birla Sun Life Floating Rate Fund-Long Term Plan Growth Direct	–	–	948,356	2,392.66
HDFC Floating Rate Income Fund Short Term Plan Wholesale Growth	–	–	6,936,919	2,435.73
HDFC Floating Rate Income Fund Short Term Plan Wholesale Direct Plan Growth	–	–	6,696,488	2,369.38
ICICI Prudential Flexible Income Growth	–	–	269,270	1,043.02
Axis Banking & PSU Debt Fund -Direct - Growth	**57,200**	**1,199.94**	–	–
ICICI Prudential Flexible Income Direct Plan Growth	–	–	609,780	2,380.40
Mahindra Liquid Fund - Dir - Growth	**354,668**	**4,742.57**	505,763	6,517.67
Kotak Liquid Direct Plan Growth	–	–	108,150	4,848.40
Kotak Treasury Advantage Fund Regular Plan Growth	–	–	7,506,213	2,409.01
Kotak Treasury Advantage Fund Regular Direct Plan Growth	–	–	7,202,341	2,366.24
Mahindra Ultra Short Term Yojana – Direct Growth	–	–	50,000	516.34
Aggregate book value of unquoted investments	**411,868**	**5,942.51**	97,601,870	39,294.82

Note No. 17 - Current Trade Receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good*	**91,470.80**	118,750.18
Unsecured, credit impaired	**–**	113.97
Less: Impairment loss allowance	**–**	(113.97)
	91,470.80	118,750.18

*The balance of Trade Receivables has been reduced to the effect of cancellation of membership carried out during the year

Note No. 18 - Cash and Cash Equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks	**1,899.36**	1,423.60
Cash on hand	**63.42**	39.88
	1,962.78	1,463.48

Note No. 19 - Other Bank Balances

Particulars	As at March 31, 2021	As at March 31, 2020
Earmarked balances with banks (Unpaid Dividend)	**6.76**	8.30
Bank Deposits with original maturity greater than three months and less than twelve months	**32,311.83**	19,159.82
	32,318.59	19,168.12

Note No. 20 - Loans (Unsecured, Considered good)

Particulars	As at March 31, 2021	As at March 31, 2020
Loans to related parties (refer note no. 51)	**5,042.92**	4,453.54
Loans and advances to employees	**40.86**	25.13
	5,083.78	4,478.67

All amounts are in ₹ Lakhs unless otherwise stated

Note No. 21 - Other Financial Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Financial assets at amortised cost		
Other receivables from related parties (refer note no. 51)	**12.47**	3.41
Interest accrued but not due	**3,013.73**	1,507.16
Other Deposits*	**49,600.00**	12,890.00
	52,626.20	14,400.57

* Out of the total amount ₹ 40,000 lakhs pertains to deposit with related parties (Previous year is ₹ 1,590 lakhs)

Note No. 22 - Deferred Acquisition Cost

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred Acquisition Cost (refer note no. 2(a)(iii))	**5,001.16**	4,831.47
	5,001.16	4,831.47

Note No. 23 - Other Current Assets

Particulars	As at March 31, 2021	As at March 31, 2020
With Government authorities (excluding income taxes)	**3,525.77**	3,869.54
Prepayments	**227.97**	357.07
Advance to suppliers:		
Considered good *	**869.49**	1,107.77
Considered doubtful *	**250.00**	250.00
Less: Provision for doubtful advances	**(250.00)**	(250.00)
	4,623.23	5,334.38

* Both include advances given to related parties - ₹ 250 lakhs

Note No. 24 - Equity Share Capital

Particulars	As at March 31, 2021 No. of Shares	As at March 31, 2021 Amount	As at March 31, 2020 No. of Shares	As at March 31, 2020 Amount
Authorised:				
Equity shares of ₹ 10 each with voting rights	**150,000,000**	**15,000.00**	150,000,000	15,000.00
Issued, Subscribed and Fully Paid:				
Equity shares of ₹ 10 each with voting rights	**133,553,784**	**13,355.38**	133,553,784	13,355.38
Treasury Shares (par value)	**(630,040)**	**(63.00)**	(630,040)	(63.00)
	132,923,744	**13,292.38**	132,923,744	13,292.38

Treasury shares represents equity shares of ₹ 10/- each fully paid up, allotted to Mahindra Holidays & Resorts India Limited Employees' Stock Option Trust ('ESOP Trust') but not exercised by employees.

24 a) Terms/rights attached to equity shares:

i) The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity share is entitled to one vote per share.

ii) Repayment of capital will be in proportion to the number of equity shares held.

iii) The dividends proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting.

iv) With the adoption of new revenue recognition policy in accordance with Ind AS 115, the Company had to change its revenue recognition policy. Consequently, the Deferred Revenue and Deferred Costs had to be recomputed and that resulted in a Transition Difference. The Company is profitable and has healthy cash flows and has declared dividends every year since 2006. The Company is seeking a clarification from Ministry of Corporate Affairs (MCA) that this Transition Difference ought not to be considered for the purpose of calculation of dividend, under section 123(1) of the Companies Act, 2013. The declaration of dividend, if any shall be subject to clarification from MCA.

24 b) Shares in the Company held by Holding Company

Name of shareholder	No. of shares	% held as at March 31, 2021	No. of shares	% held as at March 31, 2020
Mahindra & Mahindra Limited (Holding Company)	**89,890,615**	**67.31%**	89,890,615	67.31%

24 c) Details of shares held by each shareholder holding more than 5% shares:

Name of shareholder	No. of shares	% held as at March 31, 2021	No. of shares	% held as at March 31, 2020
Mahindra & Mahindra Limited	**89,890,615**	**67.31%**	89,890,615	67.31%
HDFC Trustee Company Limited	**12,051,889**	**9.02%**	11,461,397	8.58%

All amounts are in ₹ Lakhs unless otherwise stated

24 d) The reconciliation of the number of shares outstanding as at March 31, 2021 and March 31, 2020 is set out below:-

	As at March 31, 2021		As at March 31, 2020	
Particulars	**No. of Shares**	**In ₹ Lakhs**	No. of Shares	In ₹ Lakhs
Number of shares at the beginning	**132,923,744**	**13,292.38**	132,899,744	13,289.98
Add: Shares issued on exercise of employee stock options	**–**	**–**	24,000	2.40
Number of shares at the end	**132,923,744**	**13,292.38**	132,923,744	13,292.38

The Board of Directors at its meeting held on May 19, 2017 had approved issue of bonus shares in the proportion of 1:2, i.e. 1(one) bonus equity share of ₹ 10/- each for 2(two) fully paid up equity shares which was allotted on July 12, 2017 on approval being received in the shareholder's meeting.

24 e) i) Under the Employee Stock Option Scheme ("ESOS 2006") equity shares are allotted to the ESOP Trust set up by the Company. The ESOP Trust holds these shares for the benefit of the eligible employees/directors as defined under the scheme and transfers these shares to them as per the recommendation of the remuneration committee.

ii) The Company formulated the Employee Stock Option Scheme ("ESOS 2014"), under which the Company has the option to issue and allot the shares either directly to the eligible employees/directors or through the ESOP Trust. To the extent allotted, ESOP Trust would hold these shares for the benefit of the eligible Employees/Directors as defined under the scheme and would transfer the shares to them as per the recommendation of the remuneration committee.

iii) The Company formulated the Employee Stock Option Scheme ("ESOS 2020"), under which the Company has the option to issue and allot the shares directly to the eligible employees/directors as per the recommendation of the remuneration committee.

iv) The details of the Employees' Stock Option Schemes are as under:

Type of Arrangement	ESOS 2006 - Equity settled option plan administered through Employee Stock Option Trust.
	ESOS 2014 - Equity settled option plan issued directly/administered through Employee Stock Option Trust.
	ESOS 2020 - Equity settled option plan issued directly
Method of Settlement	By issue of shares at Exercise Price.

Particulars	**Date of Grant**	**Original Exercise price (in ₹)**	**Adjusted Exercise Price upon issue of Bonus shares**	**Average Exercise Price (in ₹)**	**Vesting period (in Yrs)**	**No. of options granted**	**Contractual life**	**Vesting condition**	**No. of options exercisable in each tranche**
Grant I (ESOS 2006)	15/07/2006	16.00	N.A.	6.00	5	759,325	6 yrs from the date of grant	refer note (a) below	
Grant II (ESOS 2006)	30/03/2007	52.00	N.A.	19.50	4	122,235			Minimum of 25 and a maximum of all the options vested but not exercised till that date.
Grant III (ESOS 2006)	11/01/2007	52.00	N.A.	19.50	4	56,700			
Grant V (ESOS 2006)	11/01/2008	52.00	34.67	52.00	4	261,590			
Grant VI (ESOS 2006)	21/02/2012	370.00	N.A.	370.00	4	400,000			
Grant VII (ESOS 2006)	21/02/2012	323.00	215.33	215.33	4	186,500			
Grant VIII (ESOS 2006)	31/01/2013	323.00	215.33	215.33	4	130,000			
Grant IX (ESOS 2006)	29/01/2014	253.00	N.A.	253.00	4	35,000		25% each on expiry of 12,24,36 and 48 months from the date of grant.	
Grant I (ESOS 2014)	22/01/2015	264.00	176.00	176.00	4	620,000	5 yrs from the date of each vesting		
Grant II (ESOS 2014)	27/10/2015	365.00	243.33	243.33	4	110,000			
Grant III (ESOS 2014)	18/02/2016	370.00	246.67	246.67	4	200,000			
Grant IV (ESOS 2014)	31/01/2017	406.00	270.67	270.67	4	80,000			
Grant V (ESOS 2014)	02/08/2017	410.00	N.A.	410.00	4	60,000			
Grant VI (ESOS 2014)	15/05/2019	234.00	N.A.	234.00	4	145,000			refer note (b) below
Grant VII (ESOS 2014)	31/07/2019	226.00	N.A.	226.00	4	45,000			
Grant VIII (ESOS 2014)	04/11/2019	215.00	N.A.	215.00	4	60,000			
Grant IX (ESOS 2014)	04/11/2019	215.00	N.A.	215.00	4	300,000			
Grant X (ESOS 2014)	01/02/2020	238.00	N.A.	238.00	4	300,000			
Grant I (ESOS 2020)	29/10/2020	10.00	N.A.	10.00	3	100,000			

Notes:

(a) 35%, 30%, 15%, 10% and 10% on expiry of 12,24,36,48 and 60 months from the date of grant respectively.

(b) Minimum of 100 and a maximum of all the options vested but not exercised till that date.

All amounts are in ₹ Lakhs unless otherwise stated

iv) Summary of Stock options (including bonus shares)

Particulars	Date of Grant	Options outstanding as on April 1, 2020	Options granted during the year	Options augmented upon issue of Bonus shares	Options vested during the year	Options exercised during the year	Options lapsed during the year	Options outstanding as on March 31, 2021	Options vested but not exercised
Grant I (ESOS 2006)	15/07/2006				Closed				
Grant II (ESOS 2006)	30/03/2007				Closed				
Grant III (ESOS 2006)	11/01/2007				Closed				
Grant V (ESOS 2006)	11/01/2008				Closed				
Grant VI (ESOS 2006)	21/02/2012				Closed				
Grant VII (ESOS 2006)	21/02/2012	20,624	–	–	–	–	–	20,624	20,624
Grant VIII (ESOS 2006)	31/01/2013	108,750	–	–	–	–	15,000	93,750	93,750
Grant IX (ESOS 2006)	29/01/2014				Closed				
Grant I (ESOS 2014)	22/01/2015	600,000	–	–		–	–	600,000	600,000
Grant II (ESOS 2014)	27/10/2015	120,000	–	–	–	–	–	120,000	120,000
Grant III (ESOS 2014)	18/02/2016	150,000	–	–	–	–	–	150,000	150,000
Grant IV (ESOS 2014)	31/01/2017	60,000	–	–	15,000	–	–	60,000	60,000
Grant V (ESOS 2014)	02/08/2017	30,000	–	–	7,500	–	–	30,000	22,500
Grant VI (ESOS 2014)	15/05/2019	145,000	–	–	36,250	–	–	145,000	36,250
Grant VII (ESOS 2014)	31/07/2019				Closed				
Grant VIII (ESOS 2014)	04/11/2019	60,000	–	–	15,000	–	–	60,000	15,000
Grant IX (ESOS 2014)	04/11/2019	300,000	–	–	–	–	300,000	–	–
Grant X (ESOS 2014)	01/02/2020	300,000	–	–	50,000	–	100,000	200,000	50,000
Grant I (ESOS 2020)	29/10/2020	–	100,000	–	–	–	–	100,000	–
Total		**1,894,374**	**100,000**	**–**	**123,750**	**–**	**415,000**	**1,579,374**	**1,168,124**

The fair value of options as certified by independent valuer as of the respective dates of grant i.e. February 21, 2012 is ₹ 129.93 for Grant VII (ESOS 2006), January 31, 2013 is ₹ 94.43 for Grant VIII (ESOS 2006), January 22, 2015 is ₹ 97.24 for Grant I (ESOS 2014), October 27, 2015 is ₹ 158.85 for Grant II (ESOS 2014), February 18, 2016 is ₹ 126.91 for Grant III (ESOS 2014), January 31, 2017 is ₹ 150.35 for Grant IV (ESOS 2014), August 2, 2017 is ₹ 161.83 for Grant V (ESOS 2014), May 15, 2019 is ₹ 82.36 for Grant VI (ESOS 2014), July 31, 2019 is ₹ 84.92 for Grant VII (ESOS 2014), November 4, 2019 is ₹ 85.97 for Grant VIII (ESOS 2014), November 4, 2019 is ₹ 85.97 for Grant IX (ESOS 2014), February 1, 2020 is ₹ 85.97 for Grant X (ESOS 2014) and October 29, 2020 is ₹ 157.53 for Grant I (ESOS 2020).

The fair value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

Grant details	Grant Date	Risk free interest rate	Expected life	Expected volatility	Expected dividend yield
Grant VI & VII (ESOS 2006)	21/02/2012	8.00%	6.00	33%	₹ 4.00
Grant VIII (ESOS 2006)	31/01/2013	7.78%	3.50	31%	1.38%
Grant IX (ESOS 2006)	29/01/2014	8.81%	3.50	29%	1.66%
Grant I (ESOS 2014)	22/01/2015	7.74%	3.50	29%	1.48%
Grant II (ESOS 2014)	27/10/2015	7.52%	3.50	30%	1.01%
Grant III (ESOS 2014)	18/02/2016	7.51%	3.50	34%	1.15%
Grant IV (ESOS 2014)	31/01/2017	6.40%	3.50	35%	1.22%
Grant V (ESOS 2014)	02/08/2017	6.31%	3.00	45%	0.42%
Grant VI (ESOS 2014)	15/05/2019	6.83%	3.00	38%	0.00%
Grant VII (ESOS 2014)	31/07/2019	6.05%	3.00	38%	0.00%
Grant VIII (ESOS 2014)	04/11/2019	5.74%	3.00	38%	0.00%
Grant IX (ESOS 2014)	04/11/2019	5.74%	3.00	38%	0.00%
Grant X (ESOS 2014)	01/02/2020	5.74%	3.00	38%	0.00%
Grant I (ESOS 2020)	29/10/2020	4.63%	3.00	38%	0.00%

No options were exercised during the year. The weighted average share price at the date of exercise for options for March 31, 2020 was ₹ 237.69 per share and weighted average remaining contractual life for the share options outstanding as at March 31, 2021 was 4.65 years (March 31, 2020 5.94 years).

All amounts are in ₹ Lakhs unless otherwise stated

Note No. 25 - Other Equity

Particulars	As at March 31, 2021	As at March 31, 2020
General reserve	**10,381.68**	10,381.68
Securities premium	**10,361.67**	10,361.67
Share options outstanding account	**1,603.47**	1,475.48
Retained earnings	**61,151.08**	48,574.59
Capital reserve	**44.75**	44.75
Capital redemption reserve	**145.80**	145.80
Reserves & Surplus	**83,688.45**	70,983.97
Revaluation Reserve	**76,925.70**	73,759.44
Other Comprehensive Income-Actuarial Loss	**(162.92)**	(147.89)
Transition Difference	**(140,272.59)**	(140,272.59)
	20,178.64	4,322.93

Notes :

a) **General reserve**: The general reserve is used from time to time to transfer net profits from retained earnings for appropriation purposes.

b) **Securities Premium**: Securities premium is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, write-off equity related expenses like share issue expenses, etc.

c) **Share Option Outstanding Account**: The Company has share option schemes under which options to subscribe the shares of the Company have been granted to certain eligible employees. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

d) **Capital Reserve**: Capital Reserves are mainly the reserves created during business combination for the gain on bargain purchase and common control mergers. It is not available for distribution as dividend.

e) **Capital Redemption Reserve**: The capital redemption reserve is used towards issue of fully paid bonus shares of the Company.

f) **Revaluation Reserve**: The revaluation reserve is credited on account of revaluation of freehold land. It is not available for distribution as dividend.

g) **Transition Difference**: The Cumulative effect of applying Ind AS 115 Revenue from Contract with Customers, Ind AS 116 Leases and change in income tax rate resulting in re-measurement of accumulated deferred tax balances on the effect of applying Ind AS 115 and Ind AS 116 is recognised as an adjustment to other equity, by separately disclosing it in Transition Difference. Subsequent impact of unwinding of transition adjustments of Ind AS 115 and Ind AS 116 is included in retained earnings.

Note No. 26 - Borrowings- Lease Liabilities (At amortised cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Lease Liabilities	**11,779.15**	13,545.23
	11,779.15	13,545.23

Note No. 27 - Other Financial Liabilities (At amortised cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Retention Money	**787.16**	547.68
	787.16	547.68

Note No. 28 - Non-Current Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits – Compensated absences	**795.46**	694.07
	795.46	694.07

Note No. 29 - Other Non-Current Liabilities - Contract Liability - Deferred Revenue

Particulars	As at March 31, 2021	As at March 31, 2020
Contract Liability - Deferred Revenue - Vacation ownership*	**454,752.79**	499,640.79
	454,752.79	499,640.79

*The balance of Contract Liability – Deferred Revenue has been reduced to the effect of cancellation of membership carried out during the year

Note No. 30 - Trade Payables

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises (Refer Note No. 49)	**154.23**	124.92
Total outstanding dues of creditors other than micro enterprises and small enterprises	**19,342.32**	17,669.57
	19,496.55	17,794.49

Micro and small enterprises have been identified by the Company on the basis of the information available with the Company.

Note No. 31 - Lease Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Lease liabilities	**4,690.28**	5,180.94
	4,690.28	5,180.94

Note No. 32 - Other Financial Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Creditors for capital supplies/services	**1,044.52**	953.73
Guarantee liability	**764.63**	143.92
Commission payable to non-whole time directors	**174.00**	129.00
Unpaid Dividends *	**6.76**	8.30
Employee benefits payable	**4,899.45**	4,734.48
Other payables	**3,271.83**	3,307.03
	10,161.19	9,276.46

* There are no amounts due and outstanding to be transferred to Investor Education and Protection Fund as at March 31, 2021

All amounts are in ₹ Lakhs unless otherwise stated

Note No. 33 - Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
- Gratuity (refer note no. 44)	**257.01**	77.18
- Compensated absences	**440.60**	529.72
	697.61	606.90

Note No. 34 - Other Current Liabilities - Contract Liability - Deferred Revenue

Particulars	As at March 31, 2021	As at March 31, 2020
Contract Liability - Deferred Revenue - Vacation Ownership *	**38,180.36**	37,496.69
Contract Liability - Deferred Revenue - Annual subscription fee *	**15,193.49**	14,736.18
	53,373.85	52,232.87

*The balance of Contract Liability – Deferred Revenue has been reduced to the effect of cancellation of membership carried out during the year

Note No. 35 - Other Current Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Taxes (excluding income taxes) and other statutory dues	**2,479.59**	2,395.18
	2,479.59	2,395.18

Note No. 36 - Revenue from Operations

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from contract with customers		
Vacation Ownership Income	**34,507.16**	34,670.75
Income from resorts :		
Room rentals	**1,804.62**	4,801.89
Food and beverages	**7,070.18**	13,578.32
Wine and liquor	**201.12**	431.64
Others	**1,361.64**	4,016.09
Annual subscription fee	**29,303.94**	29,130.08
	74,248.66	86,628.77
Other operating revenue		
Interest income on instalment sales	**7,727.35**	10,098.94
Miscellaneous income	**248.44**	972.82
	7,975.79	11,071.76
	82,224.45	97,700.53

Note No. 37 - Other Income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest Income on Financial Assets at Amortised Cost		
On deposits with bank	**1,695.16**	860.19
On other deposits * (refer note no. 51)	**2,786.50**	1,802.33
On loans/deposits with related parties (refer note no. 51)	**338.93**	321.45
Others	**218.00**	58.94
Net gain arising on financial assets designated as at FVTPL	**150.98**	2,637.47
Gain due to change in lease arrangements	**3,156.05**	43.27
Guarantee Commission from related parties (refer note no. 51)	**306.32**	287.60
	8,651.94	**6,011.25**

* Out of the total amount ₹ 2,269.02 lakhs pertains to Other Deposit Income with related parties (Previous year is ₹ 70.21 lakhs)

Note No. 38 - Employee Benefits Expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages, including bonus	**21,901.36**	23,891.03
Contribution to Provident and other funds	**1,442.75**	1,668.29
Equity-settled share-based payments	**127.99**	209.58
Staff welfare expenses	**828.74**	1,499.75
	24,300.84	27,268.65

Note No. 39 - Finance Costs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on Lease Liabilities	**1,295.79**	1,598.09
Interest on short-term borrowings	**0.04**	1.22
	1,295.83	1,599.31

Note No. 40 - Other Expenses

Particulars		Year ended March 31, 2021		Year ended March 31, 2020
Cost of food and beverages consumed				
Opening stock	**111.82**		90.06	
Add: Purchases	**1,876.09**		3,553.19	
Less: Closing stock	**127.65**		111.82	
		1,860.26		3,531.43
Operating supplies		**2,250.95**		3,761.09
Power & Fuel		**2,061.85**		3,611.51
Rent including lease rentals		**4,612.72**		6,750.76
Rates and taxes		**1,153.89**		771.81
Insurance		**516.45**		488.53

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Repairs and maintenance		
Buildings	**1,240.29**	1,647.90
Plant & equipment	**386.48**	477.42
Others	**1,153.04**	1,452.18
Advertisement	**146.24**	753.22
Sales promotion	**9,325.81**	14,562.65
Travelling and Conveyance	**1,314.75**	2,547.03
Commission and other customer offers	**5,073.67**	3,489.02
Net loss on foreign currency transactions	**25.62**	4.28
Auditors remuneration and out-of-pocket expenses		
For Statutory audit	**58.00**	58.00
For Other services	**68.57**	44.28
For reimbursement of expenses	**1.25**	2.96
Directors fees	**48.80**	39.70
Commission to non whole time directors	**174.00**	129.00
Legal and other professional costs	**2,060.61**	2,538.78
Communication	**633.62**	1,055.91
Software charges	**148.05**	179.65
Service charges	**1,017.65**	1,324.92
Bank charges	**832.86**	544.37
Corporate Social Responsibility (CSR) expenditure (refer note no. 47)	**301.45**	365.15
Loss on sale of property, plant and equipment (net)	**122.68**	108.80
Miscellaneous expenses	**1,369.43**	2,041.94
	37,958.99	52,282.29

Note No. 41 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current Tax:		
In respect of current year	**–**	2,520.37
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**4,370.00**	722.88
One time impact on Tax expense (Deferred & Current) due to change in tax rate	**–**	19,972.94
Total income tax expense	**4,370.00**	23,216.19

The Special Bench of the Income Tax Appellate Tribunal (ITAT) has, after considering the relevant facts pertaining to the Company, by its order dated May 26, 2010 upheld the contention of the Company that in the Company's case 60% of the membership fees should be considered chargeable to tax in the year of enrolment of a member whereas the balance 40% should be charged on pro rata basis over the period of membership. The Department's appeal against the said order is pending before Madras High Court. Consequently, the Company has continued to provide for income tax by computing income by applying the order of the ITAT.

The Company has been advised that after the introduction of Section 43CB with effect from April 1, 2017 the revenue from membership fees is chargeable as per ICDS IV. The Company is further advised that as per the said ICDS the revenue from membership fees is chargeable to tax by spreading the entire fees over the membership period. The Company has, accordingly, filed its Return of Income from Assessment Year 2017-18 as per ICDS and proposes to make a similar claim in the Return of Income for the Financial Year 2020-21. However in the books of accounts, the Company has continued to make its provision for tax on the basis of the order of the ITAT. If the tax liability is computed applying ICDS IV the liability for current tax and corresponding payment for advance tax will be significantly lower.

Due to the adoption of concessional tax rate, the Company has remeasured the carrying balance of MAT credit entitlement and accumulated deferred tax asset which has resulted in a one-time additional charge of ₹ 19,972.94 Lakhs in standalone books of accounts for the year ended March 31, 2020.

(b) Income tax recognised in other Comprehensive income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current/Deferred Tax		
Remeasurement of defined benefit obligations and freehold land revaluation	**3,171.31**	18.37
	3,171.31	18.37
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**(3,171.31)**	(18.37)
	(3,171.31)	(18.37)

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax	**16,946.49**	12,394.74
Income tax expense calculated at 25.168%	**4,265.09**	3,119.51
Effect of change in tax rate	**–**	19,972.94
Effect of expenses that is non-deductible in determining taxable profit	**104.91**	123.74
Income tax expense recognised in statement of profit and loss	**4,370.00**	23,216.19

The tax rate used for the March 31, 2021 and March 31, 2020 reconciliations above is at the corporate tax rate plus surcharges and cess at applicable rate of 25.168% payable by company on taxable profits under Indian Income Tax Laws.

All amounts are in ₹ Lakhs unless otherwise stated

(i) Movement in deferred tax balances

Particulars	Opening Balance	Effect of Transition to IND AS 116	Change in Tax Rate	Recognised in Profit and Loss	Recognised in OCI	Closing Balance
	For the Year ended March 31, 2021					
Tax effect of items constituting deferred tax liabilities						
Property, Plant and Equipment	**(28,585.58)**	**–**	**–**	**(439.56)**	**3,166.26**	**(25,858.88)**
Deferred Cost	**(17,956.83)**	**–**	**–**	**243.34**	**–**	**(17,713.49)**
Fair valuation of financial assets	**(1,426.81)**	**–**	**–**	**(15.49)**	**–**	**(1,442.30)**
	(47,969.22)	**–**	**–**	**(211.71)**	**3,166.26**	**(45,014.67)**
Tax effect of items constituting deferred tax assets						
Employee Benefits	**308.00**	**–**	**–**	**(1.98)**	**5.05**	**311.07**
Receivables / Revenue derecognition	**645.20**	**–**	**–**	**–**	**–**	**645.20**
Deferred Revenue	**71,164.05**	**–**	**–**	**(5,828.18)**	**–**	**65,335.87**
Income tax loss	**–**	**–**	**–**	**961.19**	**–**	**961.19**
Provisions	**41.78**	**–**	**–**	**5.95**	**–**	**47.73**
Fair valuation of financial assets	**12.85**	**–**	**–**	**(36.61)**	**–**	**(23.76)**
Leases	**633.33**	**–**	**–**	**741.34**	**–**	**1,374.67**
	72,805.21	**–**	**–**	**(4,158.29)**	**5.05**	**68,651.97**
Net Tax Assets/(Liabilities)	**24,835.99**	**–**	**–**	**(4,370.00)**	**3,171.31**	**23,637.30**

Pursuant to the amendment in Finance Act 2021, during the current period, the company has changed the estimation relating to availment of indexation benefits under Section 48 of Income Tax Act, 1961. The impact of such change in estimate on the deferred tax liability has been given in the other comprehensive income amounting to ₹ 3,166.26 Lakhs.

Particulars	Opening Balance	Effect of Transition to IND AS 116	Change in Tax Rate	Recognised in Profit and Loss	Recognised in OCI	Closing Balance
	For the Year ended March 31, 2020					
Tax effect of items constituting deferred tax liabilities						
Property, Plant and Equipment	(30,552.05)	–	2,280.16	(313.69)	–	(28,585.58)
Deferred Cost	(24,698.64)	–	6,909.74	(167.93)	–	(17,956.83)
Fair valuation of financial assets	(1,142.93)	–	319.75	(603.63)	–	(1,426.81)
	(56,393.62)	–	9,509.65	(1,085.25)	–	(47,969.22)
Tax effect of items constituting deferred tax assets						
Employee Benefits	360.05	–	(100.73)	48.68	–	308.00
Receivables / Revenue derecognition	895.81	–	(250.61)	–	–	645.20
Deferred Revenue	94,651.83	–	(26,479.99)	2,992.21	–	71,164.05
Income tax loss	760.95	–	(212.88)	(548.07)	–	–
MAT Credit Entitlement	2,197.00	–	–	(2,197.00)	–	–
Provisions	58.01	–	(16.23)	–	–	41.78
Fair valuation of financial assets	24.91	–	(6.97)	(5.09)	–	12.85
Leases	–	779.87	(218.18)	71.64	–	633.33
	98,948.56	779.87	(27,285.59)	362.37	–	72,805.21
Net Tax Assets / (Liabilities)	42,554.94	779.87	(17,775.94)	(722.88)	–	24,835.99

On September 20, 2019, the Government of India, vide the Taxation laws (Amendment) Ordinance 2019, inserted Section 115BAA in the Income Tax Act, 1961, which provides domestic Companies an option to pay Corporate Tax at reduced rate effective April 1, 2019 subject to certain conditions. During the previous year, the Company has decided to exercise the option of lower tax rate available under Section 115BAA of the Income Tax Act, 1961, as introduced by Taxation Laws (Amendment) Ordinance, 2019, with effect from FY 2019-2020. Accordingly, the Company has recognised the provision for income tax for year ended March 31, 2020 and remeasured the accumulated deferred tax asset at March 31, 2020 based on the rate prescribed under Section 115BAA. The resultant impact has been taken through the statement of profit and loss. The re-measurement of accumulated deferred tax has resulted in a one-time additional deferred tax asset remeasurement charge of ₹ 17,775.94 Lakhs and current tax asset charge (MAT Credit Entitlement) of ₹ 2,197 Lakhs in the books of accounts totalling the one-time impact as ₹ 19,972.94 Lakhs.

All amounts are in ₹ Lakhs unless otherwise stated

Note No. 42 - Earnings per Share

Basic earnings per share

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit / (Loss) for the year after tax	**12,576.49**	(10,821.45)
Weighted average number of equity shares (in lakhs)	**1,329.24**	1,329.04
Earnings per share - Basic in ₹ per share	**9.46**	(8.14)

Diluted earnings per share

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit / (Loss) for the year after tax	**12,576.49**	(10,821.45)
Weighted average number of equity shares (in lakhs)	**1,330.20**	1,330.11
Earnings per share - Diluted in ₹ per share	**9.46**	(8.14)

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Weighted average number of equity shares used in the calculation of Basic EPS (in lakhs)	**1,329.24**	1,329.04
Add: Effect of ESOPs (in lakhs)	**0.96**	1.07
Weighted average number of equity shares used in the calculation of Diluted EPS (in lakhs)	**1,330.20**	1,330.11

Note No. 43 - Contingent liabilities and commitments

Contingent liabilities (to the extent not provided for)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Income Tax matters:		
Claims against the Company not acknowledged as debt (for matters disputed by the Company)		
pertaining to Revenue Recognition (timing differences *), pending before the CIT(A)/ITAT (Company appeal)	**52,652.65**	52,652.65
interest included in the above till the date of order	**13,584.11**	13,584.11
pertaining to other matters (mainly timing differences *), pending before the CIT(A)/ITAT (Company appeal)	**5,153.63**	5,153.63
interest included in the above till the date of order	**1,086.96**	1,086.96
Matters decided in favour of the Company, (but under appeal by the Department)		
pertaining to Revenue Recognition (timing differences *) pending before the Madras High Court (Department appeal) excluding interest	**27,140.61**	27,140.61
(b) Service Tax matters:		
claimed on interest on installments and other items (inclusive of penalty where quantified in demand)*	**3,080.32**	3,367.53

* For matters pertaining to timing differences, if liability were to crystallise, there would be future tax benefits, except to the extent of tax rate differences and interest, if any.

Notes:

1) In respect of above matters, it is not practicable for the Company to estimate the closure of these issues and the consequential timing of cash flows if any.

   (i) The Company has received show cause notices from service tax authorities of ₹ 21,991.33 lakhs (Previous year ₹ 21,991.33 lakhs). Company has filed its detailed reply and is confident that no payment is expected to be made for this notices.

   (ii) The Company has accounted for service tax receivable of ₹ 728.36 lakhs in relation to the service tax paid on ASF and Membership fee invoices for contracts which have been cancelled post GST implementation. The Company has received an unfavorable order against the refund claim and has filed an appeal against the order.

2) The above amounts are based on demands raised, which the Company is contesting with the concerned authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the Company's rights for future appeals. No reimbursements are expected.

Particulars	As at March 31, 2021	As at March 31, 2020
(c) Luxury Tax matters:		
In respect of certain States, the Company has received demands for payment of luxury tax for member stay at resorts as summarised below:		
Demands raised (inclusive of penalty)	**6,895.37**	6,735.55

The Company has challenged the above demands before various appellate authorities / High Court, the outcome of which is pending. For all such matters, the Company has made cumulative provisions for ₹ 698.72 lakhs (Previous year ₹ 675.10 lakhs) on a best estimate basis.

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	As at March 31, 2021	As at March 31, 2020
(d) Guarantees given for its subsidaries:		
Amount of guarantees given (Euro)	**778.70**	637.50
Outstanding amount against guarantees (Euro)	**750.64**	578.70
Amount of guarantees given (THB)	**2,060.00**	1,620.00
Outstanding amount against guarantees (THB)	**1,780.00**	1,410.00
Amount of guarantees given (₹)	**71,910.43**	56,737.58
Outstanding amount against guarantees (₹)	**68,835.25**	51,364.43

(e) Other matters under appeal (Property related):

(i) The Government of Kerala through the Sub Collector, District of Devikulam issued an Order dated July 3, 2007 cancelling the assignment of land underlying the Munnar resort and directed repossession of land on the ground that it is agricultural land and cannot be used for commercial purposes. The Company had filed an appeal before the Commissioner of Land Revenue, Trivandrum against the said Order stating that the Patta issued does not specify that the land should be used only for agricultural purpose. The Commissioner of Land Revenue, Trivandrum vide his Order dated November 22, 2007 dismissed the appeal filed by the Company and cancelled the assignment of land underlying the Munnar Resort and further directed repossession of land on the ground that it is agricultural land and cannot be used for commercial purposes. The Company had filed a writ petition before the Kerala High Court against the said Order. The writ Petition has been disposed of by an Order dated May 21, 2019. Against the said Order, the company has filed a Writ Appeal and by an order dated June 19, 2019, the Court granted an interim stay of all further proceedings. The matter is currently pending before Kerala High Court.

(ii) With respect to certain claims of neighbouring property owners, the Company filed a suit in the Civil Court, Pune seeking inter-alia permanent injunction against them disturbing the possession of the Company's resort property at Lonavala, Maharashtra and obtained an interim stay. In another development, notwithstanding these proceedings, the neighbouring property owner obtained an order from the local Mamlatdar's Court for alleged access to his property through the resort property. The Company obtained a stay against the said order of the Mamlatdar. All matters with respect to the neighbouring property owner are currently pending before the Civil Court, Pune. Further, on account of the cancellation of the Non-Agricultural land conversion order by the Collector, Pune on the basis of complaint made by the said neighbouring owner and subsequently confirmed by the Additional Divisional Commissioner, Pune, the Company has also filed another Civil Suit at Civil Court, Pune against State of Maharashtra and Others, inter alia, seeking declaration that the proceedings and Orders in respect of cancellation of the NA status of the land underlying the resort property at Lonavala are not enforceable and also sought other reliefs. Ad-interim stay has been granted against State of Maharashtra and the Collector, Pune not to give effect to the Orders of NA cancellation and the matter is pending for further hearing.

(f) Other matters:

The Company engaged a building contractor for construction of a resort. As the construction did not proceed as per agreed timelines the Company terminated the contract. The contractor has claimed ₹ 1,256.15 lakhs as damages for termination of the Contract. The Company has made a counter claim of ₹ 2,003.56 lakhs towards liquidated damages and other losses. The matter has been heard by the Arbitrator and is reserved for Orders.

(g) With respect to member complaints pending before various consumer forum and other matters:

Estimated amount of claims ₹ 489.85 lakhs (As at March 31, 2020: ₹ 466.98 lakhs). In addition, there are claims by some members seeking certain reliefs which are not agreed by the company, the financial impact of these claims are currently not ascertainable and hence not captured in above.

(h) Capital commitment:

Particulars	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on Property, Plant & Equipment and not provided for (net of advances)	**4,236.93**	4,628.56

(i) Employees' Provident Funds and Miscellaneous Provisions Act, 1952:

In February 2019, the Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligation for past periods. Accordingly, based on legal advice the Company had made a provision for provident fund contribution from the date of the Supreme Court order.

Note No. 44 - Employee benefits

(a) Defined Contribution Plan:

The Company's contribution to Provident Fund and Superannuation Fund aggregating ₹ 1,148.73 lakhs (2020: ₹ 1,327.12 lakhs) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans (Gratuity):

The Company has a funded Gratuity Scheme for its employees and gratuity liability has been provided based on the actuarial valuation done at the year end. The Gratuity scheme of the Company is funded with the Life Insurance Corporation of India.

Defined benefit plans – as per actuarial valuation on March 31, 2021 and March 31, 2020:

Particulars	Funded Plan Gratuity 2021	2020
Ia. Expense recognised in the Statement of Profit and Loss for the year ended 31st March:		
Current service cost	**164.62**	146.51
Net Interest cost	**3.97**	6.46
Components of defined benefit costs recognised in profit & loss	**168.59**	152.97
Ib. Included in other Comprehensive Income:		
Difference between actual and expected return on plan assets	**14.52**	6.77
Actuarial (Gain)/Loss on account of :		
Demographic Assumptions	**6.04**	(0.02)
Financial Assumptions	**14.03**	38.29
Experience Adjustments	**(14.51)**	27.94
Components of defined benefit costs recognised in other comprehensive income	**20.08**	72.98

All amounts are in ₹ Lakhs unless otherwise stated

Particulars	Funded Plan Gratuity 2021	2020
I. Net Liability recognised in the Balance Sheet as at 31st March:		
Present value of defined benefit obligation as at 31st March	**1,020.04**	882.21
Fair value of plan assets as at 31st March	**763.03**	805.03
Deficit...	**(257.01)**	(77.18)
II. Change in the obligation during the year ended 31st March:		
Present value of defined benefit obligation at the beginning of the year..	**882.21**	723.74
Expenses Recognised in the Statement of Profit and Loss...		
– Current Service Cost	**164.62**	146.51
– Interest Expense	**45.40**	47.87
Recognised in Other Comprehensive Income		
Actuarial Gain/(Loss) arising from:		
Change in Demographic Assumptions	**6.04**	(0.02)
Financial Assumptions	**14.03**	38.29
Experience Adjustments	**(14.51)**	27.94
Benefit payments	**(77.75)**	(102.12)
Present value of defined benefit obligation at the end of the year	**1,020.04**	882.21
III. Change in fair value of assets during the year ended 31st March:		
Fair value of plan assets at the beginning of the year	**805.03**	626.02
Expenses Recognised in the Statement of Profit and Loss...		
Expected return on plan assets....................	**41.41**	41.40
Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)		
Difference between actual and expected return on plan assets	**(14.52)**	(6.77)
Contributions by employer (including benefit payments recoverable)	**8.86**	246.50
Benefit payments	**(77.75)**	(102.12)
Fair value of plan assets at the end of the year..	**763.03**	805.03
IV. Major categories of plan assets:		
Deposits with Insurance companies...................	**763.03**	805.03

The significant actuarial assumptions (estimated for adequate coverage of the obligation on a prudent basis), are as under:

Particulars	Valuation as at March 31, 2021	March 31, 2020
Discount rate(s)...	**4.70%**	5.15%
Expected rate(s) of salary increase	**5.00%**	5.00%
Expected rate of return on plan assets................	**4.70%**	5.15%
Attrition	**17%-56%**	25%-45%
Mortality table..	**IALM 2012-14**	IALM 2012-14

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption	Financial Year	Changes in assumption	Impact on defined benefit obligation: Decrease in assumption	Increase in assumption
Discount rate	**2020-2021**	**0.50%**	19.05	(19.76)
	2019-2020	0.50%	13.60	(14.01)
Salary growth rate........................	**2020-2021**	**0.50%**	(19.61)	19.09
	2019-2020	0.50%	(13.96)	13.68
Attrition rate	**2020-2021**	**0.50%**	47.06	(66.99)
	2019-2020	0.50%	49.65	(66.19)
Mortality rate	**2020-2021**	**0.50%**	(0.02)	0.02
	2019-2020	0.50%	(0.04)	0.04

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

The Company expects to contribute ₹ 409.79 lakhs (Previous Year ₹ 215.17 lakhs) to the gratuity trust during the next financial year of 2021-22.

V. Maturity profile of defined benefit obligation:

Particulars	2021	2020
Within 1 year	**243.11**	258.27
1 - 2 year..	**219.93**	200.25
2 - 3 year..	**177.90**	167.65
3 - 4 year..	**133.71**	126.41
4 - 5 year..	**99.46**	86.98
> 5 years	**258.59**	172.98

Plan Assets.

The fair value of Company's pension plan asset as of March 31, 2021 and March 31, 2020 by category are as follows:

Particulars	2021	2020
Asset category:		
Contributions placed with Insurance companies...	**763.03**	805.03
	100%	100%

The weighted average duration of the defined benefit obligation as at March 31, 2021 is 3 years (2020: 3 years)

VI. Experience Adjustments:

Particulars (Gratuity)	Year Ended 2021	2020	2019	2018	2017
Defined Benefit Obligation	**1,020.04**	882.21	723.74	626.49	464.85
Fair value of plan assets.........	**763.03**	805.03	626.02	543.88	448.91
Surplus/(Deficit)...................	**(257.01)**	(77.18)	(97.72)	(82.61)	(15.94)
Experience adjustment on plan liabilities [(Gain)/Loss]..........	**5.56**	(66.21)	(8.50)	(77.78)	(27.54)
Experience adjustment on plan assets [Gain/ (Loss)]............	**(14.52)**	(6.77)	(4.83)	(31.66)	23.05

All amounts are in ₹ Lakhs unless otherwise stated

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(c) Defined Benefit Plans (Compensated absences)

The amount recognized as an expense in respect of compensated absences is ₹ 184.71 lakhs (Previous Year: ₹ 370.56 lakhs).

Note No. 45 - Financial Instruments

Capital management

The Company's key objective in managing its financial structure is to maximize value for shareholders, reduce cost of capital, while at the same time ensuring that the Company has the financial flexibility required to continue its expansion. The Company manages its financial structure majorly through internal accruals and makes any necessary adjustments in light of prevailing economic conditions. In this context, the capital structure of the Company consists only of equity and lease liability is not considered as debt. Equity comprises issued share capital, reserves and retained earnings as set out in the statement of changes in equity.

Categories of financial assets and financial liabilities

				As at March 31, 2021
Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
Non-current Assets				
Investments	–	**702.09**	–	**702.09**
Trade Receivables	**29,008.39**	–	–	**29,008.39**
Loans	**4,383.80**	–	–	**4,383.80**
Other Financial Assets				
– Non Derivative Financial Assets	**8,733.04**	–	–	**8,733.04**
Current Assets				
Investments	–	**5,942.51**	–	**5,942.51**
Trade Receivables	**91,470.80**	–	–	**91,470.80**
Cash and cash equivalents	**1,962.78**	–	–	**1,962.78**
Other Bank Balances	**32,318.59**	–	–	**32,318.59**
Loans	**5,083.78**	–	–	**5,083.78**
Other Financial Assets				
– Non Derivative Financial Assets	**52,626.20**	–	–	**52,626.20**
Non-current Liabilities				
Borrowings- Lease liabilities	**11,779.15**	–	–	**11,779.15**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**787.16**	–	–	**787.16**
Current Liabilities				
Trade Payables	**19,496.55**	–	–	**19,496.55**
Lease liabilities	**4,690.28**	–	–	**4,690.28**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**10,161.19**	–	–	**10,161.19**

				As at March 31, 2020
Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investments	–	388.96	–	388.96
Trade Receivables	49,438.05	–	–	49,438.05
Loans	4,415.41	–	–	4,415.41
Other Financial Assets				
– Non Derivative Financial Assets	9,089.73	–	–	9,089.73
Current Assets				
Investments	–	39,294.82	–	39,294.82
Trade Receivables	118,750.18	–	–	118,750.18
Cash and cash equivalents	1,463.48	–	–	1,463.48
Other Bank Balances	19,168.12	–	–	19,168.12
Loans	4,478.67	–	–	4,478.67
Other Financial Assets				
– Non Derivative Financial Assets	14,400.57	–	–	14,400.57
Non-current Liabilities				
Borrowings- Lease liabilities	13,545.23	–	–	13,545.23
Other Financial Liabilities				
– Non Derivative Financial Liabilities	547.68	–	–	547.68
Current Liabilities				
Trade Payables	17,794.49	–	–	17,794.49
Lease liabilities	5,180.94	–	–	5,180.94
Other Financial Liabilities				
– Non Derivative Financial Liabilities	9,276.46	–	–	9,276.46

Financial Risk Management Framework

The Company has a robust business risk management process to identify, evaluate and mitigate risks impacting business of the Company. This framework seeks to create transparency, minimise adverse impact on the business objectives and enhance the Company's competitive advantage. This also defines the risk management approach across the enterprise at various levels including documentation and reporting. Risk management forms an integral part of the Company's Business Plan. The Company has adequate internal processes to assess, monitor and manage financial risks. These risks include credit risk, liquidity risk and market risk.

Risk	**Exposure primarily from**	**Measurement**	**Management**
Credit risk	Trade receivables	Ageing analysis, Credit assessment	Assessment of customer credit worthiness at inception and through the credit period
Liquidity risk	Capital commitments	Cash flow forecast	Availability of committed credit lines and borrowing facilities

(i) Credit risk management

A significant portion of the Company's sales of Vacation Ownerships are by way of deferred payment schemes where the customer is obligated to pay the membership fee in Equated Monthly Instalments (EMIs) and the ensuing credit risk is managed by the Company in the following manner.

(a) preliminary assessment of customer credit worthiness, ensuring realisation of minimum down payment and adherence to internal KYC norms;

All amounts are in ₹ Lakhs unless otherwise stated

(b) collecting post dated instruments such as cheques, Automated Clearing House (ACH) mandates, standing credit card instructions from the customers at inception to ensure security cover.

From an accounting perspective, revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Company. The member is not allowed to use the benefits of membership untill the overdue amount is regularised or fully paid in that relevant period. The Company also assesses lifetime expected credit loss by using appropriate models, as prescribed by Ind AS 109, using past trends of collections and historical credit loss experience. The categorisation of the receivables into its ageing buckets for the purposes of estimating the expected loss allowance has been profiled based on the longest overdue of that member, for example, if a member has one instalment overdue for say 12 months, the entire receivable of the member is aggregated into that ageing bucket and the credit loss allowance is determined after taking into account the credits against the member under "Contract liability- Deferred Revenue - Vacation ownership fee" (refer note no. 29 and note no. 34).

The allowances for credit loss and for revenue deferred at inception referred to above, carried at the end of every reporting period, are tested for adequacy and appropriately dealt with.

The credit loss allowance carried by the Company is as under:

Particulars	March 31, 2021	March 31, 2020
Carrying value of receivables (refer note no. 8 and 17)*	**120,479.19**	168,302.20
Credit loss allowance	**0.00**	113.97
Loss allowance (%)	**0.00%**	0.07%

* Given that the Company is deferring recognition of revenue at inception, as explained above the risk of credit loss is reduced and the member is allowed to avail the benefits of membership only when all the overdue amount is regularised or fully paid in that relevant period. The amounts deferred at inception and the credit loss allowance are adjusted from the carrying value of receivables (refer note no. 8 and 17) in the same proportion, except in cases where the allowance is directly attributable to a particular contract.

Reconciliation of credit loss allowance adjusted from Trade Receivables

Particulars	Amount
Balance as at March 31, 2020	113.97
Allowance for credit loss recognised during the year	–
Amounts written off during the year	(113.97)
Balance as at March 31, 2021	**0.00**
Balance as at March 31, 2019	113.97
Allowance for credit loss recognised during the year	–
Amounts written off during the year	–
Balance as at March 31, 2020	113.97

(ii) Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities (predominantly trade payables, retention payables, etc) with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	Less than 1 Year	1-3 Years	3-5 Years	5 years and above
Non-derivative financial liabilities as at March 31, 2021				
Trade Payables	**19,496.55**	–	–	–
Lease Liabilities	**5,812.07**	**7,100.17**	**4,452.02**	**2,774.98**
Other Financial Liabilities	**9,396.56**	**787.16**	–	–
Financial guarantee contracts	**68,835.25**	–	–	–
Total	**103,540.43**	**7,887.33**	**4,452.02**	**2,774.98**
Non-derivative financial liabilities as at March 31, 2020				
Trade Payables	17,794.49	–	–	–
Lease Liabilities	6,468.70	8,313.01	5,161.90	2,849.30
Other Financial Liabilities	9,132.54	547.68	–	–
Financial guarantee contracts	51,364.43	–	–	–
Total	84,760.16	8,860.69	5,161.90	2,849.30

The Company has provided financial guarantees to its wholly owned subsidiaries. The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely that such an amount will not be payable under the arrangement.

Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	March 31, 2021	March 31, 2020
Cash credit		
– Expiring within one year	**6,000**	6,000
	6,000	6,000

(iii) Market risk management

The Company's market risk comprises solely of its foreign currency exposure which are limited and not material to the size of its operations.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's investing activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

in ₹ Lakhs

Particulars	Currency	March 31, 2021	March 31, 2020
Receivables	**MYR**	**732.94**	707.14
	EUR	**2,109.69**	1,707.79
	AED	**220.45**	749.28
	THB	**1,079.46**	972.87
	USD	**5.48**	–
	SGD	**65.52**	–

All amounts are in ₹ Lakhs unless otherwise stated

in ₹ Lakhs

Particulars	Currency	March 31, 2021	March 31, 2020
Payables	**USD**	**–**	419.34
	MYR	**42.34**	52.49
	BTN	**–**	37.35
	LKR	**–**	0.84
	SGD	**–**	77.97
	AED	**513.70**	947.73
	THB	**34.73**	7.30

Of the above foreign currency exposures, none of the exposures are hedged by a derivative. These foreign currency exposures are denominated in currencies that are not very volatile. Hence, the Company is not exposed to major currency risks.

Foreign Currency Sensitivity

The Company is exposed to the following currency risks - USD, AED, THB, MYR, BTN, LKR, SGD and EUR - and the following table demonstrates the sensitivity.

In ₹ Lakhs

Particulars	Currency	Change in rate	Impact on profit before tax
March 31, 2021	**USD**	**+10%**	**0.55**
	USD	**-10%**	**(0.55)**
	MYR	**+10%**	**69.06**
	MYR	**-10%**	**(69.06)**
	EUR	**+10%**	**210.97**
	EUR	**-10%**	**(210.97)**
	SGD	**+10%**	**6.55**
	SGD	**-10%**	**(6.55)**
	AED	**+10%**	**(29.32)**
	AED	**-10%**	**29.32**
	THB	**+10%**	**104.47**
	THB	**-10%**	**(104.47)**
March 31, 2020	USD	+10%	41.93
	USD	-10%	(41.93)
	MYR	+10%	65.46
	MYR	-10%	(65.46)
	EUR	+10%	170.78
	EUR	-10%	(170.78)
	BTN	+10%	(3.73)
	BTN	-10%	3.73
	LKR	+10%	(0.08)
	LKR	-10%	0.08
	SGD	+10%	(7.80)
	SGD	-10%	7.80
	AED	+10%	(19.84)
	AED	-10%	19.84
	THB	+10%	96.56
	THB	-10%	(96.56)

Note No. 46 - Fair Value Measurement

Fair Valuation Techniques and Inputs used - recurring Items

Financial assets/ financial liabilities* measured at Fair value	Fair value as at March 31, 2021	March 31, 2020	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets				
Investments				
Mutual fund investments	**5,942.51**	39,294.82	Level 1	Refer note 1 below
Equity and preference investments	**702.09**	388.96	Level 3	Refer note 2 below
Total financial assets	**6,644.60**	39,683.78		

Note 1: Fair value determined using NAV.

Note 2: Fair value determined using discounted cash flow method.

Reconciliation of Level 3 fair values

Particulars	Equity and Preference
Balance as at March 31, 2020	388.96
New investment	305.00
Fair value gain included in statement of profit and loss	8.13
Balance as at March 31, 2021	**702.09**

* Fair value of financial assets and financial liabilities (that are measured at amortised cost) closely approximate their carrying value.

Note No. 47 - Expenditure on Corporate Social Responsibility

As per Section 135 of the Companies Act 2013, the Company needs to spend 2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities. The Company has incurred CSR expenditure on activities specified in Schedule VII of the Companies Act, 2013.

Gross amount required to be spent by the Company during the year is ₹ 296 lakhs (Previous Year : ₹ 365 lakhs)

Particulars	Paid	Yet to be paid	Total
(i) Construction/Acquisition of any asset	–	–	–
(ii) On purposes other than (i) above	301.45	–	301.45

Note No. 48 - Capital work in progress (CWIP) and expenditure during construction pending allocation included therein:

Particulars	As at March 31, 2021	As at March 31, 2020
Balance as at beginning of the year	**23,606.27**	21,818.13
Additions during the current year to CWIP	**8,828.92**	9,510.35
Capitalization/(Deletions) during the current year from CWIP	**(21,252.90)**	(7,722.21)
Balance as at end of the year	**11,182.29**	23,606.27

All amounts are in ₹ Lakhs unless otherwise stated

Expenditure during construction pending allocation included in (CWIP) above:

Particulars	As at March 31, 2021	As at March 31, 2020
Salaries, Wages & Bonus	**596.65**	2,123.13
Staff welfare Expenses	**13.43**	44.05
Power & Fuel	**15.85**	36.17
Rent	**11.68**	30.66
Rates & Taxes	**0.96**	0.48
Repairs-Others	**13.77**	16.40
Travelling	**72.83**	133.02
Consultancy Charges	**163.50**	181.19
Miscellaneous	**262.07**	146.66
	1,150.74	2,711.76

Note No. 49 - Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Principal amount remaining unpaid to MSME suppliers as on	**154.23**	124.92
(ii) the amount of interest paid by the buyer under MSMED Act, 2006	**–**	–
(iii) Interest accrued and remaining unpaid at the end of each accounting year to MSME suppliers as on	**–**	–
(iv) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**–**	–
(v) Interest due and payable on unpaid principal amount to MSME suppliers as on	**–**	–

Note No. 50 - Segment information

The Company is primarily engaged in the business of sale of Vacation Ownership and other related services in India. As such, the Company operates in a single segment and there are no separate reportable segments. The same is consistent with the information reviewed by the Chief Operating Decision Maker (CODM).

Note No. 51 - Related party transactions

Particulars		March 31, 2021	March 31, 2020
Transactions during the year:	**Holding company**		
Sale of services	Mahindra & Mahindra Ltd.	**28.46**	17.22
Purchases of PPE	Mahindra & Mahindra Ltd.	**37.89**	42.17
Purchase of services	Mahindra & Mahindra Ltd.	**583.72**	612.61
	Subsidiary companies		
ICD, Loans & Advances given	Gables Promoters Pvt. Ltd.	**810.00**	1,040.00
	Mahindra Hotels and Residencies India Ltd	**8.50**	–
ICD, Loans & Advances repaid	Heritage Bird (M) Sdn Bhd.	**–**	52.68
	Arabian Dreams Hotel Apartments LLC	**196.30**	190.26
Purchase of services	Heritage Bird (M) Sdn Bhd.	**129.20**	122.33
	Infinity Hospitality Group Company Ltd.	**388.93**	407.42
	Gables India Pvt. Ltd.	**994.24**	1,008.69
	Arabian Dreams Hotel Apartments LLC	**644.81**	1,307.90
Reimbursement of Expenses	Gables Promoters Pvt. Ltd.	**107.80**	136.79
Interest Income	Heritage Bird (M) Sdn Bhd.	**32.75**	31.49
	Gables Promoters Pvt. Ltd.	**271.02**	184.56
	MH Boutique Hospitality Ltd.	**22.79**	22.06
	Mahindra Hotels and Residencies India Ltd	**0.97**	0.48
	MHR Holdings (Mauritius) Ltd.	**4.77**	4.38
	Arabian Dreams Hotel Apartments LLC	**6.63**	8.27
Commission on Corporate Guarantee	MHR Holdings (Mauritius) Ltd.	**280.80**	245.53
	Covington S.a.r.l	**6.47**	24.15
	Infinity Hospitality Group Company Ltd.	**19.05**	17.92
Corporate guarantees given on behalf of	MHR Holdings (Mauritius) Ltd.	**67,069.43**	–
	Infinity Hospitality Group Company Ltd.	**4,841.00**	–

All amounts are in ₹ Lakhs unless otherwise stated

Particulars		March 31, 2021	March 31, 2020
	Fellow Subsidiaries / Associates		
Sale of services	Mahindra Intertrade Ltd.	**1.13**	1.26
	Mahindra Lifespace Developers Ltd.	**10.84**	14.12
	Mahindra Rural Housing Finance Ltd.	**–**	0.08
	Bristlecone India Ltd.	**0.40**	–
	Tech Mahindra Ltd.	**2.87**	–
Interest Income	Mahindra Rural Housing Finance Ltd.	**1,239.08**	56.88
	Mahindra & Mahindra Financial Services Ltd.	**1,029.94**	13.33
Purchase of PPE	Mahindra Retail Pvt. Ltd.	**–**	254.39
	Mahindra Engineering & Chemical Products Ltd.	**202.71**	–
Purchase of services	Mahindra Integrated Business Solutions Pvt. Ltd.	**374.11**	294.78
	Mahindra Retail Pvt. Ltd.	**–**	59.25
	Mahindra Engineering & Chemical Products Ltd.	**107.88**	–
	Bristlecone India Ltd.	**124.07**	243.75
	Mahindra Logistics Ltd.	**0.14**	–
	Tech Mahindra Ltd.	**137.80**	260.90
Other Entity	**Director's Interest**		
Purchase of services	Grassroutes Journeys Pvt. Ltd.	**–**	0.61
	Nowigence India Pvt. Ltd.	**7.80**	7.80
	Fifth Gear Ventures Ltd.	**16.06**	–
Managerial remuneration:	**Key Management Personnel**		
	Mr. Kavinder Singh	**475.28**	464.67
	Mrs. Akhila Balachandar	**140.17**	132.82
	Mr. Dhanraj Mulki	**86.38**	72.09
	Director's Sitting Fees	**48.80**	39.70
	Commission to non whole time directors	**174.00**	129.00
Investment in Inter Corporate Deposits	**Fellow Subsidiaries/Associates**		
	Mahindra Rural Housing Finance Ltd.	**14,000.00**	6,500.00
	Mahindra & Mahindra Financial Services Ltd.	**19,500.00**	1,590.00
Redemption of Inter Corporate Deposits	Mahindra & Mahindra Financial Services Ltd.	**1,590.00**	–
	Other entities under the control of the company		
Other: Received	Mahindra Holidays & Resorts India Ltd.		
	Employees' Stock Option Trust	**48.02**	–
Balances as at:	**Holding company**		
Outstanding: Payable	Mahindra & Mahindra Ltd.	**443.38**	335.98
Outstanding: Receivable	Mahindra & Mahindra Ltd.	**12.00**	3.67
Investments	**Subsidiary companies**		
	Mahindra Hotels and Residencies India Ltd	**5.00**	5.00
	Heritage Bird (M) Sdn Bhd.	**40.27**	40.27
	Gables Promoters Pvt. Ltd.	**6,543.78**	6,543.78
	Infinity Hospitality Group Company Ltd.	**2,681.11**	2,681.11
	MH Boutique Hospitality Ltd.	**95.38**	95.38
	Arabian Dreams Hotel Apartments LLC	**52.11**	52.11
	MHR Holdings (Mauritius) Ltd.	**115.11**	115.11
Loans and Advances including interest accrued	Mahindra Hotels and Residencies India Ltd	**–**	7.40

All amounts are in ₹ Lakhs unless otherwise stated

Particulars		March 31, 2021	March 31, 2020
Inter Corporate Deposits including interest accrued	Gables Promoters Pvt. Ltd.	**3,800.12**	2,864.43
	MH Boutique Hospitality Ltd.	**1,001.54**	965.80
	Mahindra Hotels and Residencies India Ltd	**16.19**	6.80
	MHR Holdings (Mauritius) Ltd.	**283.97**	269.51
	Arabian Dreams Hotel Apartments LLC	**–**	459.07
	Heritage Bird (M) Sdn Bhd.	**720.15**	707.21
Other Receivables	MHR Holdings (Mauritius) Ltd.	**1,598.90**	1,226.74
	Covington S.a.r.l	**226.81**	211.48
	Infinity Hospitality Group Company Ltd.	**29.82**	7.60
	Gables Promoters Pvt. Ltd.	**–**	149.00
Other Payables	Infinity Hospitality Group Company Ltd.	**34.73**	15.56
	Heritage Bird (M) Sdn Bhd.	**42.34**	52.50
	Gables Promoters Pvt. Ltd.	**182.58**	206.93
	Arabian Dreams Hotel Apartments LLC	**184.11**	539.54
Corporate guarantees given on behalf of	MHR Holdings (Mauritius) Ltd.	**67,069.43**	49,670.18
	Covington S.a.r.l	**–**	3,325.20
	Infinity Hospitality Group Company Ltd.	**4,841.00**	3,742.20
Loan outstanding against above guarantees	MHR Holdings (Mauritius) Ltd.	**64,652.25**	45,197.78
	Covington S.a.r.l	**–**	2,909.55
	Infinity Hospitality Group Company Ltd.	**4,183.00**	3,257.10
Outstanding: Payable	**Fellow Subsidiaries / Associates / Others**		
	Mahindra Retail Pvt. Ltd.	**–**	69.11
	Mahindra Engineering & Chemical Products Ltd.	**27.35**	–
	Tech Mahindra Ltd.	**32.03**	160.89
	Bristlecone India Ltd.	**10.85**	–
	Mahindra Logistics Ltd.	**0.05**	–
	Mahindra Integrated Business Solutions Pvt. Ltd.	**68.94**	53.09
	Nowigence India Pvt. Ltd.	**0.65**	–
Outstanding: Receivable	Mahindra Lifespace Developers Ltd.	**9.86**	8.95
	Tech Mahindra Ltd.	**0.21**	–
Other Deposits (Including accrued interest)	Mahindra & Mahindra Financial Services Ltd.	**20,360.00**	1,602.00
	Mahindra Rural Housing Finance Ltd.	**21,233.49**	6,551.18
Other entities under the control of the company			
Balances as at :			
Outstanding: Receivable	Mahindra Holidays & Resorts India Ltd. Employees' Stock Option Trust	**–**	48.02
Outstanding: Payable	Mahindra Holidays & Resorts India Ltd. Employees' Stock Option Trust	**819.00**	819.00

Note No. 52 - Revenue from contract with customers

All amounts are in ₹ Lakhs unless otherwise stated

a) Disaggregation of revenue from contracts with customers

The Company derives revenue from the sale of vacation ownership and provide holiday facilities to members over time and at a point in time as under :

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from contracts with customers		
Over time (A)		
Vacation Ownership Income	**34,507.16**	34,670.75
Annual subscription fee	**29,303.94**	29,130.08
Total (A)	**63,811.10**	63,800.83
At a point in time (B)		
Income From resorts:		
Room rentals	**1,804.62**	4,801.89
Food and beverages	**7,070.18**	13,578.32
Wine and liquor	**201.12**	431.64
Others	**1,361.64**	4,016.09
Total (B)	**10,437.56**	22,827.94
Total Revenue from contract with customers (A + B)	**74,248.66**	86,628.77

b) Movement of Deferred Acquisition Cost and Deferred Contract Liability

1. Movement of Deferred Acquisition Cost:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening Balance	**71,347.86**	68,842.63
i) Additions during the year (Net)	**3,905.16**	7,217.44
ii) Amortised during the year	**(4,872.02)**	(4,712.21)
Closing Balance	**70,381.00**	71,347.86

The deferred acquisition cost relates to incremental costs of acquisition of the member that are deferred over the period of effective membership. Incremental costs are those that would not have been incurred if the contract was not obtained. During the current year, the balance of Deferred Acquisition cost has been reduced to the effect of cancellation of membership.

2. Movement of Deferred Contract Liability:

Particulars	March 31, 2021		
	Vacation Ownership	**Annual Subscrip-tion Fee**	**Total**
Opening Balance	**537,137.48**	**14,736.18**	**551,873.66**
i) Addition during the year (Net)*	**(9,697.17)**	**29,761.25**	**20,064.08**
ii) Income recognised during the year	**(34,507.16)**	**(29,303.94)**	**(63,811.10)**
Closing Balance	**492,933.15**	**15,193.49**	**508,126.64**

*The balance of Contract Liability – Deferred Revenue has been reduced to the effect of cancellation of membership carried out during the year

Particulars	March 31, 2020		
	Vacation Ownership	Annual Subscrip-tion Fee	Total
Opening Balance	510,744.77	13,187.00	523,931.77
i) Addition during the year (Net)	61,063.46	30,679.26	91,742.72
ii) Income recognised during the year	(34,670.75)	(29,130.08)	(63,800.83)
Closing Balance	537,137.48	14,736.18	551,873.66

The deferred contract liability relates to the consideration received/receivable from customers, for which services will be provided over the effective membership period and revenue is recognised over that period.

c) Obligations for returns, refunds and other similar obligations:

Particulars	As at March 31, 2021	As at March 31, 2020
Return, refunds and other similar obligations	**83.38**	354.16
Total	**83.38**	354.16

The above obligation is only to the extent of revenue recognised, this does not include the obligation on refundable entitlement fees.

d) Revenue expected to be recognised in the future from Deferred Contract Liability:

Time Band	As at March 31, 2021	As at March 31, 2020
< 1 Year - Vacation Ownership	**38,180.36**	37,496.69
< 1 Year - ASF	**15,193.49**	14,736.18
1 - 2 Year	**37,669.87**	36,924.80
2 - 3 Year	**36,312.86**	36,504.60
3 - 4 Year	**35,313.16**	36,152.60
4 - 5 Year	**34,922.32**	35,919.86
5-10 Year	**157,186.75**	166,977.12
> 10 year	**153,347.83**	187,161.81
Total	**508,126.64**	551,873.66

The deferred contract liability broken year wise shows summary of Vacation Ownership and Annual subscription fee recognisible over the time. Annual subscription fee being the annual fees chargeable to the member every year over the life of contract.

e) Reconciliation of revenue from contract with customer:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from contract with customer as per the contract price	**77,937.77**	92,632.52
Adjustments made to contract price on account of :-		
Discounts / Rebates / Incentives	**(3,689.11)**	(6,003.75)
Revenue from contract with customer as per the statement of Profit and Loss	**74,248.66**	86,628.77

All amounts are in ₹ Lakhs unless otherwise stated

Note No. 53 - Leases

Right of Use Asset

Particulars	As at March 31, 2021	As at March 31, 2020
Balance as at beginning of the year	**17,426.53**	19,736.60
Additions during the current year	**3,967.62**	3,259.91
Deletions during the current year	**(770.61)**	(453.46)
Amortisation of ROU	**(5,211.51)**	(5,116.52)
Balance as at end of the year	**15,412.03**	17,426.53

Lease Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Current	**4,690.28**	5,180.94
Non-Current	**11,779.15**	13,545.23
Lease liabilities included in the Balance Sheet as at the end of the year	**16,469.43**	18,726.17

Maturity analysis - contractual undiscounted cash flows

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	**5,812.07**	6,468.70
1 - 2 Year	**4,150.80**	4,613.67
2 - 3 Year	**2,949.37**	3,699.34
3 - 4 Year	**2,645.04**	2,861.93
4 - 5 Year	**1,806.98**	2,299.97
More than five years	**2,774.98**	2,849.30
Total undiscounted lease liabilities as at the end of the year	**20,139.24**	22,792.91

Amounts recognised in statement of Profit and Loss

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest expense on lease liabilities	**1,295.79**	1,598.09
Amortisation of ROU	**5,211.51**	5,116.52
Expenses relating to short term leases	**4,612.72**	6,750.76
Total	**11,120.02**	13,465.37

Amounts recognised in Cash Flow Statement

Particulars	As at March 31, 2021	As at March 31, 2020
Total Cash outflow for Leases	**3,587.01**	6,507.00

During the year ended March 31, 2021, the Company has renegotiated with certain lessors on the rent reduction / waiver due to COVID-19 pandemic which is short term in nature. Accordingly, the Company in the statement of profit and loss has recognised an amount of ₹ 3,074.87 Lakhs for the year ended March 31, 2021, as part of Other Income.

Note No. 54 - Specified Bank Notes (SBN)

The disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended March 31, 2021.

Note No. 55 - Contribution to Political Parties

Payments made by the Company to Political Parties in India in accordance with Section 182 of Companies Act, 2013, during the year as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
New Democratic Electoral Trust (included under 'Miscellaneous expenses' in note no. 40)	**–**	50.00

Note No. 56 - Estimation uncertainty relating to COVID-19 outbreak

The Company has considered internal and external sources of information, economic forecasts and industry reports, up to the date of approval of the financial statements, in determining the impact of COVID-19 pandemic on various elements of its business operations and financial statements. The Company has used the principles of prudence in applying judgements, estimates and assumptions and based on the current estimates, the Company expects to recover the carrying amount of its current and non-current assets. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements depending on how long the pandemic lasts and time period taken for the economic activities to return to normalcy.

All amounts are in ₹ Lakhs unless otherwise stated

Note No. 57 - Recent pronouncements related to Schedule III

Ministry of Corporate Affairs (“MCA”) vide notification dated March 24, 2021 has amended Schedule III of the Companies Act, 2013, which shall be effective from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules, 2015 through additional disclosures in Balance Sheet such as presenting ageing schedule of trade receivables, trade payables, capital work-in-progress in specified format. Enhanced disclosure for borrowings from banks or financial institutions on the basis of security of current assets such as agreement of quarterly returns or statements of current assets filed by the Company with banks or financial institutions with books of accounts and if not, summary of reconciliation and reason of material discrepancies, if any. In statement of profit and loss additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head ‘additional information’ in the notes forming part of standalone financial statements. The company is in the process of analysing the impact of key amendments on its financial statements.

Note No. 58

The figures for the previous year have been regrouped/ reclassified to correspond with current year’s classification/ disclosure.

The financial statements of Mahindra Holidays & Resorts India Limited were approved by the Board of Directors and authorised for issue on May 3, 2021.

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Koosai Lehery
Partner
Membership Number: 112399
Place: Mumbai
Date: May 3, 2021

For and on behalf of the Board of Directors

Arun Nanda
Chairman
DIN: 00010029

Kavinder Singh
Managing Director & CEO
DIN: 06994031

Akhila Balachandar
Chief Financial Officer

Dhanraj Mulki
Company Secretary

Place: Mumbai
Date: May 3, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of
MAHINDRA HOTELS AND RESIDENCES INDIA LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of Mahindra Hotels and Residences India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 (the Act) (SAs). Our responsibilities under those Standards are further described in the *'Auditors' Responsibilities for the Audit of the Ind AS Financial Statements'* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Information Other than the Ind AS Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report, but does not include the Ind AS Financial Statements and our Auditors' Report thereon.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
   (g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors.
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The company does not have any pending litigations which will impact its financial positions.
      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No.111212 Place: Mumbai
UDIN: 21111212AAAAPO5952 Date: April 22, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Hotels and Residences India Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No.111212 Place: Mumbai
UDIN: 21111212AAAAPO5952 Date: April 22, 2021

ANEXURE "B" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of Mahindra Hotels and Residences India Limited for the year ended March 31, 2021

Annexure to the Auditor's Report referred to in our report of even date:

1) According to the information and explanations given to us, the Company does not have fixed assets. Accordingly, the provisions of para 3(i) of the Order are not applicable to the Company.

2) According to the information and explanations given to us, the Company does not have inventory, therefore the provisions of para 3(ii) of the Order are not applicable to the Company.

3) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other related parties covered in the register maintained under section 189 of the Act.

4) The Company has not granted any loan, made investments or given guarantees during the year. Hence. the provisions of section 185 and section 186 of the Act are not applicable to the Company. We are informed that the company has not given any security during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2021 for a period of more than 6 months from the date they become payable.

   ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the money raised by the Company by the way of Buyer's credit term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the provisions of para 3(xii) of the Order are not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 21111212AAAAPO5952

Place: Mumbai
Date: April 22, 2021

BALANCE SHEET AS AT MARCH 31, 2021

			In Rs.
Particulars	**Note**	**As At March 31, 2021**	As At March 31, 2020
ASSETS			
Current Assets			
Cash and Cash Equivalents	2	**62,473**	48,651
		62,473	48,651
		62,473	48,651
EQUITY AND LIABILITIES			
Equity			
Share Capital	3	**5,00,000**	5,00,000
Other Equity	4	**(20,94,199)**	(19,29,639)
		(15,94,199)	(14,29,639)
Non-Current Liabilities			
Other Long term Liabilities	5	**–**	740,333
Current Liabilities			
Borrowings	6	**16,19,407**	6,79,844
Other Current Liabilities	7	**37,265**	58,114
		16,56,672	7,37,957
		62,473	48,651
Significant Accounting Policies	1		

The Notes referred above forms an integral part of the Financial Statements

In terms of our report attached

For B.K. Khare & Company
Chartered Accountants
Firm Regn No : 105102W

Shirish Rahalkar
Partner
Membership No: 111212

Place : Mumbai
Date : April 22, 2021

For and on behalf of the Board of Directors

Akhila Balachandar
Director
DIN: 07676670

Dhanraj Mulki
Director
DIN: 08321516

Place : Mumbai
Date : April 22, 2021

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2021

In Rs.

Particulars	Note	Year Ended March 31, 2021	Year Ended March 31, 2020
Revenue:			
Revenue from operations		–	–
Other Income		20,324	–
Total Revenue		20,324	–
Expenses:			
Finance Costs	8	96,825	48,125
Other Expenses	9	88,059	103,944
Total Expenses		1,84,884	1,52,069
Profit Before Tax		(1,64,560)	(1,52,069)
Less: Tax Expense			
Current Tax		–	–
Deferred Tax		–	–
Profit/(Loss) for the Year		(1,64,560)	(1,52,069)
Other comprehensive income			
Items that will not be reclassified to profit or (loss) :		–	–
Items that will be reclassified to profit or (loss) :		–	–
Total other comprehensive income for the period		–	–
Total comprehensive income for the period		(1,64,560)	(1,52,069)
Earnings Per Share (Basic & Diluted)	10	(3.29)	(3.04)
Significant Accounting Policies	1		

The Notes referred above forms an integral part of the Financial Statements

In terms of our report attached

For B.K. Khare & Company
Chartered Accountants
Firm Regn No : 105102W

Shirish Rahalkar
Partner
Membership No: 111212

Place : Mumbai
Date : April 22, 2021

For and on behalf of the Board of Directors

Akhila Balachandar
Director
DIN: 07676670

Dhanraj Mulki
Director
DIN: 08321516

Place : Mumbai
Date : April 22, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

In Rs.

Particulars		Year Ended March 31, 2021	Year Ended March 31, 2020
A	**Cash Flow from Operating Activities:**		
	Profit/(Loss) before exceptional items and tax	**(1,64,560)**	(1,52,069)
	Adjustments:		
	Finance Costs	**96,825**	48,125
	Operating profit before working capital changes	**(67,735)**	(1,03,944)
	Changes in working capital:		
	(Increase)/Decrease Other Current Liabilities	**(7,61,181)**	2,040
	Income Tax Paid	**–**	–
	Net Cash (used in)/from Operating Activities	**(8,28,916)**	(1,01,904)
B	**Cash Flow from Investing Activities:**		
	Net Cash (used in)/from Investing Activities	**–**	–
C	**Cash Flow from Financing Activities:**		
	Proceeds from borrowings	**9,39,563**	43,313
	Finance Costs	**(96,825)**	(48,125)
	Net Cash (used in)/from Financing Activities	**8,42,738**	(4,813)
	Net increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	**13,822**	(1,06,717)
	Cash & Cash Equivalents:		
	Cash and cash equivalents at the beginning of the year	**48,651**	1,55,368
	Cash and cash equivalents at the end of the year	**62,473**	48,651
	Net Increase/(Decrease) as disclosed above	**13,822**	(1,06,717)

In terms of our report attached

For B.K. Khare & Company
Chartered Accountants
Firm Regn No : 105102W

Shirish Rahalkar
Partner
Membership No: 111212

Place : Mumbai
Date : April 22, 2021

For and on behalf of the Board of Directors

Akhila Balachandar
Director
DIN: 07676670

Dhanraj Mulki
Director
DIN: 08321516

Place : Mumbai
Date : April 22, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

a. Equity share capital

Particulars	**In Rs.** **Amount**
As at March 31, 2019	**5,00,000**
Changes in equity share capital during the year	
Issue of equity shares during the year	**–**
As at March 31, 2020	**5,00,000**
Changes in equity share capital during the year	
Issue of equity shares during the year	**–**
As at March 31, 2021	**5,00,000**

In Rs.

b. Other equity

	Reserves & Surplus	**Items of other comprehensive income**	
Particulars	**Retained earnings**	**Remeasurements of the defined benefit liabilities / (assets)**	**Total**
As at March 31, 2019	**(17,77,569)**	**–**	**(17,77,569)**
Loss for the year	**(1,52,069)**	**–**	**(1,52,069)**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income	**(1,52,069)**	**–**	**(1,52,069)**
As at March 31, 2020	**(19,29,639)**	**–**	**(19,29,639)**
Loss for the year	**(1,64,560)**	**–**	**(1,64,560)**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income	**(1,64,560)**	**–**	**(1,64,560)**
As at March 31, 2021	**(20,94,199)**	**–**	**(20,94,199)**

In terms of our report attached

For B.K. Khare & Company
Chartered Accountants
Firm Regn No : 105102W

Shirish Rahalkar
Partner
Membership No: 111212

Place : Mumbai
Date : April 22, 2021

For and on behalf of the Board of Directors

Akhila Balachandar
Director
DIN: 07676670

Dhanraj Mulki
Director
DIN: 08321516

Place : Mumbai
Date : April 22, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1 Corporate Information

The Company was incorporated on April 26, 2007 and has not yet commenced commercial operations.

2 Significant accounting policies

(i) Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of Generally Accepted Accounting Principles in India (previous GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

(ii) Basis of preparation and presentation

The financial statements of the Company have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

(iii) Revenue recognition

The Company had not commenced commercial operations during the year ended March 31, 2021.

(iv) Taxation

Since the Company did not have any commercial operations during the year, the question of income tax / deferred tax does not arise.

(v) Property, plant and equipment

There were no fixed assets in the Company during the year ended March 31, 2021.

(vi) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(vii) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Classification of financial assets

Debt

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

A debt instrument that meets the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Debt instruments classified as FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. The Company has not designated any debt instrument as at FVTPL.

Equity

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

De-recognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included under 'Finance costs'.

De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

(viii) Cash flow statements

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby profit before extra-ordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the Company are segregated based on the available information.

(ix) Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2 Cash & Cash Equivalents

In Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	**–**	–
Balances with Banks		
On Current Account	**62,473**	48,651
	62,473	48,651

3 Share Capital

Particulars	As at March 31, 2021 No. of Shares	As at March 31, 2021 Rs.	As at March 31, 2020 No. of Shares	As at March 31, 2020 Rs.
Authorised :				
50,000 Equity Shares of Rs. 10 each	**50,000**	**5,00,000**	50,000	5,00,000
	50,000	**5,00,000**	50,000	5,00,000
Issued, Subscribed & Paid up:				
Equity :				
50,000 Equity Shares of Rs. 10 each	**50,000**	**5,00,000**	50,000	5,00,000
	50,000	**5,00,000**	50,000	5,00,000

Notes:

1 The Company has only one class of shares referred to as equity shares having a par value of Rs. 10. Each holder of equity share is entitled to one vote per share.

2 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

3 Reconciliation of No. of Shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2021 No. of Shares	As at March 31, 2021 Rs.	As at March 31, 2020 No. of Shares	As at March 31, 2020 Rs.
At the beginning of the year	**50,000**	**5,00,000**	50,000	5,00,000
Add: Issued during the year	–	–	–	–
At the end of the year	**50,000**	**5,00,000**	50,000	5,00,000

4 Shares in the company held by each shareholder holding more than 5% shares specifying the no. of shares held

Name of the Shareholder	No. of Shares March 31, 2021	% held as at March 31, 2021	No. of Shares March 31, 2020	% held as at March 31, 2020
Mahindra Holidays & Resorts India Limited	**49,994**	**99.99%**	49,994	99.99%

4 Other Equity

In Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
Surplus/(Deficit) in Statement of Profit & Loss		
As per last balance sheet	**(19,29,639)**	(17,77,569)
Add: Profit/(Loss) for the year	**(1,64,560)**	(1,52,069)
	(20,94,199)	(19,29,639)

5 Other Long term Liabilities

In Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
Due to Holding Company - MHRIL	**–**	7,40,333
	–	7,40,333

6 Borrowings

In Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
Due to Holding Company - MHRIL	**14,00,000**	5,50,000
Interest accrued on ICD from MHRIL	**2,19,407**	1,29,844
	16,19,407	6,79,844

7 Other Current Liabilities

In Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
Audit Fee Payable	**35,000**	35,000
Other Expenses Payable	**–**	20,324
TDS Payable	**2,265**	2,790
	37,265	58,114

8 Finance Costs

In Rs.

Particulars	March 31, 2021	March 31, 2020
Interest on ICD	**96,825**	48,125
	96,825	48,125

9 Other Expenses

In Rs.

Particulars	March 31, 2021	March 31, 2020
Rates & Taxes	**12,200**	15,030
Legal and Professional Charges	**40,625**	53,300
Auditors' Remuneration	**35,000**	35,000
Misc. Expenses	**–**	487
Interest on tax	**234**	127
	88,059	103,944

10 Earnings per Share

In Rs.

	For the year ended March 31, 2021	For the year ended March 31, 2020
Basic and Diluted Earnings per share	**(3.29)**	(3.04)

In Rs.

	For the year ended March 31, 2021	For the year ended March 31, 2020
Profits used in the calculation of basic earnings per share and diluted earnings per	**(1,64,560)**	(1,52,069)
Weighted average number of equity shares	**50,000**	50,000
Earnings per share - Basic and Diluted	**(3.29)**	(3.04)

11 Categories of financial assets and financial liabilities

In Rs.

	As at March 31, 2021 Amortised Costs	As at March 31, 2021 Total
Current Assets		
Cash & Bank balances	**62,473**	**62,473**
Current Liabilities		
Borrowings	**16,19,407**	**16,19,407**
Trade Payables	**–**	**–**

In Rs.

	As at March 31, 2020 Amortised Costs	As at March 31, 2020 Total
Current Assets		
Cash & Bank balances	48,651	1,55,368
Current Liabilities		
Borrowings	6,79,844	6,36,531
Trade Payables	7,40,333	7,40,333

12 Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

The fair value of the financial assets and financial liabilties that are not measured at fair value is closely approximates the carrying value as disclosed below:

In Rs.

	March 31, 2021		March 31, 2020	
	Carrying Amount	Fair value	Carrying Amount	Fair value
Financial liabilities				
Cash and Cash Equivalents	**62,473**	**62,473**	48,651	48,651
Financial liabilities				
Borrowings	**16,19,407**	**16,19,407**	6,79,844	6,79,844
Trade Payables	–	–	7,40,333	7,40,333
Total	**16,19,407**	**16,19,407**	14,20,177	14,20,177

13 Segment information

The Company did not commence commercial operations during the year ended March 31, 2021. Hence, the disclosure requirement as per Ind AS 108 on Operating Segment would not be applicable to the Company.

14 Related Party Transactions

(i) Names of related parties and nature of relationship where control exists:

Nature of Relationship	Name of the Related Party
Holding Company	Mahindra Holidays & Resorts India Limited
Ultimate Holding Company	Mahindra & Mahindra Limited

(ii) Related Party Transactions and balances

In Rs.

Particulars	March 31, 2021	March 31, 2020
Holding company		
Transactions during the year:		
Interest accrued on ICD	**96,825**	**48,125**
ICD Availed/ Converted	**8,50,000**	**–**
Holding company		
Balances as at:		
Trade Payables	**–**	**7,40,333**
ICD Outstanding	**14,00,000**	**5,50,000**
Interest accrued but not due on ICD	**2,19,407**	**1,29,844**

15 Previous year figures have been regrouped / reclassified to correspond with current year's classification / disclosure, wherever deemed necessary.

In terms of our report attached

For B.K. Khare & Company
Chartered Accountants
Firm Regn No : 105102W

Shirish Rahalkar
Partner
Membership No: 111212

Place : Mumbai
Date : April 22, 2021

For and on behalf of the Board of Directors

Akhila Balachandar
Director
DIN: 07676670

Dhanraj Mulki
Director
DIN: 08321516

Place : Mumbai
Date : April 22, 2021

REPORT ON AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

TO THE MEMBERS OF GABLES PROMOTERS PRIVATE LIMITED

We have audited the accompanying Standalone Ind AS Financial Statements of Gables Promoters Private Limited ("the Company"), which comprise of Balance Sheet as at March 31, 2021 and the Statement of Profit and Loss, (including other comprehensive income) and Statement of Cash Flows for the year ended on that date, and notes to the Standalone Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements'').

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the state of affairs of the Company as at March 31, 2021 and its loss and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities* for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Board's Report including Annexure to Board's Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Management & Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the preparation of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements:-

As required by 'the Companies (Auditor's Report) Order, 2016', as amended, issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure" a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143(3) of the Act, we report that:

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(a) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(b) The Balance Sheet, the Statement of Profit and Loss, and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

(c) In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(d) On the basis of the written representations received from the directors as on March 31, 2021 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2021 from being appointed as director in terms Section 164(2) of the Act.

(e) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   (i) The Company does not have any pending litigations which will impact its financial position in its standalone financial;

   (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   (iii) There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the company.

For Sharma Ajay & Associates,
Chartered Accountants
Firm Registration No. 017320N

(Ajay Sharma)
Partner
M. No. 090881
UDIN: 21090881AAAABO4281

Place: Panchkula
Date: May 2, 2021

"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF GABLES PROMOTERS PRIVATE LIMITED

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

I have audited the internal financial controls over financial reporting of Gables Promoters Private Limited ("the Company") as of March 31, 2021 in conjunction with my audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management and Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In my opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For Sharma Ajay & Associates,
Chartered Accountants
Firm Registration No.017320N

(Ajay Sharma)
Partner
M. No. 090881
UDIN: 21090881AAAABO4281
Place: Panchkula
Date: May 2, 2021

ANNEXURE TO THE AUDITOR'S REPORT
RE : M/S GABLES PROMOTERS PRIVATE LIMITED
(Referred to in paragraph 3 and 4 of our report of even date)

In terms of the information and explanation given to us and the books and records examined by us and on the basis of such checks as we considered appropriate, we further reports as under:

(i) (a) The Company has maintained proper records showing full particulars including Quantative details and situation of its fixed assets.

(b) These fixed assets have been physically verified by the management at reasonable intervals and no Major Material discrepancies were noticed during such verification. The differences however observed on such physical verification are materially insignificant and they have been properly dealt with in the books of accounts.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) In respect of Inventories: As explained to us physical verification of inventory has been conducted during the year at reasonable intervals by the management and in our opinion and according to the information and explanation given to us, the Company is maintaining proper records of its inventories and no major material discrepancies were noticed on physical verification. The differences however observed on such physical verification are materially insignificant and they have been properly dealt with in the books of accounts.

(iii) The Company has not granted any loans secured or unsecured to companies, firms and/or other parties listed/covered in the register maintained under section 189 of the Companies Acts, 2013. Therefore, the provisions of Clause 3(a) to 3(c) of the said Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has compiled with the provisions of Sections 185 and 186 of the Act, with respect to the loans made, guarantees given and investments made.

(v) In our opinion and according to the information and explanation given to us, The Company has not accepted any deposits from the public during the year in terms of the provisions of Sections 73 to 76 and any other provision of the companies act and rules framed there under.

(vi) According to the information and explanations given to us by the Company Directors, that the maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) (a) The company is regular in depositing the statutory dues in respect of TDS, Service Tax & WCT. There is no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than Six Month from the date they became payable.

(b) According to the information and explanations given to us, no dues in case of GST/Income tax/ custom tax/excise duty/cess/Value Added Tax/ WCT have been outstanding on account of dispute with the concerned department.

(viii) The company has taken a Term Loan amounting to Rs. 65.00 Crore from Kotak Mahindra Bank against Naldhera Property in 2016-2017(F.Y). The amount Standing as on March 31, 2021 is Rs. 29.42 Crore (Previous Year Rs. 42.54 Crore) (including Interest). The loan has been repayable within 7 years (fully repayable by 2023-2024) including morotorium of 2 year from the date of first drawdown.The loan has been taken for the purpose of construction of Resort /Hotels at Naldhera, HP. According to the information and explanations given to us, and based on the records of the Company, the Company has not defaulted in the repayment of loans or borrowings to banks.

(ix) The Company has neither raised money by way of initial public offer or further public offer (including debt instruments) nor by way of term loans during the year under audit. During the Year Company has taken/ accepted Inter Corporate Deposits from its holding company amounting to Rs. 08.10 Crore @ 8.75% P.A. The total unsecured borrowing from its Holding Company as on March 31, 2021 is Rs. 38.00 Crore. (include interest amounting to RS 2.71 Crore there on).

(x) According to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) it has been told that Company has paid & provided the Managerial Remuneration in accordance with the requisite approvals mandated by the provisions of the section 197 read with Schedule V to the Companies Act.

(xii) According to the information and explanations given to us,in our opnion the Company is not a nidhi Company as prescribed u/s 406 of the Act, Hence this clause is not applicable.

(xiii) All the transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial Statements under respective notes on accounts, as required by the applicable standards.

(xiv) According to the information and explanations given to us, the Companies has not made any preferential allotment or Private Placement of shares or fully or partly convertible debentures during the year under review.

(xv) According to the information and explanations given to us,the Companies has not entered into non-cash transactions with directors or persons connected with him during the year under review. Hence provisions of section 192 of Companies Act, 2013 has not been applicable.

(xvi) According to the information and explanations given to us,the Companies is not required to registered under section 45-IA of the Reserve Bank of India Act, 1934.

For SHARMA AJAY & ASSOCIATES
Chartered Accountants
Firm Regn. No. 017320N

(AJAY SHARMA)

Partner
Membership Number : 090881
UDIN: 21090881AAAABO4281

Place: Panchkula
Date: May 2, 2021

BALANCE SHEET AS AT MARCH 31, 2021

Particulars	Note No.	As At March 31, 2021	In Rs. As At March 31, 2020
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	**1,518,199,497**	1,565,582,680
Capital work-in-progress		**1,302,498**	–
Financial Assets			
Deposits	4	**200,000**	200,000
Other non-current tax assets	5	**17,871,565**	23,339,145
Other non-current assets	6	**–**	88,074
		1,537,573,560	1,589,209,899
Current assets			
Inventories	7	**1,247,991**	1,288,165
Financial Assets			
Trade Receivables	8	**17,957,449**	19,906,202
Cash and cash equivalents	9	**9,601,616**	16,143,361
Other current assets	10	**4,391,531**	2,669,401
		33,198,586	40,007,128
		1,570,772,147	1,629,217,027
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	11	**650,000,000**	650,000,000
Other Equity	12	**199,219,562**	171,408,169
		849,219,562	821,408,169
Non-current liabilities			
Financial Liabilities			
Borrowings	13	**164,226,551**	295,398,631
Others	14	**12,494,878**	13,150,699
Provisions	15	**367,881**	–
Deferred Tax Liabilites (Net)	16	**20,814,933**	62,816,000
		197,904,243	371,365,330
Current liabilities			
Financial Liabilities			
Borrowings	17	**380,012,247**	286,442,688
Trade payables	18		
Total outstanding dues of micro enterprises and small enterprises		**–**	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		**7,575,025**	14,728,868
Others	19	**130,056,172**	132,542,675
Provisions	20	**76,127**	–
Other current liabilities	21	**5,928,770**	2,729,298
		523,648,341	436,443,529
		1,570,772,147	1,629,217,027

See accompanying notes to the financial statements

In terms of our report attached.

For Sharma Ajay & Associates
Chartered Accountants
Firm Registration No. 017320N

Ajay Sharma
Partner
Membership Number: 090881

Place: Panchkula
Date: May 2, 2021

For and on behalf of the Board of Directors

Dhanraj Mulki
Director
DIN: 08321516

Akhila Balachandar
Director
DIN: 07676670

Narender Pratap Singh
CFO

Rutika Nandwana
Company Secretary

Place: Mumbai
Date: May 2, 2021

Balamurugan PS
Manager

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

In Rs.

Particulars	Note No.	Year Ended March 31, 2021	Year Ended March 31, 2020
REVENUE			
Revenue from operations	22	**147,758,468**	182,770,168
Other Income	23	**2,259,416**	–
Total Revenue		**150,017,885**	182,770,168
EXPENSES			
Employee benefit expense	24	**27,161,958**	31,964,768
Finance Charges		**53,608,141**	61,281,906
Depreciation and amortisation expense		**48,079,053**	50,548,658
Other expenses	25	**35,387,530**	53,755,924
Total Expenses		**164,236,682**	197,551,256
Profit/(Loss) before tax		**(14,218,797)**	(14,781,089)
Tax Expense			
Current tax		**–**	–
Deferred tax		**–**	–
Total tax expense		**–**	–
Profit/(Loss) after tax for the year		**(14,218,797)**	(14,781,089)
Profit/(Loss) for the year		**(14,218,797)**	(14,781,089)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Freehold land revaluation		**–**	**–**
Income taxes related to items that will not be reclassified to profit or loss		**42,001,067**	**–**
Net other comprehensive income not to be reclassified subsequently to profit or loss		**42,001,067**	**–**
Total comprehensive income for the year		**27,782,270**	(14,781,089)
Earnings per equity share (for continuing operation):			
Basic and Diluted	26	**(0.22)**	(0.23)

See accompanying notes to the financial statements

In terms of our report attached.
For Sharma Ajay & Associates
Chartered Accountants
Firm Registration No. 017320N

Ajay Sharma
Partner
Membership Number: 090881

Place: Panchkula
Date: May 2, 2021

For and on behalf of the Board of Directors

Dhanraj Mulki
Director
DIN: 08321516

Akhila Balachandar
Director
DIN: 07676670

Narender Pratap Singh
CFO

Rutika Nandwana
Company Secretary

Place: Mumbai
Date: May 2, 2021

Balamurugan PS
Manager

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

In Rs.

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
A. **CASH FLOW FROM OPERATING ACTIVITIES:**		
Profit/(Loss) before tax for the year	**(14,218,797)**	(14,781,089)
Adjustments for:		
Finance Cost	**53,608,141**	61,281,906
Depeciation	**48,079,053**	50,548,658
Movements in working capital:		
Decrease/(Increase) in other assets	**5,822,450**	(14,437,789)
Increase/(decrease) in trade and other payables	**(6,623,563)**	(9,734,250)
Cash generated from operations	**86,667,284**	72,877,436
Income taxes paid	**–**	–
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	**86,667,284**	72,877,436
B. **CASH FLOWS FROM INVESTING ATCIVITIES:**		
Purchase of fixed assets	**(695,869)**	1,350,219
Capital work-in-progress	**(1,302,498)**	1,713,966
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	**(1,998,367)**	3,064,185
C. **CASH FLOW FROM FINANCING ACTIVITIES:**		
Equity Share Capital		
Proceeds from borrowings	**(37,602,521)**	(10,683,939)
Finance cost	**(53,608,141)**	(61,281,906)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	**(91,210,662)**	(71,965,844)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(6,541,745)**	3,975,777
Cash and cash equivalents at the beginning of the year	**16,143,361**	12,167,584
Cash and cash equivalents at the end of the year	**9,601,616**	16,143,361

See accompanying notes forming part of the financial statements

In terms of our report attached.
For Sharma Ajay & Associates
Chartered Accountants
Firm Registration No. 017320N

Ajay Sharma
Partner
Membership Number: 090881

Place: Panchkula
Date: May 2, 2021

For and on behalf of the Board of Directors

Dhanraj Mulki
Director
DIN: 08321516

Akhila Balachandar
Director
DIN: 07676670

Narender Pratap Singh
CFO

Rutika Nandwana
Company Secretary

Place: Mumbai
Date: May 2, 2021

Balamurugan PS
Manager

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 Corporate Information

The Company was incorporated on January 9, 2012 (CIN:U45209 CH2012PTC033473) and is in the principle business of construction, maintenance & running of hotels, resorts, shopping malls, buildings and other commercial & residential apartments.

2 Significant accounting policies

(i) Statement of compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

(ii) Basis of preparation and presentation

The financial statements of the Company have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

(iii) Revenue recognition

Income from resorts include income from room rentals, food and beverages, etc. and is recognized when services are rendered.

(iv) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(v) Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted by the end of the reporting period. Since the company has commenced operations during the current year and has not generated any profit before tax, current tax is Nil.

(vi) Property, plant and equipment

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is measured at fair value and not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

PPE in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, commences when the assets are ready for their intended use.

Category of Asset	**Estimated useful lives**
Buildings (other than those mentioned below)	60 years
Plant & equipment	10 years
Furniture and Fixtures (other than those mentioned below)	10 years
Vehicles (other than those mentioned below)	8 years
Motor vehicles/other assets provided to employees	4/5 years
Office equipment	5 years

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(vii) Inventories

Inventories are carried at the lower of cost and net realizable value. Costs of inventories are determined on moving weighted average basis. Cost includes the purchase price, non-refundable taxes and delivery handling cost. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(viii) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(ix) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Classification of financial assets

Debt

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Debt instruments classified as FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. The Company has not designated any debt instrument as at FVTPL.

Equity

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

De-recognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included under 'Finance costs'.

De-recognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

(x) Cash flow statements

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby profit before extra-ordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the Company are segregated based on the available information.

(xi) Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note No. 3 - Tangible Assets

In Rs.

Description of Assets	Land - Freehold	Buildings - Freehold	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles - Freehold	Total
I. Gross Block							
Balance as at April 1, 2020	430,400,010	983,332,383	155,796,172	4,181,141	118,047,681	5,350,625	1,697,108,012
Additions	–	–	142,520	553,349	–	–	695,869
Disposals	–	–	–	–	–	–	–
Others (Reclassification)	–	–	–	–	–	–	–
Balance as at March 31, 2021	**430,400,010**	**983,332,383**	**155,938,692**	**4,734,490**	**118,047,681**	**5,350,625**	**1,697,803,881**
II. Accumulated depreciation and impairment for the year							
Balance as at April 1, 2020	–	42,855,262	46,577,252	2,362,789	37,956,377	1,773,650	131,525,331
Depreciation / amortisation expense for the year	–	16,388,873	15,769,950	887,635	14,363,767	668,828	48,079,053
Eliminated on disposal of assets	–	–	–	–	–	–	–
Others (reclassification)	–	–	–	–	–	–	–
Balance as at March 31, 2021	–	**59,244,135**	**62,347,202**	**3,250,424**	**52,320,144**	**2,442,478**	**179,604,384**
Net block (I-II)							
Balance as at March 31, 2021	**430,400,010**	**924,088,248**	**93,591,490**	**1,484,066**	**65,727,537**	**2,908,147**	**1,518,199,497**
Balance as at April 1, 2020	430,400,010	940,477,121	109,218,920	1,818,351	80,091,304	3,576,975	1,565,582,681

In Rs.

Description of Assets	Land - Freehold	Buildings - Freehold	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles - Freehold	Total
I. Gross Block							
Balance as at April 1, 2019	430,400,010	983,332,383	162,664,418	3,538,461	114,337,521	5,350,625	1,699,623,418
Additions	–	–	791,063	77,856	502,331	–	1,371,250
Disposals	–	–	(273,632)	–	(3,613,024)	–	(3,886,656)
Others (Reclassification)	–	–	(7,385,678)	564,824	6,820,854	–	–
Balance as at March 31, 2020	**430,400,010**	**983,332,383**	**155,796,172**	**4,181,141**	**118,047,681**	**5,350,625**	**1,697,108,012**
II. Accumulated depreciation and impairment for the year							
Balance as at April 1, 2019	–	26,466,389	29,585,421	1,686,333	23,298,896	1,104,822	82,141,861
Depreciation/amortisation expense for the year	–	16,388,873	18,473,751	599,277	14,417,928	668,828	50,548,658
Eliminated on disposal of assets	–	–	(97,591)	–	(1,067,596)	–	(1,165,188)
Others (Reclassification)	–	–	(1,384,329)	77,180	1,307,149	–	–
Balance as at March 31, 2020	–	42,855,262	46,577,252	2,362,789	37,956,377	1,773,650	131,525,331
Net block (I-II)							
Balance as at March 31, 2020	430,400,010	940,477,121	109,218,920	1,818,351	80,091,304	3,576,975	1,565,582,681
Balance as at April 1, 2019	430,400,010	956,865,993	133,078,997	1,852,129	91,038,624	4,245,803	1,617,481,557

Note No. 4 - Financial assets - Non-Current - Loans and Advances

In Rs.

Particulars	As At March 31, 2021	As At March 31, 2020
Deposits - Non-Current	**200,000**	200,000
	200,000	200,000

Note No. 5 - Other Non-Current Tax Assets

In Rs.

Particulars	As At March 31, 2021	As At March 31, 2020
Advance Income tax	**17,871,565**	23,339,145
(Net of provisions up to the reporting date)		
	17,871,565	23,339,145

Note No. 6 - Other assets - Non-Current

In Rs.

Particulars	As At March 31, 2021	As At March 31, 2020
Capital advances		
Capital advance	–	88,074
	–	88,074

Note No. 7 - Inventories (At lower of cost and net realisable value)

In Rs.

Particulars	As At March 31, 2021	As At March 31, 2020
Food, beverages and smokes	**1,247,991**	1,288,165
	1,247,991	1,288,165

Note No. 8 - Trade Receivables (Unsecured)

In Rs.

	As At March 31, 2021	As At March 31, 2020
Due for less than six months and within the next one year		
Considered good	**17,957,449**	19,906,202
	17,957,449	19,906,202

Note No. 9 - Cash and Bank Balances

In Rs.

Particulars	As At March 31, 2021	As At March 31, 2020
Cash and cash equivalents		
Cash at hand	**99,575**	72,816
Balances with banks	**9,502,041**	16,070,545
	9,601,616	16,143,361

Note No. 10 - Other assets - Current

In Rs.

Particulars	As At March 31, 2021	As At March 31, 2020
Advances other than capital advances		
Balances with government authorities (other than income taxes)	**2,386,477**	151,200
Prepaid Expenses	**1,874,904**	2,464,025
Other advances		
Advance to suppliers	**130,150**	54,176
	4,391,531	2,669,401

Note No. 11 - Equity Share Capital

Particulars	As At March 31, 2021 No. of shares	As At March 31, 2021 Rs.	As At March 31, 2020 No. of shares	As At March 31, 2020 Rs.
Authorised:				
Equity shares of Rs. 10 each with voting rights	**65,000,000**	**650,000,000**	65,000,000	650,000,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**65,000,000**	**650,000,000**	65,000,000	650,000,000
	65,000,000	**650,000,000**	65,000,000	650,000,000

11 a) Terms / rights attached to equity shares:

i) The Company has only one class of shares referred to as equity shares having a par value of Rs. 10/-. Each holder of equity share is entitled to one vote per share.

ii) Repayment of capital will be in proportion to the number of equity shares held.

11 b) Shares in the Company held by Holding Company and each shareholder holding more than 5% shares specifying the number of shares held.

Name of shareholder	No. of shares	% held as at March 31, 2021	No. of shares	% held as at March 31, 2020
Mahindra Holidays & Resorts India Limited (Holding Company)	**65,000,000**	**100.00%**	65,000,000	100.00%

11 c) The reconciliation of the number of shares outstanding as at March 31, 2021, March 31, 2020 is set out below:-

Particulars	As at March 31, 2021 No. of Shares	As at March 31, 2021 In Rs.	As at March 31, 2020 No. of Shares	As at March 31, 2020 In Rs.
Number of shares at the beginning	**65,000,000**	**650,000,000**	65,000,000	650,000,000
Add: Issued during the year	**–**	**–**	–	–
Number of shares at the end	**65,000,000**	**650,000,000**	65,000,000	650,000,000

Note No. 12 - Other Equity

In Rs.

Particulars	Retained earnings	Total
Balance at the beginning of the reporting period- April 1, 2020	171,437,292	171,437,292
Total Comprehensive income for the year	27,782,270	27,782,270
Balance at the end of the reporting period- March 31, 2021	**199,219,562**	**199,219,562**

Note No. 13 - Borrowings Non-current

In Rs.

Particulars	As At March 31, 2021	As At March 31, 2020
Secured Borrowings		
Loans from banks	**164,226,551**	295,398,631
	164,226,551	295,398,631

Loans from banks are secured by a hypothecation of current assets of the Company and mortgage of immovable property of the company. This loan is repayable by 2023 - 2024 and carries an interest rate @ 6M MCLR + 0.10%.

Note No. 14 - Other Financial Liabilities - Non-current

In Rs.

Particulars	As At March 31, 2021	As At March 31, 2020
Other Financial Liabilities Measured at Amortised Cost		
Other long term liabilities - Retention Money	**12,494,878**	13,150,699
	12,494,878	13,150,699

Note No. 15 - Provisions

In Rs.

Particulars	As At March 31, 2021	As At March 31, 2020
Provision for Employee Benefits		
Gratuity	**154,143**	–
Compensated Absences	**213,738**	–
	367,881	–

Note No. 16 - Deferred tax liabilities

In Rs.

Particulars	As At March 31, 2021	As At March 31, 2020
Tax effect of items constituting deferred tax liabilities		
Revaluation of freehold land	**20,814,933**	62,816,000
	20,814,933	62,816,000

Note No. 17 - Borrowings Current

In Rs.

Particulars	As At March 31, 2021	As At March 31, 2020
Unsecured Borrowings		
Loans from related parties	**380,012,247**	286,442,688
	380,012,247	286,442,688

This Loan carries an interest rate @ 8.75% per annum including interest of Rs. 350.12 Lakhs.

Note No. 18 - Trade Payables

In Rs.

Particulars	As At March 31, 2021	As At March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	**–**	–
Total outstanding dues of creditors other than micro enterprises and small enterprises	**7,575,025**	14,728,868
	7,575,025	14,728,868

Note No. 19 - Other Financial Liabilities - Current

In Rs.

Particulars	As At March 31, 2021	As At March 31, 2020
Employee Creditor	**56,172**	619,457
Current maturities of long term borrowings	**130,000,000**	130,000,000
Others		
- Other payables (Capital Creditors)	**–**	1,923,218
	130,056,172	132,542,675

Note No. 20 - Provisions

In Rs.

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Provision for Employee Benefits		
Gratuity	**336**	–
Compensated Absences	**75,791**	–
	76,127	–

Note No. 21 - Other Current Liabilities

In Rs.

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Statutory dues		
- taxes payable (other than income taxes)	**5,928,770**	2,729,298
	5,928,770	2,729,298

Note No. 22 - Revenue from Operations

In Rs.

Particulars	**Year Ended March 31, 2021**	Year Ended March 31, 2020
Income from resorts :		
Room Rentals	**111,575,990**	120,956,129
Food and Beverages	**32,034,925**	49,789,367
Wine and liquor	**630,220**	1,628,288
Holiday Activity	**1,421,779**	4,620,228
Others	**2,095,554**	5,776,155
	147,758,468	182,770,168

Note No. 23 - Other Income

In Rs.

Particulars	**Year Ended March 31, 2021**	Year Ended March 31, 2020
Interest Income		
On Income Tax Refund	**713,148**	
Old Vendors Writen Back	**1,546,268**	–
	2,259,416	–

Note No. 24 - Employee Benefits Expense

In Rs.

Particulars	**Year Ended March 31, 2021**	Year Ended March 31, 2020
Salaries and wages, including bonus	27,161,958	31,964,768
	27,161,958	31,964,768

Note No. 25 - Other Expenses

In Rs.

Particulars	**Year Ended March 31, 2021**	Year Ended March 31, 2020
Cost of food, beverages and smokes consumed		
Opening stock	**1,288,165**	1,444,724
Add: Purchases	**8,394,024**	13,788,408
Less: Closing stock	**1,247,991**	1,288,165
	8,434,197	13,944,968

In Rs.

Particulars	**Year Ended March 31, 2021**	Year Ended March 31, 2020
Operating Supplies	**5,846,345**	9,515,073
Power and Fuel	**7,459,810**	13,797,474
Rates and taxes	**646,298**	1,293,952
Travelling expenses	**1,720,930**	3,318,807
Auditors remuneration and out-of-pocket expenses		
As Auditors	**125,000**	125,000
Director's Fees	**–**	30,000
Consultancy Charges	**412,697**	140,659
Repairs and maintenance		
Buildings	**224,173**	1,027,449
Plant & equipment	**1,941,640**	620,926
Others	**3,612,438**	3,847,841
Communication	**192,909**	231,506
Printing and Stationary	**362,533**	695,335
Insurance	**1,450,403**	1,593,165
Service Charges	**1,674,601**	1,995,407
Miscellaneous	**1,283,554**	1,578,364
	35,387,530	53,755,924

Note No. 26 - Earnings Per Share

In Rs.

Particulars	**For the year ended March 31, 2021**	For the year ended March 31, 2020
Basic and Diluted Earnings per share	**(0.22)**	(0.23)

Particulars	**For the year ended March 31, 2021**	For the year ended March 31, 2020
Profits used in the calculation of basic earnings per share and diluted earnings per share from continuing operations	**(14,218,797)**	(14,781,089)
Weighted average number of equity shares	**65,000,000**	65,000,000
Earnings per share from continuing operations - Basic and Diluted	**(0.22)**	(0.23)

Note No. 27 - Categories of financial assets and financial liabilities

In Rs.

Particulars	As at March 31, 2021 Amortised Cost	Total
Non- Current Assets		
Loans	**200,000**	**200,000**
Current Assets		
Trade Receivables	**17,957,449**	**17,957,449**
Cash & Bank balances	**9,601,616**	**9,601,616**
Non-current Liabilities		
Borrowings	**164,226,551**	**164,226,551**
Other Financial Liabilities		
- Non Derivative Financial Liabilities	**12,862,759**	**12,862,759**
Current Liabilities		
Borrowings	**380,012,247**	**380,012,247**
Trade Payables	**7,575,025**	**7,575,025**
Other Financial Liabilities		
- Non Derivative Financial Liabilities	**130,132,299**	**130,132,299**

In Rs.

Particulars	As at March 31, 2020 Amortised Cost	Total
Non- Current Assets		
Loans	200,000	200,000
Current Assets		
Trade Receivables	19,906,202	19,906,202
Cash & Bank balances	16,143,361	16,143,361
Non-current Liabilities		
Borrowings	295,398,631	295,398,631
Other Financial Liabilities		
- Non Derivative Financial Liabilities	13,150,699	13,150,699
Current Liabilities		
Borrowings	286,442,688	286,442,688
Trade Payables	14,728,868	14,728,868
Other Financial Liabilities		
- Non Derivative Financial Liabilities	132,542,675	132,542,675

Note No. 28 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

The fair value of the financial assets and financial liabilties that are not measured at fair value closely approximates the carrying value as disclosed below:

In Rs.

Particulars	March 31, 2021 Carrying amount	March 31, 2021 Fair value	March 31, 2020 Carrying amount	March 31, 2020 Fair value
Financial assets				
Loans	**200,000**	**200,000**	200,000	200,000
Trade Receivables	**17,957,449**	**17,957,449**	19,906,202	19,906,202
Cash & Bank balances	**9,601,616**	**9,601,616**	16,143,361	16,143,361
Total	**27,759,064**	**27,759,064**	36,249,563	36,249,563

In Rs.

Particulars	March 31, 2021 Carrying amount	March 31, 2021 Fair value	March 31, 2020 Carrying amount	March 31, 2020 Fair value
Financial liabilities				
Borrowings	**544,238,798**	**544,238,798**	581,841,319	581,841,319
Other long term liabilities	**12,862,759**	**12,862,759**	13,150,699	13,150,699
Trade Payables	**7,575,025**	**7,575,025**	14,728,868	14,728,868
Other current financial liabilities	**130,132,299**	**130,132,299**	132,542,675	132,542,675
Total	**694,808,881**	**694,808,881**	742,263,561	742,263,561

Note No. 29 - Segment information

The Company is primarily engaged in the business of maintenance & running of resorts and related services in India. As such, the Company operates in a single segment and there are no separate reportable segments. The same is consistent with the information reviewed by the chief operating decision maker (CODM).

Note No. 30 - Related Party Transactions

(i) Names of related parties and nature of relationship where control exists:

Nature of Relationship	Name of the Related Party
Holding Company	Mahindra Holidays & Resorts India Limited
Fellow Associate	Guestline Hospitality Management and Developement Service Limited
Fellow Associate	Mahindra Hotels & Resorts Limited

Key Managerial Personnel

Narender Pratap Singh - Chief Financial Officer
Balamurugan PS - Manager
Rutika Nandwana - Company Secretary

(ii) Related Party Transactions and balances

In Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
<u>**Holding company**</u>		
Transactions during the year:		
ICD received	**81,000,000**	104,000,000
ICD repaid	–	–
Interest on ICD	**27,102,226**	18,455,926
Share Capital	–	–
Manpower deputation	**9,968,444**	11,379,906
Sale of services	**95,278,848**	100,869,390
<u>**Fellow Associate**</u>		
Transactions during the year:		
Advance Given for services	–	718,660
Advance repaid for services	–	2,119,100
<u>**Holding company**</u>		
Balances as at:		
ICD received	**380,012,247**	286,442,687
Trade payables	–	9,901,079
Trade Receivables	**18,257,927**	15,694,448

Note No. 31 - Capital Work in Progress

In Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the reporting period	–	1,713,966
Add: Cost of contruction during the year	1,302,498	–
Interest on loan		
Expensed out during the year	–	(1,351,646)
Transferred to fixed Assets	–	(362,320)
Balance at the end of the reporting period	**1,302,498**	–

Note No. 32 - Capital Commitment

In Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
Estimated amount of Contracts remaining to be executed on capital account and not provided for net of advances	–	–
	–	–

Note No. 33 - Revaluation of land

As at September 30, 2018, the Company has changed its accounting policy with respect to measurement of freehold land. According to the revised policy, freehold land is revalued and measured at fair value, based on periodic valuation done by external independent valuer using market approach. Any revaluation surplus is recorded in OCI and credited to revaluation reserve in other equity. This revaluation surplus is not available for distribution to shareholders.

Particulars	In Rs.
Revaluation surplus as at March 31, 2019	302,000,000
Deferred tax on the above revaluation	(62,816,000)
As at March 31, 2019	**239,184,000**

The carrying amount of freehold land as at March 31, 2019 under cost and revaluation model are given below:

Block of asset	Revaluation Model	Cost Model
Freehold Land	430,400,010	128,400,010

Deferred Tax Liability is reversed based on Indexed Value of Land amounting to Rs.42,001,067 as on March 31, 2021, accordingly Deferred Tax Liability in Financials as on March 31, 2021 is Rs. 20,814,933

Note No. 34 - Employee benefits

(a) Defined Contribution Plan

The Group's contribution to Provident Fund and Superannuation Fund aggregating Rs. 950,868 (2020: Rs. 1,321,969) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans (Gratuity)

The Company does not have a funded Gratuity Scheme for its employees and gratuity liability has been provided based on the actuarial valuation done at the year end. The Gratuity scheme of the Company is not funded.

Defined benefit plans – as per actuarial valuation on March 31, 2021 and March 31, 2020:

Particulars	Unfunded Plan Gratuity 2021	2020
Ia. Expense recognised in the Statement of Profit and Loss for the year ended March 31:		
Current service cost	154,479	–
Net Interest cost	–	–
Components of defined benefit costs recognised in profit & loss	**154,479**	–
Ib. Included in other Comprehensive Income		
Difference between actual and expected return on plan assets	–	–
Actuarial (Gain)/Loss on account of :		
Demographic Assumptions	–	–
Financial Assumptions	–	–
Experience Adjustments	–	–
Components of defined benefit costs recognised in other comprehensive income	–	–
I. Net Liability recognised in the Balance Sheet as at March 31:		
1. Present value of defined benefit obligation as at March 31	–	–
2. Fair value of plan assets as at March 31	154,479	–
3. Deficit	–	–
	(154,479)	–
II. Change in the obligation during the year ended March 31:		
Present value of defined benefit obligation at the beginning of the year	–	–
Expenses Recognised in the Statement of Profit and Loss		
– Current Service Cost	154,479	–
– Interest Expense (Income)	–	–
Recognised in Other Comprehensive Income		
Actuarial Gain (Loss) arising from:		
Change in Demographic Assumptions	–	–
Financial Assumptions	–	–
Experience Adjustments	–	–
Benefit payments	–	–
Present value of defined benefit obligation at the end of the year	**154,479**	–

The significant actuarial assumptions (estimated for adequate coverage of the obligation on a prudent basis), are as under:

Particulars	Valuation as at	
	March 31, 2021	March 31, 2020
Discount rate(s)	5.18%	–
Expected rate(s) of salary increase	5.00%	–
Expected rate of return on plan assets	–	–
Attrition	25.00%	–
Mortality table	IALM 2006-08	–

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	2020-2021	0.50%	(3,444)	3,585
	2019-2020	0.50%	–	–
Salary growth rate	2020-2021	0.50%	3,574	(3,466)
	2019-2020	0.50%	–	–
Attrition rate	2020-2021	0.50%	(1,878)	1,896
	2019-2020	0.50%	–	–
Mortality rate	2020-2021	0.50%	8	(7)
	2019-2020	0.50%	–	–

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous period.

III. Maturity profile of defined benefit obligation:

Particulars	2021	2020
Within 1 year	336	–
1 - 2 year	19,948	–
2 - 3 year	28,549	–
3 - 4 year	26,675	–
4 - 5 year	26,742	–
> 5 years	97,950	–

The weighted average duration of the defined benefit obligation as at March 31, 2021 is 3 years (2020: 3 years)

IV. Experience Adjustments:

Particulars	Period Ended				
	2021	**2020**	**2019**	2018	2017
	Gratuity				
Defined Benefit Obligation	154,479	–	–	–	–
Fair value of plan assets	–	–	–	–	–
Surplus/(Deficit)	(154,479)	–	–	–	–
Experience adjustment on plan liabilities [(Gain)/Loss]	–	–	–	–	–
Experience adjustment on plan assets [Gain/(Loss)]	–	–	–	–	–

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(c) Defined Benefit Plans (Compensated absences)

The amount recognized as an expense in respect of Compensated absences is Rs 401,597 (Previous Year: Rs 128,644).

Note No. 35 - Others

1. The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite period of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.
2. As on March 31, 2021, based on facts and circumstances existing as of that date, at present the Company does not anticipate any material uncertainties on account of COVID-19 outbreak which affects its liquidity position and also ability to continue as going concern. However Revenue in future is total depend on the Govt. Policies and Lock down period for the industries.

In terms of our report attached.
For Sharma Ajay & Associates
Chartered Accountants
Firm Registration No. 017320N

Ajay Sharma
Partner
Membership Number: 090881

Place: Panchkula
Date: May 2, 2021

For and on behalf of the Board of Directors

Dhanraj Mulki
Director
DIN: 08321516

Akhila Balachandar
Director
DIN: 07676670

Narender Pratap Singh
CFO

Rutika Nandwana
Company Secretary

Place: Mumbai
Date: May 2, 2021

Balamurugan PS
Manager

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HERITAGE BIRD (M) SDN. BHD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Heritage Bird (M) Sdn. Bhd., which comprise the statement of financial position as at March 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages herein.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Private Entities Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

LLOYDS EARLE	**DATUK K.**
PANICKER & TAN	**K. PANICKER**
A.F. 0604	761/03/23(J)
Chartered Accountants	*Chartered Accountant*

Place : Kuala Lumpur.
Dated : April 21, 2021

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

	Note	2021 RM	2020 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	7	**3,656,414**	3,756,076
		3,656,414	3,756,076
Current Assets			
Trade receivables	8	**240,000**	300,000
Non-trade receivables		**825**	2,655
Cash at bank		**387,035**	71,842
		627,860	374,497
TOTAL ASSETS		**4,284,274**	4,130,573
EQUITY AND LIABILITIES			
Equity			
Share capital	9	**300,002**	300,002
Accumulated losses		**(199,344)**	(413,167)
Total Equity		**100,658**	(113,165)
Non-Current Liabilities			
Amount due to holding company	10	**4,082,502**	4,041,174
Current Liabilities			
Non-trade payables		**68,908**	83,343
Amount due to directors	11	**14,000**	21,000
Tax payable		**18,206**	98,221
		101,114	202,564
Total Liabilities		**4,183,616**	4,243,738
TOTAL EQUITY AND LIABILITIES		**4,284,274**	4,130,573

The accompanying notes are an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2021

	Note	2021 RM	2020 RM
Revenue	12	**720,000**	720,000
Cost of sales		**(46,800)**	(46,800)
Gross profit		**673,200**	673,200
Administration expenses		**(218,525)**	(202,370)
Profit from operations	13	**454,675**	470,830
Finance costs	14	**(184,000)**	(184,000)
Net profit before taxation		**270,675**	286,830
Taxation	15	**(56,852)**	(92,987)
Total comprehensive income for the year		**213,823**	193,843

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

	2021 RM	2020 RM
Cash Flows From Operating Activities		
Net profit before taxation	**270,675**	286,830
Adjustment :-		
Depreciation of property, plant and equipment	**99,662**	99,662
Interest on loan	**184,000**	184,000
Operating profit before working capital changes	**554,337**	570,492
Changes in receivables	**61,830**	(242,655)
Changes in payables	**(14,436)**	7,602
Cash generated from operations	**601,731**	335,439
Tax paid	**(136,866)**	(63,686)
Net cash from operating activities	**464,865**	271,753
Cash Flows From Investing Activities	**–**	–
Cash Flows From Financing Activities		
Amount due to holding company	**41,328**	(136,983)
Interest paid to holding company	**(184,000)**	(184,000)
Amount due to directors	**(7,000)**	7,000
Net cash used in financing activities	**(149,672)**	(313,983)
Net increase/(decrease) in cash and cash equivalents	**315,193**	(42,230)
Cash and cash equivalents brought forward	**71,842**	114,072
Cash and cash equivalents carried forward	**387,035**	71,842

Note:

Cash and cash equivalent at the end of the year comprises:

	2021 RM	2020 RM
Cash at bank	**387,035**	71,842

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

	Share Capital RM	Accumulated Losses RM	Total RM
March 31, 2021			
Balance as at March 31, 2021	300,002	(413,167)	(113,165)
Total comprehensive income for the year	–	213,823	213,823
Balance as at March 31, 2021	**300,002**	**(199,344)**	**100,658**
March 31, 2020			
Balance as at March 31, 2019	300,002	(607,010)	(307,008)
Total comprehensive income for the year	–	193,843	193,843
Balance as at March 31, 2020	300,002	(413,167)	(113,165)

DETAILED INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	2021	2020
	RM	RM
Revenue	**720,000**	720,000
Less: Cost of Sales	**(46,800)**	(46,800)
Gross Profit	**673,200**	673,200
Less: Expenditure		
Administration expenses		
Accountancy fee	**48,000**	48,000
Assessment and quit rent	**4,256**	2,597
Audit fee	**24,800**	18,000
Bank charges	**120**	269
Depreciation of property, plant and equipment	**99,662**	99,662
Directors' fee	**14,000**	14,000
Fine & penalty	**8,885**	123
Forex loss	**–**	40
Insurance	**338**	1,811
Printing and stationery	**116**	2,689
Professional fee	**3,313**	5,400
Secretarial fees and charges	**3,180**	3,536
Service tax	**3,184**	3,019
Sewerage charges	**7,378**	–
Travelling charges	**210**	1,065
Water charges	**1,083**	2,159
	218,525	202,370
Finance Costs		
Interest on loan	**184,000**	184,000
Net Profit for the Year	**270,675**	286,830

NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2021

1. **General Information**

The Company is a private company, incorporated and domiciled in Malaysia. The registered office is situated at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor, and its principal place of business is located at 3A07, Block B, Phileo Damansara II, 15 Jalan 16/11, Off Jalan Damansara, 46350 Petaling Jaya, Selangor.

The Company's principal activities are holding of investment properties and lease rental.

The financial statements of the Company are presented in Ringgit Malaysia (RM).

2. **Compliance With Financial Reporting Standards and the Companies Act, 2016**

The financial statements have been prepared in compliance with the Malaysian Private Entities Reporting Standard (MPERS) issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Malaysian Companies Act, 2016.

3. **Basis of Preparation**

The financial statements of the Company have been prepared using cost basis which include historical cost, amortised cost, and lower of cost and net realisable value and fair value bases which include fair value basis and fair value less costs to sell basis.

Management has used estimates and assumptions in measuring the reported amounts of assets and liabilities at the end of the reporting year and the reported amounts of revenues and expenses during the reporting year. Judgements and assumptions are applied in measurement, and hence, the actual results may not coincide with the reported amounts. The areas involving significant judgements and estimation uncertainties are disclosed in Note 6.

4. **Significant Accounting Policies**

a) **Property, plant and equipment**

Operating tangible assets that are used for more than one accounting period in the production and supply of goods and services, for administrative purposes or for rental to others are recognised as property, plant and equipment when the Company obtains control of the asset. These include assets constructed or acquired for environmental protection purposes and investment property measured on the cost model. The assets, including major spares, stand-by equipment and servicing equipment, are classified into appropriate classes based on their nature. Any subsequent replacement of a significant component in an existing asset is capitalised as a new component in the asset and the old component is derecognised.

All property, plant and equipment are initially measured at cost. For a purchased asset, cost comprises purchase price plus all directly attributable costs incurred in bringing the asset to its present location and condition for management's intended use. For a self-constructed asset, cost comprises all direct and indirect costs of construction (including provision for restoration and cost of major inspection) but excludes internal profits. For an exchange of non-monetary asset that has a commercial substance, cost is measured by reference to the fair value of the asset received. For an asset transferred from a customer or a grantor, cost is measured by reference to the fair value of the asset.

All property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are depreciated by allocating the depreciable amount of significant component or of an item over the remaining useful life. The depreciation methods used and the useful lives of the respective classes of property, plant and equipment are as follows:

	Method	**Useful life (years)**
Furniture and fittings	Straight-line	5
Building	Straight-line	50

At the end of each reporting period, the residual values, useful lives and depreciation methods for the property, plant and equipment are reviewed for reasonableness. Any changes in estimate of an item is adjusted prospectively over its remaining useful life, commencing in the current period.

b) **Impairment of non-financial assets**

An impairment loss arises when the carrying amount of a Company's asset exceeds its recoverable amount.

At the end of each reporting date, the Company assesses whether there is any indication that a stand-alone asset or a cash-generating unit may be impaired by using external and internal sources of information. If any such indication exists, the Company estimates the recoverable amount of the asset or cash-generating unit.

If an individual asset generates independent cash inflows, it is tested for impairment as a stand-alone asset. If an asset does not generate independent cash inflows, it is tested for impairment together with other assets in a cash generating unit at the lowest level in which independent cash inflows are generated and monitored for internal management purposes.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and the value in use. The Company determines the fair value less costs to sell of an asset or a cash-generating unit in a hierarchy based on: (i) price in a binding sale agreement; (ii) market price traded in an active market; and (iii) estimate of market price using the best available information. The value in use is estimated by discounting the net cash inflows (by an appropriate discount rate) of the asset or unit, using reasonable and supportable management's budgets and forecasts of five years and extrapolation of cash inflows for periods beyond the five-year forecast or budget.

For an asset measured on a cost-based model, any impairment loss is recognised in the profit or loss. For a property, plant and equipment measured on the revaluation model, any impairment loss is treated as a revaluation decrease.

For a cash-generating unit, any impairment loss is first allocated to reduce the carrying amount of goodwill allocated to the unit, if any, and the balance of the impairment loss is then allocated to the other assets of the unit pro rata based on the relative carrying amounts of the assets.

The Company reassesses the recoverable amount of an impaired asset or a cash-generating unit if there is any indication that an impairment loss recognised previously may have reversed.

Any reversal of impairment loss for an asset carried at a cost-based model is recognised in profit or loss, subject to the limit that the revised carrying amount does not exceed the amount that would have been determined had no impairment loss been recognised previously.

c) **Share capital and distribution**

(i) Share capital

Ordinary shares issued that carry no put option and no mandatory contractual obligation: (i) to deliver cash or another financial asset; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, are classified as equity instruments.

When ordinary shares and other equity instruments are issued in a private placement or in a rights issue to existing shareholders, they are recorded at the issue price. For ordinary shares and other equity instruments issued in exchange for non-monetary assets, they are measured by reference to the fair values of the assets received.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at fair value at the date of the exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax effect.

(ii) Distributions

Distributions to holders of an equity instrument are recognised as equity transactions and are debited directly in equity, net of any related income tax effect.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, including a distribution in specie, the Company measures the dividend payable at the fair value of the assets to distributed. At the end of each reporting period and at the date of settlement, the Company reviews and adjusts the carrying amount of the dividend payable to reflect changes in the fair value of the assets to be distributed, with any changes recognised in equity as adjustments to the amount of the distribution. Upon settlement, the difference between the carrying amount of the dividend payable and the carrying amount of the assets distributed is recognised as a gain or loss in profit or loss.

d) Financial instrument

(i) Initial recognition and measurement

The Company recognises a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial assets and financial liabilities are measured at fair value, which is generally the transaction price, plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(ii) Derecognition of financial instrument

For derecognition purposes, the Company first determines whether a financial asset or a financial liability should be derecognised in its entirely as a single item or derecognised part-by-part of a single item or a group of similar items.

A financial asset is derecognised when, and only when, the contractual rights to receive the cash flows from the financial assets expire, or when the Company transfers the contractual rights to receive cash flows of the financial asset, including circumstances when the Company acts only as a collecting agent of the transferee, and retains no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged, cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Company considers a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate differs by 10% or more than compared with the carrying amount of the original liability.

(iii) Subsequent measurement of financial assets

For the purpose of subsequent measurement, the Company classifies financial assets into two categories namely (i) financial assets at fair value through profit or loss; and (ii) financial assets at amortised cost.

After initial recognition, the Company measures investments in quoted preference shares, quoted ordinary shares and derivatives that are assets at their fair values by reference to the active market prices, if observable, or otherwise by a valuation technique, without any deduction for transaction costs it may incur on sale or other disposal.

Investments in debt instruments, whether quoted or unquoted, are subsequently measured at amortised cost using the effective interest method. Investments in unquoted equity instruments and whose fair value cannot be reliably measured are measured at cost.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 4(d)(vii).

(iv) Subsequent measurement of financial liabilities

After initial recognition, the Company measures all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives instruments that are liabilities and financial guarantee contracts, which are measured at fair value.

(v) Fair value measurement of financial instruments

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique using reasonable and supportable assumptions.

(vi) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss only when the financial assets or liability is derecognised or impaired, and through the amortization process of the instrument.

(vii) Impairment and uncollectibility of financial assets

At the end of each reporting year, the Company examines whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidences of trigger loss events include: (i) significant difficulty of the issuer or obligor; (ii) a breach of contract, such as a default or delinquency in interest or principal payments; (iii) granting exceptional concession to a customer; (iv) it is probable that a customer will enter bankruptcy or other reorganization; (v) the disappearance of an active market for that financial asset because of financial difficulties; or (vi) any observable market data indicating that there may be a measurable decrease in the estimated future cash flows from a group of financial assets.

For a non-current loan and receivable carried at amortised cost, the revised estimated cash flows are discounted at the original effective interest rate. Any impairment loss is recognised in profit or loss and a corresponding amount is recorded in a loss allowance account. Any subsequent reversal of impairment loss of the financial asset is reversed in profit or loss with a corresponding adjustment to the loss allowance account, subject to the limit that the reversal should not result in the revised carrying amount of the financial asset exceeding the amount that would have been determined had no impairment loss been recognised previously.

For short-term trade and other receivables, where the effect of discounting is immaterial, impairment loss is tested for each individually significant receivable wherever there is any indication of impairment. Individually significant receivables for which no impairment loss is recognised are grouped together with all other receivables by classes based on credit risk characteristics and aged according to their past due year. A collective allowance is estimated for a class group based on the Company's experience of loss ratio in each class, taking into consideration current market conditions.

For an unquoted equity investment measured at cost less impairment, the impairment is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the Company expects to receive for the assets if it were sold at the reporting date. The Company may estimate the recoverable amount using an adjusted net asset value approach.

e) **Related parties**

Related parties refer to persons connected to the directors and/or shareholders of the Company, and companies in which the directors and/or shareholders or persons connected to the said directors and/or shareholders have substantial equity interest.

f) **Cash and cash equivalents**

Cash comprises cash at bank.

g) **Provisions**

The Company recognises a liability as a provision if the outflows required to settle the liability are uncertain in timing or amount.

A provision for warranty costs, restoration costs, restructuring costs, onerous contracts or lawsuit claims is recognised when the Company has a present legal or constructive obligation as a result of a past event, and of which the outflows of resources on settlement are probable and a reliable estimate of the amount can be made. No provision is recognised if these conditions are not met.

Any reimbursement attributable to a recognised provision from a counterparty (such as an insurer) is not off-set against the provision but recognised separately as an asset when, and only when, the reimbursement is virtually certain.

A provision is measured at the best estimate of the expenditure required to settle the present obligation at the end of the reporting year. For a warranty provision, a probability-weighted expected outcome of the resources required to settle the obligation is applied, taking into account the Company's experiences of similar transactions and supplemented with current facts and circumstances. For a restoration provision, where a single obligation is being measured, the Company uses the individual most likely outcome as the best estimate of the liability by reference to current prices that contractors would charge to undertake such obligations, and taking into account likely future events that may affect the amount required to settle an obligation.

For an onerous contract, provision is measured based on the amount by which costs to fulfil the contract exceed the benefits. For a lawsuit provision, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advices of legal experts.

A provision is measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects the time value of money and the risk that the actual outcome might differ from the estimate made. The unwinding of the discount is recognised as an interest expense.

h) **Foreign currency transactions and balances**

Transactions denominated in foreign currencies are translated and recorded at the rates of exchange prevailing at the respective dates of transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the period (i.e. the closing rates). Non-monetary items carried at revalued amounts or at fair values that are denominated in foreign currencies are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items that are measured at their historical cost amounts continue to be translated at their respective historical rates and are not retranslated.

All exchange differences arising on settled transactions and on unsettled monetary items are recognised in profit or loss in the period except for: (i) loans and advances that form part of the net investment in a foreign operation; and (ii) transactions entered into in order to hedge foreign currency risks of net investments in foreign operations.

i) **Tax Assets and Tax Liabilities**

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability (asset) is measured at the amount the equity expects to pay (recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that to not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying property, plant and equipment. However, for deductible temporary differences related to investments in subsidiaries and branches, a deferred tax asset is recognised to the extent, and only to the extent that, it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which an entity in the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. For an investment property measured at fair value, if the owner-entity of the Group does not have a business model to hold the property solely for rental income, the deferred tax liability on the fair value gain is measured based on the presumption that the property is recovered through sale at the end of the reporting period.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period, except to the extent that the tax arises from items recognised outside profit or loss. For an income or expense item recognised in other comprehensive income, the current or deferred tax expense or tax income is recognised in other comprehensive income. For items recognised directly in equity, the related tax effect is also recognised directly in equity. Deferred tax assets and liabilities arising from a business combination, including tax effects of any fair value adjustment, are recognised as part of the net assets acquired.

j) Revenue recognition

The Company measures revenue from a sale of goods or service transaction at the fair value of the consideration received or receivable, which is usually the invoice price, net of any trade discounts and volume rebates given to a customer in a sale or service transaction.

Revenue from a sale of goods is recognised when: (a) the Company has transferred to the buyer the significant risk and rewards of ownership of the goods; (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (c) the amount of the revenue can be measured reliably; (d) it is probable that economic benefits associated with the transaction will flow to the Company; and (e) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

k) Fair Value Measurement

For assets, liabilities and equity instruments whether financial or non-financial items that require fair value measurement disclosure, the Company establishes a fair value measurement hierarchy that gives the highest priority to quoted prices (unadjusted) in active markets for identical assets, liabilities or equity instruments and the lowest priority to unobservable inputs.

A fair value measurement of an item is estimated using a quoted price in an active market if that price is observable. The active market is the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; and for which the Company can enter into a transaction for the asset or liability at the price in that market at the measurement date.

In the absence of an active market price, the fair value of an item is estimated by an established valuation technique using inputs from the marketplace that are observable for substantially the full term of the asset or liability.

5. Financial Risk Management Policies

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its risks. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Company and the policy in respect of the major areas of treasury activity are set out as follows:

a) Liquidity and cash flow risks

The Company ensures that there are adequate funds to meet all its obligations in a timely and cost-effective manner.

b) Foreign currency risk

The Company is exposed to foreign currency risk as a result of its normal trading activities, where the currency denomination differs from the local currency, Ringgit Malaysia (RM). The Company manages its exposure to foreign currency risk by monitoring fluctuations in foreign exchange and by timing its payments in foreign currencies accordingly.

c) Credit risk

Credit risk is controlled by monitoring procedures and by internal credit review where credit risk is material.

d) Interest rate risk

The Company's interest rate exposure arises principally from the borrowings. The interest rate risk is managed through the use of fixed and floating rate financial instruments.

Apart from the above, the Company does not face any material financial risks in other areas such as market risk, etc.

6. Critical Judgement and Estimation Uncertainty

The preparation of the financial statements in conformity with Malaysian Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in the future periods effected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

a) Loss allowances of financial assets

The Company recognises impairment losses for loans and receivables using the incurred loss model. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Company's past experiences of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Company's financial position and results.

b) Depreciation of property, plant and equipment

The cost of an item of property, plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

c) Measurement of income taxes

Significant judgement is required in determining the Company's provision for current and deferred taxes because the ultimate tax liability for the Company as a whole is uncertain. When the final outcome of the taxes payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Company will adjust for the differences as over or under provision of current or deferred taxes in the current period in which those differences arise.

d) Measurement of a provision

The Company uses a "best estimate" as the basis for measuring a provision. Management evaluates the estimates based on the Company's historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. In the case when a provision relates to large population of customers (such as a warranty provision), a probability- weighted estimate of the outflows required to settle the obligation is used. In the case of a single estimate (such as a provision for environmental restoration costs), a referenced contractor's price or market price or market price is used as the best estimate. If an obligation is to be settled overtime, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made.

7. Property, Plant and Equipment

	Leasehold Properties	Furniture and Fittings	Total
	RM	**RM**	**RM**
Gross Carrying Amount:			
At April 1, 2020	4,941,100	54,454	4,995,554
Additions	–	–	–
At March 31, 2021	**4,941,100**	**54,454**	**4,995,554**
Accumulated Depreciation:			
At April 1, 2020	1,185,864	53,614	1,239,478
Charge for the year	98,822	840	99,662
At March 31, 2021	**1,284,686**	**54,454**	**1,339,140**
Net Book Value at April 1, 2020	3,755,236	840	3,756,076
Net Book Value at March 31, 2021	**3,656,414**	**–**	**3,656,414**

Strata-titles in respect of the lease properties are expected to be received from the relevant authorities.

8. Trade Receivables

	2021	2020
	RM	RM
Holding Company	**240,000**	300,000

9. Share Capital

	2021		2020	
	No. of shares	**RM**	No. of shares	RM
Issued and fully paid ordinary shares:-				
Balance b/f	**300,002**	**300,002**	300,002	300,002
Issued during the year	**–**	**–**	–	–
Balance c/f	**300,002**	**300,002**	300,002	300,002

10. Amount Due To Holding Company

The holding company is Mahindra Holidays & Resorts India Ltd., a company incorporated in India, which holds the entire issued and paid up capital of the Company.

The amount due to holding company, consisting of non-trade balances, is unsecured and bears interest at the rate of 4.6% p.a. (2020:4.6% p.a.). The amount due is extended on a year by year basis and is payable on demand.

11. Amount Due To Directors

The amount due to directors is RM 14,000 (2020: RM 21,000). The said amount is interest free, unsecured and without any fixed terms of repayment.

12. Revenue

Revenue represents income from lease rental and rental income receivable.

13. Profit From Operations

The following items have been charged in arriving at profit from operations:-

	2021	2020
	RM	RM
Audit fee	**24,800**	18,000
Assessment and quit rent	**4,256**	2,597
Depreciation of property, plant and equipment	**99,662**	99,662
Directors' fee	**14,000**	14,000

14. Finance Costs

	2021	2020
	RM	RM
Interest expense on loan from holding company	**184,000**	184,000

15. Taxation

	2021	2020
	RM	RM
Current year provision	**88,206**	92,987
Over provision in prior years	**(31,354)**	–
	56,852	92,987

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2021	2020
	RM	RM
Profit before taxation	**270,675**	286,830
Tax at statutory income tax rate of 24% (2020: 24%)	**64,962**	68,839
Tax effect of expenses that are not deductible for tax purposes	**23,244**	30
Over provision in prior years	**(31,354)**	24,118
	56,852	92,987

16. Related Party Transactions

	2021	2020
	RM	RM
Revenue	**(720,000)**	(720,000)
Interest on loan	**184,000**	184,000

The directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on a negotiated basis.

17. Employees

The number of employees of the Company as at March 31, 2021 is Nil (2020 : Nil).

18. Date of Authorisation for Issue of the Financial Statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on April 21, 2021.

Signature :

Place : Mumbai

Dated : April 21, 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Infinity Hospitality Group Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Infinity Hospitality Group Company Limited (the Company), which comprise the statement of financial position as at March 31, 2021, the statement of income and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Federation of Accounting Profession's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Mr. Pongteera Chainsakultam)

Certified Public Accountant Registration No. 9387

Cover Biz Company Limited
April 26, 2021

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

ASSETS

Currency : Baht

	Notes	2021	2020
CURRENT ASSETS			
Cash and cash equivalents		**253,346.75**	2,337,580.81
Trade and other receivables	**5**	**2,140,110.70**	1,287,830.39
Inventory	**6**	**334,958.27**	293,374.43
Other current assets		**1,137,382.79**	1,557,948.30
TOTAL CURRENT ASSETS		**3,865,798.51**	5,476,733.93
NON-CURRENT ASSETS			
Property, plant and equipment	**7**	**201,564,490.73**	196,446,946.30
Intangible assets	**8**	**3,140.25**	36,505.80
Other non-current assets		**401,000.00**	408,673.80
TOTAL NON-CURRENT ASSETS		**201,968,630.98**	196,892,125.90
TOTAL ASSETS		**205,834,429.49**	202,368,859.83

The accompanying notes are an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021 (Continued)

LIABILITIES AND SHAREHOLDERS' EQUITY

Currency : Baht

	Notes	2021	2020
CURRENT LIABILITIES			
Short-term loan from financial institution	9	**44,000,000.00**	25,000,000.00
Trade and other payables	10	**1,875,282.28**	1,271,445.74
Current portion of Long-term loan	13	**134,000,000.00**	7,000,000.00
Other current liabilities	11	**122,534.14**	132,573.17
TOTAL CURRENT LIABILITIES		**179,997,816.42**	33,404,018.91
NON - CURRENT LIABILITIES			
Long-term loan	13	**–**	134,000,000.00
TOTAL NON - CURRENT LIABILITIES		**–**	134,000,000.00
TOTAL LIABILITIES		**179,997,816.42**	167,404,018.91
SHAREHOLDERS' EQUITY			
Authorized share capital			
1,500,000 ordinary shares of Baht 100 each		**150,000,000.00**	150,000,000.00
Issued and paid-up share capital			
1,500,000 ordinary shares of Baht 100 each		**150,000,000.00**	150,000,000.00
Retained earnings (Deficits)		**(124,163,386.93)**	(115,035,159.08)
TOTAL SHAREHOLDERS' EQUITY		**25,836,613.07**	34,964,840.92
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**205,834,429.49**	202,368,859.83

The accompanying notes are an integral part of the financial statements.

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	Notes	*Currency : Baht* **2021**	2020
REVENUES			
Revenue from rent and services		**16,293,273.24**	30,487,653.59
Other income		**88,580.19**	153,636.38
TOTAL REVENUES		**16,381,853.43**	30,641,289.97
EXPENSES			
Cost of rent and services		**10,208,215.32**	17,100,508.20
Selling expenses		**722,806.00**	2,251,230.94
Administrative expenses		**8,405,585.08**	13,381,535.91
TOTAL EXPENSES		**19,336,606.40**	32,733,275.05
EARNINGS BEFORE FINANCIAL COST		**(2,954,752.97)**	(2,091,985.08)
Financial cost		**(6,173,474.88)**	(6,619,624.48)
NET PROFIT/(LOSS)		**(9,128,227.85)**	(8,711,609.56)

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2021

Currency : Baht

	Notes	Issued and paid-up share capital	Retained earnings (Deficits)	Total
Beginning balance as of March 31, 2019		150,000,000.00	(106,323,549.52)	43,676,450.48
Changes in shareholders' equity for the period				
Net profit/(loss) for the period		–	(8,711,609.56)	(8,711,609.56)
Ending balance as of March 31, 2020		150,000,000.00	(115,035,159.08)	34,964,840.92
Changes in shareholders' equity for the period				
Net profit/(loss) for the period		–	(9,128,227.85)	(9,128,227.85)
Ending balance as of March 31, 2021		**150,000,000.00**	**(124,163,386.93)**	**25,836,613.07**

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

1 GENERAL INFORMATION

Company status

Infinity Hospitality Group Company Limited, "The Company", is a limited company under Thai Civil and Commercial Code and domiciled in Thailand. It was incorporated on May 6, 2005, with registration no. 0105548060791

Place of company

20, Soi Sukhumvit 7 (Lerdsin 2) , Sukhumvit Rd., North Klongtoey, Wattana, Bangkok, Thailand

Business and operation

The objective of the Company are services and rent of hotel, apartment, mansion and condominium.

2 CORONAVIRUS DISEASE 2019 PANDEMIC

The Covid-19 pandamic is impacting various businesses and industries. The exponential reduction in personal and business travel has imposed significant pressure on the hospitality industry resulting in lower occupancy and revenue per available room. This situation significantly affects the Company's business activities in terms of hotel business. The company had to temporarily suspend the hotel operations since March 2020 due to lockdown measures in order to prevent the spread of Covid-19 and a decrease in number of foreign and local tourists. The company is still unable return to its normal operations because the main client is foreign tourists. However the company have main service agreement with headquarter to support the current cash flows. The management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provision and contingent liabilities, and has used estimates and judgements in respect of various isssues as the situation has evolved .The management considered that there is no impairment and additional provision on this Covid-19 pandemic situation as of March 31, 2021.

3 BASIS OF FINANCIAL STATEMENT PREPARATION

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles and Thai Financial Reporting Standards for Non-Publicly Accountable Entities enunciated on Notification of Federation of Accounting Professions (FAP) no. 20 (B.E.2554) under the Accounting Profession Act B.E.2547 which is effective on the financial statements for fiscal year beginning on or after January 1, 2011.

The management of the Company assessed that there is no material effects of this standard for the period in which they are initially applied.

The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development; Define Financial statement abstract B.E.2554 dated September 28, 2011, issued under the Accounting Act B.E.2543 which is effective on the financial statements for fiscal year beginning on or after January 1, 2011.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

4 SUMMARIZED SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and cash equivalents

Cash and cash equivalents is consist of cash on hand and deposit at banks including time deposit and temporary investment which is not over than 3 months to maturity date excepted cash deposit with obligation.

4.2 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost being determined on first-in, first-out method. The Company determine to accrue provision for decline in value of inventories on deteriorated or obsolescent inventories.

4.3 Property, plant and equipment

Land are stated at cost, Building and Equipment are stated at cost less accumulated depreciation.

Depreciation is calculated by a straight-line method over their estimated useful life as follows:

	Useful life	
Land	–	Years
Building	20	Years
Improvement & Decoration	20-5	Years
Furniture, Fixture & Equipment	5	Years
General equipment	5	Years
Computer	3-5	Years

4.4 Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is calculated by reference to their costs on the straight-line basis over the expected future period, for which the assets are expected to generate economic benefit, as follows :

	Year life	
Computer software	3-5	Years

4.5 Employee benefits

Salaries, wages and contributions to the social security fund are recognized as expenses when incurred.

4.6 Provisions and contigent liabilities

The Company recognized provision in the best estimated amount of expenses which have to be paid on current obligation as at the end of accounting period.

4.7 Revenue and expenses recognition

Hotel revenues from rooms, food and beverage and other services are recognised when the rooms are occupied, food and beverage are sold and the services are rendered.

The company record other revenue and expenses base on accrual basis.

4.8 Income tax expense

The Company record income tax as expenses by calculating on profit and loss of tax regulation basis.

5 TRADE AND OTHER RECEIVABLES

Consist of: *Currency : Baht*

	2021	2020
Accounts Receivables - Trade	**4,607.96**	4,607.96
Allowance for doubtful accounts	**(4,607.96)**	–
Accrued income - related parties (Note 12)	**1,477,723.50**	673,714.80
Other account receivables - related parties (Note 12)	**418,061.00**	355,541.00
Prepaid expenses	**238,326.20**	235,966.63
Other receivable	**6,000.00**	18,000.00
Total	**2,140,110.70**	1,287,830.39

6 INVENTORY

Consist of: *Currency : Baht*

	2021	2020
Finished Goods	**334,958.27**	293,374.43
Total	**334,958.27**	293,374.43

7 PROPERTY, PLANT AND EQUIPMENT

Currency : Baht

Consist of:	Construction in Progress	Land	Building	Improvement & Decoration	Furniture, Fixture & Equipment	General Equipment	Computer	Vehicles	Total
Cost									
As at March 31, 2020	11,799,796.19	114,770,000.00	108,968,618.24	28,875,872.33	1,236,471.41	2,648,220.95	507,193.67	175,000.00	268,981,172.79
Acquisitions	–	–	–	12,972,124.95	–	41,566.65	1,757.01	–	13,015,448.61
Disposals	–	–	–	(1,528,945.98)	(187,735.33)	(42,789.26)	(112,998.22)	–	(1,872,468.79)
Adjustment/Reclassification	(11,799,796.19)	–	–	11,799,796.16	–	–	–	–	(0.03)
As at March 31, 2021	**–**	**114,770,000.00**	**108,968,618.24**	**52,118,847.46**	**1,048,736.08**	**2,646,998.34**	**395,952.46**	**175,000.00**	**280,124,152.58**
Accumulated depreciation									
As at March 31, 2020	–	–	65,989,679.11	2,657,251.05	865,697.74	2,415,082.75	431,516.84	174,999.00	72,534,226.49
Depreciation for the period	–	–	5,448,430.81	2,201,207.69	126,876.16	95,973.53	25,346.96	–	7,897,835.15
Depreciation on disposals	–	–	–	(1,528,922.98)	(187,701.33)	(42,784.26)	(112,991.22)	–	(1,872,399.79)
As at March 31, 2021	**–**	**–**	**71,438,109.92**	**3,329,535.76**	**804,872.57**	**2,468,272.02**	**343,872.58**	**174,999.00**	**78,559,661.85**
Net book value									
As at March 31, 2020	11,799,796.19	114,770,000.00	42,978,939.13	26,218,621.28	370,773.67	233,138.20	75,676.83	1.00	196,446,946.30
As at March 31, 2021	**–**	**114,770,000.00**	**37,530,508.32**	**48,789,311.70**	**243,863.51**	**178,726.32**	**52,079.88**	**1.00**	**201,564,490.73**

Depreciation for the period	
For the year ended March 31, 2020 (Included in cost and administrative expenses)	6,637,531.37
For the year ended March 31, 2021 (Included in cost and administrative expenses)	**7,897,835.15**

Security

At March 31, 2021 and 2020, the Company's properties, all Land and Buildings, with a net book value of Baht 152.30 and 157.75 million were subjected to secure loans from a financial institutions (see note 13).

8 INTANGIBLE ASSETS

Currency : Baht

Consist of:	Computer software	Total
Cost		
As at March 31, 2020	797,433.00	797,433.00
Acquisitions	–	–
Disposals	–	–
Adjustment/Reclassification	–	–
As at March 31, 2021	**797,433.00**	**797,433.00**
Accumulated amortisation		
As at March 31, 2020	760,927.20	760,927.20
Amortisation for the period	33,365.55	33,365.55
Depreciation on disposals	–	–
Adjustment/Reclassification	–	–
As at March 31, 2021	**794,292.75**	**794,292.75**
Net book value		
As at March 31, 2020	36,505.80	36,505.80
As at March 31, 2021	**3,140.25**	**3,140.25**
Amortisation for the period		
For the year ended March 31, 2020 (Included in administrative expenses)		52,510.17
For the year ended March 31, 2021 (Included in administrative expenses)		**33,365.55**

9 SHORT-TERM LOAN FROM FINANCIAL INSTITUTION

On November 21, 2019 (Revised on February 11, 2021), The Company has entered into Banking Facility Agreement for Short Term Loan of Baht 44 million which is available until March 31, 2021. The rate of interest on each Loan for each interest period is the rate of the sum of BIBOR plus the applicable Margin per annum.

The Company issued 3 months of promissory notes for above Banking Facility Agreement as following details:

Currency : Baht

	2021	2020
Opening Balance	**25,000,000.00**	–
Add: Loan received	**19,000,000.00**	25,000,000.00
Less: Repayment	**–**	–
Closing Balance	**44,000,000.00**	25,000,000.00

10 TRADE AND OTHER PAYABLES

Consist of:

Currency : Baht

	2021	2020
Trade payables	**181,629.97**	404,905.56
Advance received	**2,076.24**	13,116.24
Accrued interest expenses - Other	**177,107.32**	263,066.56
Accrued service charge	**–**	12,512.38
Accrued expenses - related parties (Note 12)	**1,268,874.00**	328,845.00
Accrued expenses	**245,594.75**	249,000.00
Total	**1,875,282.28**	1,271,445.74

NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

11 OTHER CURRENT LIABILITIES

Consist of:

Currency : Baht

	2021	2020
Unrealised output tax	**96,115.85**	42,794.79
Withholding tax payable	**13,064.29**	65,808.38
Social security tax payable	**13,354.00**	23,970.00
Total	**122,534.14**	132,573.17

12 RELATED PARTIES TRANSACTIONS

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Relationship with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Mahindra Holidays & Resorts India Limited	India	49% shareholder
MH Boutique Hospitality Limited	Thailand	51% shareholder

The Pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Revenue from rent and services	Contractually agreed rate
Corporate guarantee charged	Contractually agreed rate

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group were as follows:

Currency : Baht

	2021	2020
Income		
Mahindra Holidays & Resorts India Limited (Included VAT 7%)	**17,399,002.50**	19,021,320.45
Expenses		
Mahindra Holidays & Resorts India Limited	**940,029.00**	773,555.00
Receivable		
Mahindra Holidays & Resorts India Limited	**1,477,723.50**	673,714.80
MH Boutique Hospitality Limited	**418,061.00**	355,541.00
Payable		
Mahindra Holidays & Resorts India Limited	**1,268,874.00**	328,845.00

13 LONG-TERM LOAN

On February 6, 2017, The Company has entered into 5-Year Secured Committed Term Loan Facility of Baht 162,000,000 Facility Agreement with a financial institution. The rate of interest on each Loan for each interest period is the rate of the sum of BIBOR plus 2.10 percent per annum. Details of Loan are as follows:

Currency : Baht

	2021	2020
Long-term loan	**134,000,000.00**	141,000,000.00
Less: Current portion of Long-term borrowings	**(134,000,000.00)**	(7,000,000.00)
Net Long-term loan	**–**	134,000,000.00

Moving of long-term loan during the year ended March 31, 2021 and 2020 are as follows:

Currency : Baht

	2021	2020
Opening Balance	**141,000,000.00**	148,000,000.00
Add: Loan received	–	–
Less: Repayment	**(7,000,000.00)**	(7,000,000.00)
Closing Balance	**134,000,000.00**	141,000,000.00

The Company shall repay the loan in the amount in accordance with the repayment schedule and all outstanding loans shall be repaid in full no later than the final repayment date as follows:

Currency : Million Baht

No.	Month	Repayment	Outstanding Amount
1	6th	3.5	158.50
2	12th	3.5	155.00
3	18th	3.5	151.50
4	24th	3.5	148.00
5	30th	3.5	144.50
6	36th	3.5	141.00
7	42nd	3.5	137.50
8	48th	3.5	134.00
9	54th	3.5	130.50
10	60th	130.5	–

14 APPROVAL OF FINANCIAL STATEMENT

These financial statement were authorized for issue by company's authorized director on April 26, 2021.

______________________ Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MH Boutique Hospitality Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MH Boutique Hospitality Limited (the Company), which comprise the statement of financial position as at March 31, 2021, the statement of income and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Federation of Accounting Profession's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Mr. Pongteera Chainsakultam)
Certified Public Accountant Registration No. 9387

Cover Biz Company Limited

April 26, 2021

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

Currency : Baht

ASSETS	Notes	2021	2020
CURRENT ASSETS			
Cash and cash equivalents		**63,369.82**	63,462.75
TOTAL CURRENT ASSETS		**63,369.82**	63,462.75
NON-CURRENT ASSETS			
Investment in subsidiaries	**5**	**38,000,000.00**	38,000,000.00
TOTAL NON-CURRENT ASSETS		**38,000,000.00**	38,000,000.00
TOTAL ASSETS		**38,063,369.82**	38,063,462.75
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade and other payable	**6**	**17,639,792.00**	16,625,272.00
Short-term loan	**7**	**28,000,000.00**	28,000,000.00
TOTAL CURRENT LIABILITIES		**45,639,792.00**	44,625,272.00
TOTAL LIABILITIES		**45,639,792.00**	44,625,272.00
SHAREHOLDERS' EQUITY			
Authorized share capital			
51,000 preference shares of Baht 100 each		**5,100,000.00**	5,100,000.00
49,000 ordinary shares of Baht 100 each		**4,900,000.00**	4,900,000.00
Issued and paid-up share capital			
51,000 preference shares of Baht 100 each		**5,100,000.00**	5,100,000.00
49,000 ordinary shares of Baht 100 each		**4,900,000.00**	4,900,000.00
Retained earnings (Deficits)		**(17,576,422.18)**	(16,561,809.25)
TOTAL SHAREHOLDERS' EQUITY		**(7,576,422.18)**	(6,561,809.25)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**38,063,369.82**	38,063,462.75

The accompanying notes are an integral part of the financial statements.

STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 2021

	Notes	2021	*Currency : Baht* 2020
REVENUES			
Other income		**108.15**	239.92
TOTAL REVENUES		**108.15**	239.92
EXPENSES			
Administrative expenses		**62,721.08**	58,522.40
TOTAL EXPENSES		**62,721.08**	58,522.40
EARNINGS BEFORE FINANCIAL COST		**(62,612.93)**	(58,282.48)
Financial Cost		**952,000.00**	952,000.00
NET PROFIT/(LOSS)		**(1,014,612.93)**	(1,010,282.48)

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED MARCH 31, 2021

Currency : Baht

	Issued and paid-up share capital		Retained earnings (Deficits)	Total
	Preference	Ordinary		
Beginning balance as of March 31, 2019	5,100,000.00	4,900,000.00	(15,551,526.77)	(4,541,244.67)
Changes in shareholders' equity for the year				
Net Profit/(Loss) for the year	–	–	(1,010,282.48)	(1,010,282.48)
Ending balance as of March 31, 2020	5,100,000.00	4,900,000.00	(16,561,809.25)	(6,561,809.25)
Changes in shareholders' equity for the year				
Net Profit/(Loss) for the year	–	–	(1,014,612.93)	(1,014,612.93)
Ending balance as of March 31, 2021	**5,100,000.00**	**4,900,000.00**	**(17,576,422.18)**	**(7,576,422.18)**

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

1. GENERAL INFORMATION

Company status

MH Boutique Hospitality Limited, "The Company", is a limited company under Thai Civil and Commercial Code and domiciled in Thailand. It was incorporated on October 10, 2012 with registration no. 0105555151500

Place of company

33/118-119 23th Floor Wall street Tower, Surawongse, Suriyawongse, Bangrak, Bangkok

Business and operation

The objective of the Company is to become a partner with limited liability in a partnership or a shareholder in a private limited company and a public limited company.

2 CORONAVIRUS DISEASE 2019 PANDEMIC

The Coronavirus disease 2019 pandemic is impacting most business and industries, resulting in an economic slowdown. This situation may bring uncertainties and have an impact on the environment in which the Company operates. The Company's management continuously monitored the ongoing development and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities.

3 BASIS OF FINANCIAL STATEMENT PREPARATION

The company financial statements have been prepared in accordance with Generally Accepted Accounting Principles and Thai Financial Reporting Standards for Non-Publicly Accountable Entities enunciated on Notification of Federation of Accounting Professions (FAP) no. 20 (B.E.2554) under the Accounting Profession Act B.E.2547 which is effective on the financial statements for fiscal year beginning on or after January 1, 2011.

The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development; Define Financial statement abstract B.E.2554 dated September 28, 2011, issued under the Accounting Act B.E.2543 which is effective on the financial statements for fiscal year beginning on or after January 1, 2011.

The company financial statements have been prepared under the historical cost convention, except those explain in accounting policies.

4 SUMMARIZED SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and cash equivalents

Cash and cash equivalents is consist of cash on hand and deposit at banks including time deposit and temporary investment which is not over than 3 months to maturity date excepted cash deposit with obligation.

4.2 Investment

Investments in subsidiary, associated and other companies are stated at cost. An allowance for impairment loss will be made when the net realisable value of the investment is lower than its cost.

4.3 Revenue and expenses recognition

The company record other revenue and expenses base on accrual basis.

5 INVESTMENT IN SUBSIDIARIES

On November 5, 2012 , the Company invested in 51% of Infinity Hospitality Company Limited as a subsidiary company, which had authorised capital of Baht 150 million divided into 1,500,000 ordinary shares at a par value of Baht 100.

Details of the Company's subsidiaries, as at March 31, 2021 are as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)
Investment in subsidiaries			
Infinity Hospitality Group Co., Ltd.	Hotel	Thailand	51

6 TRADE AND OTHER PAYABLES

Consist of: *Currency : Baht*

	2021	2020
Accrued interest expenses - Related parties (Note 7)	**14,618,742.85**	13,809,542.85
Accrued interest expenses for withholding tax	**2,579,778.15**	2,436,978.15
Accrued expenses	**23,210.00**	23,210.00
Other payable - Related parties (Note 7)	**418,061.00**	355,541.00
Total	**17,639,792.00**	16,625,272.00

7 RELATED PARTIES TRANSACTIONS

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Relationship with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Mahindra Holidays & Resorts India Limited	India	49% shareholder
Infinity Hospitality Group Company Limited	Thailand	51% Shareholding

The Pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Interest charged	Contractually agreed rate

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group were as follows:

Currency : Baht

	2021	2020
Expenses		
Mahindra Holidays & Resorts India Limited	**952,000.00**	952,000.00
Payable		
Mahindra Holidays & Resorts India Limited	**14,618,742.85**	13,809,542.85
Infinity Hospitality Group Company Limited	**418,061.00**	355,541.00
Loan from related parties		
Mahindra Holidays & Resorts India Limited	**28,000,000.00**	28,000,000.00
Interest rate	**3.40%**	3.40%

8 APPROVAL OF FINANCIAL STATEMENT

These financial statement were authorized for issue by company's authorized director on April 26, 2021.

______________________ Director

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF MHR Holdings (Mauritius) Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MHR Holdings (Mauritius) Ltd, the "Company", which comprise the statement of financial position as at March 31, 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 22 in the financial statements which indicates that the Company had accumulated losses of EUR 5,098,220 during the year ended March 31, 2021 and, as of that date, the Company had a net liability of EUR 4,953,220. As stated in Note 22, these conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The shareholder has undertaken to provide financial support to ensure continuation of the Company's operations. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises the information included under the Corporate Data and Commentary of the Directors sections, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Other Matter

Our report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton
Chartered Accountants

K RAMCHURUN, FCCA
Licensed by FRC

Date: April 30, 2021

Ebene 72201, Republic of Mauritius

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2021

	Notes	2021	2020
		EUR	EUR
INCOME		–	–
EXPENDITURE			
Professional fees	15	98,557	52,505
Audit fees		6,948	8,526
Bank charges		2,424	2,391
Licence fees		1,998	2,847
		109,927	66,269
OPERATING LOSS		(109,927)	(66,269)
Finance income	10.1	1,273,088	1,115,618
Finance costs	10.2	(2,038,814)	(1,861,128)
LOSS BEFORE TAX		(875,653)	(811,779)
Tax expense	8	–	–
LOSS FOR THE YEAR		(875,653)	(811,779)
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified subsequently to profit or (loss)		–	–
Items that will be reclassified subsequently to profit or (loss)		–	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		–	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(875,653)	(811,779)

The notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

	Notes	2021	2020
		EUR	EUR
ASSETS			
Non-Current			
Investments in subsidiary	9	23,182,500	23,182,500
Loans	11	31,679,327	27,032,793
Non-current assets		54,861,827	50,215,293
Current			
Loans	11	17,100,059	17,413,864
Prepayments	14	2,403	2,450
Cash and cash equivalents		50,280	588,386
Current assets		17,152,742	18,004,700
Total assets		72,014,569	68,219,993
EQUITY AND LIABILITIES			
Equity			
Stated capital	18	145,000	145,000
Accumulated losses		(5,098,220)	(4,222,567)
Total shareholder's deficit		(4,953,220)	(4,077,567)
Liabilities			
Non-current Liabilities			
Borrowings	12	72,070,362	15,850,000
Current Liabilities			
Borrowings	12	3,013,167	54,825,972
Derivative financial instruments	13	–	132,558
Accruals	17	1,884,260	1,489,030
Current liabilities		4,897,427	56,447,560
Total liabilities		76,967,789	72,297,560
Total equity and liabilities		72,014,569	68,219,993

Approved by the Board of Directors on **April 30, 2021** and signed on its behalf by:

DIRECTOR **DIRECTOR**

The notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2021

	Stated capital	Accumulated losses	Total
	EUR	EUR	EUR
At April 01, 2019	145,000	(3,410,788)	(3,265,788)
Loss for the year	–	(811,779)	(811,779)
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	–	–
At March 31, 2020	145,000	(4,222,567)	(4,077,567)
At April 01, 2020	**145,000**	**(4,222,567)**	**(4,077,567)**
Loss for the year	**–**	**(875,653)**	**(875,653)**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**
At March 31, 2021	**145,000**	**(5,098,220)**	**(4,953,220)**

The notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

	2021	2020
	EUR	EUR
Operating activities		
Loss before tax	**(875,653)**	(811,779)
Adjustments for:		
Interest income	**(1,140,530)**	(955,802)
Interest expense (Note 19)	**1,396,250**	989,674
Amortisation of transaction costs (Note 19)	**120,362**	143,223
Loss on interest rate swaps	**123,225**	256,379
Net fair value adjustment – Derivative financial instruments	**(132,558)**	(124,400)
	(508,904)	(502,705)
Changes in working capital:		
Decrease in prepayments & Receivables	**47**	173,750
Increase in accruals	**395,230**	366,878
Net cash (used in) /from operations	**(113,627)**	37,923
Interest received	**307,801**	1,000,000
Interest paid (Note 19)	**(1,462,280)**	(1,247,637)
Net cash used in operating activities	**(1,268,106)**	(209,714)
Investing activities		
Loans to subsidiary	**(3,500,000)**	(9,000,000)
Net cash used in investing activities	**(3,500,000)**	(9,000,000)
Financing activities		
Loans received (Note 19)	**4,230,000**	9,700,000
Net cash from financing activities	**4,230,000**	9,700,000
Net change in cash and cash equivalents	**(538,106)**	490,286
Cash and cash equivalents at beginning of the year	**588,386**	98,100
Cash and cash equivalents at end of the year	**50,280**	588,386
Cash and cash equivalents made up of:		
Cash at bank	**50,280**	588,386

The notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

MHR Holdings (Mauritius) Ltd, the "Company", was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on June 26, 2014 as a private company with liability limited by shares and holds a Global Business Licence issued by the Financial Services Commission. The Company's registered office is SANNE House, Bank Street, TwentyEight, Cybercity, Ebene 72201, Republic of Mauritius.

The principal activity of the Company is to hold investments.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Global Business Licence.

2. APPLICATION OF NEW AND REVISED IFRS

2.1 New and amended Standards that are effective for the current year

The Company has applied the following Standards, amendments and Interpretations to existing Standards for the first time for the financial year commencing on April 01, 2020:

Various	Amendments to References to the Conceptual Framework in IFRS Standards
IFRS 3	Definition of a Business (Amendments to IFRS 3)
IAS 1 and IAS 8	Definition of Material (Amendments to IAS 1 and IAS 9)
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Management has assessed the impact of these new and revised Standards and Interpretations and concluded that none of the above has an impact on these financial statements.

2.2 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Company.

Management anticipates that all relevant pronouncements, will be adopted in the Company's accounting policies for the first period beginning on or after the effective date of the pronouncement. Information on new Standards, amendments to existing Standards and Interpretations is provided below.

IFRS 16	COVID-19 Related Rent Concessions (Amendment to IFRS 16)
Various	Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
IFRS 3	References to the Conceptual Framework (Amendments to IFRS 3)
IAS 16	Proceeds before Intended Use (Amendments to IAS 16)
IAS 37	Onerous Contract - Cost of Fulfilling a Contract (Amendments to IAS 37)
IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual improvements to IFRS Standards 2019-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)
IFRS 17	Insurance Contracts
IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)
IAS 1	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

Management has yet to assess the impact of the above Standards, amendments to existing Standards and Interpretations on the Company's financial statements.

3. SUMMARY OF ACCOUNTING POLICIES

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Revenue

Interest income is recognised on the accrual basis using the effective interest method, unless collectability is in doubt.

3.3 Expenses

All expenses are accounted for in the statement of comprehensive income on the accrual basis.

3.4 Taxation

Tax expense recognised in the statement of comprehensive income comprises of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise of those obligations to, or claims from, fiscal authorities relating to the current period, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

3.5 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments and are measured initially at fair value adjusted by transaction costs. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for loan receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs, where appropriate.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL);
- fair value through other comprehensive income (FVOCI).

In the current year, the Company does not have any financial assets categorised as FVTPL and FVOCI.

The classification is determined by both:

- the Company's business model for managing the financial asset.
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets are recognised in the statement of comprehensive income.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost using the effective interest method if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Discounting is omitted where the effect of discounting is immaterial. The Company's loans and cash and cash equivalents fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. For the Company, instruments within the scope of the new requirements include its loans receivable.

Recognition of credit losses is no longer dependent on the Company's first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and

- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities consist of borrowings, accruals and derivative financial instruments (Note 3.15).

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges are reported in the statement of comprehensive income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.6 Consolidated financial statements

The financial statements are separate financial statements which contain information about MHR Holdings (Mauritius) Ltd as an individual company and do not contain consolidated financial information as the parent of a group.

The Company holds a Global Business Licence issued by the Financial Services Commission and has taken advantage of the exemption given in Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 from the requirement to prepare consolidated financial statements as it is a wholly owned subsidiary of a quoted company incorporated in the Republic of India, Mahindra Holidays & Resorts India Limited.

3.7 Investment in subsidiary

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiary is initially shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Equity

Stated capital represents the value of shares that have been issued.

Accumulated losses include current and prior years' results as disclosed in the statement of comprehensive income.

3.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of comprehensive income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

3.11 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.12 Foreign currency translation

Functional and presentation currency

The financial statements are presented in Euro ("EUR"), which is the Company's functional and presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.13 Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the year of the borrowings using the effective interest method.

Fees paid on loan facilities are recognised as transaction costs and are deducted from borrowings and amortised over the period of the facility to which it relates.

3.15 Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company has not designated the derivative contracts (interest rate swaps) as a hedging instrument.

3.16 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

The following are the significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the EUR.

Going concern assumption

The directors have exercised significant judgement in assessing that the preparation of these financial statements on a going concern basis is appropriate. In making this assessment, the directors have considered the Company's future business projects, future cash flows and future profitability.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Fair value of derivative financial instruments

The fair value of the derivative financial instruments is determined based on valuation performed by an independent valuer. The assumptions used to value the derivative financial instruments are given in Note 6. In applying the valuation techniques, the independent valuer makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument.

Impact of COVID-19

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets.

The directors have considered the potential adverse impact of the COVID-19 pandemic on the Company's business activities by making assumptions using the existing market conditions as well as forward looking estimates at the end of the reporting date. Estimation uncertainty relates to assumptions about future operating results.

5. FINANCIAL INSTRUMENT RISK

Risk management objectives and policies

The Company is exposed to various risks in relation to its financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's financial assets and financial liabilities by category are summarised below.

	2021	2020
	EUR	EUR
Financial assets at amortised cost		
Non-current		
Loans	**31,679,327**	27,032,793
Current		
Loans	**17,100,059**	17,413,864
Cash and cash equivalents	**50,280**	588,386
	17,150,339	18,002,250
Total financial assets	**48,829,666**	45,035,043

	2021	2020
	EUR	EUR
Non-current		
Financial liabilities measured at amortised cost		
Borrowings	**72,070,362**	15,850,000
Current		
Derivative financial instruments	**–**	132,558
Financial liabilities measured at amortised cost		
Borrowings	**3,013,167**	54,825,972
Accruals	**1,884,260**	1,489,030
	4,897,427	56,447,560
Total financial liabilities	**76,967,789**	72,297,560

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The Company does not actively engage in the trading of financial assets and derivatives for speculative purposes. The most significant financial risks to which the Company is exposed to are described below.

5.1 Market risk analysis

The Company is exposed to market risk through its use of financial instruments. Market risk is comprised specifically of currency risk and interest rate risk, which result from both its operating and investing activities.

(i) Foreign currency sensitivity

The Company is not exposed to any currency risk as most of its financial assets and financial liabilities are denominated in the Euro, which is the functional currency of the Company.

The currency profile of its financial assets and liabilities is as follows:

	Financial assets 2021	**Financial liabilities 2021**
	EUR	**EUR**
Long term exposure		
Euro (EUR)	**31,679,327**	**72,070,362**
Short term exposure		
Euro (EUR)	**17,150,339**	**4,869,551**
United States Dollar (USD)	**–**	**27,876**
	48,829,666	**76,967,789**

	Financial assets 2020	Financial liabilities 2020
	EUR	EUR
Long term exposure		
Euro (EUR)	27,032,793	15,850,000
Short term exposure		
Euro (EUR)	18,002,250	56,434,215
United States Dollar (USD)	–	13,345
	45,035,043	72,297,560

(ii) Interest rate sensitivity

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has interest bearing financial assets and liabilities in the form of loans receivables and borrowings.

The Company's interest bearing financial assets are in the form of loans to the subsidiary at a fixed rate of interest and therefore are not subject to market fluctuations.

The Company has interest bearing financial liabilities in the form of bank loans from HSBC Bank (Mauritius) Limited and ICICI Bank Limited as at reporting date.

The Company's interest rate risk arose principally from part of the bank borrowings from AXIS BANK LIMITED which were at variable interest rates. The Company managed its cash flow interest rate risk on these loans by using floating to fixed interest rate swaps. However, as at reporting date, these loans payable to AXIS BANK LIMITED were repaid.

The Company has taken the following loans from HSBC Bank (Mauritius) Limited, AXIS BANK LIMITED and ICICI Bank Limited:

Loans from HSBC Bank (Mauritius) Limited

Loan of EUR 6,850,000

The bank loan of EUR 6,850,000 from HSBC Bank (Mauritius) Limited was bearing interest at Fixed EUR Interest Rate Swap ("IRS") 5 year plus a margin of 2.75% per annum on fixed basis (Note 12 (ii)). The all-inclusive rate of interest was initially fixed at 3.45%. The interest is payable at the end of every 6 months. Pursuant to board minutes dated August 02, 2019, the loan extension period has been revised to August 04, 2022 and the margin rate has been modified to 1.10% per annum.

Loan of EUR 5,000,000

An initial bank loan of EUR 3,600,000 from HSBC Bank (Mauritius) Limited bearing interest at EUR Interest Rate EURIBOR 3 months plus a margin of 1.35% per annum on fixed basis (Note 12 (ii)) was granted. It is agreed that if the EURIBOR is negative, it would be deemed to be zero for the purpose of this facility. The loan is repayable within one year from the date of drawdown with the possibility of being renewed. The interest is payable at the end of every 3 months.

The bank loan of EUR 3,600,000 disbursed in prior financial years form part of EUR 5,000,000 Revolving Credit Facility. During the financial year ended March 31, 2020, an additional disbursement of EUR 700,000 was made out of the Revolving Credit Facility with the same conditions pertaining repayment and interest rate.

Pursuant to board minutes dated October 01, 2020, the Company approached the bank to roll-over the loan for an addition period of 1.99 years at an interest rate of EURIBOR 3 months plus a margin of 2.50% per annum on a fixed basis. In addition, during the current financial year, an additional amount of EUR 700,000 has been disbursed by the Bank with a repayment date of September 28, 2022. With the additional disbursement made during the current financial year, the loan sanction amount of EUR 5,000,000 has been fully utilised by the Company.

Loan of EUR 10,000,000

As at March 31, 2020, the Company received a bank loan of EUR 6,500,000 from HSBC Bank (Mauritius) Limited bearing interest at EUR Interest Rate EURIBOR 6 months plus a margin of 1.10% per annum on fixed basis (Note 12 (ii)). This represents the first tranche of loan disbursed to the Company out of a loan facility of EUR 10,000,000. It is agreed that if the EURIBOR is negative, it would be deemed to be zero for the purpose of this facility. The tenure of the loan is 2.99 years from each drawdown.

During the current financial year, the bank has disbursed an additional amount of EUR 3,500,000 with the same conditions pertaining repayment and interest rate. With the second disbursement, the loan sanction amount of EUR 10,000,000 has been fully utilised by the Company.

Loan of EUR 2,500,000

As at March 31, 2020, the Company received an additional bank loan of EUR 2,500,000 from HSBC Bank (Mauritius) Limited bearing interest at EUR Interest Rate EURIBOR plus a margin of 1.20% per annum on fixed basis (Note 12 (ii)). It is agreed that if the EURIBOR is negative, it would be deemed to be zero for the purpose of this facility. The loan is repayable within 1.99 years from the date of drawdown. The interest is payable at the end of every 3 or 6 months.

Loans from AXIS BANK LIMITED

Loan of EUR 47,000,000

The Company had contracted a loan of EUR 47,000,000 from AXIS BANK LIMITED which carried interest at EURIBOR 3-6 months plus Margin of 1.50% per annum (Note 12 (ii)). The loan was repayable at the end of 5 years.

Loan of EUR 4,750,000

The Company had contracted a loan of EUR 4,750,000 on June 23, 2017 from AXIS BANK LIMITED which carried interest at EURIBOR 3-6 months plus Margin of 1.5% per annum. As at March 31, 2020, the Company had received a total amount of EUR 3,070,000 (EUR 600,000 drawn on February 7, 2018 and EUR 2,470,000 drawn on July 16, 2018).

These loans were completely repaid during the year under review.

The Company had entered into interest swaps for an amount EUR 41,550,000 from AXIS BANK LIMITED by using floating to fixed interest rate swap. Such interest rate swap has the economic effect of converting borrowings from floating rate to fixed rate and protecting the Company from potential future interest rate hikes.

During the financial year ended March 31, 2020, the interest swap agreement for an amount of EUR 4,000,000 entered with HSBC expired and during the current financial year, the swap agreement entered with AXIS BANK LIMITED had reached it maturity and consequently has expired.

Loan from ICICI BANK LIMITED

Loan of EUR 50,100,000

During the year ended March 31, 2021, the Company entered into a Foreign Currency Term Loan facility agreement with ICICI Bank Limited to borrow an amount of up to EUR 55,000,000. As at reporting date, the Company received an amount of EUR 50,713,562 (inclusive of EUR 613,562 withheld by the bank as upfront fee) bearing interest at EURIBOR 6 months plus a margin of 2.50% per annum on fixed basis (Note 12(ii)). It is agreed that if the EURIBOR is negative, it would be deemed to be zero for the purpose of this facility. The tenure of the loan is 4 years from initial utilisation date.

5.2 Credit risk analysis

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. The Company's exposure to credit risk is monitored by management on an ongoing basis. The Company limits its risk by carrying out transactions with related parties. The Company has significant concentration of credit risk as shown below.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2021	2020
	EUR	EUR
ASSETS		
Non-current		
Loans	**31,679,327**	27,032,793
Current assets		
Loans	**17,100,059**	17,413,864
Cash and cash equivalents	**50,280**	588,386
	17,150,339	18,002,250
	48,829,666	45,035,043

(i) The Company has provided loans to its subsidiary which are unsecured. The interest rate and repayment terms are disclosed in Note 11.

Under impairment provisions of IFRS 9, the Company measures credit risk and ECL using probability of default, exposure at default and loss given default of the loans to subsidiary. The directors consider both historical analysis and forward-looking information in determining any ECL. The directors acknowledge the current outbreak of COVID-19 and its adverse economic impact on the countries, industries and markets in which the Company invests. However, the directors believe that COVID-19 will not have a long term impact on the Company and the investments were made in the subsidiary with a view of having long term appreciation and returns. Additionally, the Company has the financial support of its shareholder to ensure continuation of its operations. The shareholder will compensate the Company for any losses caused and any impairment losses suffered because of its investments and loans receivables. Therefore, considering the long term perspective, the directors consider the probability of default to be close to zero as the subsidiary has huge prospect and has strong capacity to meet their contractual obligations and have not defaulted in the past. As a result, no loss allowance has been recognised based on 12-month ECL under Stage 1 of the ECL model.

(ii) The credit risk for the bank balance is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings.

(iii) The carrying amounts disclosed above are the Company's maximum possible credit risk exposure in relation to these instruments.

(iv) None of the Company's financial assets are secured by collateral or other credit enhancements. The borrowings taken are secured against an Unconditional and Irrevocable Corporate Guarantee from Mahindra Holidays & Resorts India Limited, the parent company.

5.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including interest payments:

	2021		2020	
	Less than 1 year	**More than 1 year**	Less than 1 year	More than 1 year
	EUR	**EUR**	EUR	EUR
Borrowings	**3,013,167**	**72,070,362**	54,825,972	15,850,000
Derivative financial instruments	–	–	132,558	–
Accruals	**1,884,260**	–	1,489,030	–
Total	**4,897,427**	**72,070,362**	56,447,560	15,850,000

6. FAIR VALUE MEASUREMENT

6.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

The following table shows the Levels within which the hierarchy of financial liabilities measured at fair value on a recurring basis at March 31, 2021 and March 31, 2020:

March 31, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
	EUR	**EUR**	**EUR**	**EUR**
Liabilities				
Interest rate swaps	–	–	–	–

March 31, 2020	Level 1	Level 2	Level 3	Total
	EUR	EUR	EUR	EUR
Liabilities				
Interest rate swaps	–	132,559	–	132,559

There has been no transfer from Level 1 and Level 2 in 2021 and 2020.

The fair value of financial instruments that are not traded in an active market (interest rate swap derivative) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

The Company's other financial assets and liabilities are measured at their carrying amounts, which approximate their fair values.

6.2 Fair value measurement of non-financial instruments

The Company's non-financial assets consist of investments in subsidiary and prepayments for which fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position. At the reporting date, the Company did not have any non-financial liabilities.

7. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to its member.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its member, buy back shares or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. For the year ended March 31, 2021 and March 31, 2020, the Company was fully geared since it relies on external borrowings to finance its operations.

8. TAXATION

(i) Income tax

The Company holds a Global Business Licence for the purpose of the Financial Services Act 2007 of Mauritius. Pursuant to the enactment of the Finance Act 2018, with effect as from January 1, 2019, the deemed tax credit has been phased out, through the implementation of a new tax regime. Companies which had obtained their Global Business Licence on or before October 16, 2017, including the Company, have been grandfathered and would benefit from the deemed tax credit regime up to June 30, 2021.

Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax ("Deemed tax credit") on its foreign source income resulting in an effective tax rate on net income of up to 3%, up to June 30, 2021. Further, the Company is exempted from income tax in Mauritius on profits or gains arising from sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to Shareholders or in respect of redemptions or exchanges of shares.

Post June 30, 2021 and under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the Financial Services Commission, the Company would be entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability computed at 15% on such income, or (b) a partial exemption of 80% of some of the income derived, including but not limited to foreign source dividends or interest income.

At March 31, 2021, the Company has accumulated tax losses of **EUR 1,240,267** (2020: EUR 858,177) which will be carried forward and available for set off against future taxable profit as follows:

	EUR
Up to the year ending March 31, 2022	**205,769**
Up to the year ending March 31, 2023	**127,557**
Up to the year ending March 31, 2024	**114,101**
Up to the year ending March 31, 2025	**165,327**
Up to the year ending March 31, 2026	**627,513**
	1,240,267

(ii) Deferred tax

Deferred income tax is calculated on all temporary differences under the liability method at the rate of 3%. At March 31, 2021, no deferred tax has been recognised in respect of the tax losses carried forward as it is not probable that taxable profit will be available in the foreseeable future.

(iii) Income tax reconciliation

The income tax on the Company's loss before tax differs from the theoretical amount that would arise using the effective tax rate of the Company as follows:

	2021	2020
	EUR	EUR
(Loss) before tax	**(875,653)**	(811,779)
Tax calculated at the rate of 3%	**(26,270)**	(24,353)
Non-allowable expenses	**18,825**	23,126
Items outside scope of taxation	**(3,977)**	(3,732)
Deferred tax asset not recognised	**11,422**	4,959
Tax expense	**–**	–

9. INVESTMENTS IN SUBSIDIARY

	2021	2020
	EUR	EUR
(i) Unquoted investments at cost:		
At 01 April and 31 March	**23,182,500**	23,182,500

(ii) Details pertaining to the unquoted investments are as follows:

Name of investee company	Country of incorporation	Type of investments	Number of shares	Cost 2021	Cost 2020
				EUR	EUR
Covington S.à.r.l	Luxembourg	Equity	12,500	**17,500**	17,500
Covington S.à.r.l	Luxembourg	Non-equity	–	**23,165,000**	23,165,000
			12,500	**23,182,500**	23,182,500

(iii) Pursuant to a Share Sale and Purchase Agreement dated July 17, 2014 between the Company (the "Purchaser") and D.LAW (the "Seller"), the Company purchased 12,500 shares without nominal value corresponding to 100% of the share capital of Covington S.à.r.l, a private limited company incorporated in Luxembourg, from the Seller for a total consideration of EUR 17,500.

(iv) Pursuant to Contribution Agreements dated July 31, 2014, November 10, 2014 and August 18, 2015 between the Company and Covington S.à.r.l (the "Receiver"), the Company contributed EUR 3,165,000, EUR 4,000,000 and EUR 16,000,000 respectively to the Receiver.

(v) The directors have assessed the recoverable amount of the investments (equity and non-equity) taking into consideration the current situation of the impact of COVID-19. The directors confirmed that the carrying amount of these investments have not suffered any impairment in value as at the reporting date due to COVID-19 since the investments were made with a view of having long term appreciation and returns. The directors are of the opinion that the subsidiary has huge prospect in the future.

(vi) The Company has 100% shareholding in Covington S.à.r.l and is therefore considered as the Company's subsidiary since it has control over the subsidiary through its 100% voting rights. The Company holds a Global Business Licence issued by the Financial Services Commission and has therefore taken advantage of Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 which dispenses it from presenting consolidated financial statements as it is a wholly owned subsidiary of a company incorporated in the Republic of India.

(vii) The non-equity investment in Covington S.à.r.l represents funds invested as "capital contribution" and settlement is not likely within one year. Repayment would be agreed between the Company and its investee company.

10. FINANCE INCOME AND FINANCE COSTS

	2021	2020
	EUR	EUR
10.1 Finance income		
Net fair value adjustment - Derivative financial instruments (Note 13)	**132,558**	124,400
Corporate Guarantee Commission income (Note 12(ii))	**–**	35,416
Interest on loans (Note 11(i))	**1,140,530**	955,802
	1,273,088	1,115,618
10.2 Finance costs		
Interest on borrowings (Note 12(i))	**1,396,250**	989,674
Agency fees	**–**	7,500
Other legal expenses	**5,025**	–
SBLC commission fee (10.2 (i))	**13,253**	–
Commissions on Corporate Guarantee (Note 12(ii))	**380,699**	363,750
Refunds to Holiday Club Resorts Oy (Note 12 (ii))	**–**	100,602
Amortisation of transaction costs (Note 12 (i) and Note 16)	**120,362**	143,223
Loss on interest rate swaps (Notes 12 (i) and (iv))	**123,225**	256,379
	2,038,814	1,861,128

(i) As per the Standby Letter of Credit & Revolving Facility ("SBLC") Agreement entered with AXIS BANK LIMITED dated June 23, 2017 (Note 12), the Company has incurred a commission fee.

11 LOANS

	2021	2020
	EUR	EUR
Loans to subsidiary:		
Non-current		
Principal amounts	**30,420,000**	26,800,000
Interest receivable	**1,259,327**	232,793
	31,679,327	27,032,793
Current		
Principal amounts	**16,700,000**	16,820,000
Interest receivable	**400,059**	593,864
	17,100,059	17,413,864
Total	**48,779,386**	44,446,657

(i) The movement during the year on the loans is as follows:

	2021	2020
	EUR	EUR
Opening balance	**44,446,657**	35,490,855
Loans given during the year	**3,500,000**	9,000,000
Interest income for the year	**1,140,530**	955,802
Interest received during the year	**(307,801)**	(1,000,000)
Closing balance	**48,779,386**	44,446,657

(ii) Pursuant to board minutes and Loan Agreement dated August 21, 2020, the Company has disbursed an additional amount of EUR 3,500,000 to its subsidiary, Covington S.à.r.l, a private limited company incorporated in Luxembourg, to be used in the ordinary course of business. The loan amount carries an interest rated fixed at 2.20% per annum which is repayable along with the principal upon maturity. The loan is unsecured and has a term of 3 years which is extendable at the consent of the Company.

(iii) The loans amounting to EUR 16,700,000 granted on August 28, 2015 and September 10, 2015, which were receivable by August 28, 2019 were further extended for a period of additional two years pursuant to board meeting dated March 24, 2020. The interest rate has not changed subsequent to the extension period. During the year under review, the loan amount has been reclassified to current assets in these financial statements.

(iv) Loans amounting to EUR 3,500,000, EUR 100,000, EUR 1,750,000, EUR 3,000,000 and EUR 6,000,000 granted in prior financial years which were receivable during the financial year ended March 31, 2021 have been renewed for an additional period of two years pursuant to Addendum to Loan Agreement dated April 12, 2021. The loans have been classified as non-current assets in these financial statements.

(v) In addition, loan amounting to EUR 2,470,000 granted to the subsidiary in the financial year ended March 31, 2019 has been renewed for an additional period of 3 years pursuant to Addendum to Loan Agreement dated April 12, 2021. This loan has been classified as non-current asset in these financial statements.

During the year ended March 31, 2020, the Company granted additional loans to its subsidiary amounting to EUR 6,500,000 and EUR 2,500,000 on November 05, 2019 and March 24, 2020 based on board minutes dated October 31, 2019 and March 24, 2020 respectively. Both loans bear interest rate of 2.20% and receivable in 3 years' time.

The loan amounting to EUR 1,100,000 granted on April 07, 2017, which was receivable by April 03, 2020 was further extended for a period of additional three years pursuant to board meeting dated March 24, 2020. The interest rate has remained unchanged subsequent to the extension period.

(vi) The directors have taken into consideration both historical analysis and forward-looking information in determining any ECL. The directors acknowledge the current outbreak of COVID-19 and its adverse economic impact on the countries, industries and markets in which the subsidiary operates. However, the directors believe that the COVID-19 will not have a long term impact on the subsidiary and consequently, the directors consider the probability of default to be close to zero as the subsidiary has a strong capacity to meet the contractual obligations in the near term and have not defaulted in the past. As a result, no loss allowance has been recognised based on 12-month ECL under Stage 1 of the ECL model.

12 BORROWINGS

	2021	2020
	EUR	EUR
Non-current		
Bank loans (Note 12 (ii))	**72,070,362**	15,850,000
Current		
Bank loans (Note 12(ii))	**2,683,464**	54,501,768
Loan from holding company (Note 12 (iii))	**329,703**	324,204
	3,013,167	54,825,972
Total	**75,083,529**	70,675,972

(i) The movement during the year on the borrowings is as follows:

	2021	2020
	EUR	EUR
At April 01	70,675,972	60,834,333
Loans taken during the year:		
HSBC Bank (Mauritius) Limited	4,200,000	9,700,000
ICICI Bank Limited	50,100,000	–
Loan repaid during the year:		
AXIS BANK LIMITED	(50,070,000)	–
Interest element for the year:		
Interest expense	1,396,250	989,674
Interest payment	(1,339,055)	(991,258)
Loss on interest rate swaps	123,225	256,379
Interest rate swap payment	(123,225)	(256,379)
Transaction costs incurred for the year:		
Amortisation of transaction costs (Note 16)	120,362	143,223
At March 31	**75,083,529**	70,675,972

(ii) Bank loans

HSBC Bank (Mauritius) Limited

Loan of EUR 6,850,000

The Company (the "Borrower") entered into a Facility Agreement with HSBC Bank (Mauritius) Limited ("the Lender") on July 31, 2014 whereby the loan was repayable on August 04, 2019. The loan had interest rate at Fixed EUR Interest Rate Swap ("IRS") 5 year plus a margin of 2.75% per annum on fixed basis. The all-inclusive rate of interest was initially fixed at 3.45%. Pursuant to board minutes dated August 02, 2019, the loan extension period has been revised to August 04, 2022 and the margin rate has been modified to 1.10% per annum. Interest accrued on the loan outstanding at the reporting date amounted to EUR 10,827.

Loan of EUR 5,000,000

The Company (the "Borrower") entered into a Facility Agreement with HSBC Bank (Mauritius) Limited ("the Lender") on September 28, 2018 whereby the loan is repayable within 1 year from the date of each drawdown + rollover basis for 1 year tenure. The loan bears interest at EURIBOR 3 months plus a margin of 1.35% per annum on fixed basis. It is agreed that if EURIBOR is negative, it would be deemed to be zero for the purpose of this facility.

In the prior financial years, an amount of EUR 3,600,000 was disbursed out of the EUR 5,000,000 Revolving Credit Facility entered into by Company on September 28, 2018 . In the financial year ended March 31, 2020, an additional disbursement of EUR 700,000 was made. During the current financial year, an amount of EUR 700,000 was granted to the Company out of the Revolving Credit Facility. Interest accrued on the loan outstanding amount at the reporting date amounted to EUR 29,041.

With the additional disbursement made during the financial year ended March 31, 2021, the loan sanction amount of EUR 5,000,000 has been fully utilised by the Company.

Loan of EUR 10,000,000

The Company (the "Borrower") entered into a Term Loan Credit Facility Agreement with HSBC Bank (Mauritius) Limited ("the Lender") on October 29, 2019 for a loan of EUR 10,000,000 and repayable in 2.99 years. As at March 31, 2020, an amount of EUR 6,500,000 was disbursed. The loan bears interest at EURIBOR plus a margin of 1.10% per annum. It is agreed that if EURIBOR is negative, it would be deemed to be zero for the purpose of this facility. The interest is payable at the end of every 3 or 6 months and interest accrued on the loan outstanding at the reporting date amounted to EUR 29,832.

During the year ended March 31, 2021, an additional loan of EUR 3,500,000 was disbursed to the Company out of the Term Loan Credit Facility Agreement of EUR 10,000,000. The additional amount was disbursed at the same conditions prevailing for the first tranche. The interest accrued on the loan EUR 3,500,000 outstanding at the reporting date amounted to EUR 3,471.

Subsequent to the second tranche of disbursement, the loan sanction amount of EUR 10,000,000 has been fully utilised by the Company.

Loan of EUR 2,500,000

The Company (the "Borrower") entered into a Facility Agreement with HSBC Bank (Mauritius) Limited ("the Lender") on March 24, 2020 for a loan of EUR 2,500,000 and repayable in 1.99 years. The loan payable has been classified as current liabilities in these financial statements. The loan bears interest at EURIBOR plus a margin of 1.20% per annum. It is agreed that if EURIBOR is negative, it would be deemed to be zero for the purpose of this facility. The interest is payable at the end of every 3 or 6 months and interest accrued on the loan outstanding at the reporting date amounted to EUR 417.

AXIS BANK LIMITED

Loans of EUR 47,000,000 and EUR 4,750,000

The Company (the "Borrower") entered into a Facility Agreement dated June 23, 2017 with AXIS BANK LIMITED (the "Lender") to borrow EUR 4,750,000 and repayable in 60 months. The loan carries interest at EURIBOR 3-6 months plus Margin of 1.5% per annum. This loan is split into (a) Stand by Letter of Credit ("SBLC") of a maximum amount of EUR 1,680,000 issued by the Company as security against loans borrowed by Holiday Club Resorts Oy ("HCR") from third parties; and (b) the remaining amount of EUR 3,070,000 is governed by the terms and conditions of the Facility Agreement. In the prior financial years, the Company received a total amount of EUR 3,070,000 (EUR 600,000 drawn on February 7, 2018 and EUR 2,470,000 drawn on July 16, 2018).

The Company (the "Borrower") entered into a Facility Agreement dated August 27, 2015 with AXIS BANK LIMITED (the "Lender") to borrow a loan of EUR 47,000,000 which carries interest at EURIBOR 3-6 months plus Margin of 1.50% per annum. The loan was acquired for the purpose of acquiring additional stake in HCR and to refinance the existing debt raised for acquisition of 23% stake in HCR.

During the financial year ended March 31, 2021, the loans payable to AXIS BANK LIMITED amounting to a total of EUR 50,467,998 (inclusive of interest) was repaid by the Company through a loan taken from ICICI Bank Limited (see Note below).

ICICI Bank Limited

Pursuant to board minutes and Credit Agreement Letter dated August 21, 2020 and August 25, 2020 respectively, the Company has been sanctioned a Foreign Currency Term Loan facility of EUR 55,000,000 by ICICI Bank Limited. The holding company, Mahindra Holidays & Resorts India Limited stands as guarantor for the loan with the Bank. The loan amount is repayable after a period of 4 years with the possibility to prepay after 3 years without any penalty.

The loan carries interest at EURIBOR 6 months plus a margin of 2.50%. It is agreed that if EURIBOR is negative, it would be deemed to be zero for the purpose of this facility. An upfront processing fee of 1.20% of disbursed amount is to be incurred by the Company as per the Credit Agreement Letter.

ICICI Bank Limited remitted the loan in two tranches. The first tranche was disbursed on August 28, 2020 amounting to EUR 47,606,275 out of which, EUR 47,000,000 was remitted directly to AXIS BANK LIMITED, EUR 30,000 to the Company and EUR 576,275 to ICICI Bank Limited in regard to processing fee.

The second tranche was disbursed on September 29, 2020 amounting to EUR 3,107,287 out of which, EUR 3,070,000 was remitted to AXIS BANK LIMITED and EUR 37,287 to ICICI Bank Limited in regard to processing fee.

The above loans are secured against an Unconditional and Irrevocable Corporate Guarantee from Mahindra Holidays & Resorts India Limited (the "Guarantor"). In that respect, an annual commission of 0.53% on the Corporate Guarantee should be paid to the Guarantor until the loans are fully repaid. During the year ended March 31, 2021, an amount of EUR 380,699 (2020: EUR 363,750) was charged as commission and an amount of EUR 1,856,384 (2020: EUR 1,475,685) remains payable as at March 31, 2021.

Since HCR was also benefiting from the loans borrowed by the Company in terms of the pledge provided, the latter therefore paid an annual commission to the Company which was then partly remitted to the Guarantor. However, during the year under review, an amount of EUR Nil (2020: EUR 35,416) was charged as commission and an amount of EUR Nil (2020: EUR Nil) is receivable as at March 31, 2021 since the loans have been fully repaid.

In the prior financial year, the Company had refunded an amount of EUR 100,602 to HCR representing excess guarantee commission charged in prior financial years.

(iii) The Company borrowed a loan amounting to EUR 250,000 from Mahindra Holidays & Resorts India Limited ("MHRIL"), the immediate holding company, bearing interest of 2.2% per annum and repayable on demand.

(iv) The Company entered into interest rate swap arrangements in respect of its borrowings from HSBC Bank (Mauritius) Limited and AXIS BANK LIMITED. During the year, a loss of EUR 123,225 (2020: EUR 256,379) was incurred on the swap arrangements.

13. DERIVATIVE FINANCIAL INSTRUMENTS

	2021	2020
	EUR	EUR
Current		
Interest rate swaps	**–**	132,558

The Company had entered into interest rate swap agreements to manage interest rate risk exposures.

The interest rate swap effectively modified the Company's exposure to interest rate risk by converting the Company's floating rate debt to a fixed rate basis for the entire term of the debt, thus reducing the impact of interest rate changes on future interest expense. This agreement involved the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount.

During the year under review, the swap agreement entered with AXIS BANK LIMITED has reached it maturity and the loan has been fully repaid. Consequently, the notional principal amount of the outstanding interest rate swap at March 31, 2021 was EUR Nil.

The fixed interest rate and fair value as at March 31, 2021 based on the interest rate swap are as follows:

Details	**Notional amount**	**Fixed interest rate**	**Start date**	**Maturity date**	**Fair value 2021**	Fair value 2020
	EUR	**%**			**EUR**	EUR
AXIS BANK LIMITED	41,550,000	0.2526	December 22, 2015, January 03, 2017 and April 07, 2017	August 28, 2020	–	132,558

During the year under review, an amount of EUR 123,225 (2020: EUR 256,379) (Note 10.2) was recognised in the statement of comprehensive income representing loss relating to interest rate swaps of the borrowings from variable interest rates to the fixed interest rate. The net fair value movement on the derivative financial instruments amounted to EUR 132,558 (2020: EUR 124,400) (Note 10.1) during the year under review.

14. PREPAYMENTS

	2021	2020
	EUR	EUR
Prepayments	**2,403**	2,450

15. PROFESSIONAL FEES

	2021	2020
	EUR	EUR
Administration fees and disbursements	**62,771**	45,477
Directors' fees	**3,071**	3,679
Fees for tax filings	**1,818**	2,080
Secretarial fees	**1,420**	1,269
Professional fees	**378**	–
Legal fees	**29,099**	–
	98,557	52,505

During the year under review, the Company incurred legal fees in regard to the drafting and reading of loan agreements.

16. TRANSACTION COSTS

	2021	2020
	EUR	EUR
Agency fees	**–**	500
Upfront brokerage fee	**120,362**	138,425
Legal fees	**–**	4,298
	120,362	143,223

Transaction costs relate to charges incurred by the Company in respect of new loan granted by ICICI Bank Limited which have been amortised over the tenure period of the loan. In the prior financial year, the transaction costs were incurred in respect to AXIS BANK LIMITED.

17. ACCRUALS

	2021	2020
	EUR	EUR
Commission on Corporate Guarantee	**1,856,384**	1,475,685
Audit fees	**7,140**	7,140
Administration fees	**16,175**	6,111
Disbursements	**4,561**	94
	1,884,260	1,489,030

18 STATED CAPITAL

	2021	2020
	EUR	EUR
Issued and paid:		
145,000 Ordinary shares of EUR 1 each	**145,000**	145,000

In accordance with the Company's Constitution, the main rights and obligations attached to the ordinary shares are as follows:

- confer to its holder the rights to attend and exercise one vote at meetings of members generally and class meetings of the ordinary shares;
- have a right to receive any dividend or distribution; and
- be entitled, on a winding up, to share in the assets of the Company available for distribution.

19. CASH FLOW INFORMATION

Net debt reconciliation

	2021	2020
	EUR	EUR
Net debt		
Borrowings:		
- Repayable within one year	**3,013,167**	54,825,972
- Repayable after one year	**72,070,362**	15,850,000
	75,083,529	70,675,972

	Borrowings due within 1 year	Borrowings due after 1 year	Total
	EUR	**EUR**	**EUR**
Net debt as at April 1, 2020	**54,825,972**	**15,850,000**	**70,675,972**
Cash flows:			
- Additional loan from ICICI Bank Limited	**–**	**30,000**	**30,000**
- Additional loan from HSBC Bank (Mauritius) Limited	**–**	**4,200,000**	**4,200,000**
- Interest paid	**(1,339,055)**	**–**	**(1,339,055)**
- Interest rate swap paid	**(123,225)**	**–**	**(123,225)**
Non-cash movement:			
- Loss on interest rate swaps	**123,225**	**–**	**123,225**
- Amortisation of loan	**–**	**120,362**	**120,362**
- Interest expense	**1,396,250**	**–**	**1,396,250**
- Additional loan from ICICI Bank Limited	**–**	**50,070,000**	**50,070,000**
- Repayment to AXIS BANK LIMITED	**(50,070,000)**	**–**	**(50,070,000)**
- Reclassification	**(1,800,000)**	**1,800,000**	**–**
Net debt as at March 31, 2021	**3,013,167**	**72,070,362**	**75,083,529**

	Borrowings due within 1 year	Borrowings due after 1 year	Total
	EUR	EUR	EUR
Net debt as at April 1, 2019	13,977,556	46,856,777	60,834,333
Cash flows:			
- Additional loan from HSBC Bank (Mauritius) Limited	700,000	9,000,000	9,700,000
- Interest paid	(991,258)	–	(991,258)
- Interest rate swap paid	(256,379)	–	(256,379)
Non-cash movement:			
- Loss on interest rate swaps	256,379	–	256,379
- Amortisation of loan	–	143,223	143,223
- Interest expense	989,673	–	989,673
- Reclassification of loan	40,150,000	(40,150,000)	–
Net debt as at March 31, 2020	54,825,972	15,850,000	70,675,972

20. RELATED PARTY TRANSACTIONS

During the year ended March 31, 2021, the Company had transactions with related parties. The nature, volume of transactions and balances with the related parties are as follows:

Name of companies	Nature of relationship	Nature of transactions	Volume of transactions	Debit/ (credit) balances at March 31, 2021	Debit/ (credit) balances at March 31, 2020
			EUR	**EUR**	EUR
Covington S.à.r.l. (Note 11 (i))	Subsidiary	Loans	**4,332,729**	**48,779,386**	44,446,657
Mahindra Holidays & Resorts India Limited (Note 12(iii))	Holding company	Loan	–	**(250,000)**	(250,000)
Mahindra Holidays & Resorts India Limited (Note 12(iii))	Holding company	Interest payable	**5,499**	**(79,703)**	(74,204)
Mahindra Holidays & Resorts India Limited (Note 12(ii))	Holding company	Commission on Corporate Guarantee	**380,699**	**(1,856,384)**	(1,475,685)

The terms and conditions of the loans and payable to holding company are as disclosed in the notes to the financial statements.

21. CONTINGENT LIABILITIES

The Company has no litigation claims outstanding, pending or threatened against it, which could have a material adverse effect on the Company's financial position or results as at March 31, 2021.

22. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued financial support of the shareholder.

The Company's accumulated losses have increased over the years to reach EUR 5,098,220 as at March 31, 2021 (March 31, 2020: EUR 4,222,567) and has also a net liability position of EUR 4,953,220 (March 31, 2020: EUR 4,077,567). The directors are of the opinion that financial support from the shareholder will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.

23. HOLDING COMPANIES

The directors consider Mahindra Holidays & Resorts India Limited, a quoted company incorporated in the Republic of India, as the Company's immediate holding company and Mahindra and Mahindra Limited, a quoted company incorporated in the Republic of India, as the Company's ultimate holding company.

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

To the Annual General Meeting of Covington S.a.r.l.

Opinion

We have audited the annual accounts of Covington S.à.r.l. (the "Company"), which comprise the balance sheet as at March 31, 2021, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at March 31, 2021 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with the Law of July 23, 2016 on the audit profession ("Law of July 23, 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of July 23, 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the *"Responsibilities of "réviseur d'entreprises agréé" for the audit of the annual accounts"* section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Managers for the annual accounts

The Board of Managers is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Managers determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Managers is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the réviseur d'entreprises agréé for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.
- Conclude on the appropriateness of the Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Luxembourg, April 26, 2021

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

S Yeo
Associate Partner

BALANCE SHEET AS AT MARCH 31, 2021

ASSETS	Notes	2021 EUR	2020 EUR
FIXED ASSETS			
Financial fixed assets	3		
Shares in affiliated undertakings		**67,884,594.23**	67,853,012.21
		67,884,594.23	67,853,012.21
CURRENT ASSETS			
Debtors	4		
Amounts owed by affiliated undertakings			
becoming due and payable within one year		**3,273,554.21**	52,433.32
becoming due and payable after more than one year		**–**	3,151,337.45
Other debtors			
becoming due and payable within one year		**–**	6,018.75
		3,273,554.21	3,209,789.52
Cash at bank, cash in postal cheque accounts, cheques and cash in hand		**270,767.65**	678,243.31
PREPAYMENTS		**4,620.03**	5,964.08
TOTAL ASSETS		**71,433,536.12**	71,747,009.12
LIABILITIES			
CAPITAL AND RESERVES	5		
Subscribed capital		**12,500.00**	12,500.00
Share premium and similar premiums		**23,165,000.00**	23,165,000.00
Reserves			
Legal reserve		**1,250.00**	1,250.00
Profit or (Loss) brought forward		**319,616.41**	217,408.19
Profit or (Loss) for the financial year		**(1,178,487.22)**	102,208.22
		22,319,879.19	23,498,366.41
CREDITORS	6		
Trade Creditors			
becoming due and payable within one year		**64,647.20**	35,008.52
Amounts owed to affiliated undertakings			
becoming due and payable within one year		**17,363,393.77**	17,668,286.84
becoming due and payable after more than one year		**31,679,325.61**	27,032,792.35
Tax and social security debts			
Tax debts		**6,290.35**	10,130.00
Other Creditors			
becoming due and payable within one year		**–**	3,502,425.00
		49,113,656.93	48,248,642.71
TOTAL CAPITAL, RESERVES, LIABILITIES		**71,433,536.12**	71,747,009.12

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM APRIL 1, 2020 TO MARCH 31, 2021

	Notes	2021 EUR	2020 EUR
Raw materials and consumables and other external expenses	7	**(102,431.06)**	(141,792.55)
Other external expenses		**(102,431.06)**	(141,792.55)
Other operating expenses		**(20.60)**	(1,491.08)
Income from participating interests	8	**–**	1,141,002.69
Derived from affiliated undertakings		**–**	1,141,002.69
Other interest receivable and similar income	9	**95,396.18**	194,477.01
Derived from affiliated undertakings		**69,783.44**	66,356.00
Other interest and similar income		**25,612.74**	128,121.01
Interest payable and similar expenses	10	**(1,166,116.74)**	(1,083,922.85)
Concerning affiliated undertakings		**(1,140,504.00)**	(955,801.84)
Other interest and similar expenses		**(25,612.74)**	(128,121.01)
Tax on profit or (loss)	11	**(500.00)**	(1,250.00)
Profit or (loss) after taxation		**(1,173,672.22)**	107,023.22
Other taxes not shown under items 1 to 16	11	**(4,815.00)**	(4,815.00)
Profit or (loss) for the financial year		**(1,178,487.22)**	102,208.22

NOTES TO THE ANNUAL ACCOUNTS

Note 1 - General information

Covington S.à r.l., hereinafter the "Company", was incorporated on November 27, 2013 as a "société à responsabilité limitée" for an unlimited period. The Company is organised under the laws of Luxembourg, in particular the law of August 10, 1915 on commercial companies, as amended.

The registered office of the Company is established in Luxembourg City and is registered at the Trade and Companies register in Luxembourg under the number B 182 265.

The financial year of the Company starts on April 1 and ends on March 31 of each year.

Based on the criteria defined by article 1711-7 of the Luxembourg law, the Company is exempt from the obligation to draw up consolidated accounts and a consolidation management report for the year ended March 31, 2021.

The Company is included in the consolidated accounts of Mahindra Holidays & Resorts India Limited, forming the smallest and largest body of undertakings of which the Company forms a part as direct subsidiary undertakings. The registered office of that company is located at Mahindra Towers, 2nd floor, 17/18 Patullos Road, Chennai - 600 002 and the consolidated financial statements are available at the registered adress.

The object of the Company is the acquisition of ownership interests, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the administration, management, control and development of such participations. The Company may in particular acquire by way of subscription, purchase, exchange or in any other manner any stock, shares and/or other participation securities, bonds, debentures, certificates of deposit and/or other debt instruments and more generally any securities and/or financial instruments issued by any public or private entity whatsoever. It may participate in the creation, development, management and control of any company or enterprise. It may further make direct or indirect real estate investments and invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin whatsoever.

The Company may borrow in any form, except for borrowing from the public. It may issue notes, bonds, debentures and any other kind of debt and/or equity securities, including but not limited to preferred equity certificates and warrants, whether convertible or not in all cases. The Company may lend funds, including the proceeds of any borrowings and/or issues of debt securities, to its subsidiaries, affiliated companies or to any other company. It may also give guarantees and grant security interests in favour of third parties to secure its obligations or the obligations of its subsidiaries, affiliated companies or any other company. The Company may further mortgage, pledge, transfer, encumber or otherwise hypothecate all or some of its assets.

The Company may generally employ any techniques and utilize any instruments relating to its investments for the purpose of their efficient management, including techniques and instruments designed to protect the Company against creditors, currency fluctuations, interest rate fluctuations and other risks.

The Company may carry out any commercial, financial or industrial operations and any transactions with respect to real estate or movable property, which directly or indirectly, further or relate to its purpose.

Note 2 - Summary of significant accounting policies and valuation rules

Basis of preparation

These annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the amended law of December 19, 2002, (the "Law"), determined and applied by the managers of the Company (the "Board of Managers") in conformity with the going concern basis.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Managers to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Board of Managers believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Although the current liabilities of the Company exceed the current assets as of March 31, 2021, the Board of Managers has prepared these annual accounts on a going concern basis. The Company has received positive indicators from its shareholder acting as creditor that they will not ask for repayment of the principal amount nor of the accrued but unpaid interests if this repayment would trigger an insolvency for the Company and its shareholder will provide a financial support if it is needed. The Board of Managers is not aware of anything that would prevent the Company from continuing as a going concern.

Significant accounting policies and valuation rules

The main accounting and valuation rules applied by the Company are the following:

Financial assets

Shares in affiliated undertakings or participating interests are valued at acquisition cost including the expenses incidental thereto. Loans to these undertakings/investment held as fixed assets and other loans are valued at nominal value.

In the case of durable depreciation in value according to the opinion of the Board of the Managers, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Creditors

Creditors are stated at their reimbursement value.

Current tax liability

The tax liability estimated by the Company for the financial years for which the tax assessments have not yet been received are recorded under the caption "Tax authorities". The advance payments are shown in the assets of the balance sheet under the caption "Other Debtors", if applicable.

Foreign currency translation

The Company maintains its accounting records in Euro (EUR) and the balance sheet and the profit and loss accounts are expressed in this currency.

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction.

Formation expenses and long term non-monetary assets expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain converted using the exchange rate at the time of the transaction (the "historical exchange rate").

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

In accordance with prudence principles found within generally accepted accounting principles in Luxembourg ("Lux Gaap"), other assets are translated separately, at the lower of the value converted using the historical exchange rate and the value converted using the exchange rate at the balance sheet date. Conversely, other liabilities are translated separately, at the higher of the value converted using the historical exchange rate and the exchange rate at the balance sheet date. Consequently, both realised and unrealised exchange losses are recorded in the profit and loss account while exchange gains are recorded in the profit and loss account when realised only.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the profit and loss account while the net unrealised gains are not recognised.

Comparative figures

Certain comparative figures of the profit and loss account for the financial year ended March 31, 2020 have been restated to align with the current year presentation, with no effect on results of the financial year ended March 31, 2020 which remain unchanged.

Note 3 - Financial assets

a) The movements for the year are as follows:

	Shares in affiliated undertakings 2021 EUR	**Total 2021 EUR**	Total 2020 EUR
Gross book value - opening balance	**67,853,012.21**	**67,853,012.21**	65,879,136.21
Additions for the year	31,582.02	31,582.02	1,973,876.00
Gross book value - closing balance	**67,884,594.23**	**67,884,594.23**	67,853,012.21
Net book value - closing balance	**67,884,594.23**	**67,884,594.23**	67,853,012.21
Net book value - opening balance	**67,853,012.21**	**67,853,012.21**	65,879,136.21

Mahindra Holidays & Resorts India Ltd. (MHRIL) and certain management employees, shareholders of Holiday Club Resorts Oy (HCRO), had executed an Option agreement in September 2015. Subsequently the option agreement was assigned to the Company.

On January 11, 2017, the Company purchased 249,542 shares in HCRO, at the total price of EUR 4,366,985.00. Transfer tax of 1.60% related to the purchase of the above shares is also capitalised.

On March 21, 2017, the Company exercised the options to buy 127,160 shares in HCRO (110,260 shares for EUR 1,929,550.00 and 16,900 shares for EUR 228,150.00). The effective date of the transfer of the shareholding only occurred on April 11, 2017 whereby the direct shareholding of the Company in HCRO increased to 90,92%. This, combined with the indirect shareholding of 4.24%, amounts to a 95.16% holding in HCRO. Transfer tax of 1.60% related to the purchase of the above shares is also capitalised.

On August 20, 2018, the Company exercised the options to buy the remaining 26,310 shares under Option Agreement for a total amount of EUR 829,291.20 (EUR 31.52 per share) and 18,500 shares covered under HCR Agreement for a total amount of EUR 468,605.00 (EUR 25.33 per share). Transfer tax of 1.60% related to the purchase of above shares is also capitalised.

On November 12, 2018, the Company converted a part of its loans with HCRO into 200,000 new shares at the subscription price of EUR 15.00 per share for a total amount of EUR 3,000,000.00 whereby the direct shareholding of the Company in HCRO increased to 92.44%. This combined with the indirect shareholding of 4.04%, amounts to a 96.48%.

On March 31, 2020, the Company purchased 146,213 shares in HCRO at the subscription price of EUR 13.50 per share for a total amount of EUR 1,973,876.00 whereby the direct shareholding of the Company in HCRO increased to 95.96%. This combined with the indirect shareholding of 4.04%, amounts to a 100.00%. Transfer tax of 1.60% related to the purchase of the above shares is also capitalised.

On June 8, 2020, the Company paid transfer tax of EUR 31,582.02 pertaining to shares acquired on March 31, 2020

b) Undertakings in which the Company holds at least 20% interests in their share capital as at March 31, 2021 are as follows:

Undertaking's name	**Registered office**	**Percentage of holding**	**Last balance sheet date**	**Net equity at the last balance sheet date (EUR)**	**Result for the last financial year (EUR)**	**Net book value 2021 EUR**	Net book value 2020 EUR
Holiday Club Resorts Oy	Finland	95,96%	March 31, 2021	51,667,783.00	(11,396,534.00)	**64,084,712.84**	64,053,130.82
HCR Management Oy	Finland	100.00%	March 31, 2021	2,267,195.00	(1,073.00)	**3,799,881.39**	3,799,881.39
Total						**67,884,594.23**	67,853,012.21

As at the end of the financial year, the Managers estimated that the financial assets do not present any durable loss in value.

Based on the assessment performed the management of the Company believes that there are no indicators of durable value adjustment regarding shares in affiliated undertakings.

Note 4 - Debtors

This caption is detailed as follows:

	Within one year	**After one year and within five years**	**Total 2021 EUR**	Total 2020 EUR
Amounts owed to affiliated undertakings:				
Loans to Holiday Club Resorts OY - Principal (*)	3,151,337.45	–	**3,151,337.45**	3,151,337.45
Loans to Holiday Club Resorts OY - Accrued interest	122,216.76	–	**122,216.76**	52,433.32
Other debtors :				
Net Wealth tax - Advances	–	–	**–**	6,018.75
Total	**3,273,554.21**	**–**	**3,273,554.21**	3,209,789.52

(*) On September 1, 2017, the Company agreed to lend to Holiday Club Resorts Oy the sum of EUR 2,000,000.00 which bears interest at a nominal rate of 2.50% per annum. The tenure of the loan is one year, extendable with the consent of the Company. On August 20, 2018, EUR 1,318,662.55 has been repaid. On November 12, 2018, the remaining amount of EUR 681,337.45 together with the EUR 2,318,662.55 out of the remaining loan of EUR 2,470,000.00 from the second loan (below) has been converted into 200,000 new shares at the subscription price of EUR 15.00 per share for a total value of EUR 3,000,000.00.

On July 17, 2018, the Company entered into a second loan agreement with Holiday Club Resorts Oy for an amount up to EUR 3,000,000.00 with an interest rate of 2.50%. On July 23, 2018, the Company paid out an amount of EUR 2,470,000.00 to Holiday Club Resorts Oy. As stated above, on November 12, 2018, EUR 2,318,662.55 of the loan have been converted into equity. The initial maturity date of this loan was July 13, 2019 and has been extended for two additional years. On March 31, 2021, the outstanding amount of this loan is EUR 151,337.45 and the accrued interest amount to EUR 6,626.15.

On October 5, 2018, the Company entered into a third loan agreement of EUR 3,000,000.00 with Holiday Club Resorts Oy with an interest rate of 2.20% per annum. The initial maturity date of this loan was October 4, 2019 and has been extended for two additional years. On March 31, 2021, the accrued interest amount to EUR 115,590.61.

Note 5 - Capital and reserves

Subscribed capital and share premium (and similar premiums)

The share capital of the Company amounts to EUR 12,500.00 and is divided into 12,500 shares fully paid up to EUR 12,500.00 without nominal value.

The movements on the “Subscribed capital “ caption during the year are as follows:

	Share capital 2021 EUR	Total number of Shares 2021
Opening balance	**12,500.00**	**12,500**
Subscriptions for the year	**–**	**–**
Closing balance	**12,500.00**	**12,500**

Share premium account

The movements on the “Share premium account” caption during the year are as follows:

	Share premium 2021 EUR
Opening balance	**23,165,000.00**
Additions for the year	–
Closing balance	**23,165,000.00**

Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5.00% of its annual net profit until this reserve equals 10.00% of the subscribed share capital. This reserve may not be distributed.

Movements for the year on the reserves and profit/(loss) captions

	Legal reserve EUR	Other reserves EUR	Profit or (Loss) brought forward EUR	Profit or (Loss) for the financial year EUR
As at the beginning of the year	**1,250.00**	–	**217,408.19**	**102,208.22**
Allocation of the prior year's result:				
Allocation to the result brought forward	**–**	–	102,208.22	(102,208.22)
Profit or (Loss) for the year	**–**	–	–	(1,178,487.22)
As at the end of the year	**1,250.00**	**–**	**319,616.41**	**(1,178,487.22)**

Note 6 - Creditors

Creditors as at March 31, 2021 are composed of the following:

	Within one year	After one year and within five years	Total 2021 EUR	Total 2020 EUR
Trade creditors	64,647.20	–	**64,647.20**	35,008.52
Amounts owed to affiliated undertakings:				
Loans from MHR Holdings (Mauritius) Ltd. - Principal (*)	16,700,000.00	30,420,000.00	**47,120,000.00**	43,620,000.00
Loans from MHR Holdings (Mauritius) Ltd. - Accrued interest	400,058.77	1,259,325.61	**1,659,384.38**	826,681.19
Mahindra Holidays & Resorts India Ltd. (*)	263,335.00	–	**263,335.00**	254,398.00
	17,363,393.77	**31,679,325.61**	**49,042,719.38**	44,701,079.19
Tax debts :				
Net wealth tax - estimated tax 2019	–	–	**–**	4,815.00
Net wealth tax - estimated tax 2020	–	–	**–**	4,815.00
Net wealth tax - estimated tax 2021	4,815.00	–	**4,815.00**	–
Net wealth tax - payable tax 2020	1,203.75	–	**1,203.75**	–
Withholding tax on director’s fees	250.00	–	**250.00**	500.00
ACD - Other amounts payable	21.60	–	**21.60**	–
	6,290.35	**–**	**6,290.35**	**10,130.00**
Other creditors :				
Director fees	–	–	**–**	2,425.00
Loan from RCI Europe (**)	–	–	**–**	3,500,000.00
	–	–	**–**	3,502,425.00
Total	**17,434,331.32**	**31,679,325.61**	**49,113,656.93**	48,248,642.71

(*) The loans owed to affiliated undertakings are as follows:

	Interest rate	Maturity	Total 2021 EUR	Total 2020 EUR
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.20%	July 30, 2022	**3,500,000.00**	3,500,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	3.00%	August 21, 2021	**16,700,000.00**	16,700,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.20%	September 21, 2022	**1,750,000.00**	1,750,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.20%	December 26, 2022	**6,000,000.00**	6,000,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.25%	April 3, 2023	**1,100,000.00**	1,100,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.20%	August 31, 2023	**2,570,000.00**	2,570,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.20%	October 3, 2022	**3,000,000.00**	3,000,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.20%	October 31, 2022	**6,500,000.00**	6,500,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2,20%	March 24, 2023	**2,500,000.00**	2,500,000.00
Interest bearing loan owed to MHR Holdings (Mauritius) Ltd.	2.20%	August 21, 2023	**3,500,000.00**	–
Payable owed to Mahindra Holidays & Resorts India Ltd	0.00%	–	**263,335.00**	254,398.00
Total			**47,383,335.00**	43,874,398.00

On September 10, 2014, a loan agreement up to EUR 100,000.00 has been made between MHR Holdings (Mauritius) Ltd and Covington S.à r.l., bearing an interest of 2.20% per annum. The maturity date is September 9, 2022. The loan has never been drawdown.

EUR 3,500,000.00 loan which bears interest at a nominal rate of 2.20% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à r.l.. The maturity date of the loan is on July 30, 2022. The accrued interest as at March 31, 2021 amount to EUR 110,294.99.

EUR 16,700,000.00 loan which bears interest at a nominal rate of 3.00% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à r.l.. The maturity date of the loan is on August 21, 2021. The accrued interest as at March 31, 2021 amount to EUR 400,058.77.

EUR 1,750,000.00 which bears interest at a nominal rate of 2.20% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à r.l.. The maturity date of the loan is on September 21, 2022. The accrued interest as at March 31, 2021 amount to EUR 106,320.54.

EUR 6,000,000.00 loan which bears interest at a nominal rate of 2.20% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à r.l.. The maturity date of the loan is on December 26, 2022. The accrued interest as at March 31, 2021 amount to EUR 365,317.40.

EUR 1,100,000.00 loan which bears interest at a nominal rate of 2.25% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à r.l.. The maturity date of the loan is on April 3, 2023 and the accrued interest as at March 31, 2021 amount to EUR 68,079.00.

EUR 2,570,000.00 loan which bears interest at a nominal rate of 2.20% per annum (2.25% per annum between April 1, 2020 and August 31, 2020) has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à r.l.. The maturity date of the loan is on August 31, 2023. The accrued interest as at March 31, 2021 amount to EUR 142,019.80.

EUR 3,000,000.00 loan which bears interest at a nominal rate of 2.20% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à r.l.. The maturity date of the loan is on October 3, 2022. The accrued interest as at March 31, 2021 amount to EUR 164,367.11.

EUR 6,500,000.00 loan which bears interest at a nominal rate of 2.20% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à r.l.. The maturity date of the loan is on October 31, 2022. The accrued interest as at March 31, 2021 amount to EUR 200,825.13.

EUR 2,500,000.00 loan which bears interest at a nominal rate of 2.20% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à r.l.. The maturity date of the loan is on March 24, 2023. The accrued interest as at March 31, 2021 amount to EUR 55,901.64.

EUR 3,500,000.00 loan which bears interest at a nominal rate of 2.20% per annum has been made between MHR Holdings (Mauritius) Ltd. and Covington S.à r.l.. The maturity date of the loan is on August 21, 2023. The accrued interest as at March 31, 2021 amount to EUR 46,200.00.

MHR Holdings (Mauritius) Ltd. considers to extend the repayment date of the loans for a period as mutually agreed upon. The necessary agreement for renewal of the loans will be executed on or before the due dates of the loans.

The payable owed to Mahindra Holidays & Resorts India Ltd., amounting to EUR 263,335.00 does not bear any interest and has no maturity date.

(**) The loan from RCI Europe, amounting to a total amount of EUR 10,000,000.00 has been taken in two tranches on August 4, 2014 and bears interest at a nominal rate of 2.00% per annum + EURIBOR 12M. The first tranche of EUR 6,500,000.00 has been drawdown on August 5, 2014 and was due on August 4, 2019 which is duly paid. The second tranche of EUR 3,500,000.00 has been drawdown on August 26, 2015 and was due on August 25, 2020. On August 26, 2020, the Company repaid the second tranche of EUR 3,500,000.00. The accrued interests as at March 31, 2021 amount to EUR 0.00 due to RCI Europe waiving the full loan interest amount.

Note 7 - Other external charges

This caption is detailed as follows:	**2021 EUR**	2020 EUR
Professional fees	**83,228.12**	95,142.02
Commission on Corporate Guarantee	**11,997.00**	35,995.00
Bank fees	**4,430.94**	4,243.03
Luxembourg Chamber of Commerce contribution	**350.00**	350.00
	100,006.06	135,730.05

Note 8 - Income from participating interests

This caption is detailed as follows:	**2021 EUR**	2020 EUR
Dividend from HCRO	**–**	1,141,002.69
	–	1,141,002.69

Note 9 - Other interest and similar financial income

This caption is detailed as follows:	**2021 EUR**	2020 EUR
Concerning affiliated undertakings:		
Interest receivable from HCRO	**69,783.44**	66,356.00
Other interest and similar income:		
Waiver on interest payable to RCI Europe	**25,612.74**	128,121.01
	95,396.18	194,477.01

Note 10 - Interest payable and similar charges

This caption is detailed as follows:	**2021 EUR**	2020 EUR
Concerning affiliated undertakings:		
Interest charge on loan amounts owed to MHR Holdings (Mauritius) Ltd. (See Note 6)	**1,140,504.00**	955,801.84
Other interest and similar expenses:		
Interest charge on loan amounts owed to RCI Europe (See Note 6)	**25,612.74**	128,121.01
	1,166,116.74	1,083,922.85

Note 11 - Taxation

The Company is subject to the general tax regulation applicable to all Luxembourg commercial companies.

Note 12 - Staff

The company did not employ any staff during the financial year ended March 31, 2021 (2020: Nil).

Note 13 - Emoluments granted to the members of the management and supervisory bodies and commitments in respect of retirement pensions for former members of those bodies

The Company did not grant any emoluments and has no commitments in respect of retirement pensions to members of its management during the financial year ended March 31, 2021 (2020: EUR Nil).

During the financial year, the Company incurred directors' fees amounting to EUR 2,425.00 (2020: EUR 6,062.50).

Note 14 - Advances and loans granted to the members of the management and supervisory bodies

The Company did not grant any advances or loans to members of the management during the financial period ended March 31, 2021 (2020: Nil).

Note 15 - Off balance sheet commitments and contingencies

The Company does not have any off balance sheet commitments or contingencies at the end of the financial year.

Note 16 - Subsequent events

The affiliated undertakings' financial position has weakened due to the sudden drop in demand due to the Covid-19 situation. Cash and cash equivalents position remains strong but will deteriorate rapidly as the situation continues. The management is finding out the most suitable additional financing methods to secure the situation if needed. Although Covid-19 has posed short-term challenges to the affiliated undertakings' operations, demand for their products and services is expected to develop positively in the longer term which we could see in the FY 20-21 for six months when things slowed down the demand had increased. In order to alleviate the situation with Covid-19, the management believes that it is strongly positioned to offer its services in the presumably growing domestic travel market.

The company's operations have not been materially impacted by the Covid-19 pandemic and business continuity can be ensured.

However, and whilst it is too early to assess the future impact precisely, the current environment may lead to have an impact on the value of the participation in the next financial year.

AUDITOR'S REPORT

To the Annual General Meeting of HCR Management Oy

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HCR Management Oy (business identity code 2277650-4) for the year ended March 31, 2021. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors is responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki, April 21, 2021

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	Eur	Eur
	2021	2020
Other operative expenses	**(1,072.75)**	(1,829.99)
PROFIT/(LOSS)	**(1,072.75)**	(1,829.99)
Dividend income	**0.00**	49,820.75
Interest expenses	**0.00**	0.00
PROFIT/(LOSS) BEFORE TAXES	**(1,072.75)**	47,990.76
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	**(1,072.75)**	47,990.76

BALANCE SHEET AS AT MARCH 31, 2021

	Eur 2021	Eur 2020
ASSETS		
NON-CURRENT ASSETS		
Investments		
Other shares	**2,094,675.20**	2,094,675.20
TOTAL FOR NON-CURRENT ASSETS	**2,094,675.20**	2,094,675.20
CURRENT ASSETS		
Cash and cash equivalents	**173,759.86**	175,092.61
TOTAL FOR CURRENT ASSETS	**173,759.86**	175,092.61
TOTAL ASSETS	**2,268,435.06**	2,269,767.81
LIABILITIES		
SHAREHOLDERS' EQUITY		
Share Capital	**2,500.00**	2,500.00
Reserve for invested non-restricted equity	**1,833,300.00**	1,833,300.00
Retained earnings	**432,467.81**	384,477.05
Profit/(Loss) for the period	**(1,072.75)**	47,990.76
TOTAL FOR SHAREHOLDERS' EQUITY	**2,267,195.06**	2,268,267.81
LIABILITIES		
Long Term Liabilities	**0.00**	0.00
Short Term Liabilities	**1,240.00**	1,500.00
TOTAL FOR LIABILITIES	**1,240.00**	1,500.00
TOTAL LIABILITIES	**2,268,435.06**	2,269,767.81

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	Eur 2021	Eur 2020
Operative Cash Flow		
Cash paid to suppliers and employees	**(1,072.75)**	(329.99)
Operative Cashflow before financing items and taxes	**(1,332.75)**	(329.99)
Paid interest and other payments related to financing activities	**0.00**	0.00
Dividends received	**0.00**	49,820.75
Operative Cash Flow	**(1,332.75)**	49,490.76
Financing Cash Flow		
Proceeds from issuance of Equity	**0.00**	0.00
Withdrawals of Long Term Loans	**0.00**	0.00
Re-payments of Long Term Loans	**0.00**	0.00
Financing Cash Flow	**0.00**	0.00
Net increase/decrease in cash and cash equivalents	**(1,332.75)**	49,490.76
Cash and cash equivalents at the beginning of the period	**175,092.61**	125,601.85
Cash and cash equivalents at the end of the period	**173,759.86**	175,092.61

BASIC INFORMATION OF THE COMPANY

HCR Management Oy is a subsidiary of Covington S.a.r.l.

The Company's registered domicile is in Luxembourg.

Covington S.a.r.l owns 100% of the company's shares.

Covington S.a.r.l is a subsidiary of MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited (domicile in India) and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited (domicile in India).

AUDITING FEES

	Eur 2021	Eur 2020
Auditing services	980.00	1,500.00
Total	**980.00**	1,500.00

NOTES TO THE ACCOUNTS

NON CURRENT ASSETS

INVESTMENTS

Eur	Shares, other	Total
Acquisition Cost	2,094,675.20	2,094,675.20
Acquisition Cost	**2,094,675.20**	**2,094,675.20**
Book value	**2,094,675.20**	**2,094,675.20**

HCR Management Oy owns 4.04 % of the shares of Holiday Club Resorts Oy.

SHAREHOLDERS' EQUITY

	Eur 2021
RESTRICTED SHAREHOLDERS' EQUITY	
Share Capital	**2,500.00**
Share Capital	**2,500.00**
RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**2,500.00**
NON-RESTRICTED SHAREHOLDERS' EQUITY	
Reserve for Invested non-restricted equity	**1,833,300.00**
Proceeds from issuance of Equity	**0.00**
Reserve for Invested non-restricted equity	**1,833,300.00**
Retained earnings	**432,467.81**
Dividends	**0.00**
Retained earnings	**432,467.81**
Profit for the period	**(1,072.75)**
NON-RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**2,264,695.06**
SHAREHOLDERS' EQUITY TOTAL	**2,267,195.06**

CALCULATION FOR DISTRIBUTABLE FUNDS

	Eur 2021
Reserve for invested non-restricted equity	**1,833,300.00**
Retained earnings	**432,467.81**
Profit for the period	**(1,072.75)**
Total	**2,264,695.06**

SHARE CAPITAL BY TYPES OF SHARES

Eur	pcs	Eur
1 vote/share	124,320	2,500.00
Total	**124,320**	**2,500.00**

REDEMPTION CLAUSE IN ACCORDANCE WITH THE ARTICLES OF ASSOCIATION

A shareholder and the company have the right to redeem a share transferred from another owner, other than the company, to another. The primary right of redemption belongs to the shareholder. If more than one shareholder wants to use redemption right, the shares will be distributed among those willing to redeem them in proportion to the shares. If the distribution of shares does not go evenly, the remaining shares will be distributed among those wishing to redeem by lot. The company has the right of redemption if none of the shareholders redeems the transferable shares. In other respects, the provisions of the Companies Act apply to redemption.

SHORT TERM LIABILITIES

	Eur 2021	Eur 2020
Bank Loans	**0.00**	0.00
Accrued interest	**0.00**	0.00
Total	**0.00**	0.00

OTHER NOTES

COLLATERALS GIVEN

ASSETS PLEDGED AND MORTGAGES GIVEN FOR FINANCIAL LIABILITIES

	Eur 2021	Eur 2020
Other Loans	**0.00**	0.00
Total	**0.00**	0.00
Pledged assets	**0.00**	0.00
Total	**0.00**	0.00

Effects of Corona virus (Covid-19) to HCR Management's business

The Board of HCR Management Oy has estimated the effects of Corona virus to company's business and market enviroment.

So far virus epidemic has not effected significantly to company's business.

The Board and management of the company will follow the status of virus epidemic and update the estimated effects to company's business and market environment

Signing of the annual report and the board of director's report.

Helsinki, April 21, 2021

Arunkumar Nanda
Chairman of the Board

Akhila Balachandar
Member of the Board

Joonas Mäkipeska
Member of the Board

APPROVAL OF THE ANNUAL REPORT

The audit report has been given today.

Helsinki, April 21, 2021

KPMG Oy Ab

Esa Kailiala
Auhorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Holiday Club Resorts Oy

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Holiday Club Resorts Oy (business identity code 2033337-1) for the year ended March 31, 2021. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Other statements based on law

It is our responsibility to issue a statement on matters required by the Act on support for job retention and re-employment and compensation for the restriction of activities for companies in the food and beverage service sector (403/2020 section 3:7.7 §) based on our audit.

The Board of Directors and the Managing Director are responsible for including necessary notes to the financial statements in order to confirm that the actual restriction prescribed by section 3:7.6 § of the law is fulfilled.

Our statement is that the actual restriction is fulfilled as presented in note Accounting principles for the consolidated financial statements – Support received to the financial statements.

Helsinki, April 21, 2021

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

INCOME STATEMENT OF THE GROUP FOR THE YEAR ENDED MARCH 31, 2021

	Note	Eur 2021	Eur 2020
REVENUE	**1**	**92,103,313**	150,564,239
OTHER OPERATING INCOME	**2**	**7,065,303**	6,458,704
Share of Associated Company Profit/(Loss)		**3,361**	2,092
Materials and services	**3**	**(29,749,960)**	(54,744,484)
Personnel expenses	**4**	**(28,832,987)**	(37,818,974)
Depreciations and impairments	**5**	**(5,402,819)**	(5,669,772)
Other operating expenses	**6**	**(49,786,072)**	(58,046,339)
PROFIT/(LOSS)		**(14,599,862)**	745,464
Financial income and expenses	**7**	**(582,350)**	(490,421)
PROFIT/(LOSS) BEFORE APPROPRIATIONS AND TAXES		**(15,182,211)**	255,043
Income taxes	**9**	**3,048,957**	(225,456)
Minority Share		**736,720**	114,045
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		**(11,396,534)**	143,632

BALANCE SHEET OF THE GROUP AS AT MARCH 31, 2021

	Note	Eur 2021	Eur 2020
ASSETS			
NON CURRENT ASSETS			
Intangible assets	10	**7,033,957**	7,753,774
Group goodwill	10	**1,033,945**	12,359
Tangible assets	11	**31,163,808**	34,191,114
Investments	12	**5,134,041**	5,131,674
TOTAL NON CURRENT ASSETS		**44,365,750**	47,088,921
CURRENT ASSETS			
Inventories	14	**57,486,281**	59,048,943
Long-term receivables	15	**774,060**	978,099
Deferred tax receivables	19	**4,007,058**	1,192,611
Short-term receivables	16	**9,142,221**	10,202,261
Financial instruments		**3,558**	3,558
Cash and cash equivalents		**5,939,034**	6,541,940
TOTAL CURRENT ASSETS		**77,352,212**	77,967,412
TOTAL ASSETS		**121,717,963**	125,056,333
EQUITY AND LIABILITIES			
EQUITY	17		
Share capital		**11,959,146**	11,959,146
Other reserves		**42,395,175**	42,395,175
Profit/(Loss) from previous years		**8,709,997**	8,326,187
Profit/(Loss) for the financial year		**(11,396,534)**	143,632
TOTAL EQUITY		**51,667,783**	62,824,140
MINORITY SHARE		**0**	270,083
STATUTORY PROVISIONS	19	**925,868**	1,605,410
LIABILITIES			
Deferred tax liabilities	18	**10,739**	195,530
Long-term liabilities	19	**16,514,485**	11,047,638
Short-term liabilities	20	**52,599,087**	49,113,533
TOTAL LIABILITIES		**69,124,311**	60,356,701
TOTAL EQUITY AND LIABILITIES		**121,717,963**	125,056,333

CASH FLOW STATEMENT OF THE GROUP FOR THE YEAR ENDED MARCH 31, 2021

	Eur 2021	Eur 2020
Cash flow from operating activities		
Profit/(Loss) before appropriations and taxes	**(15,182,211)**	255,043
Adjustments:		
Depreciations	**5,402,819**	5,669,772
Other non-cash items	**(218,684)**	25,446
Financial income and expenses	**744,227**	370,915
Cash generated from operations before net working capital	**(9,253,849)**	6,321,176
Change in net working capital		
Change in non-interest-bearing receivables	**1,044,044**	7,147,925
Change in inventories	**1,922,956**	(49,083)
Change in non-interest-bearing liabilities	**1,159,362**	(202,137)
Change in provisions	**(679,913)**	0
Cash generated from operations before financial items and taxes	**(5,807,400)**	13,217,881
Interest expenses paid and other financial expenses	**(716,616)**	(684,414)
Income taxes paid	**202,687**	(171,376)
Net cash flow from operating activities	**(6,321,329)**	12,362,091
Cash flow from investments activities		
Investments in tangible and intangible assets	**(2,024,666)**	(2,287,934)
Proceeds from sale of tangible and intangible assets	**29,995**	528,884
Proceeds from disposals of other investments	**136,389**	280
Net cash flow from investing activities	**(1,858,283)**	(1,758,770)
Cash flow from financing activities		
Proceeds from short-term borrowings	**3,337,085**	1,441,531
Repayments in short-term borrowngs	**(4,287,887)**	(7,895,775)
Proceeds from long-term borrowing	**8,500,000**	700,000
Dividends paid	**0**	(1,234,257)
Net cash used in financing activities	**7,549,198**	(6,988,501)
Net increase/decrease in cash and cash equivalents	**(630,414)**	3,614,820
Cash and cash equivalents at the beginning of period	**6,545,498**	3,179,458
Effects of exchange rate fluctuations on cash held	**27,508**	(248,780)
Cash and cash equivalents at the end of period	**5,942,592**	6,545,498
Change in net cash	**(630,414)**	3,614,820

PARENT COMPANY INCOME STATEMENT FOR THE YEAR ENEDED MARCH 31, 2021

	Note	Eur 2021	Eur 2020
REVENUE	1	**77,017,835**	125,784,258
OTHER OPERATING INCOME	2	**5,084,483**	5,285,937
Materials and services	3	**(26,624,994)**	(49,848,020)
Personnel expenses	4	**(23,367,956)**	(29,194,049)
Depreciations and impairments	5	**(3,338,086)**	(3,625,702)
Other operating expenses	6	**(40,699,643)**	(47,829,461)
PROFIT/(LOSS)		**(11,928,361)**	572,963
Financial income and expenses	7	**(478,784)**	(441,979)
PROFIT/(LOSS) BEFORE APPROPRIATIONS AND TAXES		**(12,407,145)**	130,985
Appropriations	8	**962,414**	75,579
Income taxes	9	**0**	(7,943)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		**(11,444,731)**	198,620

PARENT COMPANY BALANCE SHEET AS AT MARCH 31, 2021

	Note	Eur 2021	Eur 2020
ASSETS			
NON CURRENT ASSETS			
Intangible assets	**10**	**6,988,548**	7,275,775
Tangible assets	**11**	**9,085,059**	10,876,890
Investments			
Shares of the group companies	**12**	**7,658,347**	7,658,347
Shares of the associated companies	**12**	**217,500**	217,500
Receivables from group companies	**16**	**11,891,623**	11,006,844
Receivables from associated companies	**16**	**0**	0
Other shares	**12**	**4,846,069**	4,846,069
Other receivables	**12**	**64,549**	64,549
TOTAL NON CURRENT ASSETS		**40,751,694**	41,945,973
CURRENT ASSETS			
Inventories	**14**	**44,920,793**	46,854,318
Long-term receivables	**15**	**13,187,972**	13,178,049
Short-term receivables	**16**	**10,547,787**	10,125,614
Financial instruments		**3,558**	3,558
Cash and cash equivalents		**780,492**	4,212,348
TOTAL CURRENT ASSETS		**69,440,603**	74,373,887
TOTAL ASSETS		**110,192,297**	116,319,860
EQUITY AND LIABILITIES			
EQUITY	**17**		
Share capital		**11,959,146**	11,959,146
Reserve for invested non-restricted equity		**42,395,175**	42,395,175
Profit/(Loss) from previous years		**3,757,420**	3,558,800
Profit/(Loss) for the financial year		**(11,444,731)**	198,620
TOTAL EQUITY		**46,667,010**	58,111,741
ACCUMULATED DEPRECIATION	**18**	**0**	962,414
STATUTORY PROVISIONS	**19**	**199,333**	1,042,172
LIABILITIES			
Long-term liabilities	**20**	**20,364,391**	14,105,641
Short-term liabilities	**21**	**42,961,562**	42,097,892
TOTAL LIABILITIES		**63,325,953**	56,203,533
TOTAL EQUITY AND LIABILITIES		**110,192,297**	116,319,860

CASH FLOW STATEMENT OF THE PARENT COMPANY FOR THE YEAR ENDED MARCH 31, 2021

	Eur 2021	Eur 2020
Cash flow from operating activities		
Profit/(Loss) before appropriations and taxes	**(12,407,145)**	130,985
Adjustments:		
Amortizations and depreciations	**3,338,086**	3,625,702
Sales Profit/(Loss) from the Sales of Non-Current Assets	**(115,260)**	(86,268)
Other non-cash items	**14,109**	382,207
Financial income and expenses	**464,676**	59,771
Other adjustments	**61,814**	0
Cash generated from operations before net working capital	**(8,643,720)**	4,112,397
Change in working capital		
Change in non-interest-bearing receivables	**(89,698)**	6,025,093
Change in inventories	**1,933,525**	(619,983)
Change in non-interest-bearing liabilities	**(2,681,067)**	(738,018)
Cash generated from operations before financial items and taxes	**(9,480,961)**	8,779,489
Interest expenses paid and other financial expenses	**(708,103)**	(698,729)
Income taxes paid	**156,642**	(185,342)
Net cash flow from operating activities	**(10,032,422)**	7,895,417
Cash flow from investments activities		
Investments in tangible and intangible assets	**(1,346,966)**	(1,719,814)
Proceeds from sale of tangible and intangible assets	**29,995**	530,762
Investments in group companies	**0**	(1,200)
Proceeds from loan receivables	**0**	436,167
Proceeds from other investments	**135,389**	280
Interest received from investments	**49,635**	509,981
Dividends received from investments	**2,213**	1,062
Net cash flow from investing activities	**(1,129,734)**	(242,762)
Cash flow from financing activities		
Proceeds from short-term borrowings	**2,817,898**	1,621,531
Repayments of short-term borrowings	**(2,943,898)**	(6,158,288)
Proceeds from long-term borrowings	**8,000,000**	1,892,415
Repayments of long-term borrowings	**0**	(1,120,285)
Dividends paid	**0**	(1,234,257)
Received and paid group contributions	**(40,700)**	0
Loans given	**(103,000)**	0
Net cash used in financing activities	**7,730,300**	(4,998,885)
Net increase/decrease in cash and cash equivalents	**(3,431,856)**	2,653,770
Cash and cash equivalents at the beginning of period	**4,215,906**	1,562,136
Cash and cash equivalents at the end of period	**784,050**	4,215,906
Change in net cash	**(3,431,856)**	2,653,770

ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Basic information of the Group

The Group's main branch of business is to sell and rent the timeshare weeks and Villas apartments constructed by the Group. The Group also operates in the Spa hotel business. Group has activities in four countries: Finland, Sweden, Spain and Russia.

Holiday Club Resorts Oy is a parent company for the Group, having its registered domicile in Helsinki at Hitsaajankatu 22, 00810 Helsinki.

Holiday Club Resorts Oy is a subsidiary of Covington S.a.r.l. The Company's registered domicile is in Luxembourg. Covington S.a.r.l owns 100% of the company's shares (4.04% of ownership coming through HCR Management Oy). Covington S.a.r.l is a subsidiary of MHR Holdings (Mauritius) Limited and in turn Mahindra Holidays & Resorts India Limited (domicile in India) and in turn subsidiary of the ultimate holding company Mahindra & Mahindra Limited (domicile in India).

Consolidation principles

Intragroup ownership

Subsidiaries are consolidated using the acquisition method. The subsidiaries' acquisition cost and the corresponding share of the difference in shareholder's equity has been allocated partly to fixed assets, partially presented as goodwill and as group reserve. The acquired subsidiaries are consolidated from the moment the control has been obtained and divested subsidiaries until the day that the control has ceased to exist.

The consolidated financial statements include the parent company, Holiday Club Resorts Oy and all the subsidiaries in which it holds, directly or indirectly, over 50% of the voting rights or over which it otherwise has control. This does not include timeshare and Villas apartment companies as they are represented in the current assets. Also, according to the Finnish Accounting Act's chapter six, companies which do not have a material impact on the group's result and financial position, have been left out of the consolidated financial statements.

Intra-group transactions, unrealized internal margin, receivables, liabilities and dividends between group companies are eliminated in consolidation.

The subsidiaries' financial statements are prepared in correspondence of the accounting principles used by the group.

Associated companies and joint ventures

Associated companies and joint ventures are consolidated using the equity method in accordance with the instructions of the Finnish Accounting Board. The group's share of the results of the associated companies are shown under other operating income.

All timeshare and Villas apartment companies, including the ones of which the group owns more than 20%, are presented in the current assets as they are actively traded.

Minority Share

The minority shares have been separated from Group's equity and financial year profit.

Foreign Currency Translation

Transactions in foreign currencies

Items in the subsidiaries' financial statements are valued in the currency, which is used in each subsidiary's main operating environment (functional currency). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the group. Assets and liabilities are translated into euros at the closing rate of the balance sheet date. Exchange differences resulting from sales and purchases are recorded as adjustments to the corresponding items above the operating profit. At the company level, exchange gains from foreign currency denominated loans are presented in the accrued expenses according to the principle of prudence. Exchange losses are recognized through profit and loss. At the group level, exchange gains and losses are recognized in equity as retained earnings.

Foreign subsidiaries

Foreign subsidiaries' income statements are translated into euros using the average exchange rates for the period. All balance sheet items, except profit for the period, are translated into euros using the closing exchange rates. The translation differences arising from the translation of income statement and balance sheet at different exchange rates and from eliminating the foreign subsidiaries equity is recognized in the group's equity. When a subsidiary is divested entirely or partially, the cumulative translation difference is recognized in the income statement as a part of the gain or loss from the sale.

Valuation and depreciation of non-current assets

Non-current assets

Goodwill

Goodwill represents the excess of the acquisition cost and the acquired company's net assets at the fair value at the date of the acquisition. Goodwill is allocated to cash-generating units, if such can be designated. As a main rule, goodwill is amortized and if the expected future operating cash flow is lower than the carrying amount of the goodwill, an impairment loss is recognized as an expense in the income statement.

Other intangible assets

Intangible assets are recorded in the balance sheet at their original acquisition cost, if the cost can be measured reliably and if it is probable that the expected benefits of the asset will benefit the company. Significant renovations are capitalized and amortized over the remaining useful life of the asset, if it is probable that the future benefits associated with the asset will benefit the company.

Intangible assets mainly include software licenses and renovation investments

Tangible assets

The subsidiaries' tangible assets have been valued in the balance sheet at historical cost less accumulated, straight-line depreciations and possible impairment losses. Land areas are not depreciated.

Residual values and useful lifetimes are reviewed at each balance sheet date and, if necessary, adjusted to reflect the changes of expected economic benefits.

Additional investments are capitalized and depreciated over the remaining useful life of the asset, if it is probable that the future benefits associated with the asset will benefit the company. Capital gains are presented in other operating income and losses under other operating expenses. The interest expenses related to the acquisition of the asset are expensed.

Fixed asset amortization and depreciation periods

The useful lives of the different asset categories are as follows:

Intangible rights	5-10 years
Goodwill and group goodwill	5-10 years
Long-term expenses	5-10 years
Buildings	50-60 years
Other constructions	10 years
Machinery and equipment	5-10 years
Renovations	5-10 years
Other tangible assets	10 years

Investments

Investments have been valued with original acquisition cost less possible impairments in the balance sheet.

Group reserve

The group reserve is allocated, in accordance with the share of ownership, to those assets and liabilities of the subsidiary that the group reserve is considered to derive from. The unallocated portion is recognized in the group's balance sheet as a separate item before liabilities. The group reserve is recognized as income when the corresponding expenditure or loss is recorded as an expense in the income statement of the subsidiary or where it corresponds to a realized return. The unallocated group reserve is recognized as income over time. These procedures are in accordance with the Finnish Accounting Act.

Received grants

Grants received by the company are recorded as other operating income in the income statement during the periods in which the related expenses are incurring. Investment grant for the acquisition of fixed assets is recorded in the balance sheet as accrued expense and recognized in the income statement as revenue over the asset's systematical depreciation period.

Inventory

Inventory is valued at the original acquisition cost or the lower net realizable value. Net realizable value is the estimated selling price less the estimated costs of completion and selling in the ordinary course of business. The cost of finished and unfinished products comprises of raw materials, direct labor costs and other direct costs. The costs of selling and financing are not allocated to the acquisition cost.

Receivables

Receivables are valued at the nominal value or the lower probable value.

Financial assets

The group's cash and cash equivalents consist of cash, bank deposits and other short-term highly liquid investments. Cash and cash equivalents have a maximum maturity of three months from the acquisition date. Financial assets are recognized on the settlement date and derecognized when the group has lost its contractual rights to the cash flows or when it has transferred substantial part of all the risks and rewards of ownership to parties outside the group.

Liabilities

Liabilities are valued at the nominal value. Transaction costs are expensed as incurred.

Deferred tax assets and liabilities

Deferred tax assets and liabilities of the Group are calculated with a current tax rate as temporary differences between taxation and financial statements. Deferred tax assets are recognized at the probable amount in the balance sheet. The deferred tax assets have been booked only to the amount of confirmed tax losses in the local taxation.

Deferred taxes are not recognized in parent company income statement nor balance sheet.

Ordinary repair and maintenance

Ordinary repair and maintenance costs are expensed as they incur.

External services

External services include among other things expenses from rented personnel and expenses from cleaning and laundry services used by the hotel.

Pensions

Payments for defined contribution plans are made to a pension insurance company. Payments made for defined contribution plans are recognized as expenses in the income statement for the financial period to which the debit relates.

Direct taxes

Taxes based on taxable income for the period are calculated on taxable income using the tax rate that is in force in the country in which the particular subsidiary is based. The amount of tax is adjusted for any taxes concerning previous periods.

Revenue recognition

Revenue from services is recognized as income when the service is rendered to the customer. Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer. At that time, the group has no longer any supervision or control power over the good sold.

Rental income from holiday homes and revenue from hotels are recognized when the customer has accommodated. Income from restaurants and from other services related to hotel activities are recognized as revenue when the service is rendered. Rental income from retail premises are recognized on a straight-line basis over the rental period.

Income from Villas apartments and starting end of financial year 2020-2021 also income from Timeshare apartments, is recognized by using the stage of completion method in accordance with the guidelines of the Confederation of Finnish Construction Industries and the Finnish Accounting Board. The percentage of completion is defined based on the percentage of the completion of the construction project and the percentage of the shares sold.

At the closing of the Timeshare deal, the company will record a so-called cancellation provision in case of future cancellation of deals. This is done based on previous experience and statistics on customer behavior. Statutory cancellation time is 14 days from the moment the deal was signed.

Use of estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions regarding future events. Actual results may differ from these estimates and assumptions. In addition, management must exercise judgment in applying accounting principles. Estimates are based on management's best knowledge at the time. Possible changes in estimates and assumptions are recognized during the period in which the estimates or assumptions are adjusted and in all subsequent financial periods.

The key assumptions and uncertainties concerning the future, which may cause significant changes in the carrying values of assets and liabilities within the next financial year are as follows:

Impairment losses

The group reviews fixed assets and inventory annually and evaluates indications of impairment as set out above in the accounting policies. The deferred tax assets have been booked only to the amount of confirmed tax losses in the local taxation.

Revenue recognition

Timeshare weeks have a 14-day cancellation right stated by the Consumer Protection Act. The cancellation policy is taken into account in profit recognition by taking advantage of the experience and statistics on customer behavior.

Receivables

From uncertain loans and any permanent impairments, the group recognizes a credit loss in accordance with the principle of prudence.

Significant events during the financial year

The Covid-19 pandemic, which began just before the beginning of the financial year, has had a very significant negative impact on the company's business during the current financial year. After a difficult spring, when the disease situation temporarily improved for the summer, the company's business returned to almost normal levels. However, the deterioration that began in the autumn continued throughout the final financial year. The most difficult situation has been in spa hotels and related services, which have also been affected by official restrictions. On the other hand, the rental of holiday apartments has remained at a good level. Sales of holiday shares remained at a reasonably good level given the circumstances but began to weaken in the last quarter of the year as the pandemic continued and due to simultaneous cautious consumer behavior.

The Group's profitability developed in line with net sales and thus suffered significantly from a lack of demand. However, the company reacted immediately to changed situations, adjusting its expenses accordingly. Variable expenses were well adjusted, but the high fixed expenses of the spa business in particular weighed on the result significantly.

Support received

Due to the Covid-19 pandemic, the Group has received various subsidies totaling EUR 1,888,022. The amount includes the compensation received by the parent company Holiday Club Resorts Oy from the state for the restriction period from April 4 to May 31, 2020 amounting to EUR 404,891, as well as re-employment aid of EUR 177,000.

The customer premises of the company's restaurant have been closed during the statutory restriction period from April 4 to May 31, 2020. The compensation received by the company in the amount of EUR 404,891 has been recognized in the income statement for the financial year in other operating income.

The loss of the company's restaurants for the restriction period was EUR 716,417, compared to a profit of EUR 548,523 for the comparison period January-February 2020. The result has thus decreased by EUR 1,264,939. The amount of compensation received from the government (EUR 404,891) does not exceed the statutory maximum amount (EUR 500,000).

The loss for the restriction period and the profit for the comparison period have been determined by applying the principles followed in the preparation of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. TURNOVER

TURNOVER BY BUSINESS AREAS

Business area review Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Timeshare	**25,924,946**	39,057,671	**25,113,419**	35,255,263
Service sector	**40,141,063**	69,839,990	**33,663,264**	57,165,127
Renting	**8,650,264**	7,563,381	**3,668,263**	3,694,964
Real Estate Management	**5,662,225**	5,855,386	**2,937,912**	2,981,842
Villas	**8,705,139**	23,793,221	**8,705,139**	23,719,910
Other Sales	**3,019,676**	4,454,590	**2,929,838**	2,967,151
Total	**92,103,313**	150,564,239	**77,017,835**	125,784,258

The Timeshare turnover for current financial year includes 477,081 EUR (2020: Villas 1,241,730 EUR) from ongoing projects, where revenue recognition has been done with a percentage of completion method.

TURNOVER BY MARKET AREAS

Geographical review Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Finland	**76,821,173**	125,996,921	**77,017,835**	125,784,258
Sweden	**7,828,874**	15,167,951	**0**	0
Spain	**7,453,265**	9,399,367	**0**	0
Total	**92,103,313**	150,564,239	**77,017,835**	125,784,258

2. OTHER OPERATING INCOME

Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Profit from the sales of fixed assets	**115,260**	91,969	**115,260**	86,268
Rental income	**870,256**	2,006,744	**800,539**	1,971,372
Commissions	**893,273**	1,021,050	**890,397**	1,020,315
Service income	**743,902**	726,167	**135,854**	134,764
Other income	**4,442,613**	2,612,774	**3,142,433**	2,073,218
Total	**7,065,303**	6,458,704	**5,084,483**	5,285,937

Other income includes EUR 404,891 compensation received from the government for the restriction period April 4 to May 31, 2020. In addition, other income includes other subsidies related to the Covid-19 pandemic amounting to EUR 1,478,131, of which EUR 177,000 in the parent company.

3. MATERIALS AND SERVICES

Materials and supplies Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Purchases during the financial year	**21,072,875**	36,848,203	**19,151,811**	34,813,611
Change in inventory	**1,678,968**	3,755,452	**1,636,862**	2,681,965
Total	**22,751,843**	40,603,656	**20,788,673**	37,495,576
External services	**6,998,117**	14,140,829	**5,836,321**	12,352,444
Materials and services total	**29,749,960**	54,744,484	**26,624,994**	49,848,020

4. PERSONNEL AND MEMBERS OF THE BOARD

PERSONNEL EXPENSES

Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Salaries, wages, commissions	**24,083,635**	31,013,326	**19,693,496**	23,985,388
Pension expenses	**3,230,733**	4,517,495	**3,056,202**	4,352,466
Other indirect employee expenses	**1,518,620**	2,288,153	**618,259**	856,195
Total	**28,832,987**	37,818,974	**23,367,956**	29,194,049

EXECUTIVE REMUNERATION

Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Management board	**1,458,881**	1,017,905	**0**	1,017,905
Members of the board of directors	**24,000**	12,000	**24,000**	12,000
Total	**1,482,881**	1,029,905	**24,000**	1,029,905

THE AVERAGE NUMBER OF EMPLOYEES DURING THE FINANCIAL YEAR

	Group 2021	Group 2020	Parent 2021	Parent 2020
Employees	**805**	854	**603**	640
Total	**805**	854	**603**	640

5. AMORTIZATIONS, DEPRECIATIONS AND IMPAIRMENTS

Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Intangible assets	**398,093**	642,963	**391,736**	635,300
Goodwill	**654,510**	706,561	**222,827**	242,629
Other long-term expenses	**1,045,581**	1,020,628	**1,045,581**	1,018,391
Buildings and structures	**975,870**	965,983	**85,380**	85,380
Machinery and equipment	**2,149,931**	2,210,040	**1,484,413**	1,537,487
Other tangible assets	**113,649**	112,189	**108,149**	106,514
Total	**5,337,634**	5,658,364	**3,338,086**	3,625,702
Group goodwill	**65,184**	11,408	**0**	0
Total	**5,402,819**	5,669,772	**3,338,086**	3,625,702

6. OTHER OPERATING EXPENSES

Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Voluntary employee expenses	**531,475**	881,424	**504,561**	802,476
Rents	**17,312,379**	17,932,771	**13,216,177**	13,960,900
Maintenance fees	**7,126,015**	7,280,270	**6,867,565**	6,992,133
Marketing expenses	**5,339,056**	8,231,675	**4,772,201**	7,181,288
Travel and entertainment expenses	**402,609**	744,591	**392,743**	718,892
Maintenance expenses	**4,300,810**	4,855,977	**3,889,501**	4,108,090
Real estate expenses	**7,145,099**	7,938,251	**5,550,951**	6,311,579
Consulting and other services	**3,114,807**	2,650,428	**2,618,076**	2,082,304
Other operating expenses	**4,513,823**	7,530,954	**2,887,868**	5,671,799
Total	**49,786,072**	58,046,339	**40,699,643**	47,829,461

NOTES TO THE BALANCE SHEET

AUDITING FEES

Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Auditing services	**260,853**	237,594	**179,057**	132,561
Tax consultancy	**22,371**	24,000	**0**	0
Other fees	**322,865**	54,851	**284,355**	54,851
Total	**606,089**	**316,445**	**463,413**	**187,412**

7. FINANCIAL INCOME AND EXPENSE

Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Dividends	**2,213**	1,063	**2,213**	1,062
Other interest and financial income				
Interest income				
Group companies	**0**	0	**397,332**	400,285
Others	**127,393**	191,906	**48,344**	65,258
Financial income				
Others	**2,154,602**	2,125,502	**0**	173,248
Total interest and financial income	**2,284,207**	2,318,471	**447,889**	639,852
Interest expenses and other financial expenses				
Interest expenses				
Group companies	**0**	0	**166,730**	143,049
Others	**554,582**	588,169	**431,911**	456,234
Other financial expenses				
Reversal of impairment losses from financial securities	**(24,000)**	(70,000)	**(24,000)**	(70,000)
Changes in derivatives fair values	**0**	(3,119)	**0**	(3,119)
Foreign exchange loss (other items), unrealised	**1,992,724**	2,077,842	**14,109**	388,289
Others	**343,250**	216,000	**337,924**	167,378
Total interest expenses and other financial expenses	**2,866,557**	2,808,892	**926,673**	1,081,831
Financial income and expense	**(582,350)**	(490,421)	**(478,784)**	(441,979)

8. APPROPRIATIONS

Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Change in accumulated depreciation	**0**	0	**962,414**	192,489
Group contribution	**0**	0	**0**	(116,910)
Total	**0**	0	**962,414**	75,579

9. INCOME TAXES

Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Income taxes from operating activities	**(628)**	(913)	**0**	0
Income taxes, previous financial year	**0**	8,651	**0**	(7,943)
Change in deferred tax receivables	**2,787,136**	(217,209)	**0**	0
Change in deferred tax liabilities	**262,449**	(15,987)	**0**	0
Total	**3,048,957**	(225,456)	**0**	(7,943)

FIXED ASSETS

10. INTANGIBLE ASSETS AND GROUP GOODWILL, GROUP 2020

Eur	Intangible assets	Other long-term expenses	Goodwill	Group goodwill	Total
Acquisition cost April 1, 2019	5,365,306	14,893,031	6,813,408	470,382	27,542,128
Translation difference	(1,035)	0	(36,213)	0	(37,248)
Additions	118,642	506,813	0	0	625,455
Correction of acquisition cost through profit and loss	0	(245,161)	0	0	(245,161)
Transfers between items	409,685	2,900	0	0	412,585
Acquisition cost March 31, 2020	5,892,597	15,157,583	6,777,195	470,382	28,297,758
Accumulated amortizations April 1, 2019	(4,123,502)	(8,202,556)	(5,406,666)	(446,616)	(18,179,340)
Translation difference	721	0	28,554	0	29,276
Amortizations	(638,673)	(1,024,919)	(706,561)	(11,408)	(2,381,561)
Accumulated amortizations March 31, 2020	(4,761,454)	(9,227,475)	(6,084,673)	(458,024)	(20,531,625)
Book value March 31, 2020	1,131,143	5,930,109	692,522	12,359	7,766,133

2021

Eur	Intangible assets	Other long-term expenses	Goodwill	Group goodwill	Total
Acquisition cost April 1, 2020	5,892,597	15,157,583	6,777,195	470,382	28,297,758
Translation difference	1,305	0	45,632	11,829	58,766
Additions	836,831	204,960	0	1,075,534	2,117,325
Transfers between items	308,763	22,363	0	0	331,126
Acquisition cost March 31, 2021	**7,039,496**	**15,384,906**	**6,822,827**	**1,557,745**	**30,804,974**
Accumulated amortizations April 1, 2020	(4,761,454)	(9,227,475)	(6,084,673)	(458,024)	(20,531,625)
Translation difference	(1,049)	0	(40,438)	(591)	(42,078)
Amortizations	(395,204)	(1,048,471)	(654,510)	(65,184)	(2,163,369)
Accumulated amortizations March 31, 2021	**(5,157,707)**	**(10,275,945)**	**(6,779,621)**	**(523,800)**	**(22,737,073)**
Book value March 31, 2021	**1,881,789**	**5,108,960**	**43,207**	**1,033,945**	**8,067,902**

10. INTANGIBLE ASSETS, PARENT COMPANY

2020

Eur	Intangible assets	Other long-term expenses	Goodwill	Total
Acquisition cost April 1, 2019	5,348,039	14,844,110	2,701,524	22,893,672
Additions	118,642	506,813	0	625,455
Transfers between items	409,685	2,900	0	412,585
Acquisition cost March 31, 2020	5,876,365	15,108,662	2,701,524	23,686,551
Accumulated amortizations April 1, 2019	(4,113,576)	(8,165,228)	(2,235,651)	(14,514,455)
Amortizations	(635,300)	(1,018,391)	(242,629)	(1,896,321)
Accumulated amortizations March 31, 2020	(4,748,877)	(9,183,619)	(2,478,280)	(16,410,776)
Book value March 31, 2020	1,127,489	5,925,043	223,243	7,275,775

2021

Eur	Intangible assets	Other long-term expenses	Goodwill	Total
Acquisition cost April 1, 2020	5,876,365	15,108,662	2,701,524	23,686,551
Additions	836,831	204,960	0	1,041,791
Transfers between items	308,763	22,363	0	331,126
Acquisition cost March 31, 2021	**7,021,960**	**15,335,984**	**2,701,524**	**25,059,468**
Accumulated amortizations April 1, 2020	(4,748,877)	(9,183,619)	(2,478,280)	(16,410,776)
Amortizations	(391,736)	(1,045,581)	(222,827)	(1,660,144)
Accumulated amortizations March 31, 2021	**(5,140,612)**	**(10,229,201)**	**(2,701,107)**	**(18,070,920)**
Book value March 31, 2021	**1,881,348**	**5,106,784**	**417**	**6,988,548**

11. TANGIBLE ASSETS, GROUP

2020

Eur	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Acquisition cost April 1, 2019	13,194,073	21,496,069	23,940,797	3,332,473	630,350	62,593,762
Translation difference	(16,483)	(252,930)	(67,025)	0	0	(336,437)
Additions	444,774	229,471	572,744	13,154	391,736	1,651,879
Deductions	(444,774)	0	(6,270)	0	(5,400)	(456,443)
Transfers between items	0	79,930	70,424	0	(562,938)	(412,585)
Acquisition cost March 31, 2020	13,177,590	21,552,541	24,510,670	3,345,627	453,748	63,040,176
Accumulated amortizations April 1, 2019	(2,895,129)	(5,247,224)	(16,298,215)	(1,228,548)	0	(25,669,116)
Translation difference	0	62,420	39,576	0	0	101,996
Accumulated amortizations from transfers/ deductions	0	0	6,270	0	0	6,270
Amortizations	0	(965,981)	(2,210,041)	(112,189)	0	(3,288,212)
Accumulated amortizations March 31, 2020	(2,895,129)	(6,150,785)	(18,462,411)	(1,340,737)	0	(28,849,062)
Book value March 31, 2020	10,282,461	15,401,756	6,048,259	2,004,890	453,748	34,191,114

2021

Eur	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Acquisition cost April 1, 2020	13,177,590	21,552,541	24,510,670	3,345,627	453,748	63,040,176
Translation difference	20,770	318,721	85,639	0	0	425,131
Additions	0	0	112,983	0	242,508	355,491
Deductions	(26,124)	0	(16,125)	0	(61,814)	(104,063)
Transfers between items	0	0	0	0	(331,126)	(331,126)
Acquisition cost March 31, 2021	**13,172,236**	**21,871,262**	**24,693,167**	**3,345,627**	**303,316**	**63,385,609**
Accumulated amortizations April 1, 2020	(2,895,129)	(6,150,785)	(18,462,411)	(1,340,737)	0	(28,849,062)
Translation difference	0	(90,868)	(58,545)	0	0	(149,413)
Accumulated amortizations from transfers/ deductions	0	0	16,125	0	0	16,125
Amortizations	0	(975,870)	(2,149,932)	(113,649)	0	(3,239,451)
Accumulated amortizations March 31, 2021	**(2,895,129)**	**(7,217,524)**	**(20,654,763)**	**(1,454,386)**	0	**(32,221,801)**
Book value March 31, 2021	**10,277,107**	**14,653,739**	**4,038,404**	**1,891,242**	**303,316**	**31,163,808**

11. TANGIBLE ASSETS, PARENT COMPANY

2020

Eur	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Acquisition cost April 1, 2019	3,465,497	2,338,680	18,007,375	3,165,855	483,975	27,461,382
Additions	444,774	0	244,013	13,154	381,819	1,083,759
Deductions	(444,774)	0	(6,270)	0	(5,400)	(456,443)
Transfers between items / merger	0	0	3,979	0	(416,563)	(412,585)
Acquisition cost March 31, 2020	3,465,497	2,338,680	18,249,097	3,179,009	443,831	27,676,113
Accumulated depreciations and impairments April 1, 2019	(583,298)	(603,339)	(12,693,996)	(1,195,480)	0	(15,076,112)
Accumulated depreciations from deductions and transfers	0	0	6,270	0	0	6,270
Depreciations for the financial year	0	(85,380)	(1,537,487)	(106,514)	0	(1,729,381)
Accumulated depreciations and impairments March 31, 2020	(583,298)	(688,719)	(14,225,213)	(1,301,993)	0	(16,799,224)
Book value March 31, 2020	2,882,199	1,649,961	4,023,884	1,877,015	443,831	10,876,890

2021

Eur	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Unfinished assets and advance payments	Total
Acquisition cost April 1, 2020	3,465,497	2,338,680	18,249,097	3,179,009	443,831	27,676,113
Additions	0	0	63,582	0	241,593	305,175
Deductions	(26,124)	0	0	0	(61,814)	(87,938)
Transfers between items / merger	0	0	0	0	(331,126)	(331,126)
Acquisition cost March 31, 2021	**3,439,373**	**2,338,680**	**18,312,679**	**3,179,009**	**292,483**	**27,562,224**
Accumulated depreciations and impairments April 1, 2020	(583,298)	(688,719)	(14,225,213)	(1,301,993)	0	(16,799,224)
Depreciations for the financial year	0	(85,380)	(1,484,413)	(108,149)	0	(1,677,942)
Accumulated depreciations and impairments March 31, 2021	**(583,298)**	**(774,100)**	**(15,709,626)**	**(1,410,142)**	**0**	**(18,477,166)**
Book value March 31, 2021	**2,856,075**	**1,564,581**	**2,603,053**	**1,768,867**	**292,483**	**9,085,059**

12. INVESTMENTS, GROUP

2020

Eur	Other shares	Shares in associated companies	Other receivables	Receivables from associated companies	Total
Acquisition cost April 1, 2019	5,357,573	217,905	64,549	0	5,640,027
Deductions	(280,000)	0	0	0	(280,000)
Share of associated companies' results	0	2,092	0	0	2,092
Exchange rate differences	(2,976)	0	0	0	(2,976)
Acquisition cost March 31, 2020	5,074,597	219,997	64,549	0	5,359,143
Accumulated impairments April 1, 2019	(510,504)	0	0	0	(510,504)
Exchange rate differences	2,976	0	0	0	2,976
Accumulated impairments March 31, 2020	(227,528)	0	0	0	(227,528)
Book value March 31, 2020	4,847,069	219,997	64,549	0	5,131,615

2021

Eur	Other shares	Shares in associated companies	Other receivables	Receivables from associated companies	Total
Acquisition cost April 1, 2020	5,074,597	219,997	64,549	0	5,359,143
Deductions	(25,000)	0	0	0	(25,000)
Share of associated companies' results	0	3,361	0	0	3,361
Exchange rate differences	3,750	0	0	0	3,750
Acquisition cost March 31, 2021	**5,053,347**	**223,358**	**64,549**	**0**	**5,341,254**
Accumulated impairments April 1, 2020	(227,528)	0	0	0	(227,528)
Reversal of impairments	24,000	0	0	0	24,000
Exchange rate differences	(3,750)	0	0	0	(3,750)
Accumulated impairments March 31, 2021	**(207,278)**	0	**0**	**0**	**(207,278)**
Book value March 31, 2021	**4,846,069**	**223,358**	**64,549**	**0**	**5,133,976**

12. INVESTMENTS, PARENT COMPANY

2020

Eur	Shares in group companies	Shares in associated companies	Other shares	Capital Loan Receivables from group companies	Receivables from associated companies	Other receivables	Total
Acquisition cost April 1, 2019	9,186,756	1,096,725	5,306,914	11,708,982	18,000	103,190	27,420,568
Additions	1,200	0	0	0	0	0	1,200
Deductions	0	0	(280,000)	0	0	0	(280,000)
Exchange rate differences	0	0	0	(702,139)	0	0	(702,139)
Acquisition cost March 31, 2020	9,187,956	1,096,725	5,026,914	11,006,844	18,000	103,190	26,439,629
Accumulated depreciations and impairments April 1, 2019	(1,529,608)	(879,225)	(460,845)	0	(18,000)	(38,642)	(2,926,320)
Cumulative impairment on disposal	0	0	280,000	0	0	0	280,000
Accumulated depreciations and impairments March 31, 2020	(1,529,608)	(879,225)	(180,845)	0	(18,000)	(38,642)	(2,646,320)
Book value March 31, 2020	7,658,348	217,500	4,846,069	11,006,844	0	64,549	23,793,310

2021

Eur	Shares in group companies	Shares in associated companies	Other shares	Capital Loan Receivables from group companies	Receivables from associated companies	Other receivables	Total
Acquisition cost April 1, 2020	9,187,956	1,096,725	5,026,914	11,006,844	18,000	103,190	26,439,629
Deductions	0	0	(24,000)	0	0	0	(24,000)
Exchange rate differences	0	0	0	884,779	0	0	884,779
Acquisition cost March 31, 2021	**9,187,956**	**1,096,725**	**5,002,914**	**11,891,623**	**18,000**	**103,190**	**27,300,408**
Accumulated depreciations and impairments April 1, 2020	(1,529,608)	(879,225)	(180,845)	0	(18,000)	(38,642)	(2,646,320)
Reversal of impairments	0	0	24,000	0	0	0	24,000
Accumulated depreciations and impairments March 31, 2021	**(1,529,608)**	**(879,225)**	**(156,845)**	**0**	**(18,000)**	**(38,642)**	**(2,622,320)**
Book value March 31, 2021	**7,658,348**	**217,500**	**4,846,069**	**11,891,623**	**0**	**64,549**	**24,678,089**

13. GROUP COMPANIES

Consolidated	Domicile	Group ownership %	Parent ownership %
Holiday Club Canarias Investment S.L.	Las Palmas	100.00	0.00
Holiday Club Canarias Resort Management S.L.	Las Palmas	100.00	0.00
Holiday Club Canarias Sales & Marketing S.L.	Las Palmas	100.00	0.00
Holiday Club Canarias Vacation Club S.L.	Las Palmas	100.00	0.00
Holiday Club Rus LLC	Pietari	100.00	100.00
Holiday Club Sweden AB	Åre	100.00	100.00
Kiinteistö Oy Himos Gardens	Helsinki	100.00	100.00
Kiinteistö Oy Kuusamon Pulkkajärvi 1	Kuusamo	100.00	100.00
Kiinteistö Oy Rauhan Ranta 1	Helsinki	100.00	100.00
Kiinteistö Oy Rauhan Ranta 2	Helsinki	100.00	100.00
Kiinteistö Oy Katinnurkka	Helsinki	100.00	100.00
Kiinteistö Oy Tiurunniemi	Helsinki	100.00	100.00

Consolidated	Domicile	Group ownership %	Parent ownership %
Kiinteistö Oy Tenetinlahti	Helsinki	100.00	100.00
Kiinteistö Oy Vanha Ykköstii	Helsinki	100.00	100.00
Suomen Vapaa-aikakiinteistöt Oy	Tampere	100.00	100.00
Ownership Services AB	Åre	100.00	0.00
Kiinteistö Oy Kylpyläntorni 1	Lappeenranta	100.00	100.00
Kiinteistö Oy Rauhan Liikekiinteistöt 1	Lappeenranta	100.00	100.00
Åre Villas 3 AB	Åre	100.00	0.00
Holiday Club Sport and Spa Hotels AB	Åre	100.00	0.00
Kiinteistö Oy Spa Lofts 2	Lappeenranta	100.00	100.00
Kiinteistö Oy Spa Lofts 3	Lappeenranta	100.00	100.00
Kiinteistö Oy Mällösniemi	Sotkamo	100.00	100.00
Supermarket Capri Oy	Lappeenranta	100.00	100.00

Associated companies	Domicile	Group ownership %	Parent ownership %
Kiinteistö Oy Seniori-Saimaa	Lappeenranta	31.15	31.15
Tropiikin Rantasauna Oy	Kuusamo	50.00	50.00

All associated companies have been consolidated into the group financial statements.

14. INVENTORY

Eur	**Group 2021**	Group 2020	**Parent 2021**	Parent 2020
Materials and supplies	**727,403**	861,131	**585,477**	707,765
Timeshare	**44,906,568**	45,011,865	**32,872,976**	33,282,269
Unfinished construction projects	**1,369,689**	2,786,220	**1,086,443**	2,559,780
Other inventory	**2,869,797**	2,843,408	**2,855,146**	2,843,408
Villas apartments	**7,612,824**	7,546,320	**7,520,751**	7,461,097
Total	**57,486,281**	59,048,943	**44,920,793**	46,854,318

RECEIVABLES

15. LONG-TERM RECEIVABLES

Eur	**Group 2021**	Group 2020	**Parent 2021**	Parent 2020
Sales receivables	**680,456**	884,495	**412,242**	442,318
Loan receivables from group companies	**0**	0	**12,775,730**	12,735,730
Other receivables	**93,603**	93,603	**0**	0
Deferred tax receivable	**4,007,058**	1,192,611	**0**	0
Total	**4,781,118**	2,170,710	**13,187,972**	13,178,049

16. SHORT-TERM RECEIVABLES

Eur	**Group 2021**	Group 2020	**Parent 2021**	Parent 2020
Sales receivables	**6,138,983**	6,612,446	**4,389,343**	4,110,174
Receivables from group companies				
Sales receivables	**0**	0	**99,200**	37,020
Loan receivables	**0**	0	**3,162,781**	3,104,510
Accrued income	**0**	0	**1,216,912**	821,128
Receivables from group companies, total	**0**	0	**4,478,893**	3,962,658
Receivables from others				
Loan receivables	**127,243**	103,946	**127,243**	**103,946**
Accrued income	**1,653,934**	1,935,977	**1,287,602**	1,490,016
Other receivables	**1,222,060**	1,549,891	**264,706**	458,820
Total	**9,142,221**	10,202,261	**10,547,787**	10,125,614

RELEVANT ACCRUED INCOME (excluding receivables from group and associated companies)

Eur	**Group 2021**	Group 2020	**Parent 2021**	Parent 2020
Accrued expenses	**933,020**	1,101,353	**869,774**	911,707
Accrued income	**308,924**	0	**167,764**	0
Tax receivables	69,768	264,461	0	156,642
Social security receivables	**72,716**	28,596	**72,716**	28,596
Others	**269,506**	541,568	**177,347**	393,071
Total	**1,653,934**	1,935,977	**1,287,602**	1,490,016

17. EQUITY

Eur	**Group 2021**	Group 2020	**Parent 2021**	Parent 2020
RESTRICTED SHAREHOLDERS' EQUITY				
Share capital at the beginning of the financial year	**11,959,146**	11,959,146	**11,959,146**	11,959,146
Share capital at the end of financial year	**11,959,146**	11,959,146	**11,959,146**	11,959,146
RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**11,959,146**	11,959,146	**11,959,146**	11,959,146
NON-RESTRICTED SHAREHOLDERS' EQUITY				
Reserve for invested non-restricted equity at the beginning of the financial year	**42,395,175**	42,395,175	**42,395,175**	42,395,175
Reserve for invested non-restricted equity at the end of the financial year	**42,395,175**	42,395,175	**42,395,175**	42,395,175
Profit from previous financial years at the beginning of the financial year	**8,469,819**	10,030,785	**3,757,420**	5,187,231
Paid Dividends	**0**	(1,234,257)	**0**	(1,234,257)
Translation differences	**240,178**	(470,342)	**0**	0
Reclassifications for previous financial years	**0**	0	**0**	(394,174)
Profit from previous financial years at the end of financial year	**8,709,997**	8,326,187	**3,757,420**	3,558,800
Profit for the period	**(11,396,534)**	143,632	**(11,444,731)**	198,620
NON-RESTRICTED SHAREHOLDERS' EQUITY TOTAL	**39,708,637**	50,864,994	**34,707,864**	46,152,595
SHAREHOLDERS' EQUITY TOTAL	**51,667,783**	62,824,140	**46,667,010**	58,111,741

The Shareholders' equity of the Group includes 42,955 EUR as at 2021 (782,121 EUR as at 2020) from appropriations and other voluntary provisions.
Reclassifications for previous financial years: the adjustment relates to an old hedging loss of a net investment in a foreign subsidiary.

CALCULATION FOR DISTRIBUTABLE FUNDS

Eur	**Parent 2021**	Parent 2020
Reserve for invested non-restricted equity	**42,395,175**	42,395,175
Profit from the previous financial years	**3,757,420**	3,558,800
Add: Profit for the period	**(11,444,731)**	198,620
Less: Compensation received from the government during the restriction period April 4 to May 31, 2020	**(404,891)**	0
Less: Received grant from the government for re-employment	**(177,000)**	0
Total	**34,125,973**	46,152,595

18. DEFERRED TAX RECEIVABLES AND LIABILITIES

Eur	**Group 2021**	Group 2020	**Parent 2021**	Parent 2020
Deferred tax receivables:				
from unused losses in taxation	**3,274,743**	460,295	**0**	0
from other temporary differences	**732,316**	732,317	**0**	0
Total	**4,007,058**	1,192,611	**0**	0

Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Deferred tax liabilities:				
from appropriations	**10,739**	195,530	**0**	0
from other temporary differences	**0**	0	**0**	0
Total	**10,739**	195,530	**0**	0
Deferred not booked tax receivables:				
from unused losses in taxation	**7,004,508**	6,761,900	**0**	0
from other temporary differences	**1,573,846**	1,573,846	**0**	0
Total	**8,578,354**	8,335,746	**0**	0

19. STATUTORY PROVISIONS, GROUP

Eur 2020	Litigation provision	Other provisions	Total
Opening balance April 1, 2019	344,882	823,798	1,168,681
Additional provisions recognised	536,649	8,875,310	9,411,959
Amounts used during the period	(116,694)	(7,720,134)	(7,836,827)
Unused amounts reversed during the period	0	(1,141,213)	(1,141,213)
Translation differences	0	2,811	2,811
Book Value 31.03.2020	764,838	840,572	1,605,410

Eur 2021	Litigation provision	Other provisions	Total
Opening balance April 1, 2020	**764,838**	**840,572**	**1,605,410**
Additional provisions recognised	**305,000**	**3,660,311**	**3,965,311**
Amounts used during the period	**(318,422)**	**(3,539,497)**	**(3,857,918)**
Unused amounts reversed during the period	**(60,000)**	**(727,305)**	**(787,305)**
Translation differences	**0**	**371**	**371**
Book value March 31, 2021	**691,416**	**234,452**	**925,868**

Holiday Club Canarias Sales & Marketing company has received claims from time share customers arguing that the contracts are null and void. Total amount of received claims is 6.2 million euros. Claims are related to different interpretations of changing timeshare legislation in Spain. The company has received 134 claims, out of which 80 have a ruling from first instance and 21 also have a ruling from second instance, for the amount of 1.9 million euros. The amount to pay for the rulings can be the money received for the company minus the enjoyment of the weeks or a bigger amount. All the rulings been appealed and are expected to get a favourable outcome for the contracts signed after July 2012, which constitute the majority. Based on these rulings the company has made a provision that is estimated to cover possible future liabilities.

19. STATUTORY PROVISIONS, PARENT COMPANY

Eur 2020	Litigation provision	Other provisions	Total
Opening balance April 1, 2019	0	737,523	737,523
Additional provisions recognised	210,000	7,553,686	7,763,686
Amounts used during the period	0	(6,402,802)	(6,402,802)
Unused amounts reversed during the period	0	(1,056,235)	(1,056,235)
Book value March 31, 2020	210,000	832,172	1,042,172

Eur 2021	Litigation provision	Other provisions	Total
Opening balance April 1, 2020	210,000	832,172	1,042,172
Additional provisions recognised	0	3,398,218	3,398,218
Amounts used during the period	(210,000)	(3,354,160)	(3,564,160)
Unused amounts reversed during the period	0	(676,896)	(676,896)
Book value March 31, 2021	**0**	**199,333**	**199,333**

20. LONG-TERM LIABILITIES

Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Loans from financial institutions	**16,476,443**	10,997,379	**12,969,299**	7,244,703
Other long-term loans	**38,041**	50,259	**36,941**	50,259
Loans from group companies	**0**	0	**7,358,151**	6,810,678
Total	**16,514,485**	11,047,638	**20,364,391**	14,105,641

Secured loans include covenant terms. The covenant conditions were not met in the financial statements 2021.

According to the funding agreement, a breach of the covenants could lead to a change in the terms of the funding. However, the company has obtained the consent of the creditors not to invoke their right of termination. For this reason, the company may continue to operate in accordance with the going concern principle.

LIABILITIES MATURING LATER THAN FIVE YEARS

Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Loans from financial institutions	**0**	0	**0**	0
Total	**0**	0	**0**	0

21. SHORT-TERM LIABILITIES

Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Loans from financial institutions	**6,128,617**	4,020,876	**5,171,635**	2,996,230
Received advance payments	**11,302,494**	11,232,116	**10,690,204**	10,433,933
Accounts payable	**7,792,688**	8,921,795	**4,136,612**	7,632,368
Loans from group companies				
Accounts payable	**0**	0	**193,285**	173,310
Unsecured loans	**3,151,337**	3,151,337	**3,151,337**	3,151,337
Other loans	**0**	0	**759,731**	785,731
Group contributions payable	**0**	0	**100,985**	141,685
Accrued liabilities	**0**	0	**420,009**	233,695
Total	**3,151,337**	3,151,337	**4,625,347**	4,485,758
Other loans	**6,559,644**	6,845,961	**4,181,478**	5,494,388
Accrued liabilities	**17,664,307**	14,941,447	**14,156,287**	11,055,214
Short-term liabilities, total	**52,599,087**	49,113,533	**42,961,562**	42,097,892

Holiday Club Resort Oy has two loans from it's parent company Covington S.a.r.l, amounting to EUR 3,151,337, in total. The loans are unsecured and their interest rates are 2.2% and 2.5% p.a.

RELEVANT ACCRUED LIABILITIES (excluding receivables from group and associated companies)

Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Personnel and social expenses	**6,991,196**	6,638,922	**6,246,612**	5,824,199
Accrued interests	**152,592**	105,607	**136,553**	85,186
Sales comissions	**583,055**	712,780	**262,896**	543,892
Taxes	**614**	75	**0**	0
Deferred discounts related to TS and Villas sales	**2,871,923**	3,118,812	**2,871,923**	3,118,812
Deferred revenue	2,296,071	2,307,830	0	11,759
Real estate tax accrual	911,760	539,439	829,782	539,439
Exchange rate differences	337,306	0	337,306	0
Leases	**1,769,936**	121,810	**1,769,936**	121,810
Other	**1,749,853**	1,396,173	**1,701,278**	810,119
Total	**17,664,307**	14,941,447	**14,156,287**	11,055,214

OTHER NOTES TO THE FINANCIAL STATEMENTS

COMMITMENTS AND CONTINGENT LIABILITIES

ASSETS PLEDGED AND MORTGAGES GIVEN FOR FINANCIAL LIABILITIES

Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Loans from financial institutions	**13,488,355**	14,233,823	**10,140,934**	10,240,934
Total	**13,488,355**	14,233,823	**10,140,934**	10,240,934
Property under mortgages	**16,100,000**	16,100,000	**6,100,000**	6,100,000
Mortgage on company assets	**28,445,638**	28,445,638	**28,445,638**	28,445,638
Pledged assets	**48,731,961**	49,067,086	**48,731,961**	49,067,086
Total	**93,277,598**	93,612,724	**83,277,598**	83,612,724

OTHER COLLATERAL FOR OWN COMMITMENTS

Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Deposits, rent guarantees	**2,449,970**	3,977,643	**2,449,970**	3,977,643
Total	**2,449,970**	3,977,643	**2,449,970**	3,977,643

COLLATERAL FOR GROUP COMPANIES' LIABILITIES

Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Mortgage on company assets	**1,855,777**	1,717,700	**0**	0
Guarantees given	**3,200,000**	3,800,000	**3,200,000**	3,800,000
Pledged assets	**4,365,152**	4,348,710	**0**	0
Total	**9,420,929**	9,866,410	**3,200,000**	3,800,000

CONTINGENT LIABILITIES AND OTHER COMMITMENTS

LEASING CONTRACT COMMITMENTS

Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Due during the next financial year	**792,674**	823,758	**717,849**	740,344
Due thereafter	**840,558**	885,186	**591,522**	777,213
Total	**1,633,231**	1,708,943	**1,309,371**	1,517,557

RENTAL COMMITMENTS

Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Due during the next financial year	**17,269,781**	16,445,604	**13,312,301**	12,733,994
Due thereafter	**205,149,868**	211,816,051	**191,768,661**	195,609,551
Total	**222,419,649**	228,261,656	**205,080,961**	208,343,545

CONTINGENT LIABILITIES AND OTHER COMMITMENTS

Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
Investing commitments	**1,996,780**	1,996,780	**1,996,780**	1,996,780
Investments	**2,549,727**	3,185,062	**1,705,765**	2,034,474
Purchase and sales commitments	**8,125,759**	9,654,491	**8,125,759**	9,062,485
Other liabilities and guarantees	**3,915,541**	3,617,330	**3,915,541**	3,617,330

Investing commitments

Holiday Club Resorts Oy has given completion commitments to Fennia in relation to the land areas sold. If the completion commitments are not met, Fennia has the right to cancel the deal. Holiday Club Resorts Oy has guaranteed the land lease payments until apartments have been build on the plots.

Responsibility to review tax deductions related to real estate investments

Holiday Club Resorts Oy and Koy Rauhan Liikekiinteistöt 1 are responsible to annually review VAT deductions made from the real estate investments and from renovation costs made to leased properties. Responsibility is for 10 years after the completion of the investment, in so far as the VAT taxable use of the property decreases during the ten-year period.

Purchase and sales commitments

According to the agreement made between Holiday Club Resorts Oy, Sunborn Oy and Sunborn Saga Oy, Holiday Club Resorts Oy is obliged to sell annually 75 Sunborn timeshares. If Holiday Club Resorts Oy doesn't achieve its yearly target, Holiday Club is obliged to purchase the missing amount of timeshares with a price related to the agreement.

Holiday Club Resorts Oy has committed to purchase back the shares of Kiinteistö Oy Salla Star -named company from the buyer no later than June 5, 2025. The new date was agreed upon on in August 2020.

Holiday Club Resorts Oy has committed to purchase back the shares of the company named Kiinteistö Oy Iso-Ylläksentie 42 from the mutual insurance company Ilmarinen no later than March 31, 2022.

Related to the above mentioned agreement Holiday Club Resorts Oy sold the business operations of Ylläs Saaga to Lapland Hotels Oy in October 2014. The lessor, mutual insurance company Ilmarinen, required that Holiday Club Resorts Oy stays in joint liability for fulfillment of the obligations of rental and buyback agreements. If the lessor makes claims towards Holiday Club Resorts Oy due to this obligation, has Holiday Club Resorts Oy a retroactive right of recourse from Lapland Hotels Oy and its parent company North European Invest Oy.

In the course of the Holiday Club Åre asset deal the commitment given by Holiday Club Spa Hotels AB to purchase a multi-purpose arena from Åre Kongress AB in 2023, if Åre Kongress AB has not sold the arena before that, transferred to Holiday Club Sport And Spa Hotels AB. Holiday Club Resorts Oy and Holiday Club Sport And Spa Hotels AB are jointly responsible for the sales price of the arena towards Åre Kongress AB

Other liabilities and guarantees

Other liabilities and guarantees contain a surety that the parent has given regarding the lease obligations of Holiday Club Sport and Spa Hotels Ab.

The surety equates the lease obligation of 12 months.

Liabilities from customer finance agreements

Holiday Club Resorts Oy has agreed in the customer financing agreement made between Holiday Club Resorts Oy and OP Corporate Bank Oyj (OP Financing) the following:

The customer's inability to pay, or if the customer otherwise is in breach with contract, gives OP Financing the right to call in the financing or to terminate the financing contract. If OP Financing claims, Holiday Club Resorts Oy has committed to redeem the financing with the amount that corresponds 50 % of the current financing agreement balance between customer and OP Financing related to the purchase of the timeshare week. Redemption price may be at maximum 50 % of the original purchase price of the timeshare week.

The financing agreement between Holiday Club Resorts Oy and OP Corporate Bank Oyj has been amended on 2.11.2014 and by this amendment the 50 % redemption in question has been renounced with regard to new sales. This amendment does not apply to those timeshares that Holiday Club Resorts Oy finances on its own risk and of which Holiday Club Resorts Oy has in 2012 signed a 100 % buyback commitment.

Holiday Club Resorts Oy has agreed in the customer financing agreement made between Holiday Club Resorts Oy and Danske Bank Oyj the following:

If Danske Bank terminates the customer's financing contract for timeshare purchase based on the terms of contract, the following risk distribution contract applies:

If Danske Bank claims, Holiday Club Resorts Oy is committed to purchase the timeshare which has been given as a collateral for a financing agreement.

The purchase price is 30% of the timeshare's original purchase price. If the purchase price, calculated by the foregoing way, is more than the financier's financed part based on the sale agreement issue, the purchase price will be the amount of financed part of the sale agreement at issue.

For the timeshares Holiday Club Resorts Oy has financed on its own risk, 100 % buyback commitment is applied.

RELATED PARTY TRANSACTIONS

Eur	Group 2021	Group 2020	Parent 2021	Parent 2020
MHR Holdings Mauritius Ltd. (Parent company of Covington S.a.r.l.)				
Financial income	**0**	65,145	**0**	65,145
Covington S.a.r.l. (parent company of Holiday Club Resorts Oy)				
Interest expenses	**69,769**	65,615	**69,769**	65,615
Interest liabilities	**122,217**	52,448	**122,217**	52,448
Loans	**3,151,337**	3,151,337	**3,151,337**	3,151,337
Subsidiaries				
Sales of Services / Materials	**0**	0	**419,159**	401,174
Purchases of Services / Materials	**0**	0	**70,930**	529,808
Rental income	**0**	0	**6,946**	29,136
Rent expenses	**0**	0	**833,470**	847,056
Interest income	**0**	0	**397,332**	400,285
Interest expenses	**0**	0	**166,729**	143,049
Associated companies				
Rental expenses	**24,439**	23,691	**24,439**	23,691

DATE AND SIGNATURES

Signatures of the financial statements and annual report

Helsinki, April 21, 2021

Arunkumar Nanda
Chairman of the Board

Kavinder Singh
Member of the Board

Harri Pärssinen
Member of the Board

Sridar Iyengar
Member of the Board

Maisa Romanainen
CEO

AUDITOR'S NOTE

Auditor's report has been issued today.

Helsinki, April 21, 2021

KPMG Oy Ab

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Himos Gardens

Opinion

We have audited the financial statements of Kiinteistö Oy Himos Gardens (business identity code 2165494-3) for the year ended March 31, 2021. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki, April 16, 2021

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	Eur 2021	Eur 2020
Other property income	**0.00**	211.90
Property management expenses		
Administration	**(1,236.08)**	(1,207.61)
Property tax	**(1,403.13)**	(1,052.37)
Total	**(2,639.21)**	(2,259.98)
Profit/(Loss)	**(2,639.21)**	(2,048.08)
Financial income and expenses		
Interest income	**10,591.26**	10,621.58
Interest charges	**(0.82)**	0.00
Total financial income and expenses	**10,590.44**	10,621.58
Profit/(Loss) before appropriations and taxes	**7,951.23**	8,573.50
Group contribution	**(7,950.00)**	0.00
Income taxes	**(0.54)**	(1,714.42)
Profit/(Loss) for the financial year	**0.69**	6,859.08

BALANCE SHEET AS AT MARCH 31, 2021

	appendix	Eur 2021	Eur 2020
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1		
Land areas		**527,069.84**	527,069.84
Total tangible assets		**527,069.84**	527,069.84
TOTAL NON-CURRENT ASSETS		**527,069.84**	527,069.84
CURRENT ASSETS			
Short-term receivables	2		
Loan receivables from group companies		**565,173.93**	561,489.67
Accrued income		**1,609.98**	61.24
Total short-term receivables		**566,783.91**	561,550.91
Cash and cash equivalents			
Cash at bank		**2,866.35**	117.96
Total cash and cash equivalents		**2,866.35**	117.96
TOTAL CURRENT ASSETS		**569,650.26**	561,668.87
TOTAL ASSETS		**1,096,720.10**	1,088,738.71
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Building fund		**1,040,077.00**	1,040,077.00
Profit/(Loss) from previous years		**46,161.71**	39,302.63
Profit/(Loss) for the financial year		**0.69**	6,859.08
TOTAL EQUITY		**1,088,739.40**	1,088,738.71
BORROWED CAPITAL			
Short-term borrowed capital	4		
Group contribution liabilities		**7,950.00**	0.00
Accruals and deferred income		**30.70**	0.00
Total short-term borrowed capital		**7,980.70**	0.00
TOTAL LIABILITIES		**1,096,720.10**	1,088,738.71

NOTES TO THE FINANCIAL STATEMENTS

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accrual basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur
	Land areas
Acquisition cost	527,069.84
Acquisition cost	527,069.84
Book value	**527,069.84**

CURRENT ASSETS

RECEIVABLES

2 Short-term receivables

	Eur	Eur
	2021	2020
Loan receivables from group companies	**565,173.93**	561,489.67
Tax assets	**1,609.98**	61.24
Total	**566,783.91**	561,550.91

3 LIABILITIES

	Eur	Eur
EQUITY	**2021**	2020
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Building fund in the beginning of the year	**1,040,077.00**	1,040,077.00
Building fund in the end of the year	**1,040,077.00**	1,040,077.00
Profit/(Loss) from prev. financial period	**46,161.71**	39,302.63
Profit/(Loss) for the financial year	**0.69**	6,859.08
Total equity	**1,088,739.40**	1,088,738.71

BREAKDOWN OF SHARE CAPITAL

	2021		2020	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**50.00**	**2,500.00**	50.00	2,500.00
Total	**50.00**	**2,500.00**	50.00	2,500.00

4 SHORT-TERM BORROWED CAPITAL

	Eur	Eur
	2021	2020
Group contribution liabilities	**7950.00**	0.00
Accruals and deferred income	**30.70**	0.00
Total	**7,980.70**	0.00

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 0.69. The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS DATE AND SIGNATURES

Helsinki April 16, 2021

Pauli Puntala
Board member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 16, 2021

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Suomen Vapaa-aikakiinteistöt Oy LKV

Opinion

We have audited the financial statements of Suomen Vapaa-aikakiinteistöt Oy LKV (business identity code 2306829-4) for the year ended March 31, 2021. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki, April 16, 2021

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	appendix	Eur 2021	Eur 2020
TURNOVER			
Other operating expenses	1	**1,132.02**	1,292.64
Profit/(Loss)		**(1,132.02)**	(1,292.64)
Financial income and expenses	2		
Interest income from companies in the same Group		**183.48**	183.98
Total financial income and expenses		**183.48**	183.98
Profit before appropriations and taxes		**(948.54)**	(1,108.66)
Profit/(Loss) for the financial year		**(948.54)**	(1,108.66)

BALANCE SHEET AS AT MARCH 31, 2021

	appendix	Eur 2021	Eur 2020
ASSETS			
CURRENT ASSETS			
Short-term receivables			
Short-term receivables	3	**10,409.48**	10,226.00
Total short-term receivables		**10,409.48**	10,226.00
Cash and cash equivalents			
Cash at bank		**5,609.62**	6,741.64
Total cash and cash equivalents		**5,609.62**	6,741.64
TOTAL CURRENT ASSETS		**16,019.10**	16,967.64
TOTAL ASSETS		**16,019.10**	16,967.64
LIABILITIES			
EQUITY	4		
Share capital		**2,500.00**	2,500.00
Profit/(Loss) from previous years		**13,767.64**	14,876.30
Profit/(Loss) for the financial year		**(948.54)**	(1,108.66)
TOTAL EQUITY		**15,319.10**	16,267.64
BORROWED CAPITAL			
Accruals and deferred income	5	**700.00**	700.00
Total short-term borrowed capital		**700.00**	700.00
TOTAL LIABILITIES		**16,019.10**	16,967.64

NOTES TO THE FINANCIAL STATEMENTS

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki.

ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the finacial statements of a small undertaking and micro-undertaking, 1753/2015).

Valuation and amortisation principles and methods

Revenues and expenses are amortised on an accrual basis.

Valuation of non-current assets

The company has no non-current assets on its balance sheet.

Current assets

Receivables and liabilities have been valued at the nominal value.

Board of Directors proposal to process profit and loss for the previous financial year

The Board of Directors proposes to the Annual General Meeting that a loss of EUR (948.54) be transferred to the profit and loss account and that no dividends be distributed.

Company shares

There are 100 company shares. Each share confers the same right to dividends and company assets.

A shareholder and a company have the right to redeem a share transfered from another owner than the company to another.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE PROFIT AND LOSS STATEMENT

1. OTHER OPERATING EXPENSES

	Eur 2021	Eur 2020
Other business expenses	1,132.02	1,292.64
Total	**1,132.02**	1,292.64

2. FINANCIAL INCOME AND EXPENSES

	Eur 2021	Eur 2020
Interest income from companies in the same Group	183.48	183.98
Total	**183.48**	183.98
Total financial income and expenses	**183.48**	183.98

NOTES TO THE BALANCE SHEET

ASSETS

CURRENT ASSETS RECEIVABLES

3. SHORT-TERM RECEIVABLES

	Eur 2021	Eur 2020
Receivables from companies in the same Group	10,409.48	10,226.00
Total	**10,409.48**	10,226.00

LIABILITIES

4. EQUITY

	Eur 2021	Eur 2020
Share Capital	2,500.00	2,500.00
Share capital	**2,500.00**	2,500.00
Profit/(Loss) from prev. financial period	13,767.64	14,876.30
Profit/(Loss) for the financial year	(948.54)	(1,108.66)
Total equity	**15,319.10**	16,267.64

5. SHORT-TERM BORROWED CAPITAL

	Eur 2021	Eur 2020
Accruals and deferred income	700.00	700.00
Total	**700.00**	700.00

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki April 16, 2021

Pauli Puntala
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 16, 2021

KPMG Oy Ab

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Vanha Ykköstii

Opinion

We have audited the financial statements of Kiinteistö Oy Vanha Ykköstii (business identity code 2425177-9) for the year ended March 31, 2021. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki, April 16, 2021

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	Eur 2021	Eur 2020
Property management expenses		
Administration	**(1,125.39)**	(1,217.13)
Property tax	**(636.64)**	(477.49)
Total	**(1,762.03)**	(1,694.62)
Profit/(Loss)	**(1,762.03)**	(1,694.62)
Profit/(Loss) before appropriations and taxes	**(1,762.03)**	(1,694.62)
Group contribution	**1,755.00**	6,850.00
Income taxes	**(6.95)**	6.95
Profit/(Loss) for the financial year	**(0.08)**	5,148.43

BALANCE SHEET AS AT MARCH 31, 2021

	appendix	Eur 2021	Eur 2020
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1		
Land areas		**52,142.00**	52,142.00
Total tangible assets		**52,142.00**	52,142.00
TOTAL NON-CURRENT ASSETS		**52,142.00**	52,142.00
CURRENT ASSETS			
Short-term receivables	2		
Accrued income		**0.00**	11,050.00
Group contribution receivables		**9,105.00**	0.00
Total short-term receivables		**9,105.00**	11,050.00
Cash and cash equivalents			
Cash at bank		**2,039.85**	101.88
Total cash and cash equivalents		**2,039.85**	101.88
TOTAL CURRENT ASSETS		**11,144.85**	11,151.88
TOTAL ASSETS		**63,286.85**	63,293.88
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Invested unrestricted equity fund		**60,762.15**	60,762.15
Profit/(Loss) from previous years		**24.78**	(5,123.65)
Profit/(Loss) for the financial year		**(0.08)**	5,148.43
TOTAL EQUITY		**63,286.85**	63,286.93
BORROWED CAPITAL			
LIABILITIES			
Deferred tax liabilities		**0.00**	6.95
TOTAL LIABILITIES		**0.00**	6.95
Short-term borrowed capital	4		
Total short-term borrowed capital		**0.00**	0.00
TOTAL LIABILITIES		**63,286.85**	63.293.88

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accrual basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur Land areas
Acquisition cost	52,142.00
Acquisition cost	52,142.00
Book value	**52,142.00**

2 Short-term receivables

	Eur
Receivables from the companies in the same group	0.00
Group contribution receivables	9,105.00
Total	**9,105.00**

3 LIABILITIES

	Eur 2021	Eur 2020
EQUITY		
Share capital in the beginning of the year	2,500.00	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Invested unrestricted equity fund in the beginning of the year	60,762.15	60,762.15
Additions	0.00	0.00
Invested unrestricted equity fund in the end of the year	**60,762.15**	60,762.15
Profit/(Loss) from prev. financial period	24.78	(5,123.65)
Profit/(Loss) for the financial year	(0.08)	5,148.43
Total equity	**63,286.85**	63,286.93

4 Short-term borrowed capital

	Eur 2021	Eur 2020
Deferred tax liabilities	**0.00**	6.95
Total short-term borrowed capital	**0.00**	6.95

BREAKDOWN OF SHARE CAPITAL

	2021		2020	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

OTHER NOTES

PERPETUAL EASEMENTS, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

The company-owned area (765-401-2-398) encumbers the land lease agreement signed on June 28, 2011.

The lease term is 50 years.

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR (0.08). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki April 16, 2021

Pauli Puntala
Chair of the Board of Directors

Riku Rauhala
Board Member

Ville Valtanen
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 16, 2021
KPMG OY AB

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Katinnurkka

Opinion

We have audited the financial statements of Kiinteistö Oy Katinnurkka (business identity code 2444096-7) for the year ended March 31, 2021. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki, April 16, 2021
KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	Eur 2021	Eur 2020
Property management expenses		
Administration	**(1,014.76)**	(1,096.26)
Property tax	**(88.20)**	(66.15)
Total	**(1,102.96)**	(1,162.41)
Profit/(Loss)	**(1,102.96)**	(1,162.41)
Profit/(Loss) before appropriations and taxes	**(1,102.96)**	(1,162.41)
Group contribution	**0.00**	8,200.00
Income taxes	**0.00**	21.96
Profit/(Loss) for the financial year	**(1,102.96)**	7,015.63

BALANCE SHEET AS AT MARCH 31, 2021

	appendix	Eur 2021	Eur 2020
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1		
Land areas		**307,229.00**	307,229.00
Total tangible assets		**307,229.00**	307,229.00
TOTAL NON-CURRENT ASSETS		**307,229.00**	307,229.00
CURRENT ASSETS			
Short-term receivables	2		
Accrued income		**0.00**	13,100.00
Group contribution receivables		**10,600.00**	0.00
Total short-term receivable		**10,600.00**	13,100.00
Cash and cash equivalents			
Cash at bank		**1,396.89**	21.81
Total cash and cash equivalents		**1,396.89**	21.81
TOTAL CURRENT ASSETS		**11,996.89**	13,121.81
TOTAL ASSETS		**319,225.89**	320,350.81
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Invested unrestricted equity fund		**317,741.01**	317,741.01
Profit/(Loss) from previous years		**87.84**	(6,927.79)
Profit/(Loss) for the financial year		**(1,102.96)**	7,015.63
TOTAL EQUITY		**319,225.89**	320,328.85
LIABILITIES			
Deferred tax liabilities		**0.00**	21.96
TOTAL LIABILITIES		**0.00**	21.96
Short-term borrowed capital	4		
Other current liabilities		**0.00**	0.00
Total short-term borrowed capital		**0.00**	0.00
TOTAL LIABILITIES		**319,225.89**	320,350.81

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accrual basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.
Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur
	Land areas
Acquisition cost	307,229.00
Acquisition cost	307,229.00
Book value	**307,229.00**

2 Short-term receivables

	Eur
Receivables from the companies in the same group	0.00
Group contribution receivables	10,600.00
Total	**10,600.00**

3 LIABILITIES

	Eur	Eur
	2021	2020
EQUITY		
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Invested unrestricted equity fund in the beginning of the year	**317,741.01**	317,741.01
Invested unrestricted equity fund in the end of the year	**317,741.01**	317,741.01
Profit/(Loss) from prev. financial period	**87.84**	(6,927.79)
Profit/(Loss) for the financial year	**(1,102.96)**	7,015.63
Total equity	**319,225.89**	320,328.85

4 Borrowed capital

	Eur	Eur
	2021	2020
Deferred tax liabilities	**0.00**	0.00
Accruals and deferred income	**0.00**	0.00
Total borrowed capital	**0.00**	0.00

BREAKDOWN OF SHARE CAPITAL

	2021		2020	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

NOTES TO THE BALANCE SHEET

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR (1,102.96). The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki April 16, 2021

Pauli Puntala
Chair of the Board of Directors

Riku Rauhala
Board Member

Laura Numminen
Board Member

Ville Valtanen
CEO

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 16, 2021

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Tenetinlahti

Opinion

We have audited the financial statements of Kiinteistö Oy Tenetinlahti (business identity code 2455539-3) for the year ended March 31, 2021. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki, April 16, 2021
KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	Eur 2021	Eur 2020
Property management expenses		
Administration	**(1,113.42)**	(1,205.81)
Property tax	**(124.51)**	(93.39)
Total	**(1,237.93)**	(1,299.20)
Profit/(Loss)	**(1,237.93)**	(1,299.20)
Profit/(Loss) Profit before appropriations and taxes	**(1,237.93)**	(1,299.20)
Group contribution	**0.00**	4,750.00
Income taxes	**(8.46)**	8.46
Profit/(Loss) for the financial year	**(1,229.47)**	3,442.34

BALANCE SHEET AS AT MARCH 31, 2021

	appendix	Eur 2021	Eur 2020
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1		
Land areas		**108,666.66**	108,666.66
Total tangible assets		**108,666.66**	108,666.66
TOTAL NON-CURRENT ASSETS		**108,666.66**	108,666.66
CURRENT ASSETS			
Short-term receivables	2		
Accrued income		**0.00**	9,550.00
Group contribution receivables		**6,850.00**	0.00
Total short-term receivables		**6,850.00**	9,550.00
Cash and cash equivalents			
Cash at bank		**1,500.00**	37.93
Total cash and cash equivalents		**1,500.00**	37.93
TOTAL CURRENT ASSETS		**8,350.00**	9,587.93
TOTAL ASSETS		**117,016.66**	118,254.59
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Invested unrestricted equity fund		**115,712.28**	115,712.28
Profit/(Loss) from previous years		**33.85**	(3,408.49)
Profit/(Loss) for the financial year		**(1,229.47)**	3,442.34
TOTAL EQUITY		**117,016.66**	118,246.13
BORROWED CAPITAL			
LIABILITIES	4		
Deferred tax liabilities		**0.00**	8.46
TOTAL LIABILITIES		**0.00**	8.46
TOTAL LIABILITIES		**117,016.66**	118,254.59

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises

(Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

Revenues and expenses are amortised on an accrual basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1. Tangible assets

	Eur Land areas
Acquisition cost	108,666.66
Acquisition cost	108,666.66
Book value	**108,666.66**

2. Short-term receivables

	Eur
Group contribution receivables	6,850.00
Total	**6,850.00**

3. Liabilities

	Eur 2021	Eur 2020
EQUITY		
Share capital in the beginning of the year	**2,500.00**	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Invested unrestricted equity fund in the beginning of the year	**115,712.28**	115,712.28
Invested unrestricted equity fund in the end of the year	**115,712.28**	115,712.28
Profit/(Loss) from prev. financial period	**33.85**	(3,408.49)
Profit/(Loss) for the financial year	**(1,229.47)**	3,442.34
Total equity	**117,016.66**	118,246.13

4. Short-term borrowed capital

	Eur 2021	Eur 2020
Deferred tax liabilities	**0.00**	8.46
Total short-term borrowed capital	**0.00**	8.46

BREAKDOWN OF SHARE CAPITAL

	2021		2020	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Director's' proposal for profit distribution

Loss for the financial year EUR (1,229.47). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS DATE AND SIGNATURES

Helsinki April 16, 2021

Pauli Puntala
Chair of the Board of Director's

Riku Rauhala
Board Member

Laura Numminen
Board Member

Ville Valtanen
CEO

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 16, 2021

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Mällösniemii

Opinion

We have audited the financial statements of Kiinteistö Oy Mällösniemi (business identity code 1765304-0) for the year ended March 31, 2021. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki April 16, 2021

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	appendix	Eur 2021	Eur 2020
TURNOVER			
Considerations		**16,380.00**	16,380.00
Total		**16,380.00**	16,380.00
Property management expenses			
Administration		**(1,045.09)**	(1,092.57)
Operation and maintenance		**0.00**	(64.75)
Cleaning		**795.58**	(764.58)
Water and sewage		**(557.00)**	(765.99)
Electricity		**(13,459.24)**	(9,154.25)
Indemnity insurance		**(439.93)**	(273.03)
Rents		**(1,036.16)**	(1,034.07)
Property tax		**(720.07)**	(547.43)
Repairs		**272.96**	(5,262.91)
Total		**(16,188.95)**	(18,959.58)
Profit/(Loss)		**191.05**	(2,579.58)
Financial income and expenses			
Interest income		**1,812.68**	1,817.64
Interest charges		**0.00**	0.00
Total financial income and expenses		**1,812.68**	1,817.64
Profit before appropriations and taxes		**2,003.73**	(761.94)
Profit/(Loss) for the financial year		**2,003.73**	(761.94)

BALANCE SHEET AS AT MARCH 31, 2021

	appendix	Eur 2021	Eur 2020
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	**1**		
Buildings and structures		**200,000.00**	200,000.00
Machines and equipment		**5,000.00**	5,000.00
Total tangible assets		**205,000.00**	205,000.00
TOTAL NON-CURRENT ASSETS		**205,000.00**	205,000.00
CURRENT ASSETS			
Short-term receivables	**2**		
Receivables from companies in the same Group		**92,655.70**	90,843.02
Accrued income		**0.00**	0.00
Total short-term receivables		**92,655.70**	90,843.02
Cash and cash equivalents			
Cash at bank		**8,426.56**	9,184.40
Total cash and cash equivalents		**8,426.56**	9,184.40
TOTAL CURRENT ASSETS		**101,082.26**	100,027.42
TOTAL ASSETS		**306,082.26**	305,027.42
LIABILITIES			
EQUITY	**3**		
Share capital		**9,000.00**	9,000.00
Building fund		**836,372.70**	836,372.70
Profit/(loss) from previous years		**(543,986.08)**	(543,224.14)
Profit/(loss) for the financial year		**2,003.73**	(761.94)
TOTAL EQUITY		**303,390.35**	301,386.62
BORROWED CAPITAL			
Short-term borrowed capital	**4**		
Trade payables		**0.00**	2,814.12
Accruals and deferred income		**2,691.91**	826.68
Total short-term borrowed capital		**2,691.91**	3,640.80
TOTAL LIABILITIES		**306,082.26**	305,027.42

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises

(Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.

The acquisition cost of the building will be depreciated over its useful life.

No tax depreciation was made in the financial year 2020-2021, as the acquistion cost still corresponds to the fair value of the building.

Revenues and expenses are amortised on an accrual basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE PROFIT AND LOSS STATEMENT

		Eur 2021	Eur 2020
1.	**Depreciation and impairments**	**0.00**	0.00
	Total	**0.00**	0.00

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1. Tangible Assets

Eur	Buildings and structures	Machines and equipment	Total
Acquisition cost	200,000.00	5,000.00	205,000.00
Acquisition cost	200,000.00	5,000.00	205,000.00
Book value	200,000.00	5,000.00	205,000.00

CURRENT ASSETS

RECEIVABLES

2. Short-term receivables

	Eur 2021	Eur 2020
Receivables from companies in the same Group	**92,655.70**	90,843.02
TOTAL	**92,655.70**	90,843.02

3. LIABILITIES

	Eur 2021	Eur 2020
EQUITY		
Share capital in the beginning of the year	**9,000.00**	9,000.00
Share capital in the end of the year	**9,000.00**	9,000.00
Building fund in the beginning of the year	**836,372.70**	836,372.70
Building fund in the end of the year	**836,372.70**	836,372.70
Profit/(Loss) from prev. financial period	**(543,986.08)**	(543,224.14)
Profit/(Loss) for the financial year	**2,003.73**	(761.94)
Total equity	**303,390.35**	301,386.62

The company has no distributable assets

4. Short-term borrowed capital

	Eur 2021	Eur 2020
Trade payables	**0.00**	2,814.12
Accruals and deferred income	**2,691.91**	826.68
Total borrowed capital	**2,691.91**	3,640.80

BREAKDOWN OF SHARE CAPITAL

	2021		2020	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**45.00**	**9,000.00**	45.00	9,000.00
Total	**45.00**	**9,000.00**	45.00	9,000.00

OTHER NOTES

PERPETUAL EASEMENTS, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

The sauna and recreation building owned by the company is located in Hiekkaniemi-property (765-401-2-394) leased from Holiday Club Resorts Oy (2033337-1).

The lease agreement was signed on October 20, 2015 and is valid for 50 years. The amount of the rent is linked to cost of living -index.

Rental estimate for the financial year 2021-2022	1,036.16
Rental estimate for the financial year 2022-2065	44,554.88

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 2,003.73. The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki April 16, 2021

Pauli Puntala
Chair of the Board of Director's

Riku Rauhala
Board Member

Ville Valtanen
CEO, Board member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 16, 2021

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Rauhan Ranta 1

Opinion

We have audited the financial statements of Kiinteistö Oy Rauhan Ranta 1 (business identity code 2145035-0) for the year ended March 31, 2021. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki, April 16, 2021

KPMG OY AB

ESA KAILIALA

Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	Eur 2021	Eur 2020
Property management expenses		
Administration	(1,135.93)	(1,227.35)
Outdoor area management	(1,488.00)	(1,488.00)
Property tax	(256.71)	(198.39)
Total	**(2,880.64)**	(2,913.74)
Profit/(Loss)	**(2,880.64)**	(2,913.74)
Profit before appropriations and taxes	**(2,880.64)**	(2,913.74)
Group contribution	**4,520.00**	12,000.00
Profit/(Loss) for the financial year	**1,639.36**	9,086.26

BALANCE SHEET AS AT MARCH 31, 2021

	Notes	Eur 2021	Eur 2020
ASSETS			
NON-CURRENT ASSETS			
Tangible assets			
Land areas	1	124,800.00	124,800.00
Total tangible assets		**124,800.00**	124,800.00
TOTAL NON-CURRENT ASSETS		**124,800.00**	124,800.00
CURRENT ASSETS			
Short-term receivables	2		
Accrued income		0.00	14,316.69
Group contribution receivables		12,836.69	0.00
Total short-term receivables		12,836.69	14,316.69
Cash and cash equivalents			
Cash at bank		3,147.11	27.75
Total cash and cash equivalents		3,147.11	27.75
TOTAL CURRENT ASSETS		**15,983.80**	14,344.44
TOTAL ASSETS		**140,783.80**	139,144.44
LIABILITIES			
EQUITY	3		
Share capital		2,500.00	2,500.00
Building fund		124,800.00	124,800.00
Invested unrestricted equity fund		13,636.76	13,636.76
Profit/(Loss) from previous years		(1,792.32)	(10,878.58)
Profit/(Loss) for the financial year		1,639.36	9,086.26
TOTAL EQUITY		**140,783.80**	139,144.44
TOTAL LIABILITIES		**140,783.80**	139,144.44

ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

Valuation principles

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.
Revenues and expenses are amortised on an accrual basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.
Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.
Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur
	Land areas
Acquisition cost	124,800.00
Acquisition cost	124,800.00
Book value	**124,800.00**

2 Short-term receivables

	Eur
Group contribution receivables	12,836.69
Total	**12,836.69**

3 LIABILITIES

	Eur	Eur
EQUITY	**2021**	2020
Share capital in the beginnig of the year	2,500.00	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Building fund in the beginning of the year	124,800.00	124,800.00
Building fund in the end of the year	**124,800.00**	**124,800.00**
Invested unrestricted equity fund in the beginning of the year	13,636.76	13,636.76
Invested unrestricted equity fund in the end of the year	**13,636.76**	13,636.76
Profit/(Loss) from prev. financial period	(1,792.32)	(10,878.58)
Profit/(Loss) for the financial year	1,639.36	9,086.26
Total equity	**140,783.80**	139,144.44

BREAKDOWN OF SHARE CAPITAL

	2021		2020	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 1639.36. The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS DATE AND SIGNATURES

Helsinki April 16, 2021

Pauli Puntala
Board Member

AUDITOR'S NOTE
A report of the audit has been submitted today.

Helsinki April 16, 2021

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Rauhan Ranta 2

Opinion

We have audited the financial statements of Kiinteistö Oy Rauhan Ranta 2 (business identity code 2145034-2) for the year ended March 31, 2021. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki April 16, 2021

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	Eur 2021	Eur 2020
Property management expenses		
Administration	**(1,145.62)**	(1,230.05)
Outdoor area management	**(2,219.10)**	(2,219.10)
Property tax	**(419.78)**	(324.38)
Total	**(3,784.50)**	(3,773.53)
Profit/(Loss)	**(3,784.50)**	(3,773.53)
Profit before appropriations and taxes	**(3,784.50)**	(3,773.53)
Group contribution	**2,424.00**	33,000.00
Income taxes	**0.00**	49.91
Profit/(Loss) for the financial year	**(1,360.50)**	29,176.56

BALANCE SHEET AS AT MARCH 31, 2021

	Appendix	Eur 2021	Eur 2020
ASSETS			
NON-CURRENT ASSETS			
Tangible assets			
Land areas	1	**202,800.00**	202,800.00
Total tangible assets		**202,800.00**	202,800.00
TOTAL NON-CURRENT ASSETS		**202,800.00**	202,800.00
CURRENT ASSETS			
Short-term receivables	2		
Accrued income		**0.00**	35,100.00
Group contribution receivables		**29,724.00**	0.00
Total short-term receivables		**29,724.00**	35,100.00
Cash and cash equivalents			
Cash at bank		**4,018.56**	52.97
Total cash and cash equivalents		**4,018.56**	52.97
TOTAL CURRENT ASSETS		**33,742.56**	35,152.97
TOTAL ASSETS		**236,542.56**	237,952.97
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Building fund		**202,800.00**	202,800.00
Invested unrestricted equity fund		**32,555.11**	32,555.11
Profit/(Loss) from prev. financial period		**47.95**	(29,128.61)
Profit/(Loss) for the financial year		**(1,360.50)**	29,176.56
TOTAL EQUITY		**236,542.56**	237,903.06
BORROWED CAPITAL	4		
LIABILITIES			
Deferred tax liabilities		**0.00**	49.91
TOTAL LIABILITIES		**0.00**	49.91
TOTAL LIABILITIES		**236,542.56**	237,903.06

ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

Valuation principles

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accrual basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur
	Land areas
Acquisition cost	202,800.00
Acquisition cost	202,800.00
Book value	**202,800.00**

2 Short-term receivables

	Eur
Receivables from the companies in the same group	0.00
Group contribution receivables	29,724.00
Total	**29,724.00**

3 LIABILITIES

	Eur	Eur
EQUITY	**2021**	2021
Share capital in the beginning of the year	2,500.00	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Building fund in the beginning of the year	202,800.00	202,800.00
Building fund in the end of the year	**202,800.00**	202,800.00
Invested unrestricted equity fund in the beginning of the year	32,555.11	32,555.11
Additions	**0.00**	0.00
Invested unrestricted equity fund in the end of the year	**32,555.11**	32,555.11
Profit/(Loss) from prev. financial period	47.95	(29,128.61)
Profit/(Loss) for the financial year	(1,360.50)	29,176.56
Total equity	**236,542.56**	237,903.06

BREAKDOWN OF SHARE CAPITAL

	2021		2020	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**25.00**	**2,500.00**	25.00	2,500.00
Total	**25.00**	**2,500.00**	25.00	2,500.00

4 Short-term borrowed capital

	Eur	Eur
	2021	2020
Deferred tax liabilities	**0.00**	49.91
Total short-term borrowed capital	**0.00**	49.91

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR (1,360.50). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki April 16, 2021

Pauli Puntala
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 16, 2021

KPMG OY AB

Esa Kailiala

Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Tiurunniemi

Opinion

We have audited the financial statements of Kiinteistö Oy Tiurunniemi (business identity code 2452737-6) for the year ended March 31, 2021. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki, April 16, 2021

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	appendix	Eur 2021	Eur 2020
Property management expenses			
Administration		**(1,125.39)**	(1,217.93)
Property tax		**(2,323.34)**	(1,749.78)
Total		**(3,448.73)**	(2,967.71)
Profit/(Loss)		**(3,448.73)**	(2,967.71)
Profit before appropriations and taxes		**(3,448.73)**	(2,967.71)
Group contribution		**0.00**	40,750.00
Income taxes		**(0.78)**	0.78
Profit/(Loss) for the financial year		**(3,447.95)**	37,781.51

BALANCE SHEET AS AT MARCH 31, 2021

	appendix	Eur 2021	Eur 2020
ASSETS			
NON-CURRENT ASSETS			
Tangible assets			
Land areas	**1**	**3,60,000.00**	3,60,000.00
Total tangible assets		**3,60,000.00**	3,60,000.00
TOTAL NON-CURRENT ASSETS		**3,60,000.00**	3,60,000.00
CURRENT ASSETS			
Short-term receivables	**2**		
Accrued income		**0.00**	42,806.50
Group contribution receivables		**35,706.50**	0.00
Total short-term receivables		**35,706.50**	42,806.50
Cash and cash equivalents			
Cash at bank		**3,704.50**	53.23
Total cash and cash equivalents		**3,704.50**	53.23
TOTAL CURRENT ASSETS		**39,411.00**	42,859.73
TOTAL ASSETS		**3,99,411.00**	4,02,859.73
LIABILITIES			
EQUITY	**3**		
Share capital		**2,500.00**	2,500.00
Invested unrestricted equity fund		**9,77,588.63**	9,77,588.63
Profit/(Loss) from previous years		**(5,77,229.68)**	(6,15,011.19)
Profit/(Loss) for the financial year		**(3,447.95)**	37,781.51
TOTAL EQUITY		**3,99,411.00**	4,02,858.95
LIABILITIES	**4**		
Deferred tax liabilities		**0.00**	0.78
TOTAL LIABILITIES		**0.00**	0.78
TOTAL LIABILITIES		**3,99,411.00**	4,02,859.73

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value.Revenues and expenses are amortised on an accrual basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur
	Land areas
Acquisition cost	9,37,229.00
Accrued deductions	(5,77,229.00)
Acquisition cost	**3,60,000.00**
Book value	**3,60,000.00**

2 Short-term receivables

	Eur
Group Contribution Receivables	35,706.50
Total	**35,706.50**

LIABILITIES

3 Equity

	Eur	Eur
	2021	2020
Share capital in the beginning of the year	2,500.00	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Invested unrestricted equity fund in the beginning of the year	9,77,588.63	9,77,588.63
Invested unrestricted equity fund in the end of the year	**9,77,588.63**	9,77,588.63
Profit/(Loss) from prev. financial period	(5,77,229.68)	(6,15,011.19)
Profit/(Loss) for the financial year	(3,447.95)	37,781.51
Total equity	**399,411.00**	402,858.95

4 Short-term borrowed capital

	Eur	Eur
	2021	2020
Deferred tax liabilities	**0.00**	0.78
Total short-term borrowed capital	**0.00**	0.78

BREAKDOWN OF SHARE CAPITAL

	2021		2020	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**2,500.00**	**2,500.00**	2,500.00	2,500.00
Total	**2,500.00**	**2,500.00**	2,500.00	2,500.00

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR (3,447.95). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki April 16, 2021

Pauli Puntala
Chair of the Board of Directors

Riku Rauhala
Board Member

Laura Numminen
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 16, 2021

KPMG OY AB

Esa Kailiala

Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Rauhan Liikekiinteistöt 1

Opinion

We have audited the financial statements of Kiinteistö Oy Rauhan liikekiinteistöt 1 (business identity code 2384842-6) for the year ended March 31, 2021. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki, April 16, 2021

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	appendix	Eur 2021	Eur 2020
TURNOVER	1	**815,290.31**	835,092.09
Other operating income		**0.00**	500.00
External expenses	2	**9,210.04**	10,585.03
Depreciation and impairments	3	**368,479.92**	368,614.54
Other operating expenses	4	**244,115.40**	259,562.03
Total		**621,805.36**	638,761.60
Profit/(Loss)		**193,484.95**	196,830.49
Financial income and expenses	5		
Interest charges		**(155,029.02)**	(163,734.33)
Total financial income and expenses		**(155,029.02)**	(163,734.33)
		38,455.93	33,096.16
Profit before appropriations and taxes		**38,455.93**	33,096.16
Change in depreciation difference	6	**38,456.09**	(13,070.54)
Profit/(Loss) for the financial year		**(0.16)**	46,166.70

BALANCE SHEET AS AT MARCH 31, 2021

	appendix	Eur 2021	Eur 2020
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	**7**	**8,171,952.58**	8,540,432.50
Investments			
Other receivables	**8**	**93,603.26**	93,603.26
Total tangible assets		**8,171,952.58**	8,634,035.76
TOTAL NON-CURRENT ASSETS		**8,265,555.84**	8,634,035.76
CURRENT ASSETS			
Short-term receivables			
Short-term receivables	**9**	**192,867.24**	85,890.68
Total short-term receivables		**192,867.24**	85,890.68
Cash and cash equivalents			
Cash at bank		**7,367.65**	42,183.39
Total cash and cash equivalents		**7,367.65**	42,183.39
TOTAL CURRENT ASSETS		**200,234.89**	128,074.07
TOTAL ASSETS		**8,465,790.73**	8,762,109.83
LIABILITIES			
EQUITY	**10**		
Share capital		**2,500.00**	2,500.00
Building fund		**4,873,919.95**	4,873,919.95
Profit/(Loss) from previous years		**(3,048,698.09)**	(3,094,864.79)
Profit/(Loss) for the financial year		**(0.16)**	46,166.70
TOTAL EQUITY		**1,827,721.70**	1,827,721.86
ACCUMULATED APPROPRIATIONS			
Accumulated depreciation difference	**11**	**53,693.42**	15,237.33
BORROWED CAPITAL			
Long-term borrowed capital	**12**	**2,750,000.00**	3,000,000.00
Short-term borrowed capital	**13**	**3,834,375.61**	3,919,150.64
TOTAL BORROWED CAPITAL		**6,584,375.61**	6,919,150.64
TOTAL LIABILITIES		**8,465,790.73**	8,762,109.83

NOTES TO THE FINANCIAL STATEMENTS

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the finacial statements of a small undertaking and micro-undertaking, 1753/2015)

Non-current assets

In this balance sheet, capital assets are listed as the difference between purchase price and accumulated planned depreciation.

Planned depreciation is calculated as a straight-line depreciation based on the useful life of the object.

The indicative useful lives on which the planned depreciation is based are as follows:

– buildings	20-30 yrs
– machines and equipment	5-10 yrs
– other tangible assets	30 yrs

Current assets

Receivables and liabilities have been valued at the nominal value.

Board of Directors proposal to process profit and loss for the previous financial year

The Board of Directors proposes to the Annual General Meeting that a loss of EUR (0.16) be transferred to the profit and loss account and that no dividends be distributed.

Company shares

There are 100 company shares. Each share confers the same right to dividends and company assets.

NOTES TO THE PROFIT AND LOSS STATEMENT

1. TURNOVER BY SECTOR

Breakdown by sector	Eur 2021	Eur 2020
Rent revenues	815,290.31	830,354.82
Service revenues	0.00	4,737.27
Other revenues	0.00	500.00
Total	**815,290.31**	835,592.09

2. MATERIALS AND SERVICES

Outsourced services	9,210.04	10,585.03
Total	**9,210.04**	10,585.03

3. DEPRECIATION AND OTHER IMPAIRMENTS

	Eur 2021	Eur 2020
Store and warehouse buildings	314,372.00	314,372.00
Building elements	43,535.52	43,535.52
Machines and equipment	972.40	1,107.02
Other tangible assets	5,500.00	5,500.00
Civil defence shelters	4,100.00	4,100.00
Total	**368,479.92**	368,614.54

4. OTHER OPERATING EXPENSES

	Eur 2021	Eur 2020
Machine and equipment rents	0.00	0.00
Operating and maintenance expenses	10,046.41	13,886.15
Property management expenses	219,714.98	233,083.05
Other business expenses	12,796.19	12,592.83
Total	**242,557.58**	259,562.03

5. FINANCIAL INCOME AND EXPENSES

	Eur 2021	Eur 2020
Interest expenses to companies in the same Group	76,576.94	71,402.15
Other interest expenses	78,452.08	92,332.18
Total interest expenses	**155,029.02**	163,734.33
Total financial income and expenses	**(155,029.02)**	(163,734.33)

6. APPROPRIATIONS

	Eur 2021	Eur 2020
Building elements	30,995.19	(15,172.81)
Machines and equipment	7,460.90	2,102.27
Total	**38,456.09**	(13,070.54)

NOTES TO THE BALANCE SHEET

CAPITAL ASSETS AND OTHER LONG-TERM INVESTMENTS, I.E. NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

7. Tangible assets

Eur	Land and water areas	Buildings	Machines and equipment	Other tangible assets	Total
Acquisition cost	329,375.58	13,031,876.36	111,741.31	165,000.00	13,637,993.25
Acquisition cost	**329,375.58**	**13,031,876.36**	**111,741.31**	**165,000.00**	**13,637,993.25**
Accumulated depreciation and impairments	0.00	(4,951,854.74)	(108,581.01)	(37,125.00)	(5,097,560.75)
Depreciation for the financial year	0.00	(362,007.52)	(972.40)	(5,500.00)	(368,479.92)
Accumulated depreciation	**0.00**	**(5,313,862.26)**	**(109,553.41)**	**(42,625.00)**	**(5,466,040.67)**
Book value	**329,375.58**	**7,718,014.10**	**2,187.90**	**122,375.00**	**8,171,952.58**

8. OTHER RECEIVABLES

	Eur 2021	Eur 2020
Acquisition cost	93,603.26	93,603.26
Acquisition cost	**93,603.26**	93,603.26
Book value	**93,603.26**	93,603.26

9. SHORT-TERM RECEIVABLES

	Eur 2021	Eur 2020
Receivables from companies in the same Group	190,960.00	84,000.00
Accounts receivable	0.00	0.00
Accrued income	1,907.24	1,890.68
Total	**192,867.24**	85,890.68

LIABILITIES

10. EQUITY	**Eur 2021**	Eur 2020
Share capital	2,500.00	2,500.00
Share capital	**2,500.00**	2,500.00
Building fund	4,873,919.95	4,873,919.95
Building fund	**4,873,919.95**	4,873,919.95
Profit/(Loss) from prev. financial period	(3,048,698.09)	(3,094,864.79)
Profit/(Loss) for the financial year	(0.16)	46,166.70
Total equity	**1,827,721.70**	1,827,721.86

CALCULATION OF DISTRIBUTABLE FUNDS	Eur 2021	Eur 2020
Profit/(Loss) from prev. financial period	(3,048,698.09)	(3,094,864.79)
Profit/(Loss) for the financial year	**(0.16)**	46,166.70
Total	**(3,048,698.25)**	(3,048,698.09)

11. ACCUMULATED APPROPRIATIONS

	Eur 2021	Eur 2020
Depreciation difference retail and warehouse buildings	26,364.54	26,364.54
Depreciation difference on building elements	88,938.40	57,943.21
Depreciation difference on machines and equipment	(61,609.52)	(69,070.42)
Total accumulated depreciation difference	**53,693.42**	15,237.33

12. LONG-TERM BORROWED CAPITAL

	Eur 2021	Eur 2020
Loans from financial institutions	2,750,000.00	3,000,000.00
Total long-term borrowed capital	**2,750,000.00**	3,000,000.00

13. SHORT-TERM BORROWED CAPITAL

	Eur 2021	Eur 2020
Loans from financial institutions	250,000.00	500,000.00
Trade payables	0.00	3,689.53
Liabilities for companies in the same Group	3,490,291.58	3,350,094.64
Other liabilities	43,726.42	18,960.80
Accruals and deferred income	50,357.61	46,405.67
Total short-term borrowed capital	**3,834,375.61**	3,919,150.64

ESSENTIAL ITEMS OF ACCRUALS AND DEFERRED INCOME

	Eur	Eur
Accrued interest expense	16,039.04	20,421.20
Reserve for missing purchase invoices	34,318.57	25,984.47
Total	**50,357.61**	46,405.67

GUARANTEES GIVEN

LOANS FOR WHICH MORTGAGE ON PROPERTY HAS BEEN GIVEN AS A GUARANTEE

	Eur 2021	Eur 2020
Loans from financial institutions	3,000,000.00	3,500,000.00
Total	**3,000,000.00**	3,500,000.00
Mortgages	10,000,000.00	10,000,000.00
Total	**10,000,000.00**	10,000,000.00

OTHER NOTES

The company is obligated to audit VAT deductions made on its property investments every year for 10 years after completion of the investment, to the extent that the value added taxable use of the property decreases during the period under review.

The maximum liability is EUR 843,962.65 as of March 31, 2021.

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors’ proposal for profit distribution

Loss for the financial year EUR (0.16). The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS
DATE AND SIGNATURES

Helsinki April 16, 2021

Valtanen Ville
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 16, 2021

KPMG OY AB

Esa Kailiala
Authorised Pulic Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Supermarket Capri Oy

Opinion

We have audited the financial statements of Supermarket Capri Oy (business identity code 2535232-8) for the year ended March 31, 2021. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki April 16, 2021

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	appendix	Eur 2021	Eur 2020
TURNOVER		**16,760.82**	399,046.04
Other operating income		**6,493.46**	65,724.42
Materials and services			
Purchases during the financial year		**1,963.48**	(295,968.83)
Change in inventory		**(14,824.34)**	4,140.47
External services	1	**(775.52)**	(54,643.28)
		(13,636.38)	(346,471.64)
Personnel expenses			
Salaries and fees	2	**(1,916.96)**	(39,399.04)
Social security costs			
Pension expenses		**275.92**	(8,147.22)
Other social security costs		**208.89**	(1,219.48)
		(1,432.15)	(48,765.74)
Depreciation and impairments			
Planned depreciation	3	**0.00**	(3,632.10)
Other operating expences			
Other operating expenses	4	**(16,322.02)**	(55,502.76)
		(16,322.02)	(59,134.86)
Profit/(Loss)		**(8,136.27)**	10,398.22
Financial income and expenses	5		
Interest income			
Other interest income		**0.00**	0.01
Interest income in the same group		**3,300.11**	1,353.00
Interest charges			
for companies in the same Group		**0.00**	(159.58)
for others		**(50.00)**	0.00
Tax Increases and increases, non-deductible		**0.00**	(1.34)
Total financial income and expenses		**3,250.11**	1,192.09
Profit/(Loss) before extraordinary items		**(4,886.16)**	11,590.31
Profit before appropriations and taxes		**(4,886.16)**	11,590.31
Profit/(Loss) for the financial year		**(4,886.16)**	11,590.31

BALANCE SHEET AS AT MARCH 31, 2021

	appendix	Eur 2021	Eur 2020
ASSETS			
NON-CURRENT ASSETS			
Investments			
Shares and participations		**0.00**	1,000.00
Total tangible assets		**0.00**	1,000.00
TOTAL NON-CURRENT ASSETS		**0.00**	1,000.00
CURRENT ASSETS			
Current assets			
Materials and supplies		**0.00**	14,824.34
Short-term receivables	**6**		
Receivables from companies in the same Group		**171,036.01**	181,713.98
Other receivables		**148.80**	1,072.96
Accrued income		**0.00**	637.49
Total short-term receivables		**171,184.81**	183,424.43
Cash and cash equivalents			
Cash at bank		**6,356.41**	16,953.16
Total cash and cash equivalents		**6,356.41**	16,953.16
TOTAL CURRENT ASSETS		**177,541.22**	215,201.93
TOTAL ASSETS		**177,541.22**	216,201.93

BALANCE SHEET AS AT MARCH 31, 2021 (Contd)

	appendix	Eur 2021	Eur 2020
LIABILITIES			
EQUITY	**7**		
Share capital		**100,000.00**	100,000.00
Invested unrestricted equity fund		**1,023,860.96**	1,023,860.96
Profit/(Loss) from previous years		**(942,205.58)**	(953,795.89)
Profit/(Loss) for the financial year		**(4,886.16)**	11,590.31
TOTAL EQUITY		**176,769.22**	181,655.38
BORROWED CAPITAL			
Short-term borrowed capital	**8**		
Trade payables		**0.00**	6,492.34
Liabilities for companies in the same Group		**0.00**	12,388.08
Other liabilities		**0.00**	1,847.19
Accruals and deferred income	**9**	**772.00**	13,818.94
		772.00	34,546.55
TOTAL BORROWED CAPITAL		**772.00**	34,546.55
TOTAL LIABILITIES		**177,541.22**	216,201.93

NOTES TO THE FINANCIAL STATEMENTS

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki. The business operations of the company have ceased in spring 2020.

ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the finacial statements of a smallundertaking and micro-undertaking, 1753/2015)

Non-current assets

In this balance sheet, capital assets are listed as the difference between purchase price and accumulated planned depreciation.

Planned depreciation is calculated as a straight-line depreciation based on the useful life of the object.

The indicative useful lives on which the planned depreciation is based are as follows:

- machines and equipment	3-5 yrs
- other tangible assets	5 yrs
- other long term expenses	10 yrs

Current assets

Receivables and liabilities have been valued at the nominal value.

Board of Directors proposal to process profit and loss for the previous financial year

The Board of Directors proposes to the Annual General Meeting that a (loss) of EUR (4,886.16) be transferred to the profit and loss account and that no dividends be distributed.

Company shares

There are 100 company shares. Each share confers the same right to dividends and company assets.

Redemption clause

Company's Articles of Association includes a redemption clause (10§). In accordance with such redemption clause, primarily the company, and secondarily a shareholder has the right to redeem shares under conditions specified in the Articles of Association (paragraphs 1-9).

The right of redemption shall not apply to acquisitions based on merger, demerger or change of business form.

NOTES TO THE PROFIT AND LOSS STATEMENT

1. MATERIALS AND SERVICES

	Eur	Eur
	2021	2020
Outsourced services	**775.52**	54,643.28
Other personnel expenses	**0**	0
TOTAL	**775.52**	54,643.28

2. PERSONNEL

Average number

	2021	**2020**
Officers	**0**	1
Employees	**0**	0
TOTAL	**0**	1

3. DEPRECIATION AND OTHER IMPAIRMENTS

	Eur	Eur
	2021	2020
Other capitalised long-term expenditures	**0.00**	(2,237.14)
Machines and equipment	**0.00**	(1,219.96)
Other tangible assets	**0.00**	(175.00)
TOTAL	**0.00**	(3,632.10)

4. OTHER OPERATING EXPENSES

	Eur	Eur
	2021	2020
Marketing expenses	**(68.68)**	(2,522.22)
Operating and maintenance expenses	**(1,778.31)**	(4,412.94)
Rents	**(6,946.42)**	(27,785.64)
Other expenses	**(7,528.61)**	(20,781.96)
TOTAL	**(16,322.02)**	(55,502.76)

5. FINANCIAL INCOME AND EXPENSES

	Eur	Eur
	2021	2020
Other interest income	**0.00**	0.01
Interest income in the same group	**3,300.11**	1,353
TOTAL	**3,300.11**	1,353.01
Interest expenses to companies in the same Group	**0.00**	(159.58)
Other interest expenses	**(50.00)**	0.00
Tax Increases and increases, non-deductible	**0.00**	(1.34)
Total interest expenses	**(50.00)**	(160.92)
Total financial income and expenses	**3,250.11**	1,192.09

NOTES TO THE BALANCE SHEET

CAPITAL ASSETS AND OTHER LONG-TERM INVESTMENTS, I.E. NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

6. SHORT-TERM RECEIVABLES

	Eur	Eur
	2021	2020
Receivables from companies in the same Group	**171,036.01**	181,713.98
Other receivables	**148.80**	1,072.96
Accrued income	**0.00**	637.49
Total	**171,184.81**	183,424.43

LIABILITIES

7. EQUITY

	Eur 2021	Eur 2020
Share capital	100,000.00	100,000.00
Share capital	**100,000.00**	100,000.00
Invested unrestricted equity fund	1,023,860.96	1,023,860.96
Invested unrestricted equity fund	**1,023,860.96**	1,023,860.96
Profit/(Loss) from prev. financial period	(942,205.58)	(953,795.89)
Profit/(Loss) for the financial year	(4,886.16)	11,590.31
Total equity	**176,769.22**	**181,655.38**

The company has no distributable assets

8 SHORT-TERM BORROWED CAPITAL

	Eur 2021	Eur 2020
Liabilities for companies in the same Group		
Trade payables	**0.00**	12,388.08
Total short-term borrowed capital	**0.00**	12,388.08

	Eur 2021	Eur 2020
Liabilities for others		
Trade payables	**0.00**	6,492.34
Other liabilities	**0.00**	1,847.19
Accruals and deferred income	**772.00**	13,818.94
Total short-term borrowed capital	**772.00**	22,158.47

9 ITEMS INCLUDED IN ACCRUALS AND DEFERRED INCOME:

	Eur 2021	Eur 2020
Salaries and holiday pay	**0.00**	10,581.36
Employer pension contribution	**0.00**	1,737.58
Other	**772.00**	1,500.00
Total	**772.00**	13,818.94

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Director's proposal for profit distribution

(Loss) for the financial year EUR (4,886.16). The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS DATE AND SIGNATURES

Helsinki April 16, 2021

Pauli Puntala
Chair of the Board of Directors

Kaarnijärvi Anne
Board Member

Valtanen Ville
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 16, 2021

KPMG OY AB

Esa Kailiala

Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Kylpyläntorni 1

Opinion

We have audited the financial statements of Kiinteistö Oy Kylpyläntorni 1 (business identity code 2498932-7) for the year ended March 31, 2021. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki, April 16, 2021

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	appendix	**Eur 2021**	Eur 2020
Property management expenses			
Administration		**(1,210.62)**	(1,306.26)
Property tax		**(198.39)**	(153.33)
Total		**(1,409.01)**	(1,459.59)
Profit/(Loss)		**(1,409.01)**	(1,459.59)
Profit before appropriations and taxes		**(1,409.01)**	(1,459.59)
Profit/(Loss) for the financial year		**(1,409.01)**	(1,459.59)

BALANCE SHEET AS AT MARCH 31, 2021

	appendix	Eur 2021	Eur 2020
ASSETS			
NON-CURRENT ASSETS			
Tangible assets			
Land areas	1	**250,566.00**	250,566.00
Total tangible assets		**250,566.00**	250,566.00
TOTAL NON-CURRENT ASSETS		**250,566.00**	250,566.00
CURRENT ASSETS			
Short-term receivables			
Cash and cash equivalents			
Cash at bank		**102.14**	1,486.15
Total cash and cash equivalents		**102.14**	1,486.15
TOTAL CURRENT ASSETS		**102.14**	1,486.15
TOTAL ASSETS		**250,668.14**	252,052.15
LIABILITIES			
EQUITY	2		
Share capital		**2,500.00**	2,500.00
Invested unrestricted equity fund		**259,305.79**	259,305.79
Profit/(Loss) from previous years		**(9,753.64)**	(8,294.05)
Profit/(Loss) for the financial year		**(1,409.01)**	(1,459.59)
TOTAL EQUITY		**250,643.14**	252,052.15
BORROWED CAPITAL			
Short-term borrowed capital	3		
Accruals and deferred income		**25.00**	0.00
Total short-term borrowed capital		**25.00**	0.00
TOTAL LIABILITIES		**250,668.14**	252,052.15

ACCOUNTING PRINCIPLES

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Valuation principles

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accrual basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.
Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1. TANGIBLE ASSETS

	Eur Land areas
Acquisition cost	250,566.00
Acquisition cost	250,566.00
Book value	**250,566.00**

2. LIABILITIES

	Eur 2021	Eur 2020
EQUITY		
Share capital in the beginning of the year	2,500.00	**2,500.00**
Share capital in the end of the year	**2,500.00**	**2,500.00**
Invested unrestricted equity fund in the beginning of the year	259,305.79	**258,105.79**
Lisäykset	0.00	**1,200.00**
Invested unrestricted equity fund in the end of the year	**259,305.79**	**259,305.79**
Profit/(Loss) from prev. financial period	(9,753.64)	**(8,294.05)**
Profit/(Loss) for the financial year	(1,409.01)	**(1,459.59)**
Total equity	**250,643.14**	**252,052.15**

3. BORROWED CAPITAL

	Eur 2021	Eur 2020
Accruals and deferred income	**25.00**	**0.00**
Total borrowed capital	**25.00**	**0.00**

BREAKDOWN OF SHARE CAPITAL

	2021		2020	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**100.00**	**2,500.00**	100.00	2,500.00
Total	**100.00**	**2,500.00**	100.00	2,500.00

OTHER NOTES

PERPETUAL EASEMENTS, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

In the deed dated October 29, 2013, Kiinteistö Oy Kylpylântorni 1 is obligated to refrain from selling or otherwise transferring undeveloped lots to any party other than those given advance approval by the City based on a written application submitted to it.

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Loss for the financial year EUR (1,409.01). The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki April 16, 2021

Puntala Pauli	**Rauhala Riku**	**Numminen Laura**
Chair of the Board of Directors	Board Member, CEO	Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 16, 2021

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Spa Lofts 2

Opinion

We have audited the financial statements of Kiinteistö Oy Spa Lofts 2 (business identity code 2428891-8) for the year ended March 31, 2021. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in *the Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki, April 16, 2021

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	Eur 2021	Eur 2020
Property management expenses		
Administration	**(1,230.39)**	(1,204.56)
Outdoor area management	**(1,215.20)**	(1,215.20)
Property tax	**(149.82)**	(115.77)
Total	**(2,595.41)**	(2,535.53)
Profit/(Loss)	**(2,595.41)**	(2,535.53)
Profit before appropriations and taxes	**(2,595.41)**	(2,535.53)
Group contribution	**2,600.00**	5,110.00
Income taxes	**0.20**	0.00
Profit/(Loss) for the financial year	**4.79**	2,574.47

BALANCE SHEET AS AT MARCH 31, 2021

	appendix	Eur 2021	Eur 2020
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1		
Land areas		**1,42,350.28**	1,42,350.28
Total tangible assets		**1,42,350.28**	1,42,350.28
TOTAL NON-CURRENT ASSETS		**1,42,350.28**	1,42,350.28
CURRENT ASSETS			
Short-term receivables	2		
Accrued income		**0.00**	7,526.01
Group contribution receivables		**2,126.01**	0.00
Total short-term receivables		**2,126.01**	7,526.01
Cash and cash equivalents			
Cash at bank		**2,850.87**	46.28
Total cash and cash equivalents		**2,850.87**	46.28
TOTAL CURRENT ASSETS		**7,576.88**	7,572.29
TOTAL ASSETS		**1,49,927.16**	1,49,922.57
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Building fund		**1,39,130.28**	1,39,130.28
Invested unrestricted equity fund		**8,291.29**	8,291.29
Profit/(Loss) from previous years		**0.80**	(2,573.47)
Profit/(Loss) for the financial year		**4.79**	2,574.27
TOTAL EQUITY		**1,49,927.16**	1,49,922.37
BORROWED CAPITAL			
Short-term borrowed capital	4		
Deferred tax liabilities		**0.00**	0.20
Total short-term borrowed capital		**0.00**	0.20
TOTAL LIABILITIES		**1,49,927.16**	1,49,922.57

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises. (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accrual basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur
	Land areas
Acquisition cost	1,42,350.28
Acquisition cost	1,42,350.28
Book value	**1,42,350.28**

2 Short-term receivables

	Eur
Receivables from the companies in the same group	0.00
Group contribution receivables	4,726.01
Total	**4,726.01**

3 LIABILITIES

	Eur	Eur
EQUITY	**2021**	2020
Share capital in the beginning of the year	2,500.00	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Building fund in the beginning of the year	1,39,130.28	1,39,130.28
Building fund in the end of the year	**1,39,130.28**	1,39,130.28
Invested unrestricted equity fund in the beginning of the year	8,291.29	8,291.29
Additions	0.00	0.00
Invested unrestricted equity fund in the end of the year	**8,291.29**	8,291.29
Profit/(Loss) from prev. financial period	0.80	(2,573.47)
Profit/(Loss) for the financial year	4.79	2,574.27
Total equity	**1,49,927.16**	1,49,922.37

4 Short-term borrowed capital

	Eur	Eur
	2021	2020
Deferred tax liabilities	**0.00**	0.20
Total short-term borrowed capital	**0.00**	0.20

BREAKDOWN OF SHARE CAPITAL

	2021		2020	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**100.00**	**2,500.00**	100.00	2,500.00
Total	**100.00**	**2,500.00**	100.00	2,500.00

OTHER NOTES

Easements

The company is hereby obligated under the following easement agreements:

Easement agreement signed on May 31, 2011. Concerns motor vehicle road and pedestrian access and rescue services access.

Easement agreement signed on October 29, 2014. Kiinteistö Oy Lappeenranta-owned Saimaan Kreivi is entitled to build three parking spaces and rescue services access.

Easement agreement signed on October 31, 2014. Spa Lofts 2 is entitled to build rescue services access to the Saimaan Action Park Oy lot.

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 4.79. The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki April 16, 2021

Pauli Puntala
Chair of the Board of Director's

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 16, 2021

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Spa Lofts 3

Opinion

We have audited the financial statements of Kiinteistö Oy Spa Lofts 3 (business identity code 2428894-2) for the year ended March 31, 2021. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki, April 16, 2021

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	Eur 2021	Eur 2020
Property management expenses		
Administration	**(1,135.93)**	(1,129.58)
Outdoor area management	**(1,215.20)**	(1,215.20)
Property tax	**(402.03)**	(310.67)
Total	**(2,753.16)**	(2,655.45)
Profit/(Loss)	**(2,753.16)**	(2,655.45)
Financial income and expenses		
Interest charges	**0.00**	(0.10)
Total financial income and expenses	**0.00**	(0.10)
Profit before appropriations and taxes	**(2,753.16)**	(2,655.55)
Group contribution	**0.00**	6,250.00
Income Taxes	**(7.65)**	7.65
Profit/(Loss) for the financial year	**(2,745.51)**	3,586.80

BALANCE SHEET AS AT MARCH 31, 2021

	appendix	Eur 2021	Eur 2020
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	1		
Land areas		**140,090.60**	140,090.60
Total tangible assets		**140,090.60**	140,090.60
TOTAL NON-CURRENT ASSETS		**140,090.60**	140,090.60
CURRENT ASSETS			
Short-term receivables	2		
Accrued income		**0.00**	8,235.47
Group contribution receivables		**2,735.47**	0.00
Total short-term receivables		**2,735.47**	8,235.47
Cash and cash equivalents			
Cash at bank		**3,002.43**	255.59
Total cash and cash equivalents		**3,002.43**	255.59
TOTAL CURRENT ASSETS		**5,737.90**	8,491.06
TOTAL ASSETS		**145,828.50**	148,581.66
LIABILITIES			
EQUITY	3		
Share capital		**2,500.00**	2,500.00
Building fund		**137,110.60**	137,110.60
Invested unrestricted equity fund		**8,941.89**	8,941.89
Profit/(Loss) from previous years		**21.52**	(3,565.28)
Profit/(Loss) for the financial year		**(2,745.51)**	3,586.80
TOTAL EQUITY		**145,828.50**	148,574.01
BORROWED CAPITAL			
LIABILITIES	4		
Deferred tax liabilities		**0.00**	7.65
TOTAL LIABILITIES		**0.00**	7.65
TOTAL LIABILITIES		**145,828.50**	148,581.66

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015)

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accrual basis.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy.

Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters.

Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

1 Tangible assets

	Eur **Land areas**
Acquisition cost	140,090.60
Acquisition cost	140,090.60
Book value	**140,090.60**

2 Short-term receivables

	Eur
Receivables from the companies in the same group	0.00
Group contribution receivables	2,735.47
Total	**2,735.47**

3 LIABILITIES

EQUITY	**Eur 2021**	Eur 2020
Share capital in the beginning of the year	2,500.00	2,500.00
Share capital in the end of the year	**2,500.00**	2,500.00
Building fund in the beginning of the year	137,110.60	137,110.60
Building fund in the end of the year	**137,110.60**	137,110.60
Invested unrestricted equity fund in the beginning of the year	8,941.89	8,941.89
Additions	0.00	0.00
Invested unrestricted equity fund in the end of the year	**8,941.89**	8,941.89
Profit/(Loss) from prev. financial period	21.52	(3,565.28)
Profit/(Loss) for the financial year	(2,745.51)	3,586.80
Total equity	**145,828.50**	148,574.01

4 Short-term borrowed capital

	Eur 2021	Eur 2020
Deferred tax liabilities	**0.00**	7.65
Total borrowed capital	**0.00**	7.65

BREAKDOWN OF SHARE CAPITAL

	2021		2020	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**100.00**	**2,500.00**	100.00	2,500.00
Total	**100.00**	**2,500.00**	100.00	2,500.00

OTHER NOTES

Easements

The company is hereby obligated under the following easement agreements:

Easement agreement signed on May 31, 2011. Concerns motor vehicle road and pedestrian access and rescue services access.

Easement agreement signed on October 29, 2014. Spa Lofts 2 is entitled to build five parking spaces and rescue services access.

Mortgages

Real property owned by the company has been mortgaged as collateral for liabilities set under an agreement signed by Holiday Club Resorts Oy.

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Director's proposal for profit distribution

Loss for the financial year EUR (2,745.51). The Board of Directors proposes to the Annual General Meeting that the loss be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS
DATE AND SIGNATURES

Helsinki April 16, 2021

Pauli Puntala
Chair of the Board of Directors

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 16, 2021

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the Annual General Meeting of Kiinteistö Oy Kuusamon Pulkkajärvi 1

Opinion

We have audited the financial statements of Kiinteistö Oy Kuusamon Pulkkajärvi 1 (business identity code 0780839-5) for the year ended March 31, 2021. The financial statements comprise the balance sheet, income statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki, April 16, 2021

KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	appendix	Eur 2021	Eur 2020
TURNOVER			
Rent income		**11,628.00**	11,628.00
Total		**11,628.00**	11,628.00
Depreciation	**1**		
Buildings and structures		**(3,441.84)**	(3,585.36)
Total		**(3,441.84)**	(3,585.36)
Property management expenses			
Administration		**(1,270.87)**	(1,318.84)
Water and sewage		**0.00**	(7.20)
Electricity		**(1,844.90)**	(1,788.51)
Indemnity insurance		**(60.55)**	(57.66)
Property tax		**(256.66)**	(197.15)
Repairs		**0.00**	0.00
Other expenses		**0.00**	0.00
Total		**(3,432.98)**	(3,369.36)
Profit/(Loss)		**4,753.18**	4,673.28
Financial income and expenses			
Interest income		**0.08**	0.00
Interest charges		**(1,404.12)**	(1,666.20)
Total financial income and expenses		**(1,404.04)**	(1,666.20)
Profit/(Loss) before appropriations and taxes		**3,349.14**	3,007.08
Other direct taxes			
Group contribution		**(3,349.00)**	0.00
Direct taxes		**0.04**	(601.50)
Total		**(3,348.96)**	(601.50)
Profit/(Loss) for the financial year		**0.18**	2,405.58

BALANCE SHEET AS AT MARCH 31, 2021

	appendix	Eur 2021	Eur 2020
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	**2**		
Land areas		**2,48,581.74**	2,48,581.74
Buildings and structures		**82,605.40**	86,047.24
Total tangible assets		**3,31,187.14**	3,34,628.98
TOTAL NON-CURRENT ASSETS		**3,31,187.14**	3,34,628.98
CURRENT ASSETS			
Short-term receivables	**3**		
Consideration receivables		**969.00**	0.00
Tax receivables		**582.32**	26.10
Total short-term receivables		**1,551.32**	26.10
Cash and cash equivalents			
Cash at bank		**5,090.26**	4,290.82
Total cash and cash equivalents		**5,090.26**	4,290.82
TOTAL CURRENT ASSETS		**6,641.58**	4,316.92
TOTAL ASSETS		**3,37,828.72**	3,38,945.90
LIABILITIES			
EQUITY	**4**		
Share capital		**2,522.81**	2,522.81
Building fund		**82,860.58**	82,860.58
Other equity		**1,70,766.78**	1,70,766.78
Profit/(Loss) from previous years		**25,946.04**	23,540.46
Profit/(Loss) for the financial year		**0.18**	2,405.58
TOTAL EQUITY		**2,82,096.39**	2,82,096.21
BORROWED CAPITAL			
Short-term borrowed capital	**5**		
Other loans group companies		**51,720.92**	56,449.69
Interest liabilities group companies		**112.41**	–
Group contribution liabilities		**3,349.00**	–
Accruals and deferred income		**550.00**	400.00
Total short-term borrowed capital		**55,732.33**	56,849.69
TOTAL LIABILITIES		**3,37,828.72**	3,38,945.90

ACCOUNTING PRINCIPLES

Valuation principles

The financial statements have been drawn up in accordance with regulations governing small and medium-sized enterprises (Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking, 1753/2015).

Tangible and intangible assets have been entered under acquisition costs and financial assets under nominal value. Revenues and expenses are amortised on an accrual basis.

4% of the buildings were written off during the financial year.

The company belongs to the Holiday Club Resorts Oy group. The parent company is Holiday Club Resorts Oy. Copies of the consolidated financial statements are available at the Holiday Club Resorts Group headquarters. Hitsaajankatu 22, 00810 Helsinki

NOTES TO THE PROFIT AND LOSS STATEMENT

1. Depreciation and impairments

	Eur 2021	Eur 2020
Buildings and structures	**3,441.84**	3,585.36
Total	**3,441.84**	3,585.36

NOTES TO THE BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

INTANGIBLE AND TANGIBLE ASSETS

2 Tangible assets

Eur	**Land areas**	**Buildings and structures**	**Total**
Acquisition cost	2,48,581.74	1,21,796.28	3,70,378.02
Acquisition cost	2,48,581.74	1,21,796.28	3,70,378.02
Accumulated depreciation	0.00	35,749.04	35,749.04
Depreciation for the financial year	0.00	3,441.84	3,441.84
Book value	**2,48,581.74**	**82,605.40**	**3,31,187.14**

CURRENT ASSETS

RECEIVABLES

3 Short-term receivables

	Eur 2021	Eur 2020
Consideration receivables	**969.00**	0.00
Tax assets	**582.32**	26.10
Total	**1,551.32**	26.10

LIABILITIES

4 EQUITY

	Eur 2021	Eur 2020
Share capital in the beginning of the year	2,522.81	2,522.81
Share capital in the end of the year	**2,522.81**	2,522.81
Building fund in the beginning of the year	82,860.58	82,860.58
Building fund in the end of the year	**82,860.58**	82,860.58
Other restricted equity in the beginning of the year	1,70,766.78	1,70,766.78
Other restricted equity in the end of the year	**1,70,766.78**	1,70,766.78
Profit/(Loss) from prev. financial period	25,946.04	23,540.46
Profit/(Loss) for the financial year	0.18	2,405.58
Total equity	**2,82,096.39**	2,82,096.21

5 SHORT-TERM BORROWED CAPITAL

	Eur 2021	Eur 2020
Other loans group companies	**51,720.92**	56,449.69
Interest liabilities group companies	**112.41**	–
Group contribution liabilities	**3,349.00**	–
Accruals and deferred income	**550.00**	400.00
Total borrowed capital	**55,732.33**	56,849.69

BREAKDOWN OF SHARE CAPITAL

	2021		2020	
Eur	**No.**	**Eur**	No.	Eur
1 vote/share	**30.00**	**2,522.81**	30.00	2,522.81
Total	**30.00**	**2,522.81**	30.00	2,522.81

Notes to the financial statements compliant with the Limited Liability Companies Act.

Board of Directors' proposal for profit distribution

Profit for the financial year EUR 0.18. The Board of Directors proposes to the Annual General Meeting that the profit be transferred to equity and that no dividends be distributed.

FINANCIAL STATEMENTS

DATE AND SIGNATURES

Helsinki April 16, 2021

Pauli Puntala
Chair of the Board of Directors

Riku Rauhala
CEO & Board Member

Laura Numminen
Board Member

AUDITOR'S NOTE

A report of the audit has been submitted today.

Helsinki April 16, 2021

KPMG OY AB

Esa Kailiala
Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Ownership Service Sweden AB, corporate identity number 556676-0327

Report on the annual accounts

Opinions

We have audited the annual accounts of Ownership Service Sweden AB for the financial year April 1, 2020 to March 31, 2021.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Ownership Service Sweden AB as of March 31, 2021 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of Ownership Service Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors

The Board of Directors are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors of Ownership Service Sweden AB for the financial year April 1, 2020 to March 31, 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of Ownership Service Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Sundsvall, April 14, 2021

Öhrlings PricewaterhouseCoopers AB

Magnus Olsson
Authorized Public Accountant

INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	Note	2021 SEK	2020 SEK
Operating expenses			
Other external expenses		**(10,777)**	(8,477)
Total operating expenses		**(10,777)**	(8,477)
Operating Profit/(Loss)		**(10,777)**	(8,477)
Financial items			
Other interest income and similar profit/loss items		**0**	0
Total financial items		**0**	0
Profit/(Loss) after financial items		**(10,777)**	(8,477)
Profit/(Loss) before tax		**(10,777)**	(8,477)
Profit/(Loss) for the year		**(10,777)**	(8,477)

BALANCE SHEET AS AT MARCH 31, 2021

	Note	2021 SEK	2020 SEK
Assets			
Current assets			
Current receivables			
Other receivables		**13,51,840**	16,38,093
Receivables from Group comp.		**23,72,954**	23,72,954
Total current receivables		**37,24,794**	40,11,047
Cash and bank balances			
Cash and bank balances		**77,21,595**	43,87,906
Total cash and bank balances		**77,21,595**	43,87,906
Total current assets		**1,14,46,389**	83,98,953
Total assets		**1,14,46,389**	83,98,953
Equity and liabilities			
Equity			
Restricted equity			
Share capital		**1,00,000**	1,00,000
Total restricted equity		**1,00,000**	1,00,000
Non-restricted equity			
Profit bought forward		**18,73,550**	18,82,026
Profit/(Loss) for the year		**(10,777)**	(8,477)
Total non-restricted equity		**18,62,773**	18,73,549
Total equity		**19,62,773**	19,73,549
Current liabilities			
Other liabilities		**94,72,717**	64,10,184
Accrued expense and deferred income		**10,899**	15,220
Total current liabilities		**94,83,616**	64,25,404
Total equity and liabilities		**1,14,46,389**	83,98,953

SUPPLEMENTARY DISCLOSURES

Note 1 Accounting and Valuation Principles

The annual accounts have been prepared in accordance with BFNAR 2016:10 Annual Accounts of Small Limited Companies.

Definitions of key performance indicators

Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

Note 2 Significant events during/after the financial year

The company has taken into account the impact of the effects of the COVID-19 outbreak and it has been concluded that the impact during the year has been limited. The company also has taken into account the impact on the company's future development and risks that may affect financial reporting going forward. In this asessment, it has been concluded that the impact on the company still is limited.

Note 3 Parent Company

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland. The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Annual reports for parent company could be found at Patent- och registerstyrelsen, PRH, for Finland and Ministry of Corporate Affairs (Company Master Data) for India.

The income statement and balance sheet will be presented for adoption at the Annual General Meeting of Shareholders held on April 14, 2021

Åre April 14, 2021

Pauli Puntala

Joonas Mäkipeska

Our auditor's report has been submitted April 14, 2021
Öhrlings PricewaterhouseCoopers AB

Magnus Olsson

Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Åre Villa 3 AB, corporate identity number 559137-7659

Report on the annual accounts

Opinions

We have audited the annual accounts of Åre Villa 3 AB for the financial year April 1, 2020 to March 31, 2021.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Åre Villa 3 AB as of March 31, 2021 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of Åre Villa 3 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors

The Board of Directors are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors of Åre Villa 3 AB for the financial year April 1, 2020 to March 31, 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of Åre Villa 3 AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Sundsvall April 14, 2021
Öhrlings PricewaterhouseCoopers AB

Magnus Olsson
Authorized Public Accountant

INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	Note	2021 SEK	2020 SEK
Operating income, changes in inventory, etc.			
Net sales		**0**	0
Total operating income, changes in inventory, etc.		**0**	0
Operating expenses			
Raw materials and consumables		**0**	0
Other external expenses		**(1,550)**	(1,550)
Total operating expenses		**(1,550)**	(1,550)
Operating Profit/(Loss)		**(1,550)**	(1,550)
Profit from shares in group companies		**0**	0
Profit/(Loss) after financial items		**(1,550)**	(1,550)
Profit/(Loss) before tax		**(1,550)**	(1,550)
Profit/(Loss) for the year		**(1,550)**	(1,550)

BALANCE SHEET AS AT MARCH 31, 2021

	Note	2021 SEK	2020 SEK
Assets			
Non-current assets			
Financial non-current assets			
Other non-current receivables	**3**	**4,611,434**	4,611,434
Total non-current assets		**4,611,434**	4,611,434
Current assets			
Current receivables			
Other receivables		**0**	0
Total current receivables		**0**	0
Cash and bank balances			
Cash and bank balances		**45,650**	47,200
Total cash and bank balances		**45,650**	47,200
Total current assets		**45,650**	47,200
Total assets		**4,657,084**	4,658,634
Equity and liabilities			
Equity			
Restricted equity			
Share capital, 50,000 shares		**50,000**	50,000
Total restricted equity		**50,000**	50,000
Non-restricted equity			
Retained earnings		**4,558,634**	4,560,184
Profit/(Loss) for the year		**(1,550)**	(1,550)
Total non-restricted equity		**4,557,084**	4,558,634
Total equity		**4,607,084**	4,608,634
Current liabilities			
Other liabilities		**50,000**	50,000
Total current liabilities		**50,000**	50,000
Total equity and liabilities		**4,657,084**	4,658,634

SUPPLEMENTARY DISCLOSURES

Note 1 Accounting and Valuation Principles

The annual accounts have been prepared in accordance with the Annual Accounts Act and BFNAR 2016:10 Annual reports in small limited companies.

Definitions of key performance indicators

Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets

Note 2 Significant events during/after the financial year

The company has taken into account the impact of the effects of the COVID-19 outbreak and it has been concluded that the impact during the year has been limited.

The company also has taken into account the impact on the company's future development and risks that may affect financial reporting going forward. In this assessment, it has been concluded that the impact on the company still is limited.

Note 3 Parent Company

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland.

The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Annual reports for parent company could be found at Patent- och registerstyrelsen, PRH, for Finland and Ministry of Corporate Affairs (Company Master Data) for India.

Note 4 Other non-current receivables

	2021	2020
	SEK	SEK
Additional receivables	**4,611,434**	4,611,434
Carrying amount	**4,611,434**	4,611,434

The income statement and balance sheet will be presented for adoption at the Annual General Meeting of Shareholders held on April 14, 2021

Åre April 14, 2021

Pauli Puntala

Our auditor's report has been submitted April 14, 2021
Öhrlings PricewaterhouseCoopers AB

Magnus Olsson
Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Holiday Club Sweden AB, corporate identity number 556683-0385

Report on the annual accounts

Opinions

We have audited the annual accounts of Holiday Club Sweden AB for the financial year April 1, 2020 to March 31, 2021.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Holiday Club Sweden AB as of March 31, 2021 and its financial performance for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of Holiday Club Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Holiday Club Sweden AB for the financial year April 1, 2020 to March 31, 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of Holiday Club Sweden AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors and the Managing Director are responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors and the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Sundsvall 14 April 2021

Öhrlings PricewaterhouseCoopers AB

Magnus Olsson
Authorized Public Accountant

INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	Note	2021 kSEK	2020 kSEK
Operating income, changes in inventory, etc.			
Net sales		**15,112**	32,974
Other operating income		**6,560**	6,151
Total operating income, changes in inventory, etc.		**21,672**	39,126
Operating expenses			
Raw materials and consumables		**(5,861)**	(18,681)
Other external expenses		**(12,295)**	(16,390)
Personnel costs	**2**	**(6,058)**	(8,750)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		**(127)**	(127)
Total operating expenses		**(24,341)**	(43,947)
Operating Profit/(Loss)		**(2,669)**	(4,822)
Financial items			
Share of profits from interests in associates		**0**	0
Other interest income and similar Profit/(Loss) items	**3**	**4,507**	5,433
Interest and similar expenses	**4**	**(1,457)**	(4,985)
Total financial items		**3,050**	448
Profit/(Loss) after financial items		**381**	(4,373)
Profit/(Loss) before tax		**381**	(4,373)
Profit/(Loss) for the year		**381**	(4,373)

BALANCE SHEET AS AT MARCH 31, 2021

	Note	2021 kSEK	2020 kSEK
Non-current assets			
Property, plant and equipment			
Land and buildings	5	4,060	4,170
Equipment and tools	6	33	49
Current new developements	7	2,900	2,505
Total property, plant and equipment		6,993	6,724
Financial non-current assets			
Participations in Group companies	8,9	15,773	9,279
Receivables from Group companies	10	93,113	126,342
Other non-current receivables		0	0
Total financial assets		108,886	135,621
Total non-current assets		115,879	142,346
Current assets			
Inventories etc.			
Raw materials and consumables		43,462	46,702
Other inventory assets		0	0
Total inventories		43,462	46,702
Current receivables			
Trade receivables		1,036	926
Receivables from Group companies		2,868	3,627
Other receivables		1,782	1,703
Prepaid expenses and accrued income		339	381
Total current receivables		6,025	6,638
Cash and bank balances			
Cash and bank balances		23,212	2,886
Total cash and bank balances		23,212	2,886
Total current assets		72,698	56,226
Total assets		188,577	198,572

BALANCE SHEET AS AT MARCH 31, 2021

	Note	2021 kSEK	2020 kSEK
Equity and liabilities			
Equity			
Restricted equity			
Share capital, 1000 shares		**100**	100
Total restricted equity		**100**	100
Non-restricted equity			
Profit/(Loss) brought forward		**126,643**	131,016
Profit/(Loss) for the year		**381**	(4,373)
Total Non-restricted equity		**127,024**	126,643
Total equity		**127,124**	126,743
Non-current liabilities	11		
Liabilities to Group companies		**57,430**	67,912
Other liabilities		**0**	0
Total non-current liabilities		**57,430**	67,912
Current liabilities			
Advances from customers			
Trade creditors		**324**	614
Liabilities to Group companies		**53**	26
Other liabilities		**2,509**	1,238
Accrued expenses and deferred income		**1,137**	2,040
Total current liabilities		**4,024**	3,917
Total equity and liabilities		**188,577**	198,572

SUPPLEMENTARY DISCLOSURES

Note 1 Accounting and Valuation Principles

The annual accounts have been prepared in accordance with BFNAR 2016:10 Annual Accounts of Small Limited Companies.

Service assignments and contract work

The Company's income from assignments undertaken on a fixed price basis is recognised according to the main rule.

Amortisation

Land and buildings	30 years
Equipment and tools	5 years

Definitions of key performance indicators

Equity/assets ratio

Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

Note 2 Personnel

	2021	2020
Average number of employees	**15**	17

Note 3 Other interest income and similar profit/(loss) items

	2021 kSEK	2020 kSEK
Of which from Group companies	**4,507**	5,433

Note 4 Interest expense and similar profit/(loss) items

	2021 kSEK	2020 kSEK
Of which from Group companies	**3,260**	3,618

Note 5 Land and buildings

	2021 kSEK	2020 kSEK
Opening cost of acquisition	**5,571**	5,571
Sales	**0**	0
Closing cost of acquisition	**5,571**	5,571
Opening depreciation/amortisation	**(1,400)**	(1,290)
- Depreciation for the year	**(111)**	(111)
Closing depreciation	**(1,511)**	(1,400)
Carrying amount	**4,060**	4,170

Note 6 Equipment and tools

	2021 kSEK	2020 kSEK
Opening cost of acquisition	**80**	80
Purchase	**0**	0
Closing cost of acquisition	**80**	80
Opening depreciation/amortisation	**(31)**	(15)
- Depreciation for the year	**(16)**	(16)
Closing depreciation	**(47)**	(31)
Carrying amount	**33**	49

Note 7 Current new developements

	2021 kSEK	2020 kSEK
Opening cost of acquisition	**2,505**	2,345
Purchase	**395**	160
Sales	**0**	0
	2,900	2,505
- Depreciation for the year	**0**	**0**
Closing depreciation	**0**	**0**
Carrying amount	**2,900**	**2,505**

Note 8 Participations in Group companies

	2021 kSEK	2020 kSEK
Opening cost of acquisition	**9,279**	9,347
- Purchases	**6,494**	32
- Sales	**0**	(100)
Carrying amount	**15,773**	9,279

Note 9 Specification participations in Group companies

<u>Name</u>	**2021 kSEK** Equity kSEK	**2021 kSEK** Net profit/loss kSEK
Ownership Service AB 556676-0327 Åre	**1,963**	(11)
HC Canarias Investment S.L B-76081603 Las Palmas	**9**	(14)
HC Sport and Spahotels AB 559032-5733 Åre	**(36,944)**	(39,775)
Åre Villa 3 AB 559137-7659 Åre	**46,007**	(2)
Total	**11,035**	(39,801)

<u>Name</u>	Number of shares	Share of equity, %	Carrying amount, March 31, 2021 SEK
Ownership Service AB	**1,000**	**100**	**100**
HC Canarias Investment	**1**	**100**	**129**
Holiday Club Sport and Spa Hotels AB	**1,000,000**	**100**	**15,494**
Åre Villa 3 AB	**50,000**	**100**	**50**
			15,773

As can be seen from the above line-up, there is a relatively large difference between the value of the shares in the subidiary Holiday Club Sport and Spa Hotels AB and the subsidary's equity. Holiday Club Sweden AB, together with its parent company in Finland, has pledged to restore all of its equity in Holiday Club Sport and Spa Hotels AB by May 2021.

Note 10 Receivables from Group companies

	2021 kSEK	2020 kSEK
Opening cost of acquisition	**126,342**	114,045
Deductible receivables	**0**	18,934
- Deductible receivables	**(33,229)**	(6,637)
- Reclassification	**0**	0
Carrying amount	**93,113**	126,342

Note 11 Non-current liabilities

	2021 kSEK	2020 kSEK
Non-current liabilities maturing more than five years after the balance sheet date:		
Liabilities to Group companies	**57,430**	67,912
Total	**57,430**	67,912

Note 12 Parent Company

The parent company in the smallest group in which the company is included, and which prepares consolidated accounts is Holiday Club Resorts OY, Corporate Identity Number 2033337-1, which has its registered office in Helsinki, Finland.

The parent company in the largest group in which the company is included and which prepares consolidated accounts is Mahindra & Mahindra Ltd, L65990MH1945PLC004558 with its registered office in India.

Annual reports for parent company could be found at Patent- och registerstyrelsen, PRH, for Finland and Ministry of Corporate Affairs (Company Master Data) for India.

Note 13 Pledged assets

	2021 kSEK	2020 kSEK
Mortgages	**0**	0
Guarantee commitments subsidiary	**6,235**	52,436
Other pledged assets	**42,420**	356,755
Total pledged assets	**48,655**	409,191

Note 14 Significant events after the financial year

The company has taken into account the impact of the effect of the Covid-19 outbreak on the company´s future development and risks that may affect financial reporting going forward.

The assesment has concluded that the company will continued to be affected by Covid-19, however the liquidity of the company is assessed as good and liquidity forecast are already being prepared on an ongoing basis today but will be monitored more frequently in the future.

Satu Andersson was appointed as new CEO of the company on March 31st, starting on June 1st.

Stockholm April 14, 2021

Maisa Romanainen

Joonas Mäkipeska

Pauli Puntala

Jussi Valtola
Managing Director

Our auditor’s report has been submitted April 14, 2021
Öhrlings PricewaterhouseCoopers AB

Magnus Olsson
Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Holiday Club Sport and Spa Hotels AB, corporate identity number 559032-5733

Report on the annual accounts

Opinions

We have audited the annual accounts of Holiday Club Sport and Spa Hotels AB for the financial year April 1, 2020 to March 31, 2021.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Holiday Club Sport and Spa Hotels AB as of March 31, 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of Holiday Club Sport and Spa Hotels AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Significant uncertainty factor regarding the assumption of going concern

Without affecting our statement above, we would like to draw attention to the information in the administration report and the balance sheet that the equity has been used up. Equity shows a shortfall of approximately SEK 37 million. Furthermore, it appears from the balance sheet that current liabilities far exceed the company's current assets.

In this context, we also want to draw attention to information in the administration report and in Note 2 on decisions to, among other things, restore the company's equity through capital injections no later than May 2021, which is the basis for the board's assumption of going concern when preparing the annual report. Without the aforementioned additions and other capital-strengthening measures, or even more adverse effects of Covid-19 will continue or intensify, there is a significant uncertainty factor that could lead to significant doubts about the company's ability to continue operations.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Holiday Club Sport and Spa Hotels AB for the financial year April 1, 2020 to March 31, 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of Holiday Club Sport and Spa Hotels AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors and the Managing Director are responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors and the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Sundsvall, April 14, 2021
Öhrlings PricewaterhouseCoopers AB

Magnus Olsson
Authorized Public Accountant

INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	Note	2021 kSEK	2020 kSEK
Operating income			
Net sales	3,4	**67,222**	135,381
Other operating income		**11,740**	8,045
Total operating income		**78,962**	143,426
Operating expenses			
Raw materials and consumables		**(5,946)**	(15,529)
Other external expenses	5,6	**(78,279)**	(82,865)
Personnel costs	7	**(27,946)**	(38,408)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		**(5,950)**	(6,573)
Total operating expenses		**(118,121)**	(143,375)
Operating profit/(loss)	4	**(39,159)**	51
Financial items			
Interest expenses to Group companies		**(325)**	(1,065)
Interest income		**3**	0
Interest expenses and similar profit/loss items		**(294)**	(740)
Total financial items		**(616)**	(1,805)
Profit/(Loss) after financial items		**(39,775)**	(1,754)
Profit/(Loss) before tax		**(39,775)**	(1,754)
Profit/(Loss) for the year		**(39,775)**	(1,754)

BALANCE SHEET AS AT MARCH 31, 2021

	Note	2021 kSEK	2020 kSEK
Fixed assets			
Intangible fixed assets			
Goodwill	9	0	837
Software	8	5	40
Total intangible fixed assets		5	878
Tangible assets			
Equipment, tools, fixtures and fittings	10	27,148	31,877
Improvement fees on the property of others	11	1,833	1,958
Total tangible fixed assets		28,982	33,835
Total fixed assets		28,986	34,713
Current assets			
Inventories etc.			
Raw materials and consumables		892	902
Finished goods and goods for resale		340	232
Total inventories		1,233	1,135
Current receivables			
Accounts receivable		1,723	7,508
Current tax assets	12	253	601
Other receivables		1,648	3,860
Prepaid expenses and accrued income	13	2,442	2,891
Total current receivables		6,065	14,859
Cash and bank balances			
Cash and bank balances		4,595	994
Total cash and bank balances		4,595	994
Total current assets		11,893	16,988
TOTAL ASSETS		40,879	51,701

BALANCE SHEET AS AT MARCH 31, 2021

	Note	**2021 kSEK**	2020 kSEK
Equity and liabilities			
Equity	**14,15**		
Restricted equity			
Share capital		**1,000**	1,000
Total restricted equity		**1,000**	1,000
Non-restricted equity			
Share premium reserve		**12,000**	12,000
Retained earnings		**(10,169)**	(8,415)
Profit/(Loss) for the year		**(39,775)**	(1,754)
Total Non-restricted equity		**(37,944)**	1,831
Total equity		**(36,944)**	2,831
Non-current liabilities	**16,17**		
Liabilities to credit institutions		**0**	1,504
Liabilities to Group companies		**10,000**	10,000
Total non-current liabilities		**10,000**	11,504
Current liabilities	**17**		
Liabilities to credit institutions		**3,557**	3,948
Advances from customers		**6,023**	7,590
Accounts payable		**34,652**	9,093
Liabilities to Group companies		**1,343**	1,166
Other liabilities		**12,266**	6,852
Accrued expenses and deferred income	**18**	**9,982**	8,718
Total current liabilities		**67,823**	**37,366**
TOTAL EQUITY AND LIABILITIES		**40,879**	**51,701**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	Note	2021 kSEK	2020 kSEK
Operating activities			
Profit/(Loss) after financial items		**(39,775)**	(1,754)
Adjustments for items not included in cash flow	**19**	**5,950**	6,573
Income tax paid		**348**	184
Cash flow from operating activities before changes in working capital		**(33,477)**	5,003
Cash flow before changes in working capital			
Change in inventories		**(98)**	127
Change in accounts receivable		**5,785**	(3,922)
Change in current receivables		**2,660**	8,422
Change in accounts payable		**25,559**	(5,204)
Change in current liabilities		**5,289**	(186)
Cash flow from operating activities		**5,719**	4,239
Investing activities			
Net investments in tangible assets		**(223)**	(332)
Cash flow from investing activities		**(223)**	(332)
Financing activities			
Group loans raised		**0**	10,000
Repayment of debt		**(1,895)**	(16,548)
Cash flow from financing activities		**(1,895)**	(6,548)
Cash flow for the year		**3,601**	(2,641)
Cash and cash equivalents at beginning of the year			
Opening cash and cash equivalents		**994**	3,635
Closing cash and cash equivalents		**4,595**	994

SUPPLEMENTARY DISCLOSURE

Note 1 Accounting and Valuation Principles

General information

This annual report has been prepared in accordance with the Swedish Annual Accounts and the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 Annual Report and Consolidated Accounts (K3).

The accounting policies remain unchanged as compared to the previous year.

Revenue recognition

Revenue has been measured at the fair value of consideration received or receivable. The Company therefore recognises revenue at nominal value (invoice amount) of remuneration received in cash and cash equivalents directly upon delivery. Deduction is made for discounts granted.

Fixed assets

Intangible and tangible assets are recognised at cost less accumulated amortisation/depreciation and any impariment.

Amortisation/depreciation takes place on a straight-line basis over the estimated useful life of the asset taking the significant residual value into account. The following periods of depreciation/amortisation are applied:

Intangible fixed assets	
Software	20%
Goodwill	20%
Tangible assets	
Improvement fees on the property of others	5%
Equipment, tools, fixtures and fittings	5-20%

Accounts receivable/current receivables

Accounts receivable and current receivables are recognised as current assets at the amount expected to be paid after deduction of individually assessed doubtful receivables.

Leases

The Company recognises all leases, both financial and operating, as operating leases. Operating leases are recognised as a cost straight-line over the leasing period.

Inventories

Inventories are valued at the lower of cost and net realisable value on the balance sheet date. The net realisable value refers to the calculated sales price of the products less selling costs. The selected valuation method means that the inventory obsolescence has been taken into consideration.

Income tax

Current tax

Current tax refers to income tax for the current financial year and the portion of previous income tax which has not yet been recognised. Current tax is calculated based on the tax rate applicable on the balance sheet date.

Definitions of key performance indicators

Equity/assets ratio (%)

Adjusted equity (equity and untaxed reserves less deferred tax) as a percentage of the balance sheet total.

Note 2 Significant events after the end of the financial year

The Board of Directors have reviewed the plan to restore the company equity in its meeting April 1, 2021. It was noted that the latest time to restore the control balance sheet situation is in May 2021. It was pointed out that equity injection amount required is heavily dependent on the operational result forecast and Government support received.

It was decided that the equity will be restored but due to the unclear situation, the board will make the decision regarding required restoration amount in April and convenes the extraordinary shareholder's meeting, agreed actions completed latest in May. Amount and balance between cash and non-cash to be determined based on April forecast.

Note 3 Distribution of sales

	2021 kSEK	2020 kSEK
Net sales by business segment		
Hotel operations	**67,222**	135,381
	67,222	135,381

Note 4 Intra-Group purchases and sales

	2021	2020
Percentage of total purchases during the year from other companies in the Group	**0.26%**	0.19%
Percentage of total sales during the year from other companies in the Group	**1.95%**	1.35%

Note 5 Leases - Operating leases lessee

Lease costs for the year amounted to SEK 40,934,959.

Future lease payments, for non-cancellable leases, fall due for payment as follows:

	2021 kSEK	2020 kSEK
Within one year	**40,756**	40,860
Between one and five years	**161,997**	160,077
Later than five years	**40,031**	39,896
	242,784	240,833

Note 6 Auditors' fees

The audit assignment relates to the review of the annual report and accounts as well as the administration by the Board of Directors, other duties to be performed by the Company's auditor and advisory services or other assistance in response to observations during such examination or implementation or such other duties. Other services are such services as are not included in the audit assignment, auditing activities or tax advisory services.

	kSEK	kSEK
PwC		
Audit assignment	**246**	180
Tax advisory	**5**	0
Other services	**399**	91
	650	271

Note 7 Employees and personel costs

	2021	2020
Average number of employees		
Women	**34**	43
Men	**24**	23
	58	66
Salaries and other remuneration		
Board of Directors and Managing Director	**1,619**	1,139
Other employees	**18,708**	27,229
	20,327	28,368
Social security expenses		
Pension costs for Board and Managing Director	**137**	241
Pension costs for other employees	**1,387**	944
Statutory and contractual other social security contributions	**5,756**	9,061
	7,280	10,246
Total salaries, remuneration, social security expenses and pension costs	**27,607**	38,614

Note 8 Software

	2021 kSEK	2020 kSEK
Opening cost	**180**	180
Purchase	**0**	0
Closing accumulated cost	**180**	180
Opening amortisation	**(139)**	(103)
- Amortisation for the year	**(36)**	(36)
Closing accumulated amortisation	**(175)**	(139)
Closing carrying amount	**5**	40

Note 9 Goodwill

	2021 kSEK	2020 kSEK
Opening cost	**6,279**	6,279
Purchase	**0**	0
Closing accumulated cost	**6,279**	6,279
Opening amortisation	**(5,442)**	(4,186)
- Amortisation for the year	**(837)**	(1,256)
Closing accumulated amortisation	**(6,279)**	(5,442)
Closing carrying amount	**0**	837

Note 10 Equipment, tools, fixtures and fittings

	2021 kSEK	2020 kSEK
Opening cost	**49,703**	49,371
Purchases	**223**	332
Closing accumulated cost	**49,926**	49,703
Opening depreciation	**(17,826)**	(12,670)
- Depreciation for the year	**(4,952)**	(5,156)
Closing accumulated depreciation	**(22,778)**	(17,826)
Closing carrying amount	**27,148**	31,877

Note 11 Improvement fees on the property of others

	2021 kSEK	2020 kSEK
Opening cost	**2,500**	2,500
	2,500	2,500
Opening depreciation	**(542)**	(417)
- Depreciation for the year	**(125)**	(125)
Closing depreciation	**(667)**	(542)
Carrying amount	**1,833**	1,958

Note 12 Tax loss carry forward

No tax is found in the company due to a rolling tax loss carryforward.

	2021 kSEK	2020 kSEK
Tax loss carry forward	**51,655**	12,173
	51,655	12,173

Note 13 Prepaid expenses and accrued income

	2021 kSEK	2020 kSEK
Property rental	**0**	0
Other	**2,442**	2,891
Carrying amount	**2,442**	2,891

Note 14 Number of shares and quotient value

	Number of shares	Quotient value
Number of Class A shares	1,000,000	1
	1,000,000	

Note 15 Appropriation of profit or loss

The Board of Directors proposes that the profit available for distribution:

	2021 kSEK
accumulated loss	**(10,169)**
share premium	**12,000**
loss for the year	**(39,775)**
Total pledged assets	**(37,944)**

Note 16 Non-current liabilities

Fall due later than five years after the balance sheet date

	2021 kSEK	2020 kSEK
The following amount of the Company's liabilities to credit institutions tSEK 3,557 falls due in five years:	**0**	0
Total pledged assets	**0**	0

Note 17 Liabilities recognised in several items

The Company's bank loans of kSEK 3,557 are recognised under the following items in the balance sheet.

	2021 kSEK	2020 kSEK
Non-current liabilities		
Other liabilities to credit institutions	**0**	0
Total pledged assets	**0**	0
Current liabilities		
Other liabilities to credit institutions	**3,557**	29,914
Total pledged assets	**3,557**	29,914

Note 18 Accrued expenses and deferred income

	2021 kSEK	2020 kSEK
Personnel-related items	**5,797**	6,278
Other	**4,185**	2,439
Total pledged assets	**9,982**	8,718

Note 19 Adjustments for non-cash items

	2021 kSEK	2020 kSEK
Depreciation	**5,950**	6,573
Interest expenses, Group	**0**	0
Total pledged assets	**5,950**	6,573

Note 20 Pledged assets

	2021 kSEK	2020 kSEK
Liabilities to credit institutions:		
Chattel mortgages	**19,000**	19,000
Total pledged assets	**19,000**	19,000
Liabilities for which security is provided		
Overdraft facility, amount used	**0**	0
Chattel mortgages	**3,557**	5,452
Total pledged assets	**3,557**	5,452

Åre April 14, 2021

Maisa Romanainen
Chairman

Joonas Mäkipeska

Pauli Puntala

Jussi Valtola
Managing Director

Our auditor's report has been submitted April 14, 2021
Öhrlings PricewaterhouseCoopers AB

Magnus Olsson
Authorized Public Accountant

AUDIT REPORT

To the Members of HOLIDAY CLUB RESORTS RUS, LLC

Opinion

We have audited the accompanying annual accounting (financial) statements of HOLIDAY CLUB RESORT RUS, LLC (Main State Registration Number (OGRN) 5067847052301; 191015 St. Petersburg, ul. Shpalernaya 54, Litera B, office 19н/16) consisting of the balance sheet as at December 31, 2020, the income statement, and appendices to the balance sheet and the income statement, including the statement of changes in equity and the cash flow statement for the year then ended, as well as explanatory information to the balance sheet and financial statements, and the key provisions of the accounting policies.

In our opinion, the accompanying annual accounting (financial) statements present fairly, in all material respects, the financial position of HOLIDAY CLUB RESORT RUS, LLC, as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with accounting (financial) reporting standards aplicable in the Russian Federation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). In line with these Standards, our responsibility is delineated in the *Auditors' Responsibility for the Audit of Annual Accounting (Financial) Statements* paragraph of the present report. We are independent of the entity subject to the audit as required by rules on auditors' independence and the Auditors' Professional Code of Conduct, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) and performed our other professional duties in compliance with the above mentioned professional standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Substantial Doubt About the Entity's Ability to Continue as a Going Concern

We draw attention to Article 15 of the Explanatory Note to the 2020 Financial Statements, where the management's doubts are expressed as to the Entity's ability to continue as a going concern. This raises substantial doubts about the ability of HOLIDAY CLUB RESORT RUS to continue as a going concern. Our Opinion has not been modified due to this circumstance.

Management's Responsibility for the Annual Accounting (Financial) Statements

The management of the audited entity is responsible for the preparation and fair presentation of the annual accounting (financial) statements in accordance with accounting (financial) standards established in the Russian Federation and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounting (financial) statements, management bears responsibility for the assessment of the entity's ability to continue as a going concern, for the disclosure of information in connection with going concern, and for the preparation of the financial statements on a going concern basis, unless management intends to liquidate the audited entity or to cease trading, or has no realistic alternative but to do so. The management is responsible for the control over the preparation of the annual accounting statements of the audited entity.

Auditors' Responsibility for the Audit of the Annual Accounting (Financial) Statements

Our goal is to obtain reasonable assurance about whether the annual accounting (financial) statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report stating our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit, carried out in compliance with ISA, always detects material misstatements when there is any. Misstatements may arise from fraudulent activities or error and are considered to be material when there is reasonable assurance that, taken individually or collectively, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual accounting (financial) statements.

In performing an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit and, among other things:

a) Identify and assess risks of material misstatements in the accounting (financial) statements, whether due to fraud or error; design and perform audit procedures in response to such risks; obtain sufficient and appropriate audit evidence to provide a reasonable basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraudulent activities may involve collusion, forgery, deliberate failure to record transactions, intentional misrepresentations or circumvention of internal control;

b) Obtain an understanding of the internal control system sufficient to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the audited entity's system of internal controls;

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the auditee's management, as well as evaluating the overall financial statement presentation and disclosures;

d) Evaluate the appropriateness of management's use of the going concern assumption and conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we determine that such estimation uncertainty exists, we must draw attention in our audit report to an adequate disclosure of such problem in the annual accounting (financial) statements or modify our opinion if such disclosure is inappropriate.

   Our conclusions are based on the audit evidence gathered prior to the date of our audit report. Future events or conditions, however may affect the entity's ability to continue as a going concern;

e) Evaluate the overall presentation, structure and content of the accounting (financial) statements, and whether the accounting (financial) statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We have communicated to the management of the audited entity, among other matters, the scope and timing of the audit and material observations arising from the audit, including observations on the deficiencies of the system of internal controls identified during the audit.

Responsible for the audit assignment that formed the basis for the Audit Report,
Director General
I. Y. Kochinskaya

Audit Company:
Audit Company SPS, Limited Liability Company (AF SPS, LLC)
Main State Registration Number (OGRN) 1147847428684
Ushakovskaya nab., 3 build. 4, apt. 12, St. Petersburg 197342
Member of the Russian Union of Auditors, Self-Regulatory Organization of Auditors (SRO RSA)
Main Registration Number in the Register of Auditors and Audit Organizations (ORNZ) 11603076412

March 5, 2021

BALANCE SHEET AS OF DECEMBER 31, 2020

Company	**Holiday Club Resorts Rus LLC**
Taxpayer's ID number	**7801409574**
Line of business	**Rendering of intermediary services in purchasing, selling and renting of residential real estates**
Form of incorporation/Form of ownership **Limited liability company/ ownership of a foreign entity**	
Unit of measurement: **thousand RUR**	
Location (address) **191015, Saint Petersburg, Shpalernaya street 54, lit. V, pom.19n/16**	

Item	**Code**	**As of December 31, 2020**	As of December 31, 2019	As of December 31, 2018
ASSETS				
I. NON-CURRENT ASSETS				
Intangible assets	1110	**–**	–	–
Results of research and development	1120	**–**	–	–
Intangible development assets	1130	**–**	–	–
Tangible development assets	1140	**–**	–	–
Fixed assets	1150	**–**	–	–
Income-bearing investments in tangible assets	1160	**–**	–	–
Financial investments	1170	**–**	–	–
Deferred tax assets	1180	**–**	24,786	23,315
Other non-current assets	1190	**–**	–	–
Total section I	1100	**–**	24,786	23,315
II. CURRENT ASSETS				
Inventories	1210	**–**	–	–
Value-added tax on acquired assets	1220	**–**	–	1
Receivables	1230	**337**	513	1,001
including:				
suppliers and contractors	12301	**8**	439	430
buyers and customers	12302	**–**	–	12
tax and due payments	12303	**329**	–	–
social ensurance payments	12304	**–**	17	491
staff salary payments	12305	**–**	–	36
settlements with accountable persons	12306	**–**	50	27
settlements with various debtors and creditors	12307	**–**	7	5
Financial investments (except for monetary equivalents)	1240	**–**	–	–
Cash and cash equivalents	1250	**774**	14,548	6,454
Other current assets	1260	**–**	67	65
Total section II	1200	**1,111**	15,128	7,520
BALANCE	1600	**1,111**	39,913	30,835

Item	Code	As of December 31, 2020	As of December 31, 2019	As of December 31, 2018
LIABILITIES				
III. EQUITY AND RESERVES				
Authorized capital	1310	**300**	300	300
Treasury stock	1320	**–**	–	–
Non-current asset revaluation	1340	**–**	–	–
Capital surplus (without revaluation)	1350	**–**	–	–
Reserve capital	1360	**–**	–	–
Retained earnings	1370	**(47,414)**	(4,150)	2,908
Total section III	1300	**(47,114)**	(3,850)	3,208
IV. LONG-TERM LIABILITIES				
Loans	1410	**3,627**	–	–
including:				–
Long-term loans (in currency)	14101	**3,627**	–	–
Deferred tax liabilities	1420	**–**	–	–
Estimated liabilities	1430	**–**	–	–
Other liabilities	1450	**–**	–	–
Total section IV	1400	**3,627**	–	–
V. SHORT-TERM LIABILITIES				
Loans	1510	**60**	–	–
including:				
Interests on long-term loans (in currency)	15101	**60**	–	–
Payables	1520	**44,538**	42,752	26,632
including:				
suppliers and contractors	15201	**19**	13	8
buyers and customers	15202	**20**	10,104	13,403
tax and due payments	15203	**–**	132	461
settlements with various debtors and creditors	15207	**44,498**	32,503	12,760
Prepaid income	1530	**–**	–	–
Estimated liabilities	1540	**–**	1,011	995
Other liabilities	1550	**–**	–	–
Total section V	1500	**44,598**	43,763	27,627
BALANCE	1700	**1,111**	39,913	30,835

Kovalev Dmitriy Vladimirovich
Director

March 5, 2021

FINANCIAL RESULTS STATEMENT FOR JANUARY - DECEMBER 2020

Company	**Holiday Club Resorts Rus LLC**
Taxpayer's ID number	**7801409574**
Line of business	**Rendering of intermediary services in purchasing, selling and renting of residential real estates**
Form of incorporation/Form of ownership **Limited liability company/ownership of a foreign entity**	
Unit of measurement: **Thousand RUR**	

Item	**Code**	**January - December 2020, Thousand RUR**	January - December 2019
Revenue	2110	**2,758**	6,508
Cost of sales	2120	**–**	–
Gross profit/(loss)	2100	**2,758**	6,508
Commercial expenses	2210	**–**	–
Administrative expenses	2220	**(10,652)**	(18,247)
Sales profit/(loss)	2200	**(7,894)**	(11,739)
Income from participation in other organizations	2310	**–**	–
Interest receivable	2320	**–**	–
Interest payable	2330	**(58)**	–
Other income	2340	**14,982**	10,387
Other expenses	2350	**(25,508)**	(7,177)
Profit/(Loss) before taxation	2300	**(18,478)**	(8,529)
Profit tax	2410	**–**	1,471
including:			
current profit tax	2411	**–**	–
deferred profit tax	2412	**–**	1,471
Other	2460	**(24,786)**	–
including:		**–**	–
write-off deferred tax assets		**(24,786)**	–
Net Profit/(Loss)	2400	**(43,264)**	(7,058)
FOR REFERENCE			
Revaluation of non-current assets not included in net profit (loss) for the period	2510	**–**	–
Result of other transactions not included in net Profit/(Loss) for the period	2520	**–**	–
Comprehensive financial result for the period	2500	**(43,264)**	(7,058)
Basic earnings (loss) per common share	2900	**–**	–
Diluted earnings (loss) per common share	2910	**–**	–

Kovalev Dmitriy Vladimirovich
Director

March 5, 2021

REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS

To the Shareholders of HOLIDAY CLUB CANARIAS INVESTMENT, SLU:

Report on the Financial Statements

We have audited the financial statements of HOLIDAY CLUB CANARIAS INVESTMENT, SLU, (the Company) which comprise the balance sheet as at March 31, 2021, the income statement and the related explanatory notes thereto for the year then ended.

In our opinion, the accompanying financial statements present, in all material aspects, a true and fair view of the net equity and financial situation of the Company as at March 31, 2021 and of its results for the year then ended, in accordance with the regulatory financial reporting framework that is applicable (identified in note 2 to the financial statements) and, in particular, with the accounting principles and criteria contained therein.

Basis for the opinion

We have carried out our audit in accordance with the prevailing standards governing the activity of auditing accounts in Spain. Our responsibilities in accordance with these standards are described later in the section of our report on "*Responsibilities of the auditor in connection with the audit of the financial statements*".

We are independent from the Company in accordance with the requirements on ethics, including those of independence, which are applicable to our audit of financial statements in Spain, as required by the regulations governing the activity of auditing accounts. In this regard, we have not provided services other than the audit of the financial statements, nor have situations or circumstances arisen that, in accordance with the aforementioned regulations, may have compromised our necessary independence.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgment, have been considered to give rise to the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks have been addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon we do not express a separate opinion on said risks.

Balances with related parties

As shown in the balance sheet, the items of assets and liabilities with the highest amount correspond to "Short-term investments in Group, Multigroup and Associate companies", amounting to 1,217,642 euros, and "Short-term debts with Group and Associated Companies", amounting to 1,225,241 euros, respectively (see note 10 of the report). These items represent practically the total assets and liabilities of the balance sheet. Due to the monetary relevance of said items and the balance connection, the valuation of said credits has been considered a relevant aspect, especially the collectability of the asset figure.

Our procedures included the analysis of the reconciliation of the balances with the group companies, as well as the collectability of the asset's item. To this end, the Annual Accounts of the group companies have been audited.

Directors' responsibilities

The Director is responsible for the preparation of the accompanying financial statements in order to present a true and fair view of the net equity, the financial position and the results of the Company in accordance with the Financial Reporting Standards applicable in Spain, and for such internal control as they consider necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to going concern and using the accounting principle of going concern, except if the Director intends to liquidate the Company or cease operations, or if there is no other realistic alternative.

Responsibilities of the auditor in connection with the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance but it does not guarantee that an audit conducted in accordance with the prevailing regulations governing the activity of auditing in Spain will always detect material misstatement when it exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the regulations governing the activity of auditing accounts in Spain, we apply our professional judgment and maintain an attitude of professional skepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.

- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate whether the accounting policies applied are adequate as well as the reasonableness of the accounting estimates and the corresponding information disclosed by the Director.
- We conclude on whether the use, by the Director, of the accounting principle of going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to facts or conditions that could generate significant doubt as to the ability of the company to continue as a going concern. If we conclude that there is material uncertainty, in our audit report we are required to draw attention to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we are required to express an amended opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.
- We evaluate the overall presentation, the structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a way that expresses a true and fair view.

We communicate with the entity's Director regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the issues that have been communicated to the entity's Director, we determine those that have been most significant to the audit of the financial statements of the current period and that are, consequently, the risks considered most significant.

We describe those issues in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

RSM SPAIN AUDITORES, SLP
(nº ROAC S2158)

Javier ALVAREZ CABRERA
(nº ROAC 16092)

Las Palmas de Gran Canaria,
on April 15, 2021

BALANCE SHEET AS AT MARCH 31, 2021

ASSET	Notes	(Euros) 2021	(Euros) 2020
A) NON CURRENT ASSET			
IV. Long-Term investments in group companies and associates	**5**	**6,203**	6,203
TOTAL A		**6,203**	6,203
B) CURRENT ASSETS			
III. Trade and other receivables	**5**	**781**	764
3. Other Debtors		**781**	764
IV. Short-term investments in Group, Multigroup and Associate companies	**5-10**	**1,871,689**	1,217,642
VII. Cash and equivalent liquid assets	**5**	**1,067**	3,003
TOTAL B		**1,873,538**	1,221,410
TOTAL ASSET (A + B)		**1,879,741**	1,227,613
TOTAL EQUITY AND LIABILITIES			
A) TOTAL EQUITY			
A-1) EQUITY		**896**	2,354
I. Capital	**7**	**3,100**	3,100
1. Share Capital		**3,100**	3,100
III. Reserves		**1,901**	1,901
V. Profit & loss from previous periods		**(12,679)**	(11,316)
VI. Partner Contributions		**10,033**	10,033
VII. Result for the period (losses)	**3**	**(1,458)**	(1,363)
TOTAL A		**896**	2,354
C) CURRENT LIABILITIES			
IV. Short term debts with Group and Associated Companies	**6-10**	**1,878,845**	1,225,241
V. Trade Creditors and other Accounts payable	**6**	**0**	17
2. Sundry Creditors		**0**	17
TOTAL C		**1,878,845**	1,225,258
TOTAL EQUITY AND LIABILITIES (A + C)		**1,879,741**	1,227,613

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

CONCEPTS	Notes	(Euros) 2021	(Euros) 2020
7. Other operating expenses	9	(1,944)	(1,817)
13. Other results		0	(1)
A.1) OPERATING INCOME (LOSS)		**(1,944)**	(1,818)
A.3) PROFIT BEFORE TAXES (LOSS)		**(1,944)**	(1,818)
19. Corporate income Tax	8	486	454
A.5) PROFIT & LOSS IN THE PERIOD (LOSS)		**(1,458)**	(1,363)

2021 NOTES TO THE ABRIDGED FINANCIAL STATEMENTS

1. THE COMPANY'S BUSINESS

1.1. HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U. was set up as a limited corporation on December 9, 2010, before the Notary Public Valentín Concejo Arranz, Member of the Guild of Notaries of the Canary Islands, whose offices are located in Maspalomas, under his Protocol Number 1525.

On March 3, 2011, it acquired its current status as a Sole Proprietor Limited Liability Company and on July 22, 2011, a corporate decision was notarised in which the accounting year initially established in the Corporate By-Laws from October 1st to September 30th was changed. However, in February the 1st 2016 the General Meeting of the company decided to modify the beginning and the end of the financial period in the Company By-Laws and now is from April 1st till March 31st every year.

1.2. The main corporate mission comprises the acquisition, promotion, construction, urbanisation, management, operation, holding, use, enjoyment of, yielding of, business management of any type, or property, buildings, tourist complexes, hotels, and/or agricultural land in the country or urban areas and personal rights or rights in rem of real-estate property including its conveyance, whether in its entirety or partially, per apartment or by means of the sale of or assignment of rotational enjoyment rights, timeshare or any other kind of rights to use.

1.3. The Corporate offices are located at Avenida Ministra Anna Lindh 1, Urb. Amadores, in the municipality of Mogán (Gran Canaria).

1.4. The Company is dominant in the Holiday Club Canarias group under the terms of the article 42 of the Commercial Code. However, it does not prepare consolidated annual accounts because it does not exceed the limits set forth in the Capital Companies Law, so the following annual accounts refer exclusively to Holiday Club Canarias Investment, S.L.U. Furthermore, the company is a member of a group whose parent company is Holiday Club Resort OY, located in an EU Member State, Finland, that presents Consolidates Financial Statements in that country. In addition, Holiday Club Resort OY is a member of a group whose holding company is Mahindra & Mahindra limited, located in India.

The Spanish Group is composed of the next companies:

- HOLIDAY CLUB CANARIAS INVESTMENT, SLU
- HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU
- HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU
- HOLIDAY CLUB CANARIAS VACATION CLUB, SL

1.5. At the date of formulation of these annual accounts, Royal Decree 926/2020 of October 25th is in force, extending the state of alarm for the management of the health crisis situation caused by COVID-19.

The Company has been opening and closing the five hotels since March 23rd, taking into account the market demand and the health situation at any time. This situation has affected the Group's three companies in the Canary Islands equally: HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU (company that originally owns the weeks it sells under Time Sharing scheme) and the one that manages the Angry Birds activity park, HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU (company that manages the maintenance of the hotels) and HOLIDAY CLUB CANARIAS VACATION CLUB, SLU (company that buys weeks of accommodation and exploits the Group's available weeks in the Canary Islands).

The main consequences of the closure have been the following:

- Personnel: due to the closure of the hotels, the Group companies in the Canary Islands have carried out a temporary employment regulation file (ERTE) that has affected 116 people out of the total of 128 people who work in the Group. These employees have been affected and disaffected by the ERTE during different periods along the financial year.
- Tour Operators: The Group in the Canary Islands exploits unsold weeks as a hotel service through the entity VACATION CLUB. This hotel activity has been logically interrupted, so that agreements with tourism providers have been temporarily suspended
- Owners: The Group in the Canary Islands invoices week's owners at the beginning of the calendar year for maintenance fees through the entity RESORT MANAGEMENT. Given that the activity has been abruptly interrupted before the end of the year, the company in the Canary Islands is offering owners the possibility of compensating the effect of not enjoying their week in exchange for being able to enjoy two weeks in the period 2021-2022. At the date of formulation of these annual accounts, the majority of the owners are welcoming this measure.
- Financial and non-financial assets: No possible deterioration has been identified at the date of formulation of these annual accounts. Logically, if the situation of inactivity lasts for longer, the circumstances would have to be analyzed again.
- Liquidity: The situation of the Group's treasury in the Canary Islands is not worrying in the short term. With the liquidity that was already available, we must add the provision of a new ICO line of credit loan for the amount of 500,000 euros signed on 23/03/2020 and another one for the same amount signed on 02/05/2020.

2. BASIS USED FOR THE PRESENTATION OF THE ANNUAL ACCOUNTS

The figures contained in the balance sheet, in the Profit & Loss Account, in the Statement of Changes to Equity, in the Cash-flow Statement and in this Report are expressed in Euros, which, upon being rounded out, cause small differences in their presentation.

In the presentation of the accompanying abridged annual accounts, expressed in euros, the current commercial guidelines have been followed, which are:

2.1. True and Fair View

The annual accounts are obtained from the Company's accounting records and have been presented according to the regulations set out in Law 16/2007 of July 4th, on the revised and adapted mercantile accounting legislation to harmonise it internationally on the basis of the European Union and by Royal Decree 1515/2007 of November 16th, in which the General Accounting Plan was approved and the added modifications by Royal Decree 1159/2010 of September 17th and Royal Decree 602/2016 of September 2nd, in order to reflect a true and fair view of the Equity, the financial situation and the Company's Profit & Loss as well as the veracity of the streams incorporated into the Cash-flow, according to generally accepted accounting practices and regulations.

2.2. Non-Mandatory Accounting Principles Applied

During this Financial Year, only those Accounting Principles mandatory according to the Spanish Business Code and the Small & Medium Companies General Accounting Plan have been applied.

The Administrative Body has formulated these Annual Accounts, taking into account all mandatory accounting regulations and principals which carry a significant effect.

There is no principle which, if mandatory, has not been applied.

2.3. Critical Aspects in the Valuation and Judgement of Uncertainty

Due to future development, it is possible that additional information to the existing at the date of formulation of these annual accounts make that some estimates have to be changed in future periods.

The annual accounts have been made taking into account the going concern principle. However, taking into account that this company has a net equity amounting to 896 Euros, less than one third of the share capital, there are some doubts about the capacity to keep being a going concern. Shareholders consider that there are some mitigating factors of the created situation that make it possible to assume the existence of a sufficient guarantee regarding the going concern principle, specifically, it is considered that the shares with related parties detailed in the note 5.3 have a value bigger than the accounted one.

2.4. Comparison of the Information

The figures corresponding to the Financial Year ending on March 31, 2021 according to the current law, show comparatively the balances of the previous financial period, which match with the information of the annual account for the financial period ending on March 31, 2020.

3. APPLICATION OF RESULTS

The proposal for the application of the results of the financial period ending March 31, 2021 which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31, 2020, is as follows:

Euros		
Distribution Balance	**2021**	2020
Financial period Losses	**(1,458)**	(1,363)
Total	**(1,458)**	(1,363)
Distribution		
Losses accumulated from previous Financial Periods	**(1,458)**	(1,363)
Total	**(1,458)**	(1,363)

4. RECOGNITION AND MEASUREMENT

The main accounting principles and practices applied in the preparation of the annual accounts are adapted to the current legal requirements, highlighting as most important the principles of going concern, accrual, uniformity, prudence, not compensation and relative importance.

The main rules used by the company for the drafting of their financial period Annual Accounts, according to those established in the Spanish General Accounting Plan were the following:

4.1. Financial Instruments

The breakdown of the financial assets is as follows:

a) Loans and accounts receivable, including those loans for commercial or non-commercial operations. Those whose maturity is no longer than one year are valued at their face-value, because they do not have any contractual interest rate and the effect of not up-dating cash-flow is not significant. Those whose maturity is over one year are measured at their reasonable value, which is equal to the value of the compensation delivered plus directly attributable transaction costs. Interest accrued is accounted for in the Profit & Loss Account, applying the Effective Interest Rate method.

b) Investments in group, multi-group and associated companies: Investments in group companies are initially valued at their cost, plus transaction costs. The subsequent valuation is due to its cost lessened by the accumulated amount of the valuation adjustments for impairment that may exist.

Impairment occurs when the recoverable value is lower than the carrying amount, the recoverable value being understood as the greater of its fair value less sales costs and the present value of the future cash flows from the investment, which due to the Circumstances of the investee is considered recoverable value as the net asset value that is shown in the balance sheet of the group or associated company, corrected for the tacit capital gains that exist at the closing date.

The Company's financial liabilities are all debits and payable items, including debits for commercial operations and debits for non-commercial operations. They are initially valued at their fair value, except the debts for commercial transactions with a maturity not exceeding one year and without a contractual interest, the amount of which is expected to be paid in the short term, which are valued at their nominal value. Financial liabilities are subsequently measured at amortized cost. Accrued interests are recorded in the income statement using the effective interest rate method.

The financial instruments are classified in short and long term, if their maturity is less than or greater than twelve months, respectively.

The Company has complied with the requirements set forth in the registration and valuation standard for financial instruments.

4.2. Tax on Profits

The Company pays tax under the Tax Consolidation System, according to what is set out in Chapter 7 of title 7 of the Law 274/2014 of November 27th of Corporate Tax. Holiday Club Canarias Investment is the parent Company, which presents the correspondent settlement

No current tax expense has been recorded in the year, because of the negative tax base results.

A deferred tax asset has been recognized on negative tax bases.

4.3. Income and Expenses

Income has been recognised as a consequence of an increase in the Company's resources, as long as its amount has been determined reliably. Expenses have been recognized as a consequence of a decrease in the Company's resources, as long as their amount has also been reliably estimated.

4.4. Transactions between related parties

Transactions between related parties are accounted by their reasonable value which is the same value for transactions with not related third parties.

5. FINANCIAL ASSETS

5.1. Categories of financial assets (except investments in equity of group companies, multigroup and associates)

The breakdown of financial assets (excluding investments in group, multi-group and associated companies) by categories and classes is as follows:

Euros	Equity Instruments		Debt Securities		Credits/Derivatives/ Others	
	2021	2020	**2021**	2020	**2021**	2020
Short- term Financial Assets						
Loans and Receivables	**–**	–	**–**	–	**1,871,862**	1,217,815
Liquid Assets	**–**	–	**–**	–	**1,067**	3,003
Total	**–**	–	**–**	–	**1,872,929**	1,220,818

5.2. Breakdown by maturity:

The classification by maturity of the different financial assets is all related to the short term and all the loans and receivables with companies of the group and associated, for the amount of 1,871,689 Euros and debtors for the amount of 173 Euros.

5.3. Companies of the group, multigroup and associated:

a) The information of companies of the group and associated referred to 2021 is detailed below:

Euros	GROUP COMPANIES								
	Balance 2021						Participation value		
Sociedad	%	Share Capital	Reserves	Profit & (Loss) from previous periods	Result for the period	Grants	Theoretical	Accountant	Deterioration
HOLIDAY CLUB CANARIAS SALES & MARKETING, S.L.U. Address: Avda Ministra Anna Lindh, número 1, Urbanización Amadores, Mogán Activity: Its main activity is the sale of use rights per shift of properties of the complexes Playa Amadores, Sol Amadores, Vista Amadores, Jardín Amadores and Puerto Calma.	**100**	**3,100**	**5,396,060**	**(5,274,659)**	**(702,974)**	**121,573**	**(578,473)**	**3,100**	**—**
HOLIDAY CLUB CANARIAS RESORT & MANAGEMENT, S.L.U. Address: Avda Ministra Anna Lindh, número 1, Urbanización Amadores, Mogán Activity: Its main activity is the management of five hotel complexes (Playa Amadores, Sol Amadores, Vista Amadores, Jardín Amadores y Puerto Calma)	**100**	**3,100**	**4,096,345**	**(73,342)**	**1,765,257**	**—**	**5,791,361**	**3,100**	**—**
HOLIDAY CLUB CANARIAS VACATION CLUB, S.L. Address: Avda Ministra Anna Lindh, número 1, Urbanización Amadores, Mogán Activity: Its main activity is that of tourist accommodation and other short-stay accommodation	**100**	**3,000**	**514,560**	**(0)**	**393,856**	**—**	**911,416**	**3**	**—**
TOTAL GROUP COMPANIES								**6,203**	**—**

b) There are not movements during 2020 and 2021 in equity instruments in companies of the Group and associated.

6. FINANCIAL LIABILITIES

6.1. Types of liabilities

The breakdown of financial liabilities by category is as follows:

Euros	Debits with Credit Institutions		Bonds and Other Market Securities		Derivatives/Others	
	2021	2020	**2021**	2020	**2021**	2020
Short-term Financial Liabilities						
Debits and Payables	**–**	–	**–**	–	**1,878,845**	1,225,241
Total	**–**	–	**–**	–	**1,878,845**	1,225,241

6.2. Classification by maturity

The short-term financial liabilities indicated in the previous section correspond to "Debts with companies of the Group and associates in the short term" for the amount of 1,878,845 Euros.

7. EQUITY

7.1. The Share Capital comes to 3,100 Euros, divided into thirty-one shares at face value of 100 Euros each.

7.2. The Company has the sole proprietorship status, being its unique partner the entity Holiday Club Sweden AB.

8. FISCAL POSITION

8.1. Tax Consolidation Regime

The Company is taxed in the consolidated tax system in accordance with Chapter VI, title VII of the 27/2017 law, of 27th November of the profit tax, which approved the revised text from the Law of Corporate Tax.

The Tax Group comprises the following corporations:

Parent: Holiday Club Canarias Investment, S.L.U.

Subsidiaries: Holiday Club Canarias Sales & Marketing, S.L.U., Holiday Club Canarias Resort Management, S.L.U. and Holiday Club Canarias Vacation Club S.L.

8.2. Individual tax base

The reconciliation of the net amount of incomes and expenses with the taxable base of the Corporate Tax is as follows:

Euros	Profit and (Loss) account	Expenses and income directly attributed to equity
Balance of income and expenses for the year	**(1,458)**	—
Tax revenue	**(486)**	—
Tax base (tax result)	**(1,944)**	—
Full fee (25% of tax result)	**(486)**	

Notwithstanding the aforesaid, the Company is taxed within a group in which it is the parent company, subject to the special tax system of consolidated taxation. The generated taxable income that would be offset in future periods is compensated with positive taxable bases generated in the Group.

Loans between companies in the Group to cover negative taxable bases have been recorded in the Company's accounting.

As per current legislation, taxes cannot be considered to have been settled until the returns presented have been inspected by the Revenue Service or the four-year statute of limitations has passed.

Therefore, at the date of closing, the Company has all taxes applicable corresponding to the last four years, including its Corporate Tax for the period 2021, available for inspection.

The Administrative body of the Company considers that the abovementioned taxes have all been adequately settled, for which, even in the event of discrepancies in the interpretation of current regulations in the fiscal treatment practised on the operations, possible resulting liabilities, in the event they should materialise, would not significantly affect the attached abridged yearly accounts.

8.3 Profits or Tax Incentives

In the settlement of Corporate Taxes corresponding to the period 2021, the Company has not applied any tax incentives.

9. INCOME AND EXPENSES

The Company has carried out the following operations in this period, which are reflected in the corresponding heading in the Profit and Loss Account:

a) External services:

Euros	2021	2020
Professional services	**865**	748
Banking services	**5**	—
Local Tax	**1,074**	1,069
Total	**1,944**	1,817

10. TRANSACTIONS WITH RELATED PARTIES

The balances at March 31, 2021 and 2020 with related companies are as follows:

Euros	2021		2020	
	Debit Balances	**Credit Balances**	Debit Balances	Credit Balances
Company				
Holiday Club Canarias Sales & Marketing, SLU	—	**1,878,845**	—	1,225,241
Holiday Club Canarias Resort Managemet, SLU	**1,551,580**	—	1,045,485	—
Holiday Club Canarias Vacation Club, SL	**320,109**	—	172,157	—
Totals	**1,871,689**	**1,878,845**	1,217,642	1,225,241

11. OTHER INFORMATION

11.1. Average number of Employees

The Company haven't had employees during this period and the period before.

11.2. Information about the Environment and Greenhouse Gas Emission Rights.

Given the activity that the Company carries out, there are no responsibilities, expenses, assets or contingencies of any environmental nature that could be of any significance with regard to equity, the financial position and its results. Therefore, no specific breakdowns are included in this report.

Mogán, April 14, 2021

Calvin Stuart Lucock
Joint and Several Administrator and
Holiday Club Resorts Oy Representative

REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS

To the Sole Shareholder of HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU:

Report on the Financial Statements

We have audited the financial statements of HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU, (the Company) which comprise the balance sheet as at March 31, 2021, the income statement, and the related explanatory notes thereto for the year then ended.

In our opinion, the accompanying financial statements present, in all material aspects, a true and fair view of the net equity and financial situation of the Company as at March 31, 2021 and of its results and cash flows for the year then ended, in accordance with the regulatory financial reporting framework that is applicable (identified in note 2 to the financial statements) and, in particular, with the accounting principles and criteria contained therein.

Basis for the opinion

We have carried out our audit in accordance with the prevailing standards governing the activity of auditing accounts in Spain. Our responsibilities in accordance with these standards are described later in the section of our report on "*Responsibilities of the auditor in connection with the audit of the financial statements*".

We are independent from the Company in accordance with the requirements on ethics, including those of independence, which are applicable to our audit of financial statements in Spain, as required by the regulations governing the activity of auditing accounts. In this regard, we have not provided services other than the audit of the financial statements, nor have situations or circumstances arisen that, in accordance with the aforementioned regulations, may have compromised our necessary independence.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgment, have been considered to give rise to the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks have been addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon we do not express a separate opinion on said risks.

Inventories

As shown in the liquid assets in the balance sheet, the Company has registered inventories for the net of 7.36 million euros. In note 10 is shown that 99% of the stocks are made up of the weeks not sold in timeshare regime for each of the complexes and type of room. The valuation of the unsold weeks can be of two types: The valuation of few weeks is the cost of the original acquisition that it had for the Company in April 2011 (see note 1.6). Other weeks, which were sold at the time and the Company had them back at rest due to contractual breach by customers, are valued at the cost of their repossession. The Entity maintains inventory control at the close of the fiscal year, both for the weeks acquired at the origin, as well as for the weeks repossessed. Due to the large number of none sold weeks, the diversity of room types by the complex and the results for which these weeks are activated in stock, the proof of the laborious work is correct and the units of the stocks, the integrity and the valuation of the inventories has been considered to be subject to significant risk.

Our procedures included, among others, the verification of the inventory of weeks not sold and the costs associated to each one of them, validating the possible types of valuation, based on the reason for registration in stock. In addition, it has carried out verifications in weeks sold in the year to verify that they have not been sold below cost and that they do not appear in the Company's stock at the end of the year.

Client claims

As explained by the Company in note 14.1, the Entity has received 121 customer claims, which request the nullity of the contract and an economic compensation for a total amount of 5.7 million euros. As of the date of issuance of this report 25 cases have been closed and there have been 85 judgment decisions, mostly against the Entity, which condemn it to the payment around 1.2 million euros. The Entity has estimated a risk amount of 554,838 euros at the year end. For the calculation of that risk, the Entity analyses, together with the legal advisor, case by case, since the judgments do not all follow the same criteria. Due to the high volume of demands regarding the number and amounts, the diversity of judgments received since the conclusion on the estimation of risk is subject to significant judgments and estimates by the Company's Management, it has been considered a relevant aspect in our audit the correct accounting estimate of the existing risk and its correct explanation in the annual accounts.

Our audit procedures consisted, among others, in a meeting with the Company's legal counsel, analysing the type of judgment on a case-by-case basis, verifying the cases in which there has been recourse by the Company and analysing the criteria followed by the Company to determine the risk of each of them. Finally, it has been verified that notes 4.8 and 14.1 of the report include the information required by the applicable financial reporting framework.

Directors' responsibilities

The Director is responsible for the preparation of the accompanying financial statements in order to present a true and fair view of the net equity, the financial position and the results of the Company in accordance with the Financial Reporting Standards applicable in Spain, and for such internal control as they consider necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to going concern and using the accounting principle of going concern, except if the Director intends to liquidate the Company or cease operations, or if there is no other realistic alternative.

Responsibilities of the auditor in connection with the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance but it does not guarantee that an audit conducted in accordance with the prevailing regulations governing the activity of auditing in Spain will always detect material misstatement when it exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the regulations governing the activity of auditing accounts in Spain, we apply our professional judgment and maintain an attitude of professional skepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate whether the accounting policies applied are adequate as well as the reasonableness of the accounting estimates and the corresponding information disclosed by the Director.
- We conclude on whether the use, by the Director, of the accounting principle of going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to facts or conditions that could generate significant doubt as to the ability of the company to continue as a going concern. If we conclude that there is material uncertainty, in our audit report we are required to draw attention to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we are required to express an amended opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.
- We evaluate the overall presentation, the structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a way that expresses a true and fair view.

We communicate with the entity's Director regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the issues that have been communicated to the entity's Director, we determine those that have been most significant to the audit of the financial statements of the current period and that are, consequently, the risks considered most significant.

We describe those issues in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

RSM SPAIN AUDITORES, SLP
(nº ROAC S2158)

Javier ALVAREZ CABRERA
(nº ROAC 16092)

Las Palmas de Gran Canaria,
on April 15, 2021

BALANCE SHEET AS AT MARCH 31, 2021

ASSETS	Notes	(Euros) 2021	(Euros) 2020
A) NON-CURRENT ASSETS			
I. Intangible Assets	**5**	**906,175**	1,089,863
II. Fixed Assets	**6**	**978,494**	1,461,159
V. Long-term financial investments	**7**	**380,296**	366,165
VI. Deferred Tax Assets	**12**	**41,258**	50,382
TOTAL A		**2,306,222**	2,967,569
B) LIQUID ASSETS			
II. Inventories	**10**	**7,496,000**	7,360,319
III. Commercial debtors and other accounts receivables		**546,731**	1,359,622
1. Trade receivables	**7**	**492,792**	1,282,528
a) Trade receivables/long term		**268,214**	442,177
b) Trade receivables/short term		**224,578**	840,351
3. Other debtors		**53,939**	1,172
IV. Short-term Investments in affiliated group and associated companies	**7-18**	**3,427,088**	2,074,138
VI. Short-term accruals	**7**	**1,332,619**	1,657,219
VII. Cash and other equivalent liquid assets	**7**	**150,059**	89,513
TOTAL B		**12,952,497**	12,540,810
TOTAL ASSETS (A + B)		**15,258,719**	15,508,379

BALANCE SHEET AS AT MARCH 31, 2021

NET WORTH AND LIABILITIES	Notes	(Euros) 2021	(Euros) 2020
A) TOTAL EQUITY			
A-1) EQUITY		**(578,473)**	124,501
I. Capital	**9**	**3,100**	3,100
1. Shared Capital		**3,100**	3,100
III. Reserves	**9**	**5,396,060**	5,396,060
V. Profit & (Loss) from previous Periods		**(5,274,659)**	(5,160,185)
VII. Losses for the period	**3**	**(702,974)**	(114,474)
A-3) GRANTS, DONATIONS AND LEGACIES RECEIVED	**16**	**121,573**	179,928
TOTAL A		**(456,900)**	304,429
B) NON-CURRENT LIABILITIES			
I. Long-term provisions	**14**	**641,416**	554,838
III. Long-term debts with Group and associated Companies	**8-18**	**8,117,834**	10,517,834
IV. Deferred Tax liabilities	**12-16**	**204,682**	145,891
TOTAL B		**8,963,932**	11,218,562
C) CURRENT LIABILITIES			
II. Short-term provisions	**14**	**15,736**	76,341
III. Short-term debts	**8**	**679**	5,764
5. Other financial liabilities		**679**	5,764
IV. Short-term debts with Group and associated Companies.	**8-18**	**6,544,594**	3,716,408
V. Trade Creditors and other Accounts payable		**190,678**	186,874
1. Suppliers	**8-18**	**97,286**	0
2. Other Payables		**93,392**	109,864
TOTAL C		**6,751,687**	3,985,388
TOTAL NET WORTH AND LIABILITIES (A + B + C)		**15,258,719**	15,508,379

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

ITEMS	Notes	(Euros) 2021	(Euros) 2020
A) CONTINUING OPERATIONS			
1. Turnover		**2,827,997**	5,555,029
2. Variation in inventories of products finished and being manufactured	**10**	**137,666**	84,374
3. Work carried out by the company for assets		**0**	10,679
4. Supplies	**13**	**(34,402)**	(245,007)
5. Other operations income	**13**	**155,639**	1,991
6. Personnel expenses	**13**	**(626,164)**	(1,302,481)
7. Other operating expenses	**13**	**(2,709,798)**	(3,251,277)
8. Depreciation of fixed assets	**5-6**	**(698,152)**	(695,109)
10. Allocation of subsidies for non-financial fixed assets and others	**16**	**77,807**	77,807
13. Other incomes and expenses	**13**	**(195,992)**	(321,691)
A.1.) Operating Income (LOSS)		**(1,065,400)**	(85,686)
14. Financial Incomes	**7**	**58,394**	90,548
15. Financial expenses	**8**	**(255,597)**	(276,082)
17. Exchange differences	**11**	**(6,662)**	(14,053)
A.2) FINANCIAL PROFIT & (LOSS)		**(203,865)**	(199,587)
A.3) PROFIT & (LOSS) BEFORE TAXES		**(1,269,266)**	(285,273)
19. Corporate Income Tax	**12**	**566,291**	170,798
A.5) PROFIT & (LOSS) IN THE PERIOD		**(702,974)**	(114,474)

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDING ON MARCH 31, 2021

1. THE COMPANY'S BUSINESS ACTIVITY.

1.1. HOLIDAY CLUB CANARIAS SALES & MARKETING, S.L.U. was founded as a limited corporation on December 9, 2010, before the Notary Public of the Guild of the Canary Islands, whose office is located in Maspalomas, Mr. Valentín Concejo Arranz, under his Protocol number 1524.

1.2. On March 3, 2011, the Company acquired its current condition as a Sole Proprietor Limited Liability Company. On July the 22nd, 2011 a social agreement changes the financial year that in the corporate statutes was from October the 1st till September the 30th. However, on February the 1st, 2016 in the annual general meeting was agreed to modify the dates of starting and ending of the financial year to April the 1st till March the 31st.

1.3. Its main corporate mission comprises the acquisition, promotion, construction, urbanisation, management, operation, holding, use, enjoyment of, yielding of, business management of any type, or property, buildings, tourist complexes, hotels, and /or agricultural land in the country or urban areas and personal rights or rights in rem of real-estate property including its conveyance, whether in its entirety or partially, per apartment or by means of the sale of or assignment of rotational enjoyment rights, timeshare or any other kind of rights to use. The main activity is the sale of rotational enjoyment rights of holiday units in the five resorts called Playa Amadores, Sol Amadores, Vista Amadores, Jardín Amadores and Puerto Calma, as well as the management of a theme park in the municipality of Mogán, in Gran Canaria.

1.4. The Corporate offices are located at Avenida Anna Lindh 1, Urbanización Amadores, in the municipality of Mogán (Gran Canaria).

1.5. On April 6th, 2011 the Public Deed was signed, by means of which the Company, together with its related company HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U., acquired the business of the five tourist complexes which they are currently operating. In said acquisition, the Company was assigned the unsold weeks, which were recorded in the inventory for the amount of 3,730,000 Euros; the rights to client's loans recorded as financial assets for the amount of 2,251,656 Euros, and the Goodwill corresponding to the main business of "Timeshare" for the amount of 1,967,742 Euros. The remaining assets (real-estate property and goodwill from the administration and maintenance business) was assigned to the abovementioned related Company. On June 1, 2012 a public Deed was also signed comprising a series of agreements related to the purchase of the business described above, which caused amongst other things, goodwill to be adjusted to 1,807,995 Euros.

1.6. The Company is a part of a Group whose parent Company is HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., headquartered in the same address. Said company does not present yearly consolidated accounts, because it is not mandatory due to its size. This Spanish Group is integrated in a higher one, which parent company is Holiday Club Resorts Oy, located in a European Union Member, Finland, which presents yearly consolidated accounts. In addition, Holiday Club Resort OY is a member of a group which parent company is Mahindra & Mahindra limited, located in India.

The spanish group is composed of the next companies:

-HOLIDAY CLUB CANARIAS INVESTMENT, SLU

-HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU

-HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU

-HOLIDAY CLUB CANARIAS VACATION CLUB, SL

1.7. At the date of formulation of these annual accounts, Royal Decree 926/2020 of October 25th is in force, extending the state of alarm for the management of the health crisis situation caused by COVID-19.

The Company has been opening and closing the five hotels since March 23rd, taking into account the market demand and the health situation at any time. This situation has affected the Group's three companies in the Canary Islands equally: HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU (company that originally owns the weeks it sells under Time Sharing scheme) and the one that manages the Angry Birds activity park, HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU (company that manages the maintenance of the hotels) and HOLIDAY CLUB CANARIAS VACATION CLUB, SLU (company that buys weeks of accommodation and exploits the Group's available weeks in the Canary Islands).

The main consequences of the closure have been the following:

- Personnel: due to the closure of the hotels, the Group companies in the Canary Islands have carried out a temporary employment regulation file (ERTE) that has affected 116 people out of the total of 128 people who work in the Group. These employees have been affected and disaffected by the ERTE during different periods along the financial year.
- Tour Operators: The Group in the Canary Islands exploits unsold weeks as a hotel service through the entity VACATION CLUB. This hotel activity has been logically interrupted, so that agreements with tourism providers have been temporarily suspended
- Owners: The Group in the Canary Islands invoices week's owners at the beginning of the calendar year for maintenance fees through the entity RESORT MANAGEMENT. Given that the activity has been abruptly interrupted before the end of the year, the company in the Canary Islands is offering owners the possibility of compensating the effect of not enjoying their week in exchange for being able to enjoy two weeks in the period 2021-2022. At the date of formulation of these annual accounts, the majority of the owners are welcoming this measure.
- Financial and non-financial assets: No possible deterioration has been identified at the date of formulation of these annual accounts. Logically, if the situation of inactivity lasts for longer, the circumstances would have to be analyzed again.
- Liquidity: The situation of the Group's treasury in the Canary Islands is not worryin in the short term. With the liquidity that was already available, we must add the provision of a new ICO line of credit loan for the amount of 500,000 euros signed on 23/03/2020 and another one for the same amount signed on 02/05/2020.

2. BASIS USED FOR THE PRESENTATION OF THE ANNUAL ACCOUNTS

The figures contained in the balance sheet, in the Profit & Loss Account, in the Statement of Changes to Equity, in the Cash-flow Statement and in this Report are expressed in Euros, which, upon being rounded out, cause small differences in their presentation.

These annual accounts are presented for approval to the Ordinary General Meeting of Members.

2.1. True and Fair View.

The annual accounts are obtained from the Company's accounting records and have been presented according to the regulations set out in Law 16/2007 of July 4, on the revised and adapted mercantile accounting legislation to harmonise it internationally on the basis of the European Union and by Royal Decree 1515/2007 of November 16th, in which the General Accounting Plan was approved and the added modifications by Royal Decree 1159/2010 of September 17th and Royal Decree 602/2016 of September 2nd, in order to reflect a true and fair view of the Equity, the financial situation and the Company's Profit & Loss as well as the veracity of the streams incorporated into the Cash-flow, according to generally accepted accounting practices and regulations.

2.2. Non-Mandatory Accounting Principles Applied

During this Financial Year, only those Accounting Principles mandatory according to the Spanish Business Code and the Small & Medium Companies General Accounting Plan have been applied.

The Administrative Body has formulated these Annual Accounts, taking into account all mandatory accounting regulations and principals which carry a significant effect.

There is no principle which, if mandatory, has not been applied.

2.3. Critical Aspects in the Valuation and Judgement of Uncertainty.

At the end of the financial year some estimations are used to formulate these annual accounts: calculation of the assets impairment, estimation of the assets useful life, and more. Due to future development, it is possible that additional information to the existing at the date of formulation of these annual accounts make that some estimates have to be changed in future periods.

At the end of the financial year the company has a negative net worth per books for amount of 456,900 Euros. It means that, according to the article 363 of the Law on corporations, the company is in cause of dissolution.

However, shareholders consider that there are some mitigating factors, based on the fact that the reasonable value of the week's inventory owned by the company is much bigger than the accounted value. It means that the real net worth per books is very positive (See Note 10.1 and 10.2)

2.4. Comparing Information.

The figures corresponding to the Financial Year ending on March 31, 2021 according to the current law, show comparatively the balances of the previous financial period, which match with the information of the annual account for the financial period 2020. The difference the format used last period for the annual account was the regular one and this year was the abridged one, according to the current law.

3. APPLICATION OF RESULTS.

The proposal for the application of the results of the financial period ending March 31, 2021 which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31, 2020, is as follows:

Euros	**2021**	2020
Distribution Balance		
Financial Period Losses	**(707,974)**	(114,474)
Distribution		
Losses accumulated from previous Financial Periods	**(707,974)**	(114,474)
Total	**(707,974)**	(114,474)

4. RECOGNITION AND MEASUREMENT REGULATIONS.

The main accounting principles and practices applied in the drafting of the Annual Accounts follow current legislation, highlighting as most important the principles of company operation, accrual, consistency, prudence, non-compensation and relative importance.

The most significant accounting criteria applied in the drafting of the Annual Accounts is the following ones:

4.1. Intangible Fixed Assets.

The intangible fixed assets are comprised of Goodwill and Computer applications which are valued at their acquisition price, including necessary additional expenses to get them up and running. The computer applications are amortised at 33 per cent according to their useful lives and the Goodwill is amortised at 10 per cent according to the Royal Decree 602/2016 of December 2, which determine that this intangible has to be amortised in 10 years.

At the closing of the financial period, goodwill has been measured and no impairment has been identified, as it has been estimated that the recoverable value is higher than the accounting value.

4.2. Tangible Fixed Assets.

These have been appraised at their acquisition cost, including those additional costs necessary to put the assets into operation.

Maintenance and repair costs which do not improve the use of or extend the useful life of the assets are charged to the Profit and Loss account when they occur.

It is depreciated linearly depending on the useful life of assets and their residual value, according to the normal depreciation experienced during its operation, use and enjoyment, using as a reference point, the regulations contained in Law 27/2014 of November 27th, in which the Regulation of Corporate Taxes was approved, without prejudice to taking into consideration the technical or commercial obsolescence which could affect it. The percentages applied are the following:

Buildings.	11 %
Machinery.	10 - 25%
Other installations.	10 - 25%
Furniture.	10 - 25 %
IT Equipment	15- 25 %
Vehicles	12 %
Other intangible assets.	10 - 33 %

The Company's administrators consider that the accounting value of these assets does not exceed their recoverable value.

4.3. Financial Instruments

The Company's financial instruments are classified as:

a) Loans and accounts receivable, including those loans for commercial or non-commercial operations. Those who´s maturity is no longer than one year are valued at their face-value, because they do not have any contractual interest rate and the effect of not up-dating the cash-flow is not significant. Those whose maturity is over one year are measured at their reasonable value, equal to the value of the compensation delivered plus directly attributable transaction costs. Interests accrued are accounted for in the Profit & Loss Account, applying the Effective Interest Rate method.

Loss due to impairment of the value of these financial assets is the difference between their book value and the real value of future cash-flow estimated to be generated by them, less the effective interest rate calculated at the time of their initial recognition. The reversal of the impairment shall be limited by the loan's book value.

b) Investments held until their maturity: The financial assets that the Company means to hold until their maturity has been included in this category. Their initial valuation is their reasonable value, which saving evidence to the contrary, shall be the price of the transaction plus those transaction costs directly attributable to them. Their subsequent valuation shall be measured at amortised cost. Interest shall be applied to the Profit and Loss Account at an effective interest rate. No corrections have been applied to their values.

c) Debits and accounts payable, including debits from commercial operations and the amounts owed by non-commercial operations: They will initially be measured by their reasonable value, except those debits which are for trade operations with a maturity of not more than one year and which do not bear any contractual interest, the amount of which is expected to be paid off short term, which are valued at their face value. Interest accrued is accounted for in the Profit and Loss Account, applying the effective interest rate method.

Financial instruments are classified as short and long-term, according to whether their maturity is less than or more than twelve months, respectively.

The Company has complied with requirements set out in the regulations relating to governing, recording and measurement of financial instruments.

4.4. Inventories.

The Company's commercial stocks correspond to rotational enjoyment rights of rooms in the possession of the Company and are valued at acquisition price.

The Company's Administrators consider that the book value of the inventories does not exceed their recoverable value.

4.5. Transactions in Foreign Currency.

The accounts mentioned in foreign currency are measured at the exchange rate in effect at the time of the transaction. Positive or negative differences occurring at the time of payment or collection as a consequence of monetary fluctuations are carried over to the Profit and Loss Account. At closing of the period, differences both positive and negative that did not occur are carried over to the Profit and Loss Account.

4.6. Profit Tax.

The Company pays tax under the Tax Consolidation System, according to what is set out in Chapter 7 of Royal Legislative Decree 4/2004 of March 5, in which the Revised Text of the Corporate Tax Law was approved. Holiday Club Canarias Investment is the parent Company which presents the correspondent settlement.

Following the Accrual Principle, profit tax has been charged as an income during the period. Current tax has been calculated per the financial results before taxes, adjusted by permanent differences and consolidation and decreased by applying deductions, as set out in the tax regulations in effect.

Income has also been accrued from deferred tax by activating tax credits at different times, originated in part by a fiscally non-deductible amortisation.

4.7. Income and Expenses.

Income and expenses are charged according to the actual stream of goods and services which they represent and regardless of when the monetary or financial flow deriving there from arises.

Revenue from sales and services performed will be measured at the fair value of the consideration received or receivable; the amount of any discount deducted, reduction in the price or other similar items that the company might grant. They are recognized when all the risks and significant benefits inherent in the ownership of the property have been transferred to the buyer.

Purchases and services incorporate taxes levied on the operation, with the exception of the VAT when deductible status is had.

4.8. Provisions and Contingencies.

Provisions are present obligations on the date of the balance sheet that have arisen as a result of past events; the amount and timing of cancellation are undetermined. Provisions are recorded at the current value of the estimated amount that the company will have to pay to settle the obligation in the future.

Contingent liabilities are potential liabilities arising as a result of past events, whose realization is contingent upon that happening or not, one or more future events independent of the will of the Company. Contingent liabilities, as well as the Provisions whose amount cannot be estimated reliably or it is not very likely that the Company must dispose of resources embodying profits, for their cancellation are not recognized for accounting purposes but are broken down in the Report.

All the possible contingencies due to the health crisis of the COVID-19 have been taken into account.

4.9. Personnel Expenses.

Personnel expenses are recognised on the basis of their accrual, considering that bonus payments are accrued on a yearly basis. There are no commitments for pensions nor retirement bonuses in the Company.

4.10. Grants, Donations and Legacies.

Capital grants, which are non-refundable, are recorded directly in Equity as revenue, excluding the tax effect and are attributed to the Financial Period's results in proportion to the allocation of depreciation in the period for the assets pertaining to the grant.

The operating grants are attributed to the financial period for the granted amount.

4.11. Criteria used in transactions between related parties.

Transactions between related parties are accounted for, in general, by their reasonable value.

5. INTANGIBLE FIXED ASSETS.

5.1. The transactions that occurred during the 2021 and 2020 periods were the following:

Euros	Balance 2019	Acquisitions	Disposals	Balance 2020
Gross Costs.				
Goodwill	1,807,995	–	–	1,807,995
IT Applications.	29,227	–	–	29,227
Totals.	1,837,222	–	–	1,837,222
Accumulated amortization.				
Goodwill	542,398	180,799	–	723,198
IT Applications.	19,870	4,291	–	24,161
Totals.	562,269	184,042	–	747,359
Net Totals.	1,274,953			1,089,863

Euros	Balance 2020	Acquisitions	Disposals	Balance 2021
Gross Costs.				
Goodwill	**1,807,995**	**–**	**–**	**1,807,995**
IT Applications.	**29,227**	**–**	**–**	**29,227**
Totals.	**1,837,222**	**–**	**–**	**1,837,222**
Accumulated amortization.				
Goodwill	**723,198**	**180,799**	**–**	**903,997**
IT Applications.	**24,161**	**2,889**	**–**	**27,050**
Totals.	**747,359**	**183,689**	**–**	**931,047**
Net Totals.	**1,089,863**			**906,175**

5.2. As indicated in Note 1.5, The Company acquired the Goodwill corresponding to the main "Timeshare" business in 2011 for the amount of 1,967,742 Euros. Said price was adjusted in the Purchase Deed granted in June 2012, for the amount of 159,747 Euros.

5.3. There is no evidence of impairment through March 31, on any of the elements in the Intangible Fixed Assets.

5.4. There are fully depreciated software applications in use at March 31, 2021 and March 31, 2020 for the amount of 21,587 Euros and 19,770 Euros respectively.

6. TANGIBLE FIXED ASSETS.

6.1. The transactions occurring during the 2021 and 2020 periods were the following:

Euros	Balance 2020	Acquisitions	Disposals	Balance 2021
Gross Costs.				
Buildings.	**1,125,496**	**–**	**–**	**1,125,496**
Machinery.	**72,631**	**–**	**–**	**72,631**
Other facilities.	**2,891,988**	**–**	**–**	**2,891,988**
Furniture.	**250,450**	**169**	**–**	**250,619**
IT Equipment	**87,075**	**5,805**	**–**	**92,880**
Vehicles	**27,994**	**–**	**–**	**27,994**
Other tangible fixed assets	**328,945**	**18,783**	**–**	**347,728**
Advances and fixed assets in progress	**9,918**	**7,042**	**–**	**16,959**
Totals	**4,794,498**	**31,799**	**–**	**4,826,297**
Accumulated amortization.				
Buildings.	**852,576**	**132,358**	**–**	**984,934**
Machinery.	**46,092**	**9,201**	**–**	**55,293**
Other installations.	**1,957,437**	**305,341**	**–**	**2,262,778**
Furniture.	**240,450**	**2,851**	**–**	**243,301**
IT Equipment	**81,742**	**3,326**	**–**	**85,068**
Vehicles	**24,313**	**3,076**	**–**	**27,389**
Other tangible fixed assets	**130,729**	**58,310**	**–**	**189,039**
Totals	**3,333,339**	**514,464**	**–**	**3,847,803**
Net Totals.	**1,461,159**			**978,494**

Euros	Balance 2019	Acquisitions	Disposals	Balance 2020
Gross Costs.				
Buildings.	1,125,496	–	–	1,125,496
Machinery.	64,032	8,599	–	72,631
Other facilities.	2,891,433	555	–	2,891,988
Furniture.	250,065	385	–	250,450
IT Equipment	83,300	3,775	–	87,075
Vehicles	27,994	–	–	27,994
Other tangible fixed assets	214,104	78,457	36,385	328,945
Advances and fixed assets in progress	36,385	9,918	(36,385)	9,918
Totals	4,692,809	101,689	–	4,794,498
Accumulated amortization.				
Buildings.	720,218	132,358	–	852,576
Machinery.	36,891	9,201	–	46,092
Other installations.	1,652,150	305,287	–	1,957,437
Furniture.	238,720	1,730	–	240,450
IT Equipment	78,581	3,162	–	81,742
Vehicles	20,181	4,131	–	24,313
Other tangible fixed assets	76,579	54,150	–	130,729
Totals	2,823,320	510,019	–	3,333,339
Net Totals.	1,869,489			1,461,159

6.2. The acquisition in the period 2021 and 2020 correspond, mainly, to investments in the Angry Birds Park.

6.3. There are no signs of impairment through March 31, for the elements in the Tangible Fixed Assets.

6.4. The fixed assets are covered against risk of fire, theft, etc., by means of several insurance policies with the corresponding premiums paid up to date.

6.5. There are fully depreciated elements in use at March 31, 2021 for the amount of 365,837 Euros. At March 31, 2020 amounted 331,299 Euros.

7. FINANCIAL ASSETS.

Information related to the Balance Sheet.

7.1 Categories of financial assets (except for investments in the equity of Group, Multigroup and associated companies):

The breakdown of financial assets (except for investments in the equity of Group, jointly controlled group and associated companies) by categories and classes is as follows:

	Equity Instruments		Debt Securities		Credits/Derivatives/Others	
Euros	**2021**	2020	**2021**	2020	**2021**	2020
Long-term Financial Assets						
Investments held to maturity	**–**	–	**–**	–	**380,296**	366,165
Loans and Receivables	**–**	–	**–**	–	**268,214**	442,177
Totals	**–**	–	**–**	–	**648,510**	808,342
Short- term Financial Assets						
Loans and Receivables	**–**	–	**–**	–	**3,652,610**	2,915,660
Liquid Assets	**–**	–	**–**	–	**150,059**	89,513
Totals	**–**	–	**–**	–	**3,802,669**	3,005,173

7.2. Classification by Maturity:

The ratings depending on the maturity of different financial assets are as follows:

Euros

Financial Assets	**2022**	**2023**	**2024**	**2025**	**2026**	**Next**	**Total l/t**
Financial Investments	**–**	**–**	**–**	**–**	**–**	**380,296**	**380,296**
Other financial assets	–	–	–	–	–	380,296	380,296
Investments in Group and Associated Companies	**3,427,088**	**–**	**–**	**–**	**–**	**–**	**–**
Loans to companies	3,427,088	–	–	–	–	–	–
Commercial Debts and other Receivables.	**225,522**	**151,765**	**74,974**	**32,438**	**9,037**	**–**	**268,214**
Customer receivables for sales and services.	426,040	151,765	74,974	32,438	9,037	–	268,214
Clients' Impairment.	(201,462)	–	–	–	–	–	–
Personnel.	944	–	–	–	–	–	–
Cash and other Liquid Assets.	**150,059**	**–**	**–**	**–**	**–**	**–**	**–**
Liquid Assets	150,059	–	–	–	–	–	–
Totals	**3,802,669**	**151,765**	**74,974**	**32,438**	**9,037**	**380,296**	**648,510**

7.3. Corrections due to Impairment caused by Credit Risk.

Transactions in the corrective accounts representative of impairment losses due to credit risk to customers are as follows:

Euros	**Amount**
Balance at March 31, 2019	162,273
Impairment Maturity (Note 13.1)	72,628
Impairment reversal (Note 13.1)	(131,392)
Balance at March 31, 2020	103,509
Impairment Maturity (Note 13.1)	118,426
Impairment reversal (Note 13.1)	(20,473)
Balance at March 31, 2021	**201,462**

Information relating to the Profit and Loss Account.

7.4. Financial Income.

Under the heading Financial Income from Marketable Securities and Other Financial Instruments in the Profit and Loss Account for the amounts of 58,394 Euros and 90,548 Euros for 2021 and 2020 Financial Periods respectively, correspond mainly to the accrual of default interest on late payments from clients.

Other Information.

7.5 Reasonable Value.

The book value of the financial assets is an acceptable approximation to the reasonable value.

Equity Instruments not being traded on an active market according to what is provided for in the 9th Rule of Recognition and Measurement of the Spanish New General Accounting Plan, are valued at their cost.

Equity Instruments traded on an active market according to what is provided for in the 9th Rule of Recognition and Measurement of the Spanish New General Accounting Plan are measured at their reasonable value.

7.6 Information Regarding the Nature and Level of Risk from Financial Assets:

Due to its normal activity, the Company is exposed to different financial risks, essentially, credit risk, liquidity risk and market risk, the latter referring to the rate of exchange; of interest rates and other price risks.

Credit Risks:

This basically refers to sales on credit to clients and debtors. To prevent possible effects, credit granted to clients and debtors are granted based on a preliminary solvency study and strict follow-up of loans and receivables. The client base is quite diversified.

Liquidity Risk:

The Company tries to keep an adequate liquidity ratio at all times to be able to honour its commitments, ensuring that current assets not including inventories, shall reasonably cover the current payables.

Market Rate Risk:

Due to the Company's activity and scope, it is subject to exchange rate risks of the sales made in foreign currency, depending on the volatility of the exchange rates.

Interest rate risks are minimum, because the Company grants loans at a fixed interest rate.

7.7 Accrual adjustments

In January, every year, the company assumes the debt with the related company Holiday Club Canarias Resort Management SLU related to the yearly maintenance fees of the unsold weeks. At the end of the financial year there are, in the accrual adjustment balance, the proportional part of the not accrued months in March 31, 2021, for the amount of 1,321,131 Euros, 1,638,934 Euros in March 31, 2020.

8 FINANCIAL LIABILITIES.

Information related to the Balance Sheet.

8.1. Categories of Financial Liabilities:

The breakdown of the financial liabilities by categories and classes is as follows:

Euros	Debits with Credit Institutions		Bonds and Other Market Securities		Derivatives/Others	
	2021	2020	**2021**	2020	**2021**	2020
Long-Term financial Liabilities						
Debits and Payables	**–**	–	**–**	–	**8,117,834**	10,517,834
Totals	**–**	–	**–**	–	**8,117,834**	10,517,834
Short- Term financial Liabilities						
Debits and Payables	**–**	–	**–**	–	**6,692,914**	3,839,615
Totals	**–**	–	**–**	–	**6,692,914**	3,839,615

8.2 Classification by Maturity:

Classification according to the maturity of the different financial liabilities is as follows:

Euros Financial Liabilities	2022	2023	2024	2025	2026	Next	Total l/t
Debts	**679**	–	–	–	–	–	–
Other financial liabilities.	**679**	–	–	–	–	–	–
Debts with Group and Associated Companies	**6,544,594**	–	–	–	–	8,117,834	8,117,834
Trade Creditors and other Accounts Payable	**147,641**	–	–	–	–	–	–
Suppliers, group companies and associates	**97,286**	–	–	–	–	–	–
Sundry Creditors	**43,599**	–	–	–	–	–	–
Personnel (wages pending payment)	**6,755**	–	–	–	–	–	–
Totals	**6,692,914**	–	–	–	–	**8,117,834**	**8,117,834**

Information relating to the Profit and Loss Account and Equity.

8.3 Financial Expenses

The heading for financial expenses for debts with group and associated companies for the 2021 and 2020 financial years for the amounts of 255,467 Euros and 275,309 Euros, respectively, correspond to the accrual of interest on loans granted by group companies (See Note 18.3). The heading of debts to third parties includes interest accrued with credit institutions and the amount for the 2021 financial period was 130 Euros and for the financial period 2020 is 772 Euros.

Other Information.

8.4 Reasonable Value.

The book value of the financial liabilities is an acceptable approximation to the reasonable value.

8.5 Information on the Nature and Level of Risk from Financial Liabilities

Due to its regular activity, the Company is exposed to diverse financial risks, basically credit risks, liquidity risks and market risks, the latter of which refers to exchange rate risks, interest rate risks and other price risks.

9 SHAREHOLDERS' EQUITY.

9.1 The share capital, for an amount of 3,100 Euros, comprises 31 shares of 100 Euros face value each.

9.2 As per the Revised Text of the Law of Share Capital Companies, a figure equal to 10% of the period's profit must be kept in a reserve fund until this reaches at least 20% of the share capital. During the 2012 financial period, 3,100 Euros were allocated to these reserves.

9.3 The Canary Islands Investments Reserve Fund for the amount of 3,093,871 Euros, is subject to the availability limitations established in the tax regulations.

9.4 The corporation HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., owns 100 per cent of the share capital of the Company.

9.5 The breakdown of the heading "other reserves" from the Balance Sheet, is as follows:

Euros	2021
Legal reserve	**3,100**
Voluntary Reserves	**1,892,290**
Canary Islands Investment Reserves	**3,093,871**
Goodwill Reserves.	**406,799**
Totals.	**5,396,060**

10 INVENTORIES.

10.1. Inventories show the following break-down:

Euros	2021	2020
Merchandise in Stock, Angry Birds Theme Park.	**36,183**	35,969
Unsold Weeks in Stock	**7,459,817**	7,322,151
Totals.	**7,496,000**	7,358,120

10.2 The transactions of unsold weeks in stock during the 2021 and 2020 financial periods, have been as follows:

Euros	Balance 2020	Acquisitions	Disposals	Balance 2021
Unsold weeks in stock	7,322,151	185,550	(47,884)	7,459,817
	Balance 2019	**Acquisitions**	**Disposals**	**Balance 2020**
Unsold weeks in stock	7,237,777	674,326	(589,952)	7,322,151

Acquisitions of inventory during the 2021 and 2020 financial period owes to the weeks sold in previous financial periods and recovered in 2021 and 2020, due to defaulting on payment of clients of their debts to the Company, weeks received from the relates company RESORT OY or weeks that come back to the company due to a court ruling (See Note 14.1)

There are not commitments for sales or purchases or a future contract about the inventories or restraints on disposal.

10.3 There were suppliers' advances for the amount of 2,199 Euros for the financial period 2020.

10.4 There are no signs of impairment to the inventories at the end of the financial periods 2021 and 2020.

11 FOREIGN CURRENCY.

11.1 Assets in foreign currency mostly correspond to commercial loans for the sale of weeks in stock. The most significant balances in the diverse foreign currencies are detailed below:

Foreign currency	Balance at 2021	Exchange Rate at 2021	Euros at 2021
- Pounds Sterling	103,526	0.85378 libra/euro	121,256
Foreign currency	**Balance at 2020**	**Exchange Rate at 2020**	**Euros at 2020**
- Pounds Sterling	76,523	0.88643 libra/euro	86,327

11.2. The exchange differences recognized in the financial year 2021and 2020 with debit balance for the amount of 6,662 Euros and 14,053 Euros respectively are related to the settled transactions during the period.

12 TAX POSITION.

Profit Tax.

12.1. Tax Consolidation Regime

The Company is taxed in the consolidated tax system in accordance with Chapter VI, title VII of the 27/2017 law, of 27th November of the profit tax, which approved the revised text from the Law of Corporate Tax.

The Tax Group comprises the following corporations:

Parent: Holiday Club Canarias Investment, S.L.U.

Subsidiaries: Holiday Club Canarias Sales & Marketing, S.L.U., Holiday Club Canarias Resort Management, S.L.U. and Holiday Club Canarias Vacation Club S.L.

12.2 Individual Tax Base.

The reconciliation of the net amounts of income and expenditures for the financial period against the tax base of Corporate Tax is the following:

Euros	Profit & Loss Account	Inc. & expend. directly attributable to Equity
Balance of income and expenditure for the financial year	**(702,974)**	–
Total Expenditure on Income Tax	**(566,291)**	–
Profit Tax	**(653,658)**	–
Current Tax	**87,367**	–
Deferred Tax		
Goodwill Deduction	**90,400**	–
Non-deductible Expenses	**1,000**	–
Temporary Differences		
70% Limit Amortization	**(30,413)**	–
Tax Base (Tax Profit & Loss)	**(1,208,279)**	–
Internal operations (Eliminations / additions)	**(312,971)**	
Negative tax bases	**(1,000,000)**	
Tax base (tax result)	**(2,521,250)**	

12.3. Corporate Tax Settlement

By applying the tax rate over the tax base, you obtain the total tax due for the tax group which is reduced by the items and amounts expressed below:

Euros	2020
Full fee (25% of taxable income)	**(630,312)**
DAFN 18/19	**(9,473)**
DAFN 20/21	**(6,189)**
Deduction Reversion Temporary measures (DT 36 LIS)	**(7,684)**
Liquid fee	**(653,658)**

Under the rules applicable to the Tax Consolidation Regime, the taxable income of the tax group is determined by adding individual taxable bases corresponding to the companies comprising the Fiscal group, deletions, additions of deletions carried out in previous years and, in the event that the above sum proves to be positive, compensating the carry-forwards of the Fiscal group, as well as the outstanding tax bases to be applied by the companies taxable at the time of joining the Tax Group.

In consequence, the Individual Tax Base of Holiday Club Canarias Sales & Marketing, S.L.U., for a negative amount of 653,658 Euros, are subject to addition together with the rest of the tax bases of the remaining companies comprising the Tax Group. The group tax base includes the elimination and net addition for the amount of 312,971 Euros related to internal operations made by Holiday Club Canarias Sales & Marketing, SLU.

The tax base of the group, before the compensation of the negative tax bases (BINs) amounts 1,220,195 Euros. This base is reduced by the application of the BINs, therefore the final tax base of the group amounts 220,195 Euros. By applying the tax rate (25%) over the tax base is obtained the gross tax payable which is totally reduced by the application of the tax deductions for the amount of 55,049 Euros.

The BINs pending to apply the next years amount 433,984 Euros.

12.4 Breakdown of expenditure on Income Tax.

The expenditure on Income Tax accrued in the financial periods 2021and 2020 is broken down as follows:

Euros	2021	2020
1. Current Tax	**(653,658)**	(265,837)
2. Deferred tax	**87,367**	95,039
- Temporary differences, 70% limit fiscal amortisation	**9,124**	9,124
- Temporary differences from intragroup operations	**78,243**	85,915
3. Total expenditure on income tax.	**(566,291)**	(170,798)

12.5. Deduction because of the investments

Investments in fix assets during the financial period subject to deduction amount 24,757 Euros. Using the deduction rate (25%) in the investments made during the financial year, a deduction for the amount of 6,189 Euros is obtained. It means that, at the end of the financial period, the outstanding deductions are as follows:

Euros

Exercise	Initial outstanding amount	Acquisitions	Applications	Balance 2021	Limit	Time limit
2018	8,847	–	–	**8,847**	**50%**	**2033**
2019	9,473	–	(9,473)	**–**	**50%**	**2034**
2020	34,518	–	–	**34,518**	**50%**	**2035**
2021	–	6,189	(6,189)	**–**	**50%**	**2036**
Totals	52,838	6,189	(15,662)	**43,365**		

12.6. Deferred Tax Asset.

Transactions during the 2021 and 2020 financial periods found in this heading have been the following:

Euros	Balance 2019	Acquisitions	Applications	Balance 2020
- Temporary differences, 70% limit fiscal amortisation	59,506	–	(9,124)	50,382
Totals	59,506	–	(9,124)	50,382
	Balance 2020	**Acquisitions**	**Applications**	**Balance 2021**
- Temporary differences, 70% limit fiscal amortisation	**50,382**	**–**	**(9,124)**	**41,258**
Totals	**50,382**	**–**	**(9,124)**	**41,258**

12.7 Deferred Tax Liabilities.

Transactions during the 2021 and 2020 financial periods found in this heading have been the following:

Euros	Balance 2019	Acquisitions	Applications	Balance 2020
Capital grant (Note 16.2)	79,427	–	(19,452)	59,976
Intragroup operations	–	85,915	–	85,915
Totals	79,427	85,915	(19,452)	145,891
	Balance 2020	**Acquisitions**	**Applications**	**Balance 2021**
Capital grant (Note 16.2)	**59,976**	**–**	**(19,452)**	**40,523**
Intragroup operations	**85,915**	**81,656**	**(3,414)**	**164,158**
Totals	**145,891**	**81,656**	**(22,865)**	**204,682**

12.8 The Canary Islands Investment Reserve.

The Canary Islands Investment Reserve was provided for from January 1, 2007 and what has been set out in Royal Decree Act 12/2016 of December 29, in which Law 19/1994 of July 6, Modification of the Canary Islands Financial and Tax Regime (REF) was modified, is applicable.

At the end of the financial year 2021, the situation of the Canary Islands Investment Reserve is as follows:

Euros

Item	**2011**	**2012**	**2013**
Provisions	**776,358**	**1,081,563**	**1,235,950**
Investments carried out			
Financial Period 2014	**(776,358)**	**(1,081,563)**	**(799,103)**
Financial Period 2015	**–**	**–**	**(263,916)**
Financial Period 2016	**–**	**–**	**(13,857)**
Financial Period 2017	**–**	**–**	**(159,074)**

The Company, during the Financial Period 2014, carried out the following Investments, materialising the Reserve in the following assets and on the indicated dates on the following table. This table shows the Financial Period for which the provisions were materialised by type of asset is indicated:

Euros Account	Item	Date Acquired	Acquisition Amount	Grant Deduction	Amount Used	Provision 2011	Provision 2012	Provision 2013
21100001	ANGRY BIRDS CONSTRUCTIONS	01.11.2013	1,084,195	633,330	633,330	633,330	–	–
					633,330	**633,330**	**–**	**–**
21301001	ANGRY BIRDS ASSETS	01.11.2013	55,851	23,226	32,625	32,625	–	–
21301001	Machinery	12.06.2014	3,500	–	3,500	3,500	–	–
					36,125	**36,125**	**–**	**–**
21508001	ANGRY BIRDS ASSETS	01.11.2013	2,833,292	1,178,231	1,655,060	106,902	1,081,563	466,595
21508001	Other Facilities	21.11.2013	7,710	–	7,710	–	–	7,710
21508001	Other Facilities	01.02.2014	1,102	–	1,102	–	–	1,102
21508001	Other Facilities	01.02.2014	2,590	–	2,590	–	–	2,590
21508001	Other Facilities	18.02.2014	755	–	755	–	–	755
21508001	Other Facilities	26.02.2014	746	–	746	–	–	746
21508001	Other Facilities	08.04.2014	1,609	–	1,609	–	–	1,609
21508001	Other Facilities	07.05.2014	110	–	110	–	–	110
21508001	Other Facilities	09.05.2014	298	–	298	–	–	298
21508001	Other Facilities	09.05.2014	943	–	943	–	–	943
21508001	Other Facilities	14.05.2014	893	–	893	–	–	893
21508001	Other Facilities	19.05.2014	1,609	–	1,609	–	–	1,609
21508001	Other Facilities	20.05.2014	1,390	–	1,390	–	–	1,390
21508001	Other Facilities	21.05.2014	396	–	396	–	–	396
21508001	Other Facilities	31.05.2014	1,476	–	1,476	–	–	1,476
21508001	Other Facilities	31.05.2014	604	–	604	–	–	604

Euros

Account	Item	Date Acquired	Acquisition Amount	Grant Deduction	Amount Used	Provision 2011	Provision 2012	Provision 2013
21508001	Other Facilities	05.06.2014	1,811	–	1,811	–	–	1,811
21508001	Other Facilities	06.06.2014	26	–	26	–	–	26
21508001	Other Facilities	06.06.2014	15	–	15	–	–	15
21508001	Other Facilities	06.06.2014	76	–	76	–	–	76
21508001	Other Facilities	01.08.2014	269	–	269	–	–	269
21508001	Other Facilities	01.08.2014	1,616	–	1,616	–	–	1,616
21508001	Other Facilities	01.08.2014	3,493	–	3,493	–	–	3,493
21508001	Other Facilities	08.08.2014	2,001	–	2,001	–	–	2,001
21508001	Other Facilities	01.09.2014	2,319	–	2,319	–	–	2,319
					1,688,918	**106,902**	**1,081,563**	**500,453**
21601002	ANGRY BIRDS ASSETS	01.11.2013	83,856	34,871,61	48,984	–	–	48,984
21601002	Furniture	19.11.2013	783	–	783	–	–	783
21601002	Furniture	19.11.2013	175	–	175	–	–	175
21601002	Furniture	01.03.2014	600	–	600	–	–	600
21601002	Furniture	01.04.2014	690	–	690	–	–	690
21601002	Furniture	15.04.2014	690	–	690	–	–	690
21601002	Furniture	31.05.2014	356	–	356	–	–	356
21601002	Furniture	01.06.2014	199	–	199	–	–	199
21601002	Furniture	01.06.2014	63	–	63	–	–	63
21601002	Furniture	01.06.2014	175	–	175	–	–	175
21601002	Furniture	01.06.2014	1,142	–	1,142	–	–	1,142
21601002	Furniture	29.06.2014	814	–	814	–	–	814
					54,670	**–**	**–**	**54,670**
21701001	IT Equipment	26.10.2013	1,347	–	1,347	–	–	1,346
21701001	IT Equipment	04.12.2013	768	–	768	–	–	768
21701001	IT Equipment	04.12.2013	749	–	749	–	–	749
21701001	IT Equipment	04.12.2013	14,176	–	14,176	–	–	14,176
21701002	IT Equipment	11.10.2013	1,224	–	1,224	–	–	1,224
					18,264	**–**	**–**	**18,264**
21801001	Vehicles	10.09.2014	19,509	–	19,509	–	–	19,509
21801001	Vehicles	12.09.2014	285	–	285	–	–	285
					19,794	**–**	**–**	**19,794**
21901008	Other Tangible Fixed Assets	01.12.2013	1,400	–	1,400	–	–	1,400
21901008	Other Tangible Fixed Assets	16.09.2014	64	–	64	–	–	64
21901008	Other Tangible Fixed Assets	16.09.2014	2,500	–	2,500	–	–	2,500
21901008	Other Tangible Fixed Assets	17.09.2014	64	–	64	–	–	64
					4,029	**–**	**–**	**4,029**

Also, at the time of the initial investment relating to the opening of the Angry Birds Park, the creation of jobs occurred, which caused an increase of the total average number of employees. This has resulted in the materialization of the reserve in the creation of jobs, which, as indicated in the Report for the 2014 Financial Period, amounted to 201,892 Euros.

During the financial period 2015, the Company has carried out the following investments: using the Reserve on the following assets and on the dates indicated in the following table. This table shows the Financial Period for which the provisions were materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Acquisition Amount	Amount materialised	Provision 2013
21601002	Furniture	28.02.2015	220	220	220
21601002	Furniture	28.02.2015	715	715	715
21601002	Furniture	12.03.2015	298	298	298
21601002	Furniture	19.03.2015	1,060	1,060	1,060
21601002	Furniture	19.03.2015	60	60	60
21601002	Furniture	30.04.2015	2,373	2,373	2,373
21601002	Furniture	30.09.2015	571	571	571
		Furniture	**5,297**	**5,297**	**5,297**
21701001	IT Equipment	31.10.2014	784	784	784
21701001	IT Equipment	31.10.2014	645	645	645
21701001	IT Equipment	30.11.2014	2,311	2,311	2,311
		IT Equipment	**3,740**	**3,740**	**3,740**

Furthermore, on the occasion of the initial investment for the launch of the Angry Birds Park on November 1, 2013, jobs have been created which have determined an increase of the average total number of staff. This has resulted in the realization of the reserve due to the creation of jobs.

In particular, the increase to the average amount of staff pursuant to Article 27.4.C of Law 19/1994, July 6 and Article 10 of the Royal Decree of 1758/2007, was 10.56 employees.

During the financial period 2015, the amount of 24,136 Euros is the average cost of the gross wages and compulsory social contributions of employees connected to the Park. Consequently, in accordance with Article 27.6 of Law 19/1994, the materialization of the reserve due to the increase of the number of employees at the initial investment, is 254,879 Euros

This investment, due to the creation of jobs materializes part of the reserve allocated in the Financial Period 2013.

During the financial period 2016, the Company has carried out the following investments: using the Reserve on the following assets and on the dates indicated in the following table. This table shows the Financial Period for which the provisions were materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2013
21601002	Furniture	01.10.2015	6,898	6,898	6,898
21601002	Furniture	31.10.2015	320	320	320
		Furniture	**7,218**	**7,218**	**7,218**
21701002	IT Equipment	25.11.2015	749	749	749
21701002	IT Equipment	30.11.2015	460	460	460
		IT Equipment	**1,209**	**1,209**	**1,209**
21508001	Other facilities	29.02.2016	1,260	1,260	1,260
21508001	Other facilities	29.02.2016	355	355	355
		Other facilities	**1,615**	**1,615**	**1,615**
20601001	IT applications	01.03.2016	3,816	3,816	3,816
		IT applications	**3,816**	**3,816**	**3,816**

During the financial period 2017, the Company has carried out the following investments: using the Reserve on the following assets and on the dates indicated in the following table. This table shows the Financial Period for which the provisions were materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2013
21601002	Furniture	01.06.2016	763	763	763
21601002	Furniture	28.06.2016	640	640	640
21608002	Furniture	01.03.2017	440	440	440
21608002	Furniture	23.03.2017	2,126	2,126	2,126
		Furniture	**3,969**	**3,969**	**3,969**
21701001	IT Equipment	06.02.2017	930	930	930
21701001	IT Equipment	01.03.2017	885	885	885
21701002	IT Equipment	25.05.2016	460	460	460
		IT Equipment	**2,275**	**2,275**	**2,275**
21901008	Other Tangible Fixed Assets	30.04.2016	35	35	35
21901008	Other Tangible Fixed Assets	30.04.2016	37	37	37
21901008	Other Tangible Fixed Assets	30.04.2016	12	12	12
21901008	Other Tangible Fixed Assets	30.04.2016	3	3	3
21901008	Other Tangible Fixed Assets	30.04.2016	4,749	4,749	4,749
21901008	Other Tangible Fixed Assets	01.05.2016	239	239	239
21901008	Other Tangible Fixed Assets	01.12.2016	48,551	48,551	48,551
21901008	Other Tangible Fixed Assets	22.02.2017	11,921	11,921	11,921
21901008	Other Tangible Fixed Assets	22.02.2017	86	86	86
21901008	Other Tangible Fixed Assets	22.02.2017	66	66	66
21901008	Other Tangible Fixed Assets	22.02.2017	113	113	113
21901008	Other Tangible Fixed Assets	01.03.2017	3,589	3,589	3,589
21901008	Other Tangible Fixed Assets	06.03.2017	6,603	6,603	6,603
21901008	Other Tangible Fixed Assets	06.03.2017	172	172	172
21901008	Other Tangible Fixed Assets	08.03.2017	1,340	1,340	1,340
21901008	Other Tangible Fixed Assets	16.03.2017	1,060	1,060	1,060
21901008	Other Tangible Fixed Assets	23.03.2017	34,200	34,200	34,200

Euros

Account	Item	Acquisition Date	Acquisition amount	Amount materialised	Provision 2013
21901008	Other Tangible Fixed Assets	29.03.2017	828	828	828
21901008	Other Tangible Fixed Assets	29.03.2017	3,700	3,700	3,700
21901008	Other Tangible Fixed Assets	31.03.2017	22,253	22,253	22,253
		Other Tangible Fixed Assets	**139,557**	**139,557**	**139,557**
20601001	IT applications	01.05.2016	1,716	1,716	1,716
20601001	IT applications	01.03.2017	3,537	3,537	3,537
20601001	IT applications	29.03.2017	1,817	1,817	1,817
		IT applications	**7,070**	**7,070**	**7,070**
21508001	Other facilities	29.03.2017	6,202	6,202	6,202
		Other facilities	**6,202**	**6,202**	**6,202**

On March 31, 2017 the partners agreed to dispose part of the RIC 2013 special reserve, so that they agreed to transfer part of the special reserve to voluntary reserves, specifically for the amount pending to materialize at this date, the amount of 1,229,049 Euros. Consequently, one of the requirements established in the article 27 of the Law 19/1994 has been violated, integrating, in accordance with article 27.6 of Law 19/1994, this amount into the tax base of the corporate tax corresponding to 2017 period.

As a result of this breach, moratory interests have been paid to the administration for the amount of 53,975 Euros, of which 46,096 Euros were accrued as at March 31, 2017

The realization for the amount of 26,781 Euros in the annual report for the financial period 2017 that was booked in the account 21100001, has been reclassified during the financial period 2018 to the account 21901008, but the assets are still in the company with the same amount and all the requirements related to the realization have been fulfilled.

Finally, it must be reported that the Company has not carried out investments prior the provision and it has not been benefited from any other tax benefit accrued at the time of the Investments made as a result of the realization of the RIC.

12.9 Financial Periods Open to the Possibility of a Tax Inspection.

As set forth in current legislation, taxes cannot be considered definitively settled until the tax returns presented have been inspected by the tax authorities or the four-year statute of limitations has run out.

At the closing date, the company is also open to inspection of all the taxes that are applicable to it, corresponding to the last four years.

The Board of Directors of the Company considered that liquidations of the mentioned taxes have been properly settled, so, even though discrepancies could arise in the interpretation or the existing tax regulations by the handling of tax granted to the operations, the eventual resulting liabilities in case of materialisation would not significantly affect the abridged annual accounts.

13 INCOMES AND EXPENSES

13.1 Breakdown of the following items in the Profit and Loss Account:

4.a) Consumption of goods: corresponding to the cost of the acquired weeks and with purchases of merchandise and merchandising for the Theme Park. The amounts are as follows:

Euros	**2021**	2020
Cost of weeks acquired	**1,642**	78,345
Merchandise purchased Theme Park	**32,975**	155,484
Change in Inventory merchandise Theme park	**(215)**	11,177
Totals	**34,402**	245,007

The purchase of acquired weeks has been carried out in Spanish territory and the theme park merchandise has been purchased from members countries of the European Union.

6.b) Social security: corresponds entirely with the business contribution whose amount totalled 259,194 Euros and 294,885 Euros for the Financial Periods 2021 and 2020, respectively.

During the period 2021 have been accounted Social Security grants related to the employees affected by the ERTE for the amount of 155,141 Euros.

7.a) External Services:

Euros	**2021**	2020
Leases and Charges	**20,003**	152,603
Repair and Maintenance	**1,991,509**	2,105,534
Independent Professional Services	**490,041**	533,097
Transport	**–**	35,258
Insurance	**26,989**	25,984
Bank Services and Similar	**5,248**	12,010
Publicity, Advertising and Public Relations	**32,722**	136,786
Supplies	**62,738**	98,528
Other Services	**15,176**	74,836
Totals	**2,644,426**	3,174,635

7.c) Losses on, impairment of and change in trade provisions:

Euros	**2021**	2020
Losses from bad debts	**25,650**	239,498
Trade Provision	**118,426**	72,628
Excess Trade Provision	**(20,473)**	(131,392)
Provision packs	**–**	(20,039)
Provision Sales-persons' commissions	**(51,979)**	3,126
Provision Transfers	**–**	(69,610)
Provision RCI	**(1,160)**	(19,881)
Other provisions	**(7,466)**	(5,551)
Totals	**62.998**	68.779

13.2. Other results: these correspond to the net of Profit & Loss that stem from events that are not a part of the Company's typical activities and which are not expected to occur frequently. In the financial year 2021 and 2020 they correspond, mainly, to the long term provision the for amount of 195,000 Euros and 326,649 Euros, respectively (See note 14.1)

14 PROVISIONS AND CONTINGENCIES.

Provisions

14.1 The long-term provision for the amount of 641,416 Euros corresponds to judicial processes in favour of different clients for claims for weeks sold in previous periods. Transactions during the 2020 and 2021 financial periods are as follows:

Euros	Balance at 2019	Acquisitions	Disposals	Balance at 2020	Acquisitions	Disposals	Balance at 2021
Long-term provisions	344,882	326,649	(116,692)	554,838	195,000	(108,422)	**641,416**

The company has been sued for several clients arguing that the contracts are null for de amount of 6,240,000 Euros. At the date of preparation of these annual accounts 134 claims have been received. 25 have been closed and 80 of them have a ruling from first instance and 21 have also a ruling from second instance. A positive ruling from the Supreme Court has been also received. The rulings are mostly negative for the company for the amount of 1,900,000 Euros. The amount to pay for the rulings can be the money received for the company minus the enjoyment of the weeks or a bigger amount. Although there are unfavourable rulings all of them have been appealed and are expected to get a favourable ruling for the contracts signed after July 2012. Most of them are in this case. The maximum risk has been quantified in 641,416 Euros for March 31, 2021.

14.2 The short-term provision corresponds to the accrual of commissions pending payment to sales staff and provisions for the cancellation of sales. The balance at the end of the financial years 2021 and 2020 amounts 15,736 euros and 76,341 Euros, respectively. Transactions during the 2020 and 2021 financial periods are as follows:

Euros	Balance at 2019	Acquisitions	Disposals	Balance at 2020	Acquisitions	Disposals	Balance at 2021
Short-term provisions	188,296	3,126	(115,081)	76,341	9,167	(69,772)	**15,736**

Contingencies.

14.3 There are guarantees provided to one of the group Companies, to respond to a loan granted by a financial institution, amounting 500,000 Euros at the end of the financial year (see Note 18.3).

14.4 The company provided a guarantee to a Finance company for the amount of 204,450 Euros to face all the trials commented in the note 14.1. being also endorsed by the company of the group Holiday Club Canarias Resort Management SLU. (See Note 18.3)

14.5 All the contingencies due to the health crisis because of the COVID-19 have been taken into account and have been detailed in the Note 1.7.

15. ENVIRONMENTAL INFORMATION.

Given the activity that the Company carries out, there are no responsibilities, expenses, assets or contingencies of any environmental nature that could be of any significance with regard to equity, the financial position and its results. Therefore, no specific breakdowns are included in this report.

16. GRANTS, DONATIONS AND LEGACIES.

16.1 On June 24, 2014 a grant was given by the Ministry of Finance and other Public Administrations for the investment Project in the Angry Birds Theme Park, for the amount of 870,213 Euros. On April 2018 the company paid back 69,982 Euros because some conditions were not complied.

16.2 Variations in the capital grant during the financial years 2021 and 2020 are as follows:

Euros	Balance 2019	Acquisitions	Transfer to results	Balance 2020
Capital Grant	317,710	–	(77,807)	239,903
Tax Effect	(79,427)	–	19,452	(59,976)
Totals	238,283	–	(58,355)	179,928

Euros	Balance 2020	Acquisitions	Disposals	Balance 2021
Capital Grant	**239,903**	**–**	**(77,807)**	**162,096**
Tax Effect	**(59,976)**	**–**	**19,452**	**(40,523)**
Totals	**179,928**	**–**	**(58,355)**	**121,573**

17 EVENTS AFTER THE CLOSING OF THE YEAR.

No events have occurred after closing that could be considered significant and affect the financial period's accounts.

18. TRANSACTIONS BETWEEN RELATED PARTIES.

18.1 Regarding the Managing Board and Key Company Staff.

Managers and the key personnel of the company with whom related-party transactions have been carried out are the following:

- Mr. Calvin Stuart Lucock, Administrator and Managing Director.

Remuneration paid to managers and key personnel of the company, during the financial period 2021, in their status as employees of the company, amounts to 48,800 Euros and 48,800 Euros for the financial period 2020.

On the Balance Sheet there is a current account with partners and administrators at March 31, 2021, that amounts 679 Euros in favour of the manager. (5,764 Euros at March 31, 2020)

18.2 Information required by Article 229 Of the Corporate Enterprises Act.

According to the Article 229 of the Corporate Enterprises Act, we hereby inform that the members of the Board of Directors do not have shares or hold positions or perform functions in companies whose corporate purpose is the same, similar or complementary to the Company's.

However, the members of the Board of Directors hold various shares in companies related to the Company and hold management positions and carry out functions related to the management, which have not been subject to inclusion in this Note of the Report, as this does not pose any conflict with regard to their duties of diligence and loyalty or the existence of potential conflicts of interest in the context of Law 26/2004 17 July, that amended Law 24/1988, of July 28, in which the market values and the text revised from the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July.

Also, during the Financial Period, the members of the Board of Directors have not carried out transactions outside the normal course of business beyond the ordinary traffic or in conditions other than those of the market with the company or group companies. The only transactions with administrators are those outlined in Note 18.1.

18.3 Transactions and Balances with Group companies:

The transactions carried out with Group companies during the Financial periods 2021 and 2020, are the following:

Euros	2020		
Company	**Financial Expenses**	**Services received**	**Services rendered**
Holiday Club Canarias Resort Management, SLU	–	2,048,272	180,143
Holiday Club Resort OY	–	309,463	239,668
Holiday Club Sweden AB	275,309	16,150	–
Holiday Club Canarias Vacation Club, SL	–	78,345	2,193,821
	275,309	2,452,231	2,613,632

Euros	2021		
Company	**Financial Expenses**	**Services received**	**Services rendered**
Holiday Club Canarias Resort Management, SLU	**–**	**1,872,163**	**130,007**
Holiday Club Resort OY	**–**	**336,740**	**48,580**
Holiday Club Sweden AB	**255,467**	**3,616**	**6,580**
Holiday Club Canarias Vacation Club, SL	**–**	**–**	**2,564,303**
Totals	**255,467**	**2,212,519**	**2,749,470**

The transactions between the Group companies were performed under normal market conditions.

Balances outstanding with the Group Companies in the financial periods 2021 and 2020, both short-term and long-term, at the close of the Financial Periods are:

	2021		2020	
Euros	**Debit Balances**	**Creditor Balances**	Debit Balances	Creditor Balances
Holiday Club Canarias Resort Management, SLU	**–**	**6,399,349**	–	3,648,057
Holiday Club Canarias Invesment, SL	**1,878,845**	**–**	1,225,186	–
Holiday Club Resort OY	**–**	**97,286**	66,225	–
Holiday Club Sweden AB	**–**	**8,263,079**	–	10,586,186
Holiday Club Canarias Vacation Club, SL	**1,548,243**	**–**	782,726	–
Totals.	**3,427,088**	**14,759,714**	2,074,138	14,234,242

The Company backed the Group Company Holiday Club Canarias Resort Management, SLU related to a loan granted by a financial institution, amounting 500,000 Euros at the end of the period (see Note 14.3).

Furthermore, the Group Company Holiday Club Canarias Resort Management, SLU provided a guarantee to a Finance Company for the amount of 204,450 Euros to face pending trials of the company (See Note 14.4).

18.4 Companies subject to the same unit of decision.

The Company shows the largest assets in the group of companies' subject to the same decision-making units, headquartered in Spain. The companies are the following ones:

- Holiday Club Canarias Investment, S.L.U.: Parent Company of the Group
- Holiday Club Canarias Sales & Marketing, S.L.U.: Subsidiary and with the highest assets.
- Holiday Club Canarias Resort Management, S.L.U.: Subsidiary.
- Holiday Club Canarias Vacation Club: Subsidiary

Aggregated amounts of these companies are as follows:

Euros	**2021**	2020
ASSETS		
Non-current Assets.	**8,585,467**	9,035,693
Current Assets	**26,093,035**	20,824,424
Total	**34,678,502**	29,860,115
EQUITY AND LIABILITIES		
Equity	**6,246,773**	4,850,447
Non-current Liabilities.	**9,773,212**	11,839,887
Current Liabilities.	**18,658,517**	13,169,781
Total	**34,678,502**	29,860,115
PROFIT & LOSS		
Turnover.	**12,551,587**	14,332,442
Results (Loss).	**1,454,681**	853,397

19 OTHER INFORMATION

19.1 Number of Employees.

The average number of persons employed by the Company during the financial periods 2021 and 2020, distributed by their professional categories, has been as follows:

	Persons	
	2021(*)	2020
Executives and Administrative Staff.	**7.08**	13.61
Sales and Collections Staff.	**0.05**	6.97
Others	**3.10**	17.01
Totals.	**10.23**	37.59

The distribution by gender at the end of the financial periods 2021 and 2020 is the following:

	2021(*)		2020	
	Men	**Women**	Men	Women
Executives and Administrative Staff.	**3**	**7**	8	6
Sales and Collections Staff.	**4**	**2**	5	3
Others	**11**	**8**	8	11
Totals.	**18**	**17**	21	20

The average number of disabled persons (more than 33% of disability) employed by the Company during the financial periods 2021 and 2020 is only is as follows:

	2021(*)	2020
Executives and Administrative Staff.	–	1
Others	–	1
Totals.	–	2

(*) Employees affected by the ERTE haven't been taken into account

20 INFORMATION ABOUT DEFERRAL PAYMENTS MADE TO SUPPLIERS. THIRD ADDITIONAL REGULATION TO THE "DUTY OF INFORMATION" OF LAW 15/2010 OF 5 JULY.

The average period for payment to suppliers and creditors is 34 days for the financial year 2021 (49 days for the financial year 2020).

In Mogán, April 15, 2021.

REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS

To the Sole Shareholder of HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU:

Report on the Financial Statements

We have audited the financial statements of HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU, (the Company) which comprise the balance sheet as at March 31, 2021, and the income statement, statement of changes in equity, the cash flow statement, and the related explanatory notes thereto for the year then ended.

In our opinion, the accompanying financial statements present, in all material aspects, a true and fair view of the net equity and financial situation of the Company as at March 31, 2021 and of its results and cash flows for the year then ended, in accordance with the regulatory financial reporting framework that is applicable (identified in note 2 to the financial statements) and, in particular, with the accounting principles and criteria contained therein.

Basis for the opinion

We have carried out our audit in accordance with the prevailing standards governing the activity of auditing accounts in Spain. Our responsibilities in accordance with these standards are described later in the section of our report on *"Responsibilities of the auditor in connection with the audit of the financial statements"*.

We are independent from the Company in accordance with the requirements on ethics, including those of independence, which are applicable to our audit of financial statements in Spain, as required by the regulations governing the activity of auditing accounts. In this regard, we have not provided services other than the audit of the financial statements, nor have situations or circumstances arisen that, in accordance with the aforementioned regulations, may have compromised our necessary independence.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgment, have been considered to give rise to the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks have been addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon we do not express a separate opinion on said risks.

Maintenance Fees incomes

As shown in the Profit and Loss account, the sales figure amounts to 5,2 million euros (see note 19), while in the current liabilities there is a balance of 4,02 million euros of short-term accruals. As explained in note 1, the main activity of the Company consists in offering maintenance services to five apartment complexes that the related company HOLIDAY CLUB CANARIAS SALES MARKETING, SLU sells by the timeshare regime, or it exploits tourism. For each calendar year, the owners' meeting of each complex approves the maintenance fees for each type of room and complex, which are invoiced in the following January, with the non-accrued portion registered in the section of short-term accruals. Due to the monetary relevance of the sales item and the diversity of quotes due to the number of complexes and types of rooms to which the Company provides services, a valuation of the sales and the short-term accruals of the Company have been considered a relevant aspect of our audit.

Our procedures consisted, among other things, in a verification of the annual quotas approved in the minutes by the number and type of rooms of each complex, verifying the accrued portion based on the time elapsed between the billing and the closing of the financial year of the Company.

Cost center for apartment complexes

As indicated in note 19, the incomes for maintenance fee amounts of 4,9 million euros. The Company divides its activity among five apartment complexes, reason why each of them supports a part of those expenses. This information is used to establish, with approval in the owners' meeting, the maintenance fees that are invoiced (income) to the owners of each Resort, differentiated by each type of room. The Company keeps track of the allocation of costs to each apartment complex and informs owners about the total expenses of the year for each of the complexes. Due to the high amount of expenses, together with the different nature of the same, where the assignment of these to each cost center entails a detailed analysis, we have considered a relevant aspect for our audit work.

As part of our audit, our procedures included the analysis of the reasonableness of the imputation of the expenses by complex. In addition, tests were carried out in detail to verify the correct assignment of the same.

Other information: Management Report

The other information includes the management report for the year ended March 31, 2021, the formulation of which is the responsibility of the Company's Director, although it is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the other information, in accordance with the requirements of the regulations governing the activity of auditing accounts, consists of evaluating and reporting on the consistency of the other information with the financial statements, based on the knowledge of the entity obtained in the performance of the audit, without including information other than that obtained as audit evidence. Likewise, our responsibility with respect to the management report consists of evaluating and reporting on whether its content and presentation are in accordance with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are obliged to report them.

Based on the work carried out, as described in the previous paragraph, except for the material misstatement described in the following paragraph, the information contained in the management report is consistent with the financial statements for 2020-2021 and its content and presentation are in accordance with the applicable regulations.

Directors' responsibilities

The Director is responsible for the preparation of the accompanying financial statements in order to present a true and fair view of the net equity, the financial position and the results of the Company in accordance with the Financial Reporting Standards applicable in Spain, and for such internal control as they consider necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to going concern and using the accounting principle of going concern, except if the Director intend to liquidate the Company or cease operations, or if there is no other realistic alternative.

Responsibilities of the auditor in connection with the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance but it does not guarantee that an audit conducted in accordance with the prevailing regulations governing the activity of auditing in Spain will always detect material misstatement when it exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the regulations governing the activity of auditing accounts in Spain, we apply our professional judgment and maintain an attitude of professional skepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate whether the accounting policies applied are adequate as well as the reasonableness of the accounting estimates and the corresponding information disclosed by the Director.
- We conclude on whether the use, by the Director, of the accounting principle of going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to facts or conditions that could generate significant doubt as to the ability of the company to continue as a going concern. If we conclude that there is material uncertainty, in our audit report we are required to draw attention to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we are required to express an amended opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.
- We evaluate the overall presentation, the structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a way that expresses a true and fair view.

We communicate with the entity's Director regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the issues that have been communicated to the entity's Director, we determine those that have been most significant to the audit of the financial statements of the current period and that are, consequently, the risks considered most significant.

We describe those issues in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

RSM SPAIN AUDITORES, SLP
(n° ROAC S2158)

Javier ALVAREZ CABRERA
(n° ROAC 16092)

Las Palmas de Gran Canaria, on April 15, 2021

BALANCE SHEET AS AT MARCH 31, 2021

ASSETS	Notes	(Euros) 2021	(Euros) 2020
A) NON-CURRENT ASSETS			
I. Intangible Assets	**5**	**850,000**	1,020,000
4. Goodwill		**850,000**	1,020,000
II. Fixed Assets	**6**	**3,287,949**	3,392,367
1. Property and Buildings		**2,817,644**	2,884,903
2. Technical Facilities and other Fixed Assets		**419,732**	507,463
3. Advances and fixed assets in progress		**50,573**	0
III. Real Estate Investments	**7**	**783,114**	800,495
2. Construction/ Buildings		**783,114**	800,495
V. Long-term financial investments	**8**	**141,409**	141,409
3. Debt securities		**136,300**	136,300
5. Other financial assets		**5,109**	5,109
VI. Deferred Tax Assets	**11**	**112,835**	64,225
TOTAL A		**5,175,307**	5,418,496
B) LIQUID ASSETS			
III. Commercial debtors and other accounts receivables		**1,147,170**	801,026
1. Trade receivables	**8**	**1,131,267**	794,329
2. Trade receivable from group and associated	**8-17**	**2,325**	0
3. Other debtors	**8**	**11,850**	471
4. Personnel	**8**	**1,710**	6,209
6. Other receivables from Public Administrations		**17**	17
IV. Short-term Investments in affiliated group and associated companies	**8-17**	**6,399,227**	3,648,354
2. Loans to companies		**6,399,227**	3,648,354
V. Short-term financial investments	**8**	**1,557**	1,557
5. Other financial assets		**1,557**	1,557
VI. Short term accruals		**37,534**	16,994
VII. Cash and other equivalent liquid assets	**8**	**1,764,815**	1,543,654
1. Liquid assets		**1,764,815**	1,543,654
TOTAL B		**9,350,302**	6,011,585
TOTAL ASSETS (A + B)		**14,525,609**	11,430,080

BALANCE SHEET AS AT MARCH 31, 2021

NET WORTH AND LIABILITIES	Notes	(Euros) 2021	(Euros) 2020
A) TOTAL EQUITY			
A-1) EQUITY		**5,791,361**	4,026,104
I. Capital	**10**	**3,100**	3,100
1. Shared Capital		**3,100**	3,100
III. Reserves		**4,096,345**	3,806,345
1. Legal and statutory		**620**	620
2. Other reserves	**10**	**4,095,725**	3,805,725
V. Profit & (Loss) from previous Periods.		**(73,342)**	(236,134)
2. (Losses from previous Periods).		**(73,342)**	(236,134)
VII. Profits for the Period	**3**	**1,765,257**	452,792
TOTAL A		**5,791,361**	4,026,104
B) NON CURRENT LIABILITIES			
II. Long-term Debts	**9**	**758,245**	617,806
2. Debts to Loan Institutions		**757,145**	616,706
5. Other financial liabilities		**1,100**	1,100
V. Long-term accruals		**1,035**	3,519
TOTAL B		**759,280**	621,325
C) CURRENT LIABILITIES			
II. Provisiones a corto plazo	**14**	**423,496**	220,404
III. Short-term debts	**9**	**360,561**	168,726
2. Debts to Loan Institutions		**359,561**	167,726
5. Other financial liabilities		**1,000**	1,000
IV. Short-term Debts with Group and Associated Companies	**9-17**	**2,761,690**	1,671,620
V. Trade Creditors and other Accounts payable		**566,068**	704,289
2. Suppliers, group companies and associates	**9-17**	**560**	0
3. Sundry Creditors	**9-20**	**177,155**	242,238
4. Staff (salaries pending payment).	**9**	**64**	609
6. Other debts with Public Administrations.		**374,133**	448,330
7. Customer advances		**14,157**	13,112
VI. Short-term accruals	**9**	**3,863,153**	4,017,613
TOTAL C		**7,974,968**	6,782,652
TOTAL NET WORTH AND LIABILITIES (A + B + C)		**14,525,609**	11,430,080

PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2021

ITEMS	Notes	(Euros) 2021	(Euros) 2020
A) CONTINUING OPERATIONS			
1. Turnover	**19**	**5,089,631**	5,161,092
b) Services rendered		**5,089,631**	5,161,092
4. Supplies	**13**	**(8,670)**	(27,176)
a) Consumption of merchandise		**(8,670)**	(27,176)
5. Other operations income		**262,808**	84,161
a) Accessory income and other current operations	**7**	**28,414**	84,161
b) Operating grants taken to income	**13**	**234,394**	–
6. Personnel expenses		**(1,341,925)**	(2,388,347)
a) Wages, salaries and similar		**(908,624)**	(1,851,426)
b) Social Security contributions	**13**	**(433,301)**	(536,920)
7. Other operating expenses		**(1,429,696)**	(1,964,223)
a) Outsourced services	**13**	**(962,888)**	(1,526,895)
b) Taxes		**(132,421)**	(128,713)
c) Losses, impairment and variation of supplies from trade op.	**13-14**	**(334,180)**	(308,004)
d) Other current operating expenses		**(207)**	(610)
8. Depreciation of fixed assets	**5-6-7**	**(345,439)**	(340,336)
13. Other incomes and expenses	**13**	**(6,787)**	(11,065)
A.1) Operating Income		**2,219,923**	514,107
14. Financial Income	**8**	**22,664**	34,352
b) Trade securities and other equity instruments		**22,664**	34,352
b 2) Third Parties		***22,664***	*34,352*
15. Financial expenses	**9**	**(19,677)**	(8,757)
b) Debts with Third Parties		**(19,677)**	(8,757)
17. Exchange differences	**12**	**(71)**	(91)
A.2) FINANCIAL PROFIT & LOSS		**2,916**	25,504
A.3) PROFIT BEFORE TAXES		**2,222,839**	539,611
19. Corporate Income Tax	**11**	**(457,582)**	(86,819)
A.5) PROFIT & LOSS IN THE PERIOD		**1,765,257**	452,792

STATEMENT OF CHANGES IN EQUITY AT MARCH 31, 2021

ITEMS	Notes	(Euros) 2021	(Euros) 2020
A) STATEMENT OF RECOGNISED PROFIT AND LOSS			
A) PROFIT AND (LOSS) ACCOUNT	**3**	**1,765,257**	452,792
TOTAL OF RECOGNISED PROFIT AND (LOSS) (A)		**1,765,257**	452,792

STATEMENT OF CHANGES IN EQUITY AT MARCH 31, 2021 (euros)

ITEM	Shared Capital	Reserves	Previous Year's Profit & (Loss)	Current Year's Profit & (Loss)	TOTAL
B) COMPLETE STATEMENT OF CHANGES TO EQUITY					
A. FINAL BALANCE YEAR 2019	**3,100**	**3,539,523**	**(236,134)**	**266,823**	**3,573,311**
B. ADJUSTED BALANCE BEGINNING 2020	**3,100**	**3,539,523**	**(236,134)**	**266,823**	**3,573,311**
I. Total recognised Profit & Loss	0	0	0	452,792	**452,792**
III. Other variations to Equity	0	266,823	0	(266,823)	0
C. FINAL BALANCE 2020	**3,100**	**3,806,345**	**(236,134)**	**452,792**	**4,026,104**
D. ADJUSTED BALANCE, BEGINNING 2021	**3,100**	**3,806,345**	**(236,134)**	**452,792**	**4,026,104**
I. Total recognised incomes and expenses	0	0	0	1,765,257	**1,765,257**
III. Other changes to Equity	0	290,000	162,792	(452,792)	(0)
E. FINAL BALANCE 2021	**3,100**	**4,096,345**	**(73,342)**	**1,765,257**	**5,791,361**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

ITEMS	Notes	(Euros) 2021	(Euros) 2020
A) CASH FLOW FROM OPERATING ACTIVITIES			
1. PROFIT & LOSS BEFORE TAXES		**2,222,839**	539,611
2. ADJUSTMENTS TO PROFIT & LOSS		**545,544**	358,055
a) Depreciation of Fixed Assets	**5-6-7**	**345,439**	340,336
c) Change to provisions	**14**	**203,092**	43,314
g) Financial Incomes	**8**	**(22,664)**	(34,352)
h) Financial Expenses	**9**	**19,677**	8,757
3. CHANGES IN WORKING CAPITAL		**(661,849)**	148,479
b) Trade and other accounts receivable		**(346,144)**	(161,660)
c) Other current assets		**(20,540)**	10,596
d) Creditors and other accounts payable		**(138,221)**	56,547
e) Other current liabilities		**(156,944)**	242,995
4. OTHER CASH FLOW FROM OPERATING ACTIVITIES		**2,970**	25,577
a) Interest payments	**9**	**(19,677)**	(8,757)
c) Interest receivable	**8**	**22,664**	34,352
d) Corporation tax payments		**(17)**	(17)
5. CASH FLOW ON OPERATING ACTIVITIES		**2,109,504**	1,071,722
B) CASH FLOW FROM INVESTMENT ACTIVITIES			
6. PAYMENTS FOR INVESTMENTS		**(2,804,496)**	(681,024)
a) Group and Associated Companies		**(2,750,856)**	(174,487)
c) Fixed Assets	**6**	**(53,641)**	(406,537)
e) Other financial assets		**0**	(100,000)
8. CASH FLOWS FROM INVESTMENT ACTIVITIES		**(2,804,496)**	(681,024)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
10. RECEIVABLES AND PAYABLES FOR FINANCIAL LIABILITIES		**916,152**	776,575
a) Issue		**1,083,878**	1,135,092
2. Amounts owed to credit institutions		**500,000**	700,000
3. Debts with Group and Associated Companies		**583,878**	435,092
b) Repayment and amortization		**(167,726)**	(358,517)
2. Debts with credit institutions		**(167,726)**	(313,225)
4. Other debts		**0**	(45,292)
12. CASH FLOW FROM FINANCING ACTIVITIES		**916,152**	776,575
E) NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS		**221,160**	1,167,273
Cash or cash equivalents at the beginning of the year	**8**	**1,543,654**	376,382
Cash or equivalents at the end of the year	**8**	**1,764,815**	1,543,654

NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDING ON MARCH 31, 2021

1. THE COMPANY'S BUSINESS ACTIVITY.

1.1. HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U. was founded as a limited corporation on December 9, 2010, before the Notary Public of the Guild of the Canary Islands, whose office is located in Maspalomas, Mr. Valentín Concejo Arranz, under his Protocol number 1525.

1.2. On March 3, 2011, the Company acquired its current condition as a Sole Proprietor Limited Liability Company. On July the 22nd, 2011 a social agreement changes the financial year that in the corporate statutes was from October the 1st till September the 30th. However, on February the 1st, 2016 in the annual general meeting was agreed to modify the dates of starting and ending of the financial year to April the 1st till March the 31st.

1.3. Its main corporate mission comprises the acquisition, promotion, construction, urbanisation, management, operation, holding, use, enjoyment of, yielding of, business management of any type, of property, buildings, tourist complexes, hotels, farms and /or agricultural land in the country or urban areas and personal rights or rights in rem of real-estate property including its conveyance, whether in its entirety or partially, per apartment or by means of the sale of or assignment of rotational enjoyment rights, timeshare or any other kind of rights to use. The main activity is the management of five hotel complexes (Playa Amadores, Sol Amadores, Vista Amadores, Jardín Amadores and Puerto Calma, as well as the lease of commercial premises).

1.4. The Corporate offices are located at Avenida Anna Lindh, number 1, Urbanización Amadores, in the municipality of Mogán in Gran Canaria.

1.5. On April 6, 2011 the Public Deed was signed, by means of which the Company, together with its related company HOLIDAY CLUB CANARIAS SALES & MARKETING, S.L.U., acquired the business of the five tourist complexes which they are currently operating. In said acquisition, the Company was assigned property for the amount of 3,170,602 Euros and the administration and maintenance operations' Goodwill valued at 1,700,000 Euros. The remaining assets (unsold weeks, customers' loan rights and goodwill corresponding to the main business of Timeshare) was assigned to the above mentioned related Company. On June 1, 2012 a public Deed was also signed comprising a series of agreements related to the purchase of the business described above.

1.6. The Company is a part of a Group whose parent Company is HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., headquartered in the same address. Said company does not present yearly consolidated accounts, because it is not mandatory due to its size. This Spanish Group is integrated in a higher one, which the parent company is Holiday Club Resorts Oy, located in a EU country, Finland, which presents yearly consolidated accounts. Furthermore, the mentioned company belongs to a group which parent company is Mahindra & Mahindra limited, located in India.

The Spanish group is composed of the next companies:

- HOLIDAY CLUB CANARIAS INVESTMENT, SLU
- HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU
- HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU
- HOLIDAY CLUB CANARIAS VACATION CLUB, SL

1.7. At the date of formulation of these annual accounts, Royal Decree 926/2020 of October 25th is in force, extending the state of alarm for the management of the health crisis situation caused by COVID-19.

The Company has been opening and closing the five hotels since March 23rd, taking into account the market demand and the health situation at any time. This situation has affected the Group's three companies in the Canary Islands equally: HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU (company that originally owns the weeks it sells under Time Sharing scheme) and the one that manages the Angry Birds activity park, HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU (company that manages the maintenance of the hotels) and HOLIDAY CLUB CANARIAS VACATION CLUB, SLU (company that buys weeks of accommodation and exploits the Group's available weeks in the Canary Islands).

The main consequences of the closure have been the following:

- Personnel: Due to the closure of the hotels, the Group companies in the Canary Islands have carried out a temporary employment regulation file (ERTE) that has affected 116 people out of the total of 128 people who work in the Group. These employees have been affected and disaffected by the ERTE during different periods along the financial year.
- Tour Operators: The Group in the Canary Islands exploits unsold weeks as a hotel service through the entity VACATION CLUB. This hotel activity has been logically interrupted, so that agreements with tourism providers have been temporarily suspended.
- Owners: The Group in the Canary Islands invoices week's owners at the beginning of the calendar year for maintenance fees through the entity RESORT MANAGEMENT. Given that the activity has been abruptly interrupted before the end of the year, the company in the Canary Islands is offering owners the possibility of compensating the effect of not enjoying their week in exchange for being able to enjoy two weeks in the period 2021-2022. At the date of formulation of these annual accounts, the majority of the owners are welcoming this measure.
- Financial and non-financial assets: No possible deterioration has been identified at the date of formulation of these annual accounts. Logically, if the situation of inactivity lasts for longer, the circumstances would have to be analyzed again.
- Liquidity: The situation of the Group's treasury in the Canary Islands is not worrying in the short term. With the liquidity that was already available, we must add the provision of a new ICO line of credit loan for the amount of 500,000 euros signed on 23/03/2020 and another one for the same amount signed on 02/05/2020.

2. BASIS USED FOR THE PRESENTATION OF THE ANNUAL ACCOUNTS

The figures contained in the Balance Sheet, in the Profit & Loss Account, in the Statement of Changes to Equity, in the Cash-flow Statement and in this Report are expressed in Euros, which, upon being rounded out, cause small differences in their presentation.

These annual accounts are presented for approval to the Annual General Meeting of Members.

2.1. True and Fair View.

The annual accounts are obtained from the Company's accounting records and have been presented according to the regulations set out in Law 16/2007 of July 4, on the revised and adapted mercantile accounting legislation to harmonise it internationally on the basis of the European Union and by Royal Decree 1515/2007 of November 16th, in which the General Accounting Plan was approved and the added modifications by Royal Decree 1159/2010 of September 17th and Royal Decree 602/2016 of September 2nd, in order to reflect a true and fair view of the Equity, the financial situation and the Company's Profit & Loss as well as the veracity of the streams incorporated into the Cash-flow, according to generally accepted accounting practices and regulations.

2.2. Critical Aspects in the Valuation and Judgement of Uncertainty.

At the end of the financial year some estimations are used to formulate these annual accounts: calculation of the assets impairment, estimation of the assets useful life, and more. Due to future development, it is possible that additional information to the existing at the date of formulation of these annual accounts make that some estimates have to be changed in future periods.

2.3. Comparing Information.

The figures corresponding to the Financial Year ending on March 31, 2021 according to the current law, show comparatively the balances of the previous financial period, which match with the information of the annual account for the financial period 2020.

3. APPLICATION OF RESULTS.

The proposal for the application of the results of the financial period ending March 31, 2021 which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31, 2020, is as follows:

Euros	2021	2020
Distribution Balance		
Financial Period Profits	**1,765,257**	452,792
Distribution		
Reserve for investments on Canary Islands	**360,000**	290,000
Voluntary Reserves	**1,331,915**	–
Negative result from previous years	**73,342**	162,792
Totals	**1,765,257**	452,792

4. RECOGNITION AND MEASUREMENT REGULATIONS.

The main accounting principles and practices applied in the drafting of the Annual Accounts, follow current legislation, highlighting the principles of company operation, accrual, consistency, prudence, non-compensation and relative importance as most significant.

The most significant accounting criteria applied in the drafting of the Annual Accounts are the following ones:

4.1. Intangible Fixed Assets.

The intangible fixed assets are comprised of Goodwill.

At the closing of the financial period, goodwill has been measured and no impairment has been identified, as it has been estimated that the recoverable value is higher than the accounting value. The Goodwill is amortised at 10 per cent according to the Royal Decree 602/2016 of December 2, which determine that this intangible has to be amortised in 10 years.

4.2. Tangible Fixed Assets.

These have been measured at their acquisition cost, including those additional costs necessary to put the assets into operation.

Maintenance and repair costs which do not improve the use of or extend the useful life of the assets are charged to the Profit and Loss account when they occur.

It is depreciated linearly depending on the useful life of assets and their residual value, according to the normal depreciation experienced during operation, use and enjoyment, using as a reference point, the regulations contained in the Royal Decree 1777/2004 of July the 30th, in which the Regulation of Corporate Taxes was approved, without prejudice to taking into consideration the technical or commercial obsolescence which could affect it. The percentages applied are the following:

Buildings	3%
Machinery	12%
Other installations	12%
Furniture	10%
IT Equipment	25%
Transport elements	16%
Other intangible assets	12-33%

The Company's administrators consider that the accounting value of these assets does not exceed their recoverable value.

4.3. Real-estate Investments.

The Company classifies as Real-estate Investments, those buildings which are not being used for the production process and the profits from which are obtained through revenue from leases. The recording and measurement criteria are the same as applied to intangible fixed assets. They are amortised linearly, and the percentage applied is 3 per cent.

The Company's administrators consider that the accounting value of these assets do not exceed their recoverable value.

4.4. Financial Instruments

The Company's financial instruments are classified as:

a) Loans and accounts receivable, including those loans for commercial or non-commercial operations. Those whose maturity is no longer than one year are valued at their face-value, because they do not have any contractual interest rate and the effect of not up-dating cash-flow is not significant. Those whose maturity is over one year are measured at their reasonable value, which is equal to the value of the compensation delivered plus directly attributable transaction costs. Interest accrued is accounted for in the Profit & Loss Account, applying the Effective Interest Rate method.

   Loss due to impairment of the value of these financial assets is the difference between their book value and the real value of future cash-flow estimated to be generated by them, less the effective interest rate calculated at the time of their initial recognition. The reversal of the impairment shall be limited by the loan's book value.

b) Debits and accounts payable, including debits from commercial operations and the amounts owed by non-commercial operations: They will initially be measured by their reasonable value, except those debits which are for trade operations with maturity of no more than one year and which do not bear any contractual interest, the amount of which is expected to be paid off short term, which are measured at their face value. Interest accrued is accounted for in the Profit and Loss Account, applying the Effective Interest Rate method.

   Financial instruments are classified as short and long-term, according to whether their maturity is less than or more than twelve months, respectively.

   The Company has complied with requirements set out in the regulations governing recording and measurement relating to financial instruments.

4.5. Transactions in Foreign Currency.

Accounts mentioned in foreign currency are measured at the exchange rate in effect at the time of the transaction. Positive or negative differences occurring at the time of payment or collection as a consequence of monetary fluctuations are carried over to the Profit and Loss Account. At closing of the period, both positive and negative differences that did not occur are carried over to the Profit and Loss Account.

4.6. Profit Tax.

The Company pays tax under the Tax Consolidation System, according to what is set out in Chapter 7 of Royal Legislative Decree 27/2014 of November the 27th the Corporate Tax Law. Holiday Club Canarias Investment is the parent Company, which presents the correspondent settlement.

Following the Accrual Principle, profit tax has been charged as an expense during the period. Current tax has been calculated per the financial results before taxes, adjusted by permanent differences and consolidation and decreased by applying deductions, as set out in the tax regulations in effect.

Income and expense have also been accrued from deferred tax by activating tax credits at different times, originated in part by a fiscally non-deductible amortisation and short-term provisions allocated in previous financial periods and which are respectively, tax deductible.

4.7. Provisions and Contingencies.

Provisions are present obligations on the date of the balance sheet that have arisen as a result of past events; the amount and timing of cancellation are undetermined. Provisions are recorded at the current value of the estimated amount that the company will have to pay to settle the obligation in the future.

Contingent liabilities are potential liabilities arising as a result of past events, whose realization is contingent upon that happening or not, one or more future events independent of the will of the Company. Contingent liabilities, as well as the Provisions whose amount cannot be estimated reliably or it is not very likely that the Company must dispose of resources embodying profits, for their cancellation are not recognized for accounting purposes but are broken down in the Report.

4.8. Income and Expenses.

Income and expenses are charged according to the actual stream of goods and services which they represent and regardless of when the monetary or financial flow deriving therefrom arises.

Revenue from sales and services performed will be measured at the fair value of the consideration received or receivable; the amount of any discount deducted, reduction in the price or other similar items that the company might grant. They are recognized when all the risks and significant benefits inherent in the ownership of the property have been transferred to the buyer.

Purchases and services incorporate taxes levied on the operation, with the exception of the VAT when deductible status exists.

All the possible contingencies due to the health crisis of the COVID-19 have been taken into account.

4.9. Personnel Expenses.

Personnel expenses are recognised on the basis of their accrual, considering that bonus payments are accrued on a yearly basis. There are no commitments for pensions nor retirement bonuses in the Company.

4.10. Grants, Donations and Legacies.

The operating grants are attributed to the financial period for the granted amount.

4.11. Criteria used in transactions between related parties.

Transactions between related parties are accounted for, in general, by their reasonable value.

5. INTANGIBLE FIXED ASSETS.

5.1. As indicated in Note 1.6, during the 2011 financial period the Company acquired the goodwill corresponding to the business of administration and maintenance for the amount of 1,700,000 Euros. The transactions occurred during the financial periods 2020 and 2021 were the following:

Euros	Balance 2019	Acquisitions	Disposals	Balance 2020
Goodwill	1,700,000	–	–	1,700,000
Accumulated amortization	(510,000)	(170,000)	–	(680,000)
Net Totals	1,190,000			1,020,000
	Balance 2020	**Acquisitions**	**Disposals**	**Balance 2021**
Goodwill	**1,700,000**	**–**	**–**	**1,700,000**
Accumulated amortization	**(680,000)**	**(170,000)**	**–**	**(850,000)**
Net Totals	**1,020,000**			**850,000**

5.2. There is no evidence of impairment through March 31, 2021 on any of the elements in the Intangible Fixed Assets.

6. TANGIBLE FIXED ASSETS.

6.1. The transactions occurring during the 2020 and 2021 periods were the following:

Euros	Balance 2019	Acquisitions	Disposals	Balance 2020
Gross Costs				
Buildings	3,287,604	221,887	(206,372)	3,303,119
Machinery	84,824	36,612	–	121,435
Other facilities	168,117	26,457	51,185	245,758
Furniture	197,886	112,646	–	310,532
IT Equipment	27,548	2,288	–	29,835
Transportation elements	50,393	–	–	50,393
Other tangible fixed assets	395,275	6,648	–	401,923
Advances and fixed assets in progress	138,700	–	(138,700)	–
Totals	4,350,346	406,537	(293,886)	4,462,997
Accumulated amortization				
Buildings	381,853	65,046	(28,683)	418,217
Machinery	35,634	12,975	–	48,609
Other installations	63,349	26,993	–	90,343
Furniture	41,949	31,023	–	72,973
IT Equipment	18,863	4,061	–	22,925
Transportation elements	23,520	8,064	–	31,584
Other tangible fixed assets	380,972	5,011	–	385,983
Totals	946,140	153,174	(28,683)	1,070,631
Net Totals	3,404,207			3,392,367
	Balance 2020	**Acquisitions**	**Disposals**	**Balance 2021**
Gross Costs				
Buildings	**3,303,119**	**–**	**–**	**3,303,119**
Machinery	**121,435**	**–**	**–**	**121,435**
Other facilities	**245,758**	**1,991**	**–**	**247,750**
Furniture	**310,532**	**–**	**–**	**310,532**
IT Equipment	**29,835**	**–**	**–**	**29,835**
Transportation elements	**50,393**	**–**	**–**	**50,393**
Other tangible fixed assets	**401,923**	**1,077**	**–**	**403,000**
Advances and fixed assets in progress	**–**	**50,573**	**–**	**50,573**
Totals	**4,462,997**	**53,641**	**–**	**4,516,638**
Accumulated amortization				
Buildings	**418,217**	**67,259**	**–**	**485,475**
Machinery	**48,609**	**12,945**	**–**	**61,554**
Other installations	**90,343**	**29,522**	**–**	**119,864**
Furniture	**72,973**	**31,505**	**–**	**104,478**
IT Equipment	**22,925**	**3,402**	**–**	**26,326**
Transportation elements	**31,584**	**8,064**	**–**	**39,648**
Other tangible fixed assets	**385,983**	**5,362**	**–**	**391,345**
Totals	**1,070,631**	**158,058**	**–**	**1,228,690**
Net Totals	**3,392,367**			**3,287,949**

6.2. The Buildings heading corresponds to property for which the value of the plots and buildings come to 1,061,167 euros and 2,241,952 euros, respectively.

6.3. Acquisitions during the financial period 2020 correspond mostly to the building of new apartments in some of the resorts owned by the company.

6.4. Advances and fixed assets in progress during the period 2021 for the amount of 50,573 Euros correspond to advances to buy furniture.

6.5. During the period 2020 have been transferred to real estate investments tangible asset. They were a restaurant and a pool bar and the refurbishment made during the period also because they are run now for a third party. The total net value is 265,230 Euros (See note 7.3)

6.6. There is a transport element connected to a financial lease for the amount, which was acquired for the amount of 50,393 Euros and was fully depreciated during 2020.

6.7. There are fully depreciated transport elements in use at March 31, 2021 for the amount of 424,763 Euros. (403,383 Euros on March 31, 2020).

6.8. There are no signs of impairment through March 31, 2021 for the elements in the Tangible Fixed Assets.

6.9. There are tangible assets linked to tax incentives. (See Note 11.7)

6.10. The fixed assets are covered against risk of fire, theft, etc., by means of several insurance policies with the corresponding premiums paid up to date.

7. REAL-ESTATE INVESTMENTS.

7.1. The transactions occurring during the 2020 and 2021 periods were the following:

Euros	Balance 2019	Acquisitions	Disposals	Balance 2020
Buildings	641,631	–	293,886	935,518
Accumulated amortisation	(89,178)	(17,162)	(28,683)	(135,023)
Net Totals	552,454			800,495

	Balance 2020	**Acquisitions**	**Disposals**	**Balance 2021**
Buildings	**935,518**	–	–	**935,518**
Accumulated amortisation	**(135,023)**	**(17,381)**	–	**(152,404)**
Net Totals	**800,495**			**783,114**

7.2. The heading for Plots and Buildings correspond to property in which the value of the plot and the buildings come to 356,161 Euros and 579,357 Euros, respectively.

7.3. During the period 2020 have been transferred to real estate investment tangible assets. They were a restaurant and a pool bar. During the period 2020 these intangible assets have been transferred to real estate investments and the refurbishments made during the period also because they are run for a third party. The total net value transferred is 265,203 Euros (See note 6.5)

7.4. The Company's Real-estate investments for rental have generated revenue of 28,414 Euros and 84,161 Euros during the financial periods 2021 and 2020 respectively and correspond to three restaurants, a hairdressers' salon and a diving centre

7.5. The main expenditures for these properties correspond to allocation for amortisation.

7.6. There are no signs of impairment through March 31, 2021 for the elements in the Real-estate investments.

7.7. The Real-estate investments are covered against risk of fire, theft, etc., by means of several insurance policies with the corresponding premiums paid up to date.

8. FINANCIAL ASSETS.

Information related to the Balance Sheet.

8.1 Categories of financial assets (except for investments in the equity of Group, Multigroup and associated companies)

The breakdown of financial assets (except for investments in the equity of Group, jointly controlled group and associated companies) by categories is as follows:

Euros	Equity Instruments		Debt Securities		Credits/Derivatives/Others	
	2021	2020	**2021**	2020	**2021**	2020
Long-term Financial Assets						
Investments held to maturity	**–**	–	**136,300**	136,300	**–**	–
Loans and Receivables	**–**	–	**–**	–	**5,109**	5,109
Totals	**–**	–	**136,300**	136,300	**5,109**	5,109
Short- term Financial Assets						
Loans and Receivables	**–**	–	**–**	–	**7,547,936**	4,450,919
Liquid Assets	**–**	–	**–**	–	**1,764,815**	1,543,654
Totals	**–**	–	**–**	–	**9,312,751**	5,994,573

8.2. Classification by Maturity:

The ratings depending on the maturity of the different financial assets are as follows:

Euros

Financial Assets	2022	2023	2024	2025	2026	Next	Total l/t
Investments in Group and Associated Companies	**6,399,227**	–	–	–	–	–	–
Loans to companies	**6,399,227**	–	–	–	–	–	–
Short-term financial investments	**1,557**	–	–	–	–	**141,409**	**141,409**
Debt securities	–	–	–	–	–	**136,300**	**136,300**
Other financial assets	**1,557**	–	–	–	–	**5,109**	**5,109**
Commercial Debts and other Receivables.	**1,147,153**	–	–	–	–	–	–
Trade receivable	**1,131,267**	–	–	–	–	–	–
Trade receivable from group and associated	**2,325**	–	–	–	–	–	–
Sundry Receivables	**11,850**	–	–	–	–	–	–
Personnel	**1,710**	–	–	–	–	–	–
Cash and other Liquid Assets.	**1,764,815**	–	–	–	–	–	–
Liquid Assets	**1,764,815**	–	–	–	–	–	–
Totals	**9,312,751**	–	–	–	–	**141,409**	**141,409**

8.3. Corrections due to Impairment caused by Credit Risk.

No variations due to impairment have been applied to the corrective accounts during the financial periods 2020 and 2021.

Information relating to the Profit & Loss Account.

8.4 Financial Income.

Under the heading Financial Income from Marketable Securities and Other Financial Instruments in the Profit and Loss Account, the amounts of 22,664 Euros and 34,352 Euros for the financial periods 2021 and 2020 respectively, correspond mainly to the accrual of bank account interest, term deposits and interest on commercial clients.

Other Information.

8.5. Reasonable Value.

The book value of the financial assets is an acceptable approximation to the reasonable value.

Equity Instruments not being traded on an active market according to what is provided for in the 9th Rule of Recognition and Measurement of the Spanish New General Accounting Plan are valued at their cost.

8.6. Information Regarding the Nature and Level of Risk from Financial Assets:

Due to its normal activity, the Company is exposed to different financial risks, essentially, credit risk, liquidity risk and market risk, the latter referring to the rate of exchange; of interest rates and other price risks.

Credit Risks:

This basically refers to sales on credit to clients and debtors. To prevent possible effects, credit to clients and debtors are granted based on a preliminary solvency study and strict follow-up of credits and receivables. The client base is quite diversified.

Liquidity Risk:

The Company tries to keep an adequate liquidity ratio at all times to be able to honour its commitments, ensuring that current assets not including inventories, shall reasonably cover the current payables.

Market Rate Risk:

Due to the Company's activity and scope, it is subject to exchange rate risks of the sales made in foreign currency, depending on the volatility of the exchange rates.

Interest rate risks are minimum, because the Company grants loans at a fixed interest rate.

9. FINANCIAL LIABILITIES.

Information related to the Balance Sheet.

9.1 Categories of Financial Liabilities:

The breakdown of the financial liabilities by categories is as follows:

Euros

	Debits with Credit Institutions		Bonds & Other Market Securities		Derivatives/Others	
	2021	2020	**2021**	2020	**2021**	2020
Long-term financial Liabilities						
Debits and Payables	**757,145**	616,706	**–**	–	**1,100**	1,100
Totals.	**757,145**	616,706	**–**	–	**1,100**	1,100
Short-term Financial Liabilities						
Debits and Payables	**359,561**	167,726	**–**	–	**2,940,468**	1,915,467
Totals.	**359,561**	167,726	**–**	–	**2,940,468**	1,915,467

9.2. Classification by Maturity:

Classification according to the maturity of the different financial liabilities is as follows:

Euros

Financial Liabilities	2022	2023	2024	2025	Next	Total l/t
Debts	**360,561**	313,438	294,763	127,506	22,537	758,245
Debts with Credit Institutions	**359,561**	313,438	294,763	127,506	21,437	757,145
Other financial liabilities	**1,000**	–	–	–	1,100	1,100
Debts with Group and Associated Companies	**2,761,690**	–	–	–	–	–
Trade Creditors and other accounts payable	**177,778**	–	–	–	–	–
Suppliers	**560**	–	–	–	–	–
Suppliers, group companies and associates	**177,155**	–	–	–	–	–
Staff (salaries pending payment)	**64**	–	–	–	–	–
Totals	**3,300,029**	**313,438**	**294,763**	**127,506**	**22,537**	**758,245**

Information related to the Profit & Loss Account

9.3. Financial Expenses

The heading of debts to third parties is mainly the interest accrued with credit institutions, the amounts of which come to 19,677 Euros and 8,757 Euros for the financial periods 2021 and 2020, respectively.

Other Information

9.4. Reasonable Value.

The book value of the financial liabilities is an acceptable approximation to the reasonable value.

9.5. Information on the Nature and Level of Risk from Financial Liabilities

Due to its regular activity, the Company is exposed to diverse financial risks, basically credit risks, liquidity risks and market risks, the latter of which refers to exchange rate risks, interest rate risks and other price risks.

9.6. Other Information about Financial Instruments.

a) Debts with credit institutions show the following breakdown:

Euros	2021	2020
Personal secured loans	**525,780**	127,463
ICO loans (note 9.6.b)	**590,926**	656,969
Totals	**1,116,706**	784,432

b) The ICO loans, which amount on March 31, 2021 is 590,926 Euros are backed for companies of the group. (See notes 14.2 and 17.3)

c) The average interest rate of non-commercial debts fluctuates between 1 and 2 per cent per annum

9.7 Accrual adjustments

On January, every year, the company issues the maintenance fees invoices for every week. At the end of the financial period there are, in the heading of accrual adjustments, the proportional part of the not accrued months on March 31, 2021 for the amount of 3,863,153 Euros. It was 4,017,613 Euros on March 31, 2020.

10. SHAREHOLDERS´ EQUITY.

10.1 The share capital, for an amount of 3,100 Euros, comprises 31 shares of 100 Euros face value each.

10.2 The Canary Islands Investments Reserve Fund for the amount of 1,278,036 Euros, is subject to the availability limitations established in the tax regulations.

10.3 The corporation HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., owns 100 per cent of the share capital of the Company.

10.4 The breakdown of the heading "other reserves" from the Balance Sheet, is as follows:

Euros	2021	2020
Voluntary Reserves	**2,300,538**	2,300,538
Canary Islands Investment Reserves	**1,278,036**	988,036
Goodwill Reserves	**517,151**	517,151
Totals	**4,095,725**	3,805,725

11 TAX POSITION.

Profit Tax.

11.1 Tax Consolidation Regime

The Company is taxed in the consolidated tax system in accordance with Chapter VI, title VII of the 27/2017 law, of 27th November of the profit tax, which approved the revised text from the Law of Corporate Tax. The Tax Group comprises the following corporations:

Parent: HOLIDAY CLUB CANARIAS INVESTMENT, SL.U.
Subsidiaries: HOLIDAY CLUB CANARIAS SALES & MARKETING, S.L.U, HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U. and HOLIDAY CLUB CANARIAS VACATION CLUB S.L.

11.2 Individual Tax Base.

The reconciliation of the net amounts of income and expenditures for the financial period against the tax base of Corporate Tax, is the following:

Euros	Profit & (Loss) Account	Inc. & expend. directly attributable to Equity
Balance of income and expenditure for the financial year	**1,765,257**	–
Tax over benefits	**457,582**	–
Profit Tax	**506,192**	–
Current Tax	**(48,610)**	–
Deferred Tax		
Donations	**7,859**	–
Reserve for investments in the Canary Islands	**(360,000)**	–
Goodwill Deduction	**85,000**	–
Temporary Differences		
70% Limit Amortization	**(7,210)**	–
Provisions (Art. 14 LIS)	**203,092**	–
Tax Base (Tax Profit & (Loss))	**2,151,581**	–

11.3 Corporate Tax Settlement.

Under the rules applicable to the Tax Consolidation Regime, the taxable income of the tax group is determined by adding individual taxable bases corresponding to the companies comprising the Fiscal group, deletions; additions of deletions carried out in previous years and, in the event that the above sum proves to be positive, compensating the carry-forwards of the Fiscal group, as well as the outstanding tax bases to be applied by the companies taxable at the time of joining the Tax Group.

In consequence, the Individual Tax Base of HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, S.L.U. for the amount of 506,192 Euros, is subject to addition together with the rest of the tax bases of the remaining companies comprising the Tax Group.

By applying the tax rate over the tax base, you obtain the total tax due for the tax group which is reduced by the items and amounts expressed below.

Euros	
Full fee (25% of taxable income)	**537,895**
DAFN 2018	(27,524)
DAFN 2020	(1,537)
DAFN 2021	(767)
Deduction Reversion Temporary measures (DT 36 LIS)	(1,875)
Liquid fee	**506,192**

The tax base of the group, before the compensation of the negative tax bases (BINs) amounts 1,220,195 Euros. This base is reduced by the application of the BINs, therefore the final tax base of the group amounts 220,195 Euros. By applying the tax rate (25%) over the tax base is obtained the gross tax payable which is totally reduced by the application of the tax deductions for the amount of 55,049 Euros.

The BINs pending to apply the next years amount 433,984 Euros.

11.4 Breakdown of expenditure on Income Tax.

The expenditure on Income Tax accrued in the financial periods is broken down as follows:

Euros	2021	2020
1. Current Tax	**506,192**	94,134
2. Deferred tax	**(48,610)**	(7,315)
- deductible temporary differences that are activated in the period	**(83,545)**	(52,329)
- deductible temporary differences that are deducted in the period	**34,935**	45,014
3. Total expenditure on Income Tax	**457,582**	86,819

11.5 Deductions for Investments.

Investments in fix assets during the financial period subject to deduction amount 3,068 Euros. Using the deduction rate (25%) in the investments made during the financial year, a deduction for the amount of 767 Euros is obtained. It means that, at the end of the financial period, the outstanding deductions are as follows:

Euros

Exercise	Initial outstanding amount	Acquisitions	Applications	Balance 2021	Limit	Time limit
2018	63,382	–	(27,524)	35,857	50%	2033
2020	49,153	–	(1,537)	47,615	50%	2035
2021	–	767	(767)	–	50%	2036
Totals	**112,534**	**767**	**(29,829)**	**83,473**		

11.6 Deferred Tax Assets.

Transactions during the financial periods 2021 and 2020 found in this heading have been the following:

Euros	Balance 2019	Acquisitions	Applications	Balance 2020
- Temporary differences for non-deductible provisions	42,851	52,329	(42,851)	52,329
- Temporary differences, 70% limit fiscal amortisation	14,059	–	(2,163)	11,896
Totals	56,910	52,329	(45,014)	64,225
	Balance 2020	**Acquisitions**	**Applications**	**Balance 2021**
- Temporary differences for non-deductible provisions	**52,329**	**83,545**	**(32,772)**	**103,102**
- Temporary differences, 70% limit fiscal amortisation	**11,896**	**–**	**(2,163)**	**9,733**
Totals	**64,225**	**83,545**	**(34,935)**	**112,835**

11.7 The Canary Islands Investment Reserve.

The Canary Islands Investment Reserve was provided for from January 1, 2007 and what has been set out in Royal Decree Act 12/2016 of December 29, in which Law 19/1994 of July 6, Modification of the Canary Islands Financial and Tax Regime (REF) was modified, is applicable.

At the end of the financial period 2020/21, the situation of the Canary Islands Investment Reserve is as follows:

Euros

Item	2013	2014	2018	2019	2020	2021
Provisions.	245,000	425,000	190,000	128,036	290,000	360,000
Investments made						
Financial Period 2013/14	(17,221)	–	–	–	–	–
Financial Period 2014/15	(191,443)	–	–	–	–	–
Financial Period 2015/16	(36,336)	(42,173)	–	–	–	–
Financial Period 2016/17	–	(117,833)	–	–	–	–
Financial Period 2017/18	–	(264,993)	(190,000)	–	–	–
Financial Period 2018/19	–	–	–	(69,409)	–	–
Financial Period 2019/20	–	–	–	(58,626)	(290,000)	–

Specifically, investments made in the financial period 2014 for which the Canary Island Investment Reserve was materialised, were the following:

Euros

Account	Item	Acquisition Date	Amount Materialised	Provision 2013
21301001	Machinery	01.03.2014	1,103	1,103
21301001	Machinery	13.03.2014	690	690
21301001	Machinery	13.08.2014	1,152	1,152
21301001	Machinery	15.09.2014	12,015	12,015
		TOTAL MACHINERY	**14,961**	**14,961**
201608002	Furniture	29.11.2013	2,097	2,097
201608002	Furniture	22.11.2013	163	163
		TOTAL FURNITURE	**2,260**	**2,260**

Throughout the financial period 2015 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2013
21108022	Construction/Buildings	10.02.2015	4,020	4,020
21108022	Construction/Buildings	28.02.2015	6,759	6,759
21108022	Construction/Buildings	28.02.2015	392	392
21108022	Construction/Buildings	28.02.2015	329	329
21108022	Construction/Buildings	28.02.2015	15,212	15,212
21108022	Construction/Buildings	31.03.2015	2,183	2,183
21108022	Construction/Buildings	30.09.2015	76,825	76,825
		TOTAL CONSTRUCTION	**105,720**	**105,720**
21301001	Machinery	28.02.2015	1,103	1,103
21301001	Machinery	28.02.2015	1,103	1,103
21301001	Machinery	28.02.2015	1,103	1,103
21301001	Machinery	31.05.2015	562	562
21301001	Machinery	30.06.2015	601	601
21301001	Machinery	30.07.2015	601	601
		TOTAL MACHINERY	**5,074**	**5,074**
21508001	Other Facilities	31.05.2015	5,646	5,646
21508001	Other Facilities	17.06.2015	1,096	1,096
21508001	Other Facilities	17.06.2015	586	586
21508001	Other Facilities	29.09.2015	4,056	4,056
21508001	Other Facilities	30.09.2015	68,175	68,175
		TOTAL OTHER FACILITIES	**79,558**	**79,558**
201608001	Furniture	28.10.2014	437	437
201608001	Furniture	01.12.2014	654	654
		TOTAL FURNITURE	**1,091**	**1,091**

Throughout the financial period 2016 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2013	Provision 2014
21108005	Constructions	20.11.2015	8,027	8,027	–
21108005	Constructions	20.11.2015	1,950	1,950	–
21108005	Constructions	24.12.2015	1,565	1,565	–
21108005	Constructions	24.12.2015	1,450	1,450	–
21108005	Constructions	24.12.2015	1,499	1,499	–
21108005	Constructions	24.12.2015	8,027	8,027	–
21108005	Constructions	31.01.2016	1,950	1,950	–
21108008	Constructions	31.01.2016	2,370	2,370	–
	TOTAL CONSTRUCTIONS		**26,837**	**26,837**	**–**
21301001	Machinery	31.01.2016	1,036	–	1,036
21301001	Machinery	31.01.2016	4,514	–	4,514
	TOTAL MACHINERY		**5,550**	**–**	**5,550**
21508001	Other facilities	30.11.2015	5,271	5,271	–
21508001	Other facilities	01.12.2015	30,707	320	30,387
21508001	Other facilities	31.12.2015	2,409	2,409	–
21508001	Other facilities	31.01.2016	1,499	1,499	–
	TOTAL OTHER FACILITIES		**39,886**	**9,499**	**30,387**
21608001	Furniture	02.01.2016	1,036	–	1,036
	TOTAL FURNITURE		**1,036**	**–**	**1,036**
21708001	IT equipment	18.12.2015	5,024	–	5,024
21708001	IT equipment	18.12.2015	176	–	176
	TOTAL IT EQUIPMENT		**5,200**	**–**	**5,200**

Throughout the financial period 2017 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2014
21901009	Other Tangible Fixed Assets	01.09.2016	11,606	11,606
21908009	Other Tangible Fixed Assets	13.04.2016	201	201
21908009	Other Tangible Fixed Assets	13.04.2016	140	140
	TOTAL OTHER TANGIBLE FIXED ASSETS		**11,947**	**11,947**
21301001	Machinery	10.10.2016	3,300	3,300
21301001	Machinery	31.10.2016	1,654	1,654
21301001	Machinery	31.10.2016	293	293
21301001	Machinery	31.12.2016	875	875
21301001	Machinery	01.01.2017	(1,036)	(1,036)
21301001	Machinery	07.02.2017	800	800
21301001	Machinery	07.02.2017	155	155
		TOTAL MACHINERY	**6,043**	**6,043**
21408001	Other facilities	28.02.2017	7,975	7,975
	TOTAL OTHER FACILITIES		**7,975**	**7,975**
21608001	Furniture	30.06.2016	22,155	22,155
21608001	Furniture	05.10.2016	18,080	18,080
21608001	Furniture	01.03.2017	1,241	1,241
		TOTAL FURNITURE	**41,476**	**41,476**
21801001	Vehicles	24.05.2016	50,393	50,393
		TOTAL VEHICLE	**50,393**	**50,393**

Throughout the financial period 2018 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2014	Provision 2018
21108026	Construction/ Buildings	31.03.2018	124,597	124,597	–
21108028	Construction/ Buildings	31.03.2018	140,397	140,397	–
	TOTAL CONSTRUCTION/BUILDING		**264,993**	**264,993**	**–**
21301001	Machinery	01.07.2017	6,745	–	6,745
21301001	Machinery	01.07.2017	5,416	–	5,416
21301001	Machinery	10.08.2017	1,845	–	1,845
21301001	Machinery	30.09.2017	2,500	–	2,500
21301001	Machinery	30.09.2017	4,866	–	4,866
21301001	Machinery	30.09.2017	9,200	–	9,200
21301001	Machinery	31.03.2018	294	–	294
		TOTAL MACHINERY	**30,865**	**–**	**30,865**
21508001	Other Facilities	30.04.2017	109	–	109
21508001	Other Facilities	30.04.2017	225	–	225
21508001	Other Facilities	30.04.2017	466	–	466
21508001	Other Facilities	30.04.2017	1,209	–	1,209
21508001	Other Facilities	01.07.2017	3,560	–	3,560
21508001	Other Facilities	01.07.2017	1,500	–	1,500
21508001	Other Facilities	01.07.2017	1,183	–	1,183
21508001	Other Facilities	12.09.2017	1,627	–	1,627
21508001	Other Facilities	30.09.2017	13,434	–	13,434
21508001	Other Facilities	22.11.2017	3,863	–	3,863
	TOTAL OTHER FACILITIES		**27,176**	**–**	**27,176**
21601002	Furniture	01.09.2017	230	–	230
21601002	Furniture	11.09.2017	1,960	–	1,960
21608001	Furniture	01.08.2017	513	–	513
21608001	Furniture	10.08.2017	2,864	–	2,864
21608001	Furniture	28.08.2017	505	–	505
21608003	Furniture	31.03.2018	25,238	–	25,238
21608004	Furniture	31.03.2018	38,551	–	38,551
21608005	Furniture	31.03.2018	51,024	–	51,024
		TOTAL FURNITURE	**120,885**	**–**	**120,885**
21708001	IT equipment	28.01.2018	2,741	–	2,741
21708001	IT equipment	28.01.2018	2,741	–	2,741
21708001	IT equipment	28.01.2018	2,741	–	2,741
21708001	IT equipment	28.01.2018	1,371	–	1,371
21708001	IT equipment	28.01.2018	1,371	–	1,371
	TOTAL IT EQUIPMENT		**10,966**	**–**	**10,966**
21908001	Other tangible fixed assets	20.07.2017	108	–	108
TOTAL OTHER TANGIBLE FIXED ASSETS			**108**	**–**	**108**

Throughout the financial period 2019 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2019
21108026	Construction/Buildings	03.05.2018	2,550	2,550
21108026	Construction/Buildings	01.06.2018	5,120	5,120
21108028	Construction/Buildings	15.05.2018	2,600	2,600
21108028	Construction/Buildings	01.06.2018	5,910	5,910
	TOTAL CONSTRUCTION/BUILDING		**16,180**	**16,180**

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2019
21301001	Machinery	20.05.2018	15,500	15,500
21301001	Machinery	20.06.2018	2,500	2,500
21301001	Machinery	13.09.2018	182	182
21301001	Machinery	13.09.2018	2,409	2,409
21301001	Machinery	28.09.2018	1,700	1,700
	TOTAL MACHINERY		**22,292**	**22,292**
21508001	Other Facilities	10.05.2018	2,300	2,300
21508001	Other Facilities	10.05.2018	1,700	1,700
	TOTAL OTHER FACILITIES		**4,000**	**4,000**
21608001	Furniture	20.05.2018	2,500	2,500
21608001	Furniture	31.01.2019	1,712	1,712
21608002	Furniture	28.03.2019	302	302
21608002	Furniture	28.03.2019	3,346	3,346
21608005	Furniture	30.04.2018	11,195	11,195
	TOTAL FURNITURE		**19,056**	**19,056**

Euros

Account	Item	Acquisition Date	Amount materialised	Provision 2019
21708001	IT equipment	20.06.2018	353	353
	TOTAL IT EQUIPMENT		**353**	**353**
21908001	Other tangible fixed assets	01.04.2018	565	565
21908001	Other tangible fixed assets	09.04.2018	3,510	3,510
21908001	Other tangible fixed assets	12.10.2018	57	57
21908001	Other tangible fixed assets	12.10.2018	57	57
21908001	Other tangible fixed assets	12.10.2018	1,134	1,134
21908001	Other tangible fixed assets	12.10.2018	1,134	1,134
21908001	Other tangible fixed assets	06.03.2019	1,073	1,073
TOTAL OTHER TANGIBLE FIXED ASSETS			**7,529**	**7,529**

During the period 2019 the Company has carried out investments prior to the provision of the same period for the amount of 69,409 Euros all of them detailed and it has not been benefited from grants or any other tax benefit accrued at the time of the investment made as a result of the realization of the RIC.

Throughout the financial period 2020 the Company has carried out the following investments, materialising the Reserve in the following assets and on the dates indicated in the table below. This table shows, the Financial Period, for which the provision was materialised by type of asset is indicated:

Euros

Account	Item	Acquisition Date	Acquisitions	Amount materialised	Provision 2019	Provision 2020
21108004	Construction/Buildings	31.05.2019	57,886	57,886	57,886	–
21108004	Construction/Buildings	31.05.2019	29,628	29,628	740	28,888
21108026	Construction/Buildings	06.05.2019	800	800	–	800
21108029	Construction/Buildings	01.09.2019	211,087	148,587	–	148,587
21108029	Construction/Buildings	01.10.2019	10,000	10,000	–	10,000
TOTAL CONSTRUCTION/BUILDING			**309,401**	**246,902**	**58,626**	**188,275**
21301001	Machinery	31.05.2019	36,612	36,612	–	36,612
TOTAL MACHINERY			**36,612**	**36,612**	**–**	**36,612**
21508001	Other Facilities	31.05.2019	24,792	24,792	–	24,792
TOTAL OTHER FACILITIES			**24,792**	**24,792**	**–**	**24,792**
21608001	Furniture	31.05.2019	40,321	40,321	–	40,321
TOTAL FURNITURE			**40,321**	**40,321**	**–**	**40,321**

During the period 2020 the Company has carried out investments prior to the provision of the same period for the amount of 290,000 Euros all of them detailed and it has not been benefited from grants or any other tax benefit accrued at the time of the investment made as a result of the realization of the RIC.

11.8 Financial Periods Open to the Possibility of a Tax Inspection.

As set forth in current legislation, taxes cannot be considered definitively settled until the tax returns presented have been inspected by the tax authorities or the four-year statute of limitations has run out.

At the closing date, the company is also open to inspection of all the taxes that are applicable to it, corresponding to the last four years.

The Board of Directors of the Company considered that liquidations of the mentioned taxes has been properly settled, so, even though discrepancies could arise in the interpretation or the existing tax regulations by the handling of tax granted to the operations, the eventual resulting liabilities in case of materialisation would not significantly affect the annual accounts.

12 FOREIGN CURRENCY.

The Exchange differences recognised for the financial periods 2021 and 2020 in the Profit and Loss Account, for debtor´s amounts of 71 Euros and 91 Euros respectively, belongs to transactions settled during the Financial Period.

13 INCOME AND EXPENSES

Breakdown of the following items in the Profit and Loss Account:

4.a) Consumption of goods: corresponding entirely to the purchases of merchandise for the amounts of 8,670 Euros and 27,176 Euros during the financial periods 2021 and 2020, respectively. All purchases have been made in Spanish territory.

6.b) Social security: corresponds entirely to the Business contribution to Social Security for a total amount of 433,301 Euros and 536,920 Euros for the financial periods 2021 and 2020, respectively.

During the period 2021 have been accounted Social Security grants related to the employees affected by the ERTE for the amount of 234,394 Euros.

7.a) External Services:

Euros	2021	2020
Repair and Maintenance	**292,069**	513,612
Independent Professional Services	**205,688**	305,335
Transport	**–**	26,900
Insurance	**29,798**	26,658
Bank Services and Similar	**13,952**	11,305
Publicity, Advertising and Public Relations	**177**	74
Supplies	**359,653**	555,979
Other Services	**61,550**	87,032
Totals	**962,888**	1,526,895

7.c) Losses on impairment of and change in trade transactions:

Euros	2021	2020
Provisions Other Trade Transactions (Note 14).	**334,180**	308,004
Totals	**334,180**	308,004

13. Other results: these correspond to the Profits & Losses that stem from events that are not a part of the Company's typical activities and which are not expected to occur frequently. The negative result in 2021 and 2019/20 for the amount of 6,787 Euros and 11,065 Euros respectively correspond mainly penalties.

14 PROVISIONS AND CONTINGENCIES.

Provisions

14.1 Transactions during the financial periods 2020 and 2021 found in this heading have been the following:

Euros	Balance at 2019	Acquisitions	Disposals	Balance at 2020	**Acquisitions**	**Disposals**	**Balance at 2021**
Sinking Fund	177,090	302,604	(264,691)	215,004	**334,180**	**(131,088)**	**418,096**
Collective labour agreement	–	5,400	–	5,400	**–**	**–**	**5,400**
	177,090	308,004	(264,691)	220,404	**334,180**	**(131,088)**	**423,496**

The sinking fund provision is a monthly provision to cover general expenses approved in the owners' meeting. The company uses this provision when it is necessary. The provision Collective labour agreement corresponds to the salaries increase.

Contingencies

14.2 A guarantee has been provided by one of the Group companies, to respond for a loan granted by a Finance Company, which balance at the end of the period is 590,926 Euros (See Notes 9.6b and 17.3).

14.3 The company provided a guarantee to a Finance company for the amount of 204,450 Euros to respond to all the trials of the related company Holiday Club Canarias Sales & Marketing (See Note 17.3)

14.4 All the contingencies due to the health crisis because of the COVID-19 have been taken into account and have been detailed in the Note 1.7.

15 ENVIRONMENTAL INFORMATION.

Given the activity that the Company carries out, there are no responsibilities, expenses, assets or deadlines of any environmental nature that could be of any significance with regard to equity, the financial position and its results. Therefore, no specific breakdowns are included in this report.

16 EVENTS AFTER THE CLOSING OF THE FINANCIAL YEAR.

No events have occurred after closing that could be considered significant and affect the financial period's accounts.

17 TRANSACTIONS BETWEEN RELATED PARTIES.

17.1. Regarding the Managing Board and Key Company Staff.

Managers and the key personnel of the company with whom related-party transactions have been carried out are the following:

- Mr. Calvin Stuart Lucock, Administrator and Managing Director.
- Mrs. Claudia Esplá Marín, Finance Manager
- Mr. Roberto Picón Pampin, Operations Manager

Remuneration paid to managers and key personnel of the company, during the financial periods 2021, in their status as employees of the company, amounts to 216,610 Euros and 198,800 Euros in the financial period 2020.

17.2. Information required by Article 229 Of the Corporate Enterprises Act.

According to the Article 229 of the Corporate Enterprises Act, we hereby inform that the members of the Board of Directors do not have shares or hold positions or perform functions in companies whose corporate purpose is the same, similar or complementary to the Company's.

However, the members of the Board of Directors hold various shares in companies related to the Company and hold management positions and carry out functions related to the management, which have not been subject to inclusion in this Note of the Report, as this does not pose any conflict with regard to their duties of diligence and loyalty or the existence of potential conflicts of interest in the context of Law 26/2004 of July 17, which amended Law 24/1988, of July 28, in which the Market Values and the revised text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July.

Also, during the Financial Period, the members of the Board of Directors have not carried out transactions outside the normal course of business beyond the ordinary traffic or in conditions other than those of the market with the company or group companies. The only transactions with administrators are those outlined in Note 17.1.

17.3. Transactions and Balances with Group companies:

Transactions between related companies during the period 2021 and 2020 are as follows:

Euros	**2021**		2020	
Company	**Services received**	**Services rendered**	Services received	Services rendered
Holiday Club Canarias Sales & Marketing, SLU	**130,007**	**1,872,163**	180,143	2,048,272
Holiday Club Resort OY	**1,392**	**2,173**	823	321
Holiday Club Canarias Vacation Club, SL	**–**	**414,747**	–	224,212
Totals	**131,399**	**2,289,082**	180,967	2,272,804

Balances from clients have been transferred to the related company Holiday Club Canarias Vacation Club S.L. to be incorporated as intangible asset related to the rights of use of the repossessed weeks. The transfer amounts for the periods 2021 and 2019 respectively are 93,711 Euros and 275,584 Euros.

All the transactions between related companies have been made under normal market conditions.

Pending amount with related companies for the financial year 2021 and 2020, both long a short term is at the end of periods, are as follows:

Euros	**2021**		2020	
Company	**Debit Balances**	**Credit Balances**	Debit Balances	Credit Balances
Holiday Club Canarias Sales & Marketing, SLU	**6,399,227**	**–**	3,648,354	–
Holiday Club Canarias Investment, SL	**–**	**1,551,580**	–	1,045,405
Holiday Club Resorts OY	**2,325**	**560**	–	201
Holiday Club Canarias Vacation Club, SL	**–**	**1,210,110**	–	626,014
Totals.	**6,401,552**	**2,762,250**	3,648,354	1,671,620

The company provided a guarantee to a Finance company to respond to all the trials of the related company Holiday Club Canarias Sales & Marketing for the amount of 204,450 Euros (See Note 14.3).

The company is also backed by group companies in front of financial entities for a received loan. The breakdown and balance on March 31, 2021 is as follows (See Notes 9.6.b and 14.2):

Euros

Company	Balance at 2021
Holiday Club Canarias Sales & Marketing, SLU	**500,000**
Holiday Club Canarias Vacation Club, SL	**90,926**
Totals	**590,926**

18. OTHER INFORMATION.

18.1. Number of Employees.

The average number of persons employed by the Company during the 20211 and 2020 Financial Periods, distributed by professional categories, has been the following:

	Persons	
	2021(*)	2020
Senior Managers	**3**	3
Administration and Middle Managers	**9**	6
Receptionists and Technical Staff	**9**	33
Housekeeping and others	**10**	42
Totals	**31**	84

Distribution by gender at the end of the financial periods 2021 and 2020 is the following:

	2021(*)		2020	
	Men	**Women**	Men	Women
Senior Managers	**2**	**1**	2	1
Administration and Middle Managers	**4**	**8**	1	4
Receptionists and Technical Staff	**20**	**4**	26	6
Housekeeping and others	**6**	**28**	10	35
Totals	**32**	**41**	42	48

Distribution by disabled employees at the end of the financial periods 2021 and 2020 is one person for both periods in the category of housekeeping and other. This person was affected by the ERTE more than half of the period 2021.

(*) Employees affected by the ERTE haven't been taken into account

18.2 Auditor's Fees.

The fees for the audit of Annual Accounts for the Financial Periods 2021 and 2020 are as follows:

Euros	**2021**	2020
Fees charged for Account Auditing	**9,800**	9,800
Fees for other Services performed	**3,800**	4,670
Totals	**13,600**	14,470

19. SEGMENT INFORMATION.

The distribution of the net amount of turnover corresponding to ordinary activity, by categories, is as follows:

Euros	**2021**	2020
Maintenance Fee	**4,782,613**	4,907,579
Other incomes	**307,019**	253,514
Totals	**5,089,631**	5,161,092

20. INFORMATION ABOUT PAYMENT DEFERRALS MADE TO SUPPLIERS. THIRD ADDITIONAL PROVISION TO THE "DUTY OF INFORMATION" OF LAW 15/2010 OF 5 JULY

According to the Third Additional Regulation of Law 15/2010 of 5 July, the Company informs the following information:

Euros	**2021**	2020
	Days	**Days**
Payment Ratio	58	57
Outstanding payment Ratio	30	30
Average period for payment to suppliers	54	54
	Euros	**Euros**
Total payments in the period	1,169,063	1,646,425
Total outstanding payments	177,155	242,238

In Mogán, on April 14, 2021

Calvin Stuart Lucock
Joint and Several Administrator and
Holiday Club Resorts OY Representative

REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS

To the Sole Shareholder of HOLIDAY CLUB CANARIAS VACATION CLUB, SLU:

Report on the Financial Statements

We have audited the financial statements of HOLIDAY CLUB CANARIAS VACATION CLUB, SLU, (the Company) which comprise the balance sheet as at March 31, 2021, the income statement, and the related explanatory notes thereto for the year then ended.

In our opinion, the accompanying financial statements present, in all material aspects, a true and fair view of the net equity and financial situation of the Company as at March 31, 2021 and of its results and cash flows for the year then ended, in accordance with the regulatory financial reporting framework that is applicable (identified in note 2 to the financial statements) and, in particular, with the accounting principles and criteria contained therein.

Basis for the opinion

We have carried out our audit in accordance with the prevailing standards governing the activity of auditing accounts in Spain. Our responsibilities in accordance with these standards are described later in the section of our report on *"Responsibilities of the auditor in connection with the audit of the financial statements"*.

We are independent from the Company in accordance with the requirements on ethics, including those of independence, which are applicable to our audit of financial statements in Spain, as required by the regulations governing the activity of auditing accounts. In this regard, we have not provided services other than the audit of the financial statements, nor have situations or circumstances arisen that, in accordance with the aforementioned regulations, may have compromised our necessary independence.

We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgment, have been considered to give rise to the most significant risks of material misstatement in our audit of the financial statements of the current period. These risks have been addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon we do not express a separate opinion on said risks.

Sales

As shown in the profit and loss account, the turnover amounts to 3,616,321 euros. The totality of sales comes from the operation of five hotels owned by the related company HOLIDAY CLUB SALES & MARKETING, SLU. A part of the clients are mainly attracted from web pages and travel agencies, while the rest has been invoiced to the Red Cross of Spain. For the control of the first kind of services (web sides and travel agencies), the Company uses the web support of the intermediaries where the date of arrival, departure, clients, apartment complex, etc. is detailed. During the year there are numerous transactions that could affect the integrity and valuation of sales and, periodically, the information is transferred to the accounting program and reviewed by different people responsible for both administration and the Marketing department. Due to the monetary relevance of this item, the high number of transactions and the different complexes operated by the Entity, the analysis of the integrity and accuracy of the turnover has considered a relevant aspect for our audit work.

Our audit work has been focused on checking the effectiveness of the key controls detected in the sales procedure. Likewise, analytically, the development, both individually and comparatively, of the sales volumes, as well as margins obtained, has been analysed, giving reasonableness to those anomalous or specific behaviours. In addition, tests have been carried out in detail on a sample of services provided by the Company to verify the accounting and valuation.

Right of use over weeks

The Company has registered intangible assets amounting to 1,097,735 euros, which corresponds to the right to use the weeks of the hotels owned by the related company HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU. When the Group repossesses a week, the aforementioned related party resigns its right of repossession in favour of HOLIDAY CLUB CANARIAS VACATION CLUB, SL, who makes a financial compensation (see note 4.1). The valuation of each week and the aforementioned resignation, implies a related transaction that requires both fair value analysis. Due to the importance of this item in the assets of the balance sheet, as well as the complexity of the calculations and the increasing number of weeks repossessed, it has been considered a relevant aspect in our audit.

Our work has been focused on verifying the reconciliation of the auxiliary of intangible assets with the accounting, and on the analysis of the calculations made by the Company reflecting the auxiliary mentioned. The adequacy of the fair value of related-party transactions has also been analysed.

Directors' responsibilities

The Directors are responsible for the preparation of the accompanying financial statements in order to present a true and fair view of the net equity, the financial position and the results of the Company in accordance with the Financial Reporting Standards applicable in Spain, and for such internal control as they consider necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, the issues related to going concern and using the accounting principle of going concern, except if the Directors intend to liquidate the Company or cease operations, or if there is no other realistic alternative.

Responsibilities of the auditor in connection with the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance but it does not guarantee that an audit conducted in accordance with the prevailing regulations governing the activity of auditing in Spain will always detect material misstatement when it exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with the regulations governing the activity of auditing accounts in Spain, we apply our professional judgment and maintain an attitude of professional skepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate whether the accounting policies applied are adequate as well as the reasonableness of the accounting estimates and the corresponding information disclosed by the Directors.
- We conclude on whether the use, by the Directors, of the accounting principle of going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to facts or conditions that could generate significant doubt as to the ability of the company to continue as a going concern. If we conclude that there is material uncertainty, in our audit report we are required to draw attention to the corresponding information disclosed in the financial statements or, if such disclosures are not adequate, we are required to express an amended opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to be a going concern.
- We evaluate the overall presentation, the structure and content of the financial statements, including the disclosed information, and whether the financial statements represent the underlying transactions and events in a way that expresses a true and fair view.

We communicate with the entity's Directors regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the issues that have been communicated to the entity's Directors, we determine those that have been most significant to the audit of the financial statements of the current period and that are, consequently, the risks considered most significant.

We describe those issues in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

RSM SPAIN AUDITORES, SLP
(nº ROAC S2158)

Javier ALVAREZ CABRERA
(nº ROAC 16092)

Las Palmas de Gran Canaria,
on April 15, 2021

BALANCE SHEET AS AT MARCH 31, 2021

	ASSET	Notes	(Euros) 2021	(Euros) 2020
A)	**NON-CURRENT ASSET**			
II.	**Intangible Assets**	**5**	**1,097,735**	643,425
	TOTAL A		**1,097,735**	643,425
B)	**CURRENT ASSETS**			
III.	**Commercial debtors and other accounts receivables.**	**6**	**101,124**	122,088
	1. Trade receivables		**76,906**	112,088
	3. Other debtors		**24,218**	10,000
IV.	**Short-term Investments in affiliated group and associated companies**	**6-12**	**1,210,110**	626,014
VI.	**Prepayments for currents assets**	**6**	**146,075**	82,608
VII.	**Cash and equivalent liquid assets**	**6**	**459,389**	219,909
	TOTAL B		**1,916,698**	1,050,619
	TOTAL ASSET (A + B)		**3,014,433**	1,694,043

	TOTAL EQUITY AND LIABILITIES	Notes	(Euros) 2021	(Euros) 2020
A)	**TOTAL EQUITY**			
	A-1) EQUITY		**911,416**	3,000
I.	**Capital**	**8**	**3,000**	3,000
	1. Share Capital		**3,000**	3,000
III.	**Reserves**		**514,560**	600
V.	**Profit & (Loss) from previous periods**		**(0)**	(2,512)
VII.	**Result for the period (benefit)**	**3**	**393,856**	516,472
	TOTAL A		**911,416**	517,560
B)	**NON-CURRIENT LIABILITIES**			
I.	**Non-current provisions**	**11**	**50,000**	0
	TOTAL A		**50,000**	0
C)	**CURRENT LIABILITIES**			
II.	**Non-current payables**	**7**	**1,437**	0
	5. Other financial liabilities		**1,437**	0
IV.	**Short term debts with Group and Associated Companies**	**7-12**	**1,868,353**	955,479
V.	**Trade Creditors and other Accounts payable**	**7**	**183,228**	221,005
	2. Sundry Creditors		**183,228**	221,005
	TOTAL C		**2,053,017**	1,176,483
	TOTAL EQUITY AND LIABILITIES (A + C)		**3,014,433**	1,694,043

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

CONCEPTOS	Notes	(Euros) 2021	(Euros) 2020
1. Turnover		**4,633,959**	3,616,321
5. Other operating income	10	**24,907**	0
6. Personnel expenses	10	**(255,477)**	(325,160)
7. Other operating expenses	10	**(3,787,507)**	(2,592,372)
8. Depreciation of fixed assets	5	**(24,163)**	(11,134)
11. Impairment and result from fixed assets	5	**17**	813
13. Other losses	11	**(49,985)**	0
A.1) OPERATING INCOME (BENEFIT)		**541,750**	688,467
14. Financial Incomes		**33**	162
17. Exchange losses		**25**	0
A.2) FINANCIAL PROFIT & LOSS (BENEFIT)		**58**	162
A.3) PROFIT BEFORE TAXES (BENEFIT)		**541,808**	688,629
19. Corporate income Tax	9	**(147,952)**	(172,157)
A.5) PROFIT & LOSS IN THE PERIOD (BENEFIT)		**393,856**	516,472

2021 NOTES TO THE ABRIDGED FINANCIAL STATEMENTS

1. THE COMPANY'S BUSINESS

1.1. The company of this financial report was set up as an owned limited liability partnership on March 21, 2017, before the Notary Public Enrique Rojas Martínez, Member of the Guild of Notaries of the Canary Islands, whose offices are located in Las Palmas de Gran Canaria, under its Protocol Number 447. In May the 9th 2019 the name of the company was changed to Holiday Club Canarias Vacation Club, S.L in a public deed.

1.2. On December 18, 2018, it was totally acquired for the company Holiday Club Canarias Investment, SLU. The same day the public deed makes public the adaptation of the corporate statutes being the more remarkable the following:

- it is agreed to transform the company from an owned limited liability partnership to a limited partnership.
- the main mission of the company is changed being now the touristic accommodations and other short-term accommodations.
- the financial period is changed, and it will finish the 31st of March every year. The financial period is from April the 1st till March the 31st.
- Corporate offices are located at Avenida Ministra Anna Lindh 1, Urb. Amadores, in the municipality of Mogán (Gran Canaria).

1.3. Its main corporate mission comprises the hotel business of own repossessed weeks (See Note 5) and weeks from the related parties Holiday Club Canarias Sales & Marketing SLU and Holiday Club Canarias Resort Management SLU.

1.4. The Company is a part of a Group whose parent Company is HOLIDAY CLUB CANARIAS INVESTMENT, S.L.U., headquartered in the same address. Said company does not present yearly consolidated accounts, because it is not mandatory due to its size. This Spanish Group is integrated in a higher one, which parent company is Holiday Club Resorts Oy, located in a European Union Member, Finland, which presents yearly consolidated accounts. In addition, Holiday Club Resort OY is a member of a group which parent company is Mahindra & Mahindra limited, located in India.

The spanish group is composed of the next companies:

-HOLIDAY CLUB CANARIAS INVESTMENT, SLU

-HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU

-HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU

-HOLIDAY CLUB CANARIAS VACATION CLUB, SL

1.5. At the date of formulation of these annual accounts, Royal Decree 926/2020 of October 25th is in force, extending the state of alarm for the management of the health crisis situation caused by COVID-19.

The Company has been opening and closing the five hotels since March 23rd, taking into account the market demand and the health situation at any time. This situation has affected the Group's three companies in the Canary Islands equally: HOLIDAY CLUB CANARIAS SALES & MARKETING, SLU (company that originally owns the weeks it sells under Time Sharing scheme) and the one that manages the Angry Birds activity park, HOLIDAY CLUB CANARIAS RESORT MANAGEMENT, SLU (company that manages the maintenance of the hotels) and HOLIDAY CLUB CANARIAS VACATION CLUB, SLU (company that buys weeks of accommodation and exploits the Group's available weeks in the Canary Islands).

The main consequences of the closure have been the following:

- Personnel: due to the closure of the hotels, the Group companies in the Canary Islands have carried out a temporary employment regulation file (ERTE) that has affected 116 people out of the total of 128 people who work in the Group. These employees have been affected and disaffected by the ERTE during different periods along the financial year.
- Tour Operators: The Group in the Canary Islands exploits unsold weeks as a hotel service through the entity VACATION CLUB. This hotel activity has been logically interrupted, so that agreements with tourism providers have been temporarily suspended
- Owners: The Group in the Canary Islands invoices week's owners at the beginning of the calendar year for maintenance fees through the entity RESORT MANAGEMENT. Given that the activity has been abruptly interrupted before the end of the year, the company in the Canary Islands is offering owners the possibility of compensating the effect of not enjoying their week in exchange for being able to enjoy two weeks in the period 2021-2022. At the date of formulation of these annual accounts, the majority of the owners are welcoming this measure.
- Financial and non-financial assets: No possible deterioration has been identified at the date of formulation of these annual accounts. Logically, if the situation of inactivity lasts for longer, the circumstances would have to be analyzed again.
- Liquidity: The situation of the Group's treasury in the Canary Islands is not worrying in the short term. With the liquidity that was already available, we must add the provision of a new ICO line of credit loan for the amount of 500,000 euros signed on 23/03/2020 and another one for the same amount signed on 02/05/2020.

2. BASIS USED FOR THE PRESENTATION OF THE ANNUAL ACCOUNTS

The figures contained in the balance sheet, in the Profit & Loss Account, in the Statement of Changes to Equity, in the Cash-flow Statement and in this Report are expressed in Euros, which, upon being rounded out, cause small differences in their presentation.

In the presentation of the accompanying abridged annual accounts, expressed in euros, the current commercial guidelines have been followed, which are:

2.1. True and Fair View

The annual accounts are obtained from the Company's accounting records and have been presented according to the regulations set out in Law 16/2007 of July 4th, on the revised and adapted mercantile accounting legislation to harmonise it internationally on the basis of the European Union and by Royal Decree 1515/2007 of November 16th, in which the General Accounting Plan was approved and the added modifications by Royal Decree 1159/2010 of September 17th and Royal Decree 602/2016 of September 2nd, in order to reflect a true and fair view of the Equity, the financial situation and the Company's Profit & Loss as well as the veracity of the streams incorporated into the Cash-flow, according to generally accepted accounting practices and regulations.

2.2. Non-Mandatory Accounting Principles Applied

During this Financial Year, only those Accounting Principles mandatory according to the Spanish Business Code and the Small & Medium Companies General Accounting Plan have been applied.

The Administrative Body has formulated these Annual Accounts, taking into account all mandatory accounting regulations and principals which carry a significant effect.

There is no principle which, if mandatory, has not been applied.

2.3. Critical Aspects in the Valuation and Judgement of Uncertainty

At the end of the financial year some estimations are used to formulate these annual accounts: calculation of the assets impairment, estimation of the assets useful life, and more. Due to future development, it is possible that additional information to the existing at the date of formulation of these annual accounts make that some estimates have to be changed in future periods.

2.4. Comparison of the Information

The figures corresponding to the Financial Year ending on March 31, 2021 according to the current law, show comparatively the balances of the previous financial period, which match with the information of the annual account for the financial period 2020.

3. APPLICATION OF RESULTS

The proposal for the application of the results of the financial period ending March 31, 2021, which the Administrators shall draw up for approval by the Members, together with the distribution approved for the period ending on March 31, 2020, is as follows:

Euros	2021	2020
Distribution Balance		
Financial Period Benefit/Losses	**393,856**	516,472
Distribution		
Voluntary reserve	**393,856**	513,960
Losses accumulated from previous Financial Periods	**–**	2,512
Total	**393,856**	516,472

4. RECOGNITION AND MEASUREMENT

The main accounting principles and practices applied in the preparation of the annual accounts are adapted to the current legal requirements, highlighting as most important the principles of going concern, accrual, uniformity, prudence, not compensation and relative importance.

The main rules used by the company for the drafting of their financial period Annual Accounts, according to those established in the Spanish General Accounting Plan were the following:

4.1. Intangible assets

The intangible assets consist of rights of use of weeks owned by Holiday Club Canarias Sales & Marketing SLU. The value is based on the reposition cost of the weeks plus 50-60% depending on the type of reposition and the difference between updated cadastral value of the week. The right of use of these weeks are depreciated at 3%.

4.2. Financial Instruments

The breakdown of the financial assets is as follows:

Loans and accounts receivable, including those loans for commercial or non-commercial operations. Those whose maturity is no longer than one year are valued at their face-value, because they do not have any contractual interest rate and the effect of not up-dating cash-flow is not significant. Those whose maturity is over one year are measured at their reasonable value, which is equal to the value of the compensation delivered plus directly attributable transaction costs. Interest accrued is accounted for in the Profit & Loss Account, applying the Effective Interest Rate method. Corrections of the values haven´t been made.

Impairment occurs when the recoverable value is lower than the carrying amount, the recoverable value being understood as the greater of its fair value less sales costs and the present value of the future cash flows from the investment, which due to the Circumstances of the investee is considered recoverable value as the net asset value that is shown in the balance sheet of the group or associated company, corrected for the tacit capital gains that exist at the closing date.

The Company's financial liabilities are all debits and payable items, including debits for commercial operations and debits for non-commercial operations. They are initially valued at their fair value, except the debts for commercial transactions with a maturity not exceeding one year and without a contractual interest, the amount of which is expected to be paid in the short term, which are valued at their nominal value. Financial liabilities are subsequently measured at amortized cost. Accrued interests are recorded in the income statement using the effective interest rate method.

The financial instruments are classified in short and long term, if their maturity is less than or greater than twelve months, respectively.

The Company has complied with the requirements set forth in the registration and valuation standard for financial instruments.

4.3. Tax on Profits

The Company pays tax under the Tax Consolidation System, according to what is set out in Chapter 7 of title 7 of the Law 274/2014 of November 27th of Corporate Tax. Holiday Club Canarias Investment is the parent Company, which presents the correspondent settlement

Following the accrual principle, the current tax has been accounted as a expense of the period and it has been calculated according to the profit and loss before taxes following the current tax laws.

4.4. Provisions and contingencies

Provisions are present obligations on the date of the balance sheet that have arisen as a result of past events; the amount and timing of cancellation are undetermined. Provisions are recorded at the current value of the estimated amount that the company will have to pay to settle the obligation in the future.

Contingent liabilities are potential liabilities arising as a result of past events, whose realization is contingent upon that happening or not, one or more future events independent of the will of the Company. Contingent liabilities, as well as the Provisions whose amount cannot be estimated reliably or it is not very likely that the Company must dispose of resources embodying profits, for their cancellation are not recognized for accounting purposes but are broken down in the Report.

All the possible contingencies due to the health crisis of the COVID-19 have been taken into account.

4.5. Income and Expenses

Income has been recognised as a consequence of an increase in the Company's resources, as long as its amount has been determined reliably. Expenses have been recognized as a consequence of a decrease in the Company's resources, as long as their amount has also been reliably estimated.

4.6. Personnel Expenses

Personnel expenses are recognised on the basis of their accrual, considering that bonus payments are accrued on a yearly basis. There are no commitments for pensions nor retirement bonuses in the Company.

4.7. Grant, donation and legacies

The operating grants are attributed to the financial period for the granted amount.

4.8. Transactions between related parties

Transactions between related parties are accounted by their reasonable value which is the same value for transactions with not related third parties.

5. INTANGIBLE ASSETS.

5.1. The transactions occurring during the periods 2021 and 2020 were the following:

Euros	Balance 2019	Acquisitions	Disposals	Balance 2020
Rights Of Use	–	734,103	(80,357)	653,746
Accumulated amortization	–	(11,134)	813	(10,321)
Net Totals	–			643,425

Euros	**Balance 2020**	**Acquisitions**	**Disposals**	**Balance 2021**
Rights Of Use	**653,746**	**480,099**	**(1,642)**	**1,132,203**
Accumulated amortization	**(10,321)**	**(24,163)**	**17**	**(34,468)**
Net Totals	**643,425**			**1,097,735**

5.2. Right of use correspond to Time Share weeks owned by a company of the Group which runs the Company as touristic accommodation.

5.3. Disposals in the financial years 2021 and 2020 correspond to repurchase of the rights of use by the related company, which has generated a profit for the amount of 17 Euros and 813 Euros respectively, corresponding to the accumulated amortization of the sold weeks.

5.4. There is no evidence of impairment through March 31.

6. FINANCIAL ASSETS

6.1. Categories of financial assets (except investments in equity of group companies, multigroup and associates)

The breakdown of financial assets (excluding investments in group, multi-group and associated companies) by categories and classes is as follows:

	Equity Instruments		Debt Securities		Credits/Derivatives/Others	
Euros	**2021**	2020	**2021**	2020	**2021**	2020
Short-term Financial Assets						
Loans and Receivables	**–**	–	**–**	–	**1,289,516**	748,102
Liquid Assets	**–**	–	**–**	–	**459,389**	219,909
Totals	**–**	–	**–**	–	**1,748,905**	968,011

6.2. Breakdown by maturity:

The classification by maturity of the different financial assets is all related to the short term, being all clients´ loans and receivables related to sales and services, loans to the personnel and current account with companies of the group and associated for the amount of 76,906 Euros, 2,500 Euros and 1,210,110 Euros respectively.

6.3. Debt related to clients

There are customer advances for the amount of 58,003 Euros that correspond to accommodation services charges not accrued at the end of the financial year.

6.4 Accrual adjustments

In January, the company assume the debt with the related HOLIDAY CLUB CANARIAS RESORT MANAGEMENT corresponding to the yearly maintenance fees of the weeks in its intangible assets as rights of use (See note 5). At the end of the financial year there are accrual adjustments related to the not accrued months at March 31, 2021 for the amount of 146,075 Euros. (2020: 82,608 Euros).

7. FINANCIAL LIABILITIES

7.1. Types of liabilities

The breakdown of financial liabilities by category is as follows:

	Debits with Credit Institutions		Bonds and Other Market Securities		Derivatives/Others	
Euros	**2021**	2020	**2021**	2020	**2021**	2020
Short-term Financial Liabilities						
Debits and Payables	**–**	–	**–**	–	**1,977,093**	993,858
Totals	**–**	–	**–**	–	**1,977,093**	993,858

7.2. Classification by maturity

The short-term financial liabilities indicated in the previous section correspond to “Short Term Debts with companies of the Group” for the amount of 1,868,353 Euros, “Creditors for services rendered” for the amount of 107,303 Euros and “Other short term debts” for the amount of 1,437 Euros.

8. EQUITY

8.1. The Share Capital comes to 3,000 Euros, divided into 3000 shares at face value of 1 Euros each.

8.2. The unique partner of the company is the entity Holiday Club Canarias Investment SLU.

9. FISCAL POSITION

9.1. Tax consolidation regime

The Company is taxed in the consolidated tax system in accordance with Chapter VI, title VII of the 27/2017 law, of 27th November of the profit tax, which approved the revised text from the Law of Corporate Tax.

The Tax Group comprises the following corporations:

Parent: Holiday Club Canarias Investment, SL.U.

Subsidiaries: Holiday Club Canarias Sales & Marketing, S.L.U., Holiday Club Canarias Resort Management, S.L.U. and Holiday Club Canarias Vacation Club, S.L.

9.2 Individual tax base

The reconciliation of the net amounts of incomes and expenses for the financial period against the tax base of Corporate Tax, is the following:

Euros	**Profit & Loss Account**	**Inc. & expend. directly attributable to Equity**
Balance of income and expenditure for the financial year	**393,856**	**–**
Profit Tax	**147,952**	**–**
Permanent differences		
Fines and penalties	**50,000**	**–**
Tax Base (Tax Profit & Loss)	**591,808**	**–**
Full fee (25% of tax result)	**147,952**	

9.3 Corporate tax assessment:

Under the rules applicable to the Tax Consolidation Regime, the taxable income of the tax group is determined by adding individual taxable bases corresponding to the companies comprising the Fiscal group, deletions, additions of deletions carried out in previous years and, in the event that the above sum proves to be positive, compensating the carry-forwards of the Fiscal group, as well as the outstanding tax bases to be applied by the companies taxable at the time of joining the Tax Group.

In consequence, the Individual Tax Base of Holiday Club Canarias Vacation Club, S.L., for the amount of 591,808 Euros, are subject to addition together with the rest of the tax bases of the remaining companies comprising the Tax Group.

The tax base of the group, before the compensation of the negative tax bases (BINs) amounts 1,220,195 Euros. This base is reduced by the application of the BINs, therefore the final tax base of the group amounts 220,195 Euros. By applying the tax rate (25%) over the tax base is obtained the gross tax payable which is totally reduced by the application of the tax deductions for the amount of 55,049 Euros.

The BINs pending to apply the next years amount 433,984 Euros.

9.4 Breakdown of the corporate tax expense

Due to the fact that there are not temporary differences when calculating the tax base, the current tax for the period 2021 is the same as the expense for the corporate tax for the amount of 147,952 Euros.

9.5 Financial Periods Open to the Possibility of a Tax Inspection.

The corporate tax is open to be inspected for the following periods: 2017, 2018, 2019, 2020 and 2021.

9.6 Other taxes

At the closing date, the company is also open to inspection of all the taxes that are applicable to it:

- Withholdings related to paid incomes
- IGIC (General Indirect Canarian Tax)
- Property Transfer and Certified Legal Documents Tax
- Local taxes

It is not expected that contingent liabilities appear due to possible differences when the taxes are Implemented.

10. INCOME AND EXPENSES

Breakdown of the next items the Profit and Loss Account:

a) Social expenses: the amount of 54,275 Euros is all related to the social security payable by the company for the period 2021, being 61,549 Euros for the period 2020. During the period 2021 have been accounted Social Security grants related to the employees affected by the ERTE for the amount of 24,907 Euros.

b) External services:

Euros	**2021**	2020
Leases and royalties	**2,535,943**	2,003,099
Repairs and conservations	**116,754**	20,741
Professional services	**5,848**	10,710
Transport	**1,409**	94,190
Insurance premiums	**1,002**	1,033
Bank Services and Similar	**7,875**	41,471
Advertising	**1,705**	803
Other Services	**1,116,472**	420,325
Other losses in current management	**499**	–
Totals	**3,787,507**	2,592,372

c) Other outcomes: there is a provision for responsibilities that amounts 50,000 Euros. (See Note 11.1)

11. PROVISIONS AND CONTINGENCIES

Provisions

11.1 The company has booked a provision in the financial year that amounts 50,000 Euros corresponding to possible sanctions from the Mogán Town Hall against two of the hotels (See Note 10.c)

Contingencies

11.2 There are guarantees provided to one of the group companies, Holiday Club Canarias Resort Management, SLU, to respond to a loan granted, amounting 90,926 Euros at the end of the financial year.

12. TRANSACTIONS WITH RELATED PARTIES

The balances at March 31, 2021 and 2020 with related companies are as follows:

	2021		2020	
Euros	**Debit Balances**	**Credit Balances**	Debit Balances	Credit Balances
Company:				
Holiday Club Canarias Sales & Marketing, SLU	**–**	**1,548,243**	–	782,726
Holiday Club Canarias Resort Management, SLU	**1,210,110**	**–**	626,014	–
Holiday Club Canarias Investment, SLU	**–**	**320,109**	–	172,157
Holiday Club Resort OY	**–**	**–**	–	595
Totals	**1,210,110**	**1,868,353**	626,014	955,479

The Company backs the Group Company Holliday Club Canarias Resort Management, SLU in front of a financial institution, related to a loan obtained for that company being the balance at March 31, 2021 90,926 Euros.

All the transactions between related companies were made under normal market conditions.

Transactions during period 2021 and 2020 between related companies are as follows:

	2021			
Euros	**Services received**	**Services provided**	**Purchase intangible fixed assets**	**Sale of intangible assets**
Company:				
Holiday Club Canarias Sales & Marketing, SLU	**2,237,677**	**–**	**328,267**	**1,642**
Holiday Club Canarias Resort Managemet, SLU	**414,747**	**–**	**93,711**	**–**
Holiday Club Resort OY	**115**	**18,318**	**–**	**–**
Totals	**2,652,539**	**18,318**	**421,978**	**1,642**

2020

Euros	Services received	Services provided	Purchase intangible fixed assets	Sale of intangible assets
Company:				
Holiday Club Canarias Sales & Marketing, SLU	1,805,560	78,345	388,261	80,357
Holiday Club Canarias Resort Managemet, SLU	224,212	–	275,584	–
Holiday Club Resort OY	595	128,010	–	–
Totals	2,030,367	206,356	663,845	80,357

13. OTHER INFORMATION

13.1. Average number of Employees

The average number of persons employed by the Company during the financial periods 2021 and 2020, distributed by their professional categories, has been as follows:

	Persons	
	2021	2020
Senior Managers	**1.00**	0.35
Administration	**3.85**	7.25
Totals	**4.85**	7.60

The distribution by gender at the end of the financial periods 2021 and 2020 is the following:

	2021		**2020**	
	Men	**Women**	Men	Women
Senior Managers	**1**	**0**	1	–
Administration	**1**	**6**	2	5
Totals	**2**	**6**	3	5

The company has not employed disabled people (more than 33% of disability) for the periods 2021 and 2020.

13.2. Information about the Environment and Greenhouse Gas Emission Rights.

Given the activity that the Company carries out, there are no responsibilities, expenses, assets or contingencies of any environmental nature that could be of any significance with regard to equity, the financial position and its results. Therefore, no specific breakdowns are included in this report.

14. INFORMATION ABOUT DEFERRAL PAYMENTS MADE TO SUPPLIERS. THIRD ADDITIONAL REGULATION TO THE “DUTY OF INFORMATION” OF LAW 15/2010 OF 5 JULY.

The average period for payment to suppliers and creditors is 35 days (24 days for the financial year 2020).

Mogán, April 15, 2021

Calvin Stuart Lucock

Joint and Several Administrator and

Holiday Club Resorts Oy Representative

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA TWO WHEELERS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Mahindra Two Wheelers Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss, (statement of changes in equity) and Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (the "ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Information other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report and the related annexures, but does not include the Financial Statements and our Auditors' Report thereon.

Our opinion on Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial Statements, including the disclosures, and whether the financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

As required by Ind AS 103 Business combinations under Appendix C- business combination of entities under common control, the financial information for the year ended 31March 20 are restated for giving effect of merger (Refer Note 44 of financial statement)

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls with reference to financial Statements.

(g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid/provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act. Also refer paragraph (xi) of Annexure B to the Independent Auditors’ Report.

(h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 29 to the Financial Statements;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN: 21111212AAAAPN1336

Mumbai, April 23, 2021

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **Mahindra Two Wheelers Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN: 21111212AAAAPN1336

Mumbai, April 23, 2021

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1) i) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and investment properties.

ii) The Company has a regular programme for physical verification of its property, plant and equipment and investment properties by which the property, plant and equipment and investment properties are verified by the management according to a phased programme designed to cover all the items over a period of 3 years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment and investment properties. In accordance with the programme, the Company has physically verified certain property, plant and equipment and investment properties during the year and no material discrepancies were noticed on such verification.

iii) According to the information and explanations given to us, the Company has no immoveable properties registered in its name. Accordingly, the reporting under Clause 3(i)(c) of the Order is not applicable to the Company.

2) According to the information and explanations given to us, the inventory comprising of traded goods, packing materials and stores and spare parts has been physically verified at reasonable intervals by the management during the year. In our opinion, coverage and procedure of such verification is appropriate and no material discrepancies for each class of inventory were noticed on such verification between the physical inventory and the book records. We have relied on confirmations and representations from third parties in case of inventory lying in their locations, wherever applicable.

3) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting under Clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.

4) According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

5) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

6) The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the Company.

7) i) According to the information and explanations given to us and on the basis of our examination of records of the Company, the amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and Services tax, Provident Fund, Employees' State Insurance, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. The amounts deducted/accrued in the books of account in respect of undisputed statutory dues of Income-tax have generally been regularly deposited during the year by the Company with the appropriate authorities, though there have been slight delays in a few cases. According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed statutory dues payable in respect of Sales tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax.

ii) According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no arrears of undisputed statutory dues in respect of Goods and Services tax, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues as on the last day of the year for a period of more than six months from the date they became payable.

iii) According to the information and explanation given to us and on the basis of our examination of records of the Company, the arrears of undisputed statutory dues in respect of income tax

Name of the statute	Nature of dues	Amount (Rs in lakhs)	Financial year to which is it pertains	Forum where the disputes is pending
Income Tax Act, 1961	Income tax including interest	146	2014-15	DCIT

Name of the statute	Nature of dues	Amount (Rs in lakhs)	Financial year to which is it pertains	Forum where the disputes is pending
Income Tax Act 1961	Income tax including interest	441	2018-19	DCIT
Central sales tax act	C form and F form liability	778	2016-17	DC of state tax

8) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not taken any loans or borrowings from financial institutions and Government.

9) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the reporting under Clause 3(ix) of the Order is not applicable to the Company.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

11) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid/provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act. Also refer paragraph 2(h) of Independent Auditors' Report.

12) According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

13) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures or Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act.

14) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting under Clause 3(xiv) of the Order is not applicable to the Company.

15) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them during the year and hence the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.

16) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi) of the Order is not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN: 21111212AAAAPN1336

Mumbai April 23, 2021

STANDALONE BALANCE SHEET AS ON MARCH 31, 2021

Particulars	Note No.	As at March 31, 2021	Rupees Lakhs As at March 31, 2020
A ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3	**622.64**	1,126.74
(b) Financial Assets			
(i) Investments	4(A)	**3,885.03**	3,885.03
(ii) Trade receivables	5(A)	**250.99**	831.64
(iii) Loans	6	**128.55**	124.94
(c) Deferred tax assets (net)	7	**–**	–
(d) Non-current Tax assets (net)	8	**270.88**	320.69
(e) Other non-current assets	9	**110.19**	282.11
Total Non - Current Assets		**5,268.28**	6,571.15
2 Current assets			
(a) Inventories	10	**5,700.20**	5,403.61
(b) Financial Assets			
(i) Investments	4(B)	**2,436.07**	3,826.74
(ii) Trade receivables	5(B)	**4,089.51**	3,162.73
(iii) Cash and cash equivalents	11	**145.90**	601.49
(iv) Bank balances other than (iii) above	11	**4,670.57**	2,134.89
(v) Other financial assets	12	**68.96**	52.81
(c) Other current assets	13	**371.00**	258.02
Total Current Assets		**17,482.21**	15,440.29
Total Assets (1+2)		**22,750.50**	22,011.44
B EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share capital	14	**8,282.38**	8,282.38
(b) Other Equity	15	**6,413.16**	6,323.87
Total equity (a+b)		**14,695.54**	14,606.25
LIABILITIES			
2 Non-current liabilities			
(a) Provisions	16(A)	**15.94**	26.43
(b) Deferred tax liabilities (Net)		**388.91**	330.86
(c) Other non-current liabilities	16	**125.09**	567.09
Total Non - Current Liabilities		**529.94**	924.38
3 Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	17	**5,971.23**	4,791.42
(ii) Other financial liabilities	18	**515.36**	745.57
(b) Provisions	16(B)	**23.43**	145.58
(c) Current tax liabilities (Net)	19	**–**	67.20
(d) Other current liabilities	20	**1,015.00**	731.03
Total Current Liabilities		**7,525.02**	6,480.80
Total Equity and Liabilities (1+2+3)		**22,750.50**	22,011.44

See accompanying notes to the standalone financial statements

In terms of our report attached
For **M/s B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
M. No. 111212

Date: Apr 23, 2021
Place: Mumbai

For and on behalf of the Board of Directors

Sandip Dhond
CEO & Wholetime Director
DIN 07811018

Vinod Sahay
Director
DIN-07884268

Niteen Karve
CFO

Poonam Vaze
Company Secretary

Date: Apr 23, 2021
Place: Mumbai

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Rupees Lakhs

	Particulars	Note No.	**For the year ended March 31, 2021**	For the year ended March 31, 2020
I	Revenue from operations	21	**22,772.92**	27,242.87
II	Other income	22	**406.64**	473.14
III	**Total Income (I + II)**		**23,179.56**	27,716.02
IV	**EXPENSES**			
	(a) Purchases of stock-in-trade	23(A)	**14,687.43**	16,839.37
	(b) Changes in inventories of stock-in-trade	23(B)	**(296.59)**	161.55
	(c) Excise Duty		**–**	–
	(d) Employee benefits expense	24	**466.57**	401.11
	(e) Finance costs	25	**78.36**	105.31
	(f) Depreciation expense (Note no 3)		**631.79**	623.37
	(g) Other expenses	26	**4,050.79**	4,376.08
	Total Expenses (IV)		**19,618.35**	22,506.79
V	**Profit before exceptional items and tax (III - IV)**		**3,561.21**	5,209.23
VI	**Exceptional Items**		**–**	–
VII	**Profit before tax (V - VI)**		**3,561.21**	5,209.23
VIII	**Tax Expense**			
	(a) Current tax	27	**1,030.14**	1,161.79
	(b) Deferred tax	27	**62.67**	395.56
	Total tax expense		**1,092.81**	1,557.35
IX	**Profit after tax from continuing operations (VII - VIII)**		**2,468.40**	3,651.87
X	**Profit for the period**		**2,468.40**	3,651.87
XI	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plans		**(4.64)**	(0.50)
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plans		**4.62**	(0.08)
	B (i) Items that may be reclassified to profit or loss			
	(d) Share of other comprehensive income of equity accounted investees		**–**	782.01
	(ii) Income tax on items that may be reclassified to profit or loss		**0.00**	(150.20)
	Total Other Comprehensive Income		**(0.02)**	631.23
XII	**Total comprehensive income for the period (X + XI)**		**2,468.38**	4,283.11
XIII	**Earnings per equity share (Nominal value per share Rs.0.20)** Basic and Diluted	28	**0.01**	0.01

See accompanying notes to the standalone financial statements

In terms of our report attached

For **M/s B. K. Khare & Co**

Chartered Accountants

Firm Registration No. 105102W

Shirish Rahalkar
Partner
M. No. 111212

Date: Apr 23, 2021
Place: Mumbai

For and on behalf of the Board of Directors

Sandip Dhond
CEO & Wholetime Director
DIN 07811018

Vinod Sahay
Director
DIN-07884268

Niteen Karve
CFO

Poonam Vaze
Company Secretary

Date: Apr 23, 2021
Place: Mumbai

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

Rupees Lakhs

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flows from operating activities			
Profit before tax for the year		**3,561.21**	5,209.23
Adjustments for:			
Interest on Fixed Deposit		**(122.31)**	(130.70)
Interest on Lease Liability		**75.73**	102.94
Dividend Income from current investments		**(66.00)**	(130.29)
Payment of Lease Liability		**(257.15)**	(574.32)
Depreciation expense		**13.12**	18.50
Amortisation of Lease		**–**	604.87
Interest income on unwinding of security deposit		**(4.06)**	(5.35)
Dividend from Long Term Investment		**–**	–
Provision for doubtful trade receivable		**178.05**	22.26
Impairment of Investment in MADPL		**–**	–
Interest on Income Tax Provision		**–**	–
Provision for material buy back		**29.75**	79.75
Asset write off		**0.18**	3.89
Provision for warranty		**(4.23)**	(20.65)
		3,404.29	5,180.13
Movements in working capital:			
(Increase)/decrease in trade receivables		**(524.17)**	535.62
(Increase)/decrease in inventories		**(296.59)**	111.55
(Increase)/decrease in other assets		**59.40**	(29.95)
Increase/(decrease) in trade payables		**1150.03**	(646.67)
Increase/(decrease) in provisions		**(128.41)**	0.99
Increase/(decrease) in other liabilities		**283.97**	(13.99)
Cash generated from operations		**3,948.52**	5,137.68
Income taxes paid		**(1,052.15)**	(1,544.83)
Net cash generated by operating activities	**A**	**2896.36**	3,592.85
Cash flows from investing activities			
Net cash outflow on acquisition of a subsidiary		**–**	–
Payments to acquire financial assets - Preference shares		**–**	–
Payments to acquire financial assets - Mutual Fund		**(3,816.51)**	(33,078.42)
Proceeds on sale of financial assets - Mutual Fund		**5,207.18**	32,034.11
Interest received		**106.16**	77.91
Other dividends received		**66.00**	117.62
Payments for property, plant and equipment		**–**	(13.94)
Inter corporate Deposits given		**(2,300.00)**	(2,600.00)
Inter corporate Deposits received		**2,300.00**	2,600.00
Payments to acquire financial assets - Fixed deposit		**(4,670.57)**	(2,134.89)
Proceeds on sale of financial assets - Fixed deposit		**2,134.89**	2.43
Net cash (used in)/generated by investing activities	**B**	**(972.85)**	(2,995.18)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021 (contd...)

Rupees Lakhs

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flows from financing activities			
Inter Corporate Deposit Received		–	–
Inter Corporate Deposit Repaid		–	–
Interest on Inter Corporate Deposit		–	–
Share Issue Expenses		–	(18.30)
Dividends paid on equity shares		(2,379.10)	(217.95)
Net cash generated by/(used in) financing activities	C	(2,379.10)	(236.25)
Net increase in cash and cash equivalents		455.59	361.41
Cash and cash equivalents at the beginning of the year		601.49	240.07
Cash and cash equivalents at the end of the year (Refer Note 11)	A+B+C	145.90	601.49

See accompanying notes to the standalone financial statements

In terms of our report attached
For **M/s B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
M. No. 111212

Date: Apr 23, 2021
Place: Mumbai

For and on behalf of the Board of Directors

Sandip Dhond
CEO & Wholetime Director
DIN 07811018

Vinod Sahay
Director
DIN-07884268

Niteen Karve
CFO

Poonam Vaze
Company Secretary

Date: Apr 23, 2021
Place: Mumbai

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

a) Equity share capital

Rupees Lakhs

Particulars	Number of Shares	Equity share capital (Amount)
Balance at April 1, 2019	41,41,18,90,946	8,282.38
Changes in equity share capital during the year		
Balance at March 31, 2020	41,41,18,90,946	8,282.38
Changes in equity share capital during the year		
Balance at March 31, 2021	**41,41,18,90,946**	**8,282.38**

b) Other Equity

Rupees Lakhs

Particulars	Retained earnings	Other comprehensive income (Remeasurements of the defined benefit Plans)	Securities premium reserve	Capital Reserve	Total
Balance as at April 1, 2019	**1,694.82**	**852.48**	**144.31**	**–**	**2,691.61**
Deferred tax assets on MADPL Investment	(983.81)	–	–	–	(983.81)
Profit for the year	3,651.88	–	–	–	3,651.88
Other reserves	–	–	–	550.91	550.91
Payment of dividend	(180.79)	–	–	–	(180.79)
Tax paid on dividend	(37.16)	–	–	–	(37.16)
Other comprehensive income for the year, net of Income Tax	–	631.23	–	–	631.23
Balance as at March 31, 2020	**4,144.94**	**1,483.71**	**144.31**	**550.91**	**6,323.87**
Profit for the year	2,468.40				2,468.40
Payment of Dividend	(2,379.10)				(2,379.10)
Other comprehensive income for the year, net of Income Tax	–	(0.02)	–	–	(0.02)
Balance as at March 31, 2021	**4,234.24**	**1,483.69**	**144.31**	**550.91**	**6,413.16**

In terms of our report attached.

In terms of our report attached
For **M/s B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
M. No. 111212

Date: Apr 23, 2021
Place: Mumbai

For and on behalf of the Board of Directors

Sandip Dhond
CEO & Wholetime Director
DIN 07811018

Vinod Sahay
Director
DIN-07884268

Niteen Karve
CFO

Poonam Vaze
Company Secretary

Date: Apr 23, 2021
Place: Mumbai

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note no. 1. GENERAL INFORMATION

Mahindra Two Wheelers Limited is in the business of trading in spare parts and accessories. It deals in parts required for the range of Two wheelers, passenger light motor vehicle and commercial vehicles manufactured and sold by its Holding Company, Mahindra & Mahindra Limited. The Company undertakes procurement, warehousing management, logistics and sale of spare parts and accessories. It has a network of dealers spread across India to ensure timely availability of spare parts to customers.

The Company has elected not to prepare consolidated financial statements, as Mahindra & Mahindra Limited being the Holding Company prepares consolidated financial statements at Group Level. Copies of the annual report of the Mahindra & Mahindra Limited can be obtained from the Company Secretary, Mahindra & Mahindra Limited, Mahindra Towers, Dr. G. M. Bhosale Marg, Worli, Mumbai, 400 018, India"

Note no. 2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance:

The standalone financial statements of the Company ('financial statements') have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act. The figures for the year ended 31 March 2020 included in these standalone financial statements for the year ended 31 March 2020, have been restated to give effects of the scheme of amalgamation of Mahindra Trucks and Buses Limited (Transferor) and Mahindra Automobile Distributor Private Limited (Transferor) in Mahindra Two Wheelers Limited (Transferee) the Company pursuant to an order of The National Company Law Tribunal Special Bench, Mumbai on 17 July 2020 from the appointed date i.e. 1 April 2019 and which is in line with Ind AS 103, Business combinations of entities under common control.

2.2 Basis of preparation and presentation:

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
2. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
3. Level 3 inputs are unobservable inputs for the asset or liability

2.3 Revenue Recognition:

Revenue is recognised at the fair value of the consideration received or receivable. Sale are recognised, net of returns, trade discounts, VAT/Sales Tax on the transfer of risk and rewards of ownership of the products to the customers, which is generally on dispatch of goods.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
c) The amount of revenue can be measured reliably;
d) It is probable that the economic benefits associated with the transaction will flow to the company; and
e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Leases:

The Company's significant leasing arrangements are in respect of operating lease for godowns. These leasing arrangements, which are non-cancellable, range between 2-3 years, and are usually renewable by mutual consent on agreed terms. The lease rentals payable are charged on a straight line basis over the lease term.

2.5 Foreign exchange transactions:

Transactions in foreign currencies (other than company's functional currency) are recorded at the exchange rates prevailing on the date of transaction. Monetary items are re-translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on re-translation of Monetary items at the end of the year, is recognised as income or expense, as the case may be.

2.6 Employee Benefits:

2.6.1 Defined contribution plan

The Company's contributions paid/payable during the year to Provident Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees.

2.6.2 Defined benefit plan/leave encashment

The Company's liability towards gratuity and leave encashment is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognised on straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the statement of other comprehensive income as income or expense. Obligation is measured at the present value of estimated future cash flow using discounted rate i.e. determined by reference to the market yield at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

2.6.3 Other benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

2.7 Taxes on Income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and applicable tax laws. Deferred tax is recognised on temporary differences between the carrying amounts assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.8 Property Plant & Equipment:

Property Plant & Equipments are carried at cost less depreciation. Cost comprises the purchase price and other attributable costs.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation on assets is calculated on Straight Line Method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013, except in respect of the following categories of assets, in whose case the useful life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. :

Vehicles	5 years
Plant & Machinery	7 years

2.9 Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

2.10 Inventories:

Inventories comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Stock-in-trade are valued at lower of cost or net realisable value after provision for obsolescence and other losses, where considered necessary. Cost is determined on the basis of weighted average method. Excise duty is included in the value of inventory.

2.11 Product Warranty:

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale on the basis of technical estimate. These estimates are established using historical information on the nature, frequency and average cost of warranty claims. The estimates for accounting of warranties are reviewed and revisions are made as required.

2.12 Financial Instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial liabilities and equity instruments: Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

<u>Investments in equity instruments at FVTOCI</u>

A financial asset is held for trading if:

1. It has been acquired principally for the purpose of selling it in the near term; or
2. on initial recognition it is part of a portfolio of identified financial instruments or a financial guarantee
3. it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

The Company has equity investments in one entity which are not held for trading. The company has elected the FVTOCI irrevocable option for this investment (see note no 4). Fair value is determined in the manner described in note no 30. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit and loss on disposal of the investment.

Dividends on this investment in equity instruments is recognised in profit or loss when the company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other Income' line item.

2.13 Critical accounting judgements and key sources of estimation uncertainty:

The preparation of standalone financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these standalone financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of useful lives of property, plant and equipment, obligations relating to employee defined benefits etc. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

2.14 Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.15 Investments:

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as non current investments.

2.16 Segment Reporting:

The Company has single reportable business segment namely Automotive vehicles-related spare parts. The Company has only one reportable geographical segment.

Note no. 3 - Property, plant and equipment

Rupees Lakhs

Description of Assets	Plant and Machinery	Computers	Furniture and Fixtures	Vehicles	Right to Use Building	Total
I. Gross carrying amount						
Balance as at April 1, 2018	**84.64**	**14.19**	**2.35**	**–**	**–**	**101.18**
Additions	–	–	–	–	–	–
Disposals	–	–	–	–	–	–
Balance as at March 31, 2019	**84.64**	**14.19**	**2.35**	**–**	**–**	**101.18**
Add: Transferred in accordance with scheme of merger arrangement	60.91	8.25	0.33	39.94	–	109.42
Balance as at April 1, 2019	**145.55**	**22.44**	**2.67**	**39.94**	**–**	**210.60**
Additions	–	–	–	14.48	1,665.57	1,680.05
Disposals	–	–	–	10.88	–	10.88
Balance as at March 31, 2020	**145.55**	**22.44**	**2.67**	**43.54**	**1,665.57**	**1,879.77**
Additions	–	0.95	–		126.48	127.43
Disposals	3.23	0.03	0.33		–	3.59
Balance as at March 31, 2021	**142.31**	**23.36**	**2.35**	**43.54**	**1,792.05**	**2,003.60**
II. Accumulated depreciation						
Balance as at April 1, 2018	57.50	12.44	1.77	–	–	71.71
Depreciation expense for the year	8.90	0.48	0.25	–	–	9.63
Balance as at March 31, 2019	**66.40**	**12.92**	**2.02**	**–**	**–**	**81.34**
Add: Transferred in accordance with scheme of merger arrangement	27.48	7.42	0.31	23.01	–	58.22
Balance as at April 1, 2019	**93.88**	**20.34**	**2.33**	**23.01**	**–**	**139.56**
Depreciation expense for the year	11.04	0.32	0.09	7.05	604.87	623.37
Eliminated on disposal of assets	–		–	10.34	–	10.34
Balance as at March 31, 2020	**104.92**	**20.66**	**2.42**	**19.72**	**604.87**	**752.59**
Depreciation expense for the year	4.68	0.08	0.09	8.27	618.66	631.78
Eliminated on disposal of assets	3.07	0.03	0.31			3.41
Balance as at March 31, 2021	**106.53**	**20.72**	**2.19**	**27.99**	**1,223.53**	**1,380.96**
III. Net carrying amount (I-II)						
Eliminated on disposal of assets	(3.07)	(0.03)	(0.31)	–	–	(3.41)
Balance as at March 31, 2021	**35.78**	**2.64**	**0.15**	**15.54**	**568.52**	**622.64**

Note no. 4(A) - Investments

Particulars	**As at March 31, 2021 Quantity**	**Rupees Lakhs Amount**	As at March 31, 2020 Quantity	Rupees Lakhs Amount
<u>**Non-current**</u>				
Unquoted investments (all fully paid)				
Investments in equity instruments of a subsidiary -				
– Mahindra Automobile Distributor Private Limited equity shares of Rs. 10 each	**–**	**–**	–	–
Investments in 0.01% compulsorily convertible preference shares at fair value through other comprehensive income				
– Resfeber Labs Private Limited	**1,53,195**	**3,885.03**	1,53,195	3,885.03
Total unquoted investments	**1,53,195**	**3,885.03**	1,53,195	3,885.03
Less: Impairment in value of investments Mahindra Automobile Distributor Private Limited	**–**	**–**	–	–
Total Non Current Investments	**1,53,195**	**3,885.03**	1,53,195	3,885.03

Note no. 4(B) - Investments

Particulars	As at March 31, 2021 Quantity	Rupees Lakhs Amount	As at March 31, 2020 Quantity	Rupees Lakhs Amount
Current				
Quoted investments (all fully paid) at fair value through profit or loss				
– Investments in mutual funds	**1,05,076**	**2,436.07**	14,72,141	3,826.74
Total quoted investments	**1,05,076**	**2,436.07**	14,72,141	3,826.74

Note :Company has invested in Compulsorily convertible preference share of Smartshift logistic Pvt Ltd. The investment is fair valued at the end of the year using option to fair value through OCI. Smartshift being a start up company, current operations of the company are at normative level. In absence of a reliable valuation as on the balance sheet date, company has taken last available valuation as a basis for disclosing fair value of the investment.

Particulars	As at March 31, 2021 Quantity	Rupees Lakhs Amount	As at March 31, 2020 Quantity	Rupees Lakhs Amount
Other Disclosures				
Aggregate carrying value of unquoted investments				
a. Equity shares	–	–	–	–
b. 0.01% compulsorily convertible preference shares of Rs.100 each	**1,53,195**	**3,885.03**	1,53,195	3,103.01
	1,53,195	**3,885.03**	1,53,195	3,103.01
Aggregate book value of quoted investments				
a. Mutual funds:				
1. Aditya Birla SL Liquid Fund (DD)	–	–	6,59,765	661.05
2. ICICI Pru Liquid Fund (DD)	–	–	6,58,650	659.63
3. Mahindra Liquid Fund (DD)	–	–	65,940	659.84
4. UTI Liquid Cash Growth (G)	–	–	4,264	138.03
5. UTI Mutual Fund	–	–	53,255	341.73
6. SBI Liqid DDR	–	–	30,268	388.17
7. HDFC Overnight Fund(G)	**15,348**	**466.64**	24,214	26.05
8. SBI Overnight Fund-Reg(G)	**14,061**	**466.72**	1,951	21.04
9. SBI Liqid Fund (G)	**15,537**	**497.66**	1,323	39.11
10. Mahindra Overnight fund (G)	**47,749**	**507.60**	1,024	33.03
11. HDFC Liquid Fund(G)	**12,381**	**497.45**	27,769	859.06
	1,05,076	**2,436.07**	14,72,141.03	3,826.74
Aggregate market value of quoted investments	**1,05,076**	**2,436.07**	14,72,141.03	3,826.74
Aggregate amount of impairment in value of investments	–	–	–	–

Note no. 5(A) - Trade receivables

Particulars	As at March 31, 2021	Rupees Lakhs As at March 31, 2020
Non current		
Trade receivables		
Unsecured, considered good	**250.99**	831.64
Total	**250.99**	831.64

Note no. 5(B) - Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Trade receivables		
(a) Unsecured, considered good	**4,089.51**	3,162.73
(b) Unsecured, considered doubtful	**358.01**	179.96
Less: Allowance for bad and doubtful debts (expected credit loss allowance) (Refer note no 29)	**(358.01)**	(179.96)
Total	**4,089.51**	3,162.73

Refer note no. 29 for disclosure related to credit risk, expected credit loss and other related disclosure.

Note no. 6 - Loans

Particulars	As at March 31, 2021	Rupees Lakhs As at March 31, 2020
Non current		
Security deposits		
– Unsecured, considered good	**128.55**	124.94
Total	**128.55**	124.94

Note no. 7 - Deferred tax liability (Net)

Rupees Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Recognised in other comprehensive income:		
(i) Defined benefit obligations	**4.54**	(0.08)
(ii) Fair value of Investment in Resfeber	**(492.63)**	(492.63)
Total	**(488.09)**	(492.71)
Recognised in Profit or Loss:		
(i) Property, plant and equipment	**6.82**	8.33
(ii) Defined benefit obligations/Leave	**(0.70)**	9.19
(iii) Provision for doubtful debt	**90.28**	47.02
(iv) Provision for warranty	**4.79**	5.86
(v) Discounting of security deposit	**1.15**	2.18
(vi) Deferred revenue	**–**	82.90
(vii) Provision for material buy back	**5.95**	7.49
(viii) Financial asset at Fair value through profit and loss (FVTPL)	**(9.11)**	(1.12)
Total	**99.18**	161.85
Net deferred tax Liability	**(388.91)**	(330.86)

Movement of deferred tax

Particular	Opening balance	Recognised in profit and loss	Recognised in other comprehensive income	CLOSING BALANCE
As at March 31, 2021				
Deferred tax (liabilities)/assets in relation to				
(i) Defined benefit obligations-gratuity	**9.11**	**(9.89)**	**(4.62)**	**3.84**
(ii) Fair value of Investment in Resfeber	**(492.63)**	**(0.00)**	**–**	**(492.63)**
(iii) Property, plant and equipment	**8.33**	**(1.51)**	**–**	**6.82**
(iv) Provision for doubtful debt	**47.02**	**43.26**	**–**	**90.28**
(v) Provision for warranty	**5.86**	**(1.07)**	**–**	**4.79**
(vi) Discounting of security deposit	**2.18**	**(1.03)**	**–**	**1.15**
(vii) Deferred revenue	**82.90**	**(82.90)**	**–**	**–**
(viii) Provision for material buy back	**7.49**	**(1.54)**	**–**	**5.95**
(ix) Financial asset at Fair value through profit and loss (FVTPL)	**(1.12)**	**(7.98)**	**–**	**(9.11)**
	(330.86)	**(62.67)**	**(4.62)**	**(388.91)**

Note no. 8 - Non Current tax assets (net)

Rupees Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Non current		
Tax refund receivable	270.88	3.29
Total	270.88	3.29

Note no. 9 - Other non-current assets

Rupees Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised:		
(a) Prepayments	–	–
(b) Others:		
Balances with government authorities		
– VAT credit receivable	**110.19**	270.66
(c) Others assets		11.45
Total	**110.19**	282.11

Note no. 10 - Inventories

Rupees in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Stock-in-trade (in respect of goods acquired for trading) (lower of cost and net realisable value)	**5,700.20**	5,403.61
Total	**5,700.20**	5,403.61
Included above, goods-in-transit:		
Stock-in-trade (in respect of goods acquired for trading)	**13.63**	15.98
Total goods-in-transit	**13.63**	15.98

Note no. 11 - Cash and cash equivalents

Rupees in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents		
(a) Unrestricted balances with banks		
- With scheduled banks		
In current account	**145.90**	601.49
Total cash and cash equivalents	**145.90**	601.49
Other bank balances		
Balances with banks:		
(i) Fixed deposits with maturity less than 12 months	**4,670.57**	2,134.89
Total other bank balances	**4,670.57**	2,134.89

*Includes fixed deposits of Rs. 2.43 lakhs (2020: Rs. 2.43 lakhs) submitted to VAT Authorities.

Note no. 12 - Other financial assets

Rupees in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Financial assets at amortised cost		
Current		
Interest accrued on fixed deposits	**68.96**	52.81
Total	**68.96**	52.81

Note no. 13 - Other current assets

Rupees in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Prepayments	**0.72**	5.08
(b) Balances with government authorities:		
(i) Deposit with excise authorities	–	
(i) Income Tax Authorities	**59.94**	37.00
(ii) GST Authorities	**73.18**	120.91
	133.12	157.91
(c) Others:		
(i) Advance to suppliers	**234.49**	95.04
(ii) Gratuity (net)	**2.67**	–
(iii) Others	–	–
	237.16	95.04
Total	**371.00**	258.02

Note no. 14(A) - Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised:		
975,000,000,000 equity shares of Rs 0.02/- each. As per scheme of merger	**1,95,000.00**	1,95,000.00
Issued, subscribed and fully paid:		
2,998,389,216 Equity shares of Rs 0.02/- each with voting rights	**599.68**	599.68
Share issuance according to merger:		
4,668,478,380 Equity shares of Rs 0.02/- each with voting rights	**7,682.70**	7,682.70

Notes:

Pursuant to Scheme of Amalgamation approved by NCLT on 30th June 2020, fresh equity shares 38,22,66,47,932 of Rs.0.02 each issued to Mahindra & Mahindra Ltd. for consideration of MTBL and 18,68,53,800 shares of Rs.0.02 each issued to Mahindra Hoildings Ltd. for consideration of MADPL, in August 2020 after NCLP order filed with MCA on 31st July 2020.

Note no. 14(B) - Equity share capital

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Closing Balance
(a) Equity Shares with voting rights			
MTWL March 31, 2021			
No. of shares	41,41,18,90,946	-	41,41,18,90,946
Amount (Rupees Lakhs)	8,282.38	-	8,282.38

(ii) Terms/rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 0.02 per share. Each shareholder is eligible for one vote per share. The dividend proposed by the board of directors is subject to approval of the shareholders in the ensuing annual general meeting (AGM), except in the case of interim dividend which is ratified by the shareholders at the AGM.

The Equity Shares of the Company rank pari-passu in all respects including voting rights and entitlement to dividend.

(iii) Details of shares held by the holding company & its nominees

Particulars	No. of Shares Equity Shares with Voting rights
MTWL March 31, 2021	
Mahindra & Mahindra Limited (Holding Company) and its nominees	38,22,66,47,932
Mahindra Vehicle Manufacturers Limited	2,99,83,89,216
Mahindra Holding Limited	18,68,53,800

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	MTWL March 31, 2021 Number of shares held	% holding in that class of shares
Equity shares with voting rights		
Mahindra & Mahindra Limited (Holding Company) and its nominees	38,22,66,47,932	92.31%
Mahindra Vehicle Manufacturers Limited	2,99,83,89,216	7.24%
Mahindra Holdings Limited	18,68,53,800	0.45%

Note no. 15 - Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
		Rupees in Lakhs
Retained earnings	**4,234.24**	4,144.94
Other comprehensive income	**1,483.70**	1,483.72
	5,717.94	5,628.65
a) Securities premium account:		
Balance at the beginning of the year	**144.31**	144.31
Closing Balance	**144.31**	144.31
b) Capital Reserve:		
Adjustment in accordance with scheme of merger arrangement		550.91
Balance at the beginning of the year	**550.91**	550.91
Closing Balance	**550.91**	550.91

Particulars	As at March 31, 2021	As at March 31, 2020
		Rupees in Lakhs
a) Retained earnings		
Adjustment in accordance with scheme of merger arrangement		
Balance at the beginning of the year	**4,144.94**	1,694.82
Deferred tax assets on MADPL Investment		(983.81)
Add: Profit for the year	**2,468.40**	3,651.87
Less : Share issue expenses	–	–
Less: Payment of dividend (Refer note below)	**(2,379.10)**	(180.79)
Less: Tax paid on dividend	–	(37.16)
Closing Balance	**4,234.24**	4,144.94
b) Other comprehensive income		
Balance at the beginning of the year	**1,483.72**	852
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	**(4.64)**	(0.50)
Income tax relating to defined benefit plans	**4.62**	(0.08)
Share of other comprehensive income of equity accounted investees	–	782.01
Income tax relating to equity accounted investees	–	(150.20)
Closing Balance	**1,483.70**	1,483.72
c) Securities premium resrerve		
Balance at the beginning of the year	**144.31**	–
Adjustment in accordance with scheme of merger arrangement	–	144.3
Closing Balance	**144.31**	144.31
d) Capital reserve		
Balance at the beginning of the year	**550.91**	–
Adjustment in accordance with scheme of merger arrangement	–	550.9
Closing Balance	**550.91**	550.91
Total other equity (a+b+c+d)	–	6,413.16

Note no. 16(A) - Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
		Rupees in Lakhs
Non-current		
Provision for employee benefits		
Long-term employee benefits		
a) Compensated absences	**15.94**	19.51
b) Gratuity (net)	–	6.92
Liability for purchase of property, plant & equipment	**125.09**	567.09
(As per IND AS-116)		
Total	**141.03**	593.52

Note no. 16(B) - Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
(a) Provision for employee benefits		
(1) Short-term employee benefits		
– Compensated absences	**4.38**	8.59
– Gratuity (net)	–	1.45
(b) Other provisions		
(1) Warranty claims (Refer note no 38)	**19.05**	23.28
(2) Other Provisions for Statutory Liabilities	–	112.26
Total	**23.43**	145.58

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale on the basis of technical estimate. These estimates are established using historical information on the nature, frequency and average cost of warranty claims.

The estimate for accounting of warranty are reviewed and revisions are made as required.

Note no. 17 - Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
		Rupees in Lakhs
Current		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer Note no. 35)	**88.71**	165.69
(ii) Total outstanding dues other than micro enterprises and small enterprises	**5,882.52**	4,625.73
Total	**5,971.23**	4,791.42

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business. Company's credit risk management processes are explained in Note 29.

Note no. 18 - Other financial liabilities

Particulars	As at March 31, 2021	Rupees in Lakhs As at March 31, 2020
Other financial liabilities at amortised cost		
Current		
Trade/Security Deposits	–	196.54
Interest accrued on trade payables (Refer Note no. 35)		–
Liability for purchase of property, plant & equipment	**515.36**	549.03
Total	**515.36**	745.57

Note no. 19 - Current tax liabilities (net)

Particulars	As at March 31, 2021	Rupees in Lakhs As at March 31, 2020
Income tax payable	–	67.20
Total	–	67.20

Note no. 20 - Other current liabilities

Particulars	As at March 31, 2021	Rupees in Lakhs As at March 31, 2020
a. Advances received from customers	**422.43**	604.46
b. Others		
– Statutory dues (Excise duty, service tax, sales tax, TDS etc.)	**592.57**	126.57
Total	**1,015.00**	731.03

Note no. 21 - Revenue from operations

Particulars	As at March 31, 2021	Rupees Lakhs As at March 31, 2020
(a) Revenue from sale of products	**22,760.02**	27,221.48
(b) Other operating revenue		
– Sale of scrap	**12.90**	21.39
Total	**22,772.92**	27,242.87

Note no. 22 - Other income

Particulars	As at March 31, 2021	Rupees Lakhs As at March 31, 2020
(a) Interest income		
On financial assets at amortised cost	**126.37**	116.20
Inter corporate deposited cost	**46.10**	69.10
(b) Dividend income		
On equity shares	–	–
On financial assets at fair value through profit or loss	**66.00**	78.34
(c) Liabilities & provision no longer required written back	–	56.17
(d) Foreign Exchange Gain	–	(3.89)
(e) Miscellaneous income	**168.17**	157.21
Total	**406.64**	473.14

Note no. 23(A) - Purchases of stock-in-trade

Particulars	As at March 31, 2021	Rupees Lakhs As at March 31, 2020
Bought out spares	**14,687.43**	16,839.37
Total	**14,687.43**	16,839.37

Note no. 23(B) - Changes in inventories of stock-in-trade

Particulars	As at March 31, 2021	Rupees Lakhs As at March 31, 2020
Inventories at the beginning of the year:		
Stock-in-trade	**5,403.61**	5,565.16
	5,403.61	5,565.16
Inventories at the end of the year:		
Stock-in-trade	**5,700.20**	5,403.61
	5,700.20	5,403.61
Total	**(296.59)**	161.55

Note no. 24 - Employee benefit expense

Particulars	As at March 31, 2021	Rupees Lakhs As at March 31, 2020
(a) Salaries and wages	**452.68**	375.15
(b) Contribution to provident and other funds	**4.93**	12.06
(c) Share based payments	–	–
Equity-settled share-based payments*	**3.80**	5.65
(d) Staff welfare expenses	**5.16**	8.24
Total	**466.57**	401.11

* Represents cost reimbursed by company towards ESOP's granted by Mahindra & Mahindra Limited, the holding company

Note no. 25 - Finance cost

Particulars	As at March 31, 2021	Rupees Lakhs As at March 31, 2020
(a) Interest expense		
– Interest on Lease Liability	**75.73**	–
– Interest on delayed payment of Income Tax	–	–
– Interest on trade payables (MSME)	**1.30**	11.91
(b) Others	**1.33**	–
Total	**78.36**	11.91

Analysis of interest expenses by category

Particulars	As at March 31, 2021	Rupees Lakhs As at March 31, 2020
(a) On financial liability at amortised cost	**1.30**	11.91
(b) Other interest expenses	**77.06**	–

Note no. 26 - Other expenses

Rupees Lakhs

	Particulars	As at March 31, 2021	As at March 31, 2020
(a)	Rent including lease rentals	**78.60**	47.86
(b)	Rates and taxes	**381.23**	11.09
(c)	Insurance	**32.85**	22.91
(d)	Repairs and maintenance - others	**14.39**	11.58
(e)	Freight outward	**1,172.08**	1,342.39
(f)	Advertisement & sales promotion expenses	**23.88**	160.45
(g)	Travelling and conveyance expenses	**0.29**	18.46
(h)	Subcontracting, hire and service charges	**1,706.29**	2,091.31
(i)	CSR Expenditure	**37.12**	73.89
(j)	Warranty	**11.72**	(4.74)
(k)	Provision for doubtful trade receivables	**178.05**	46.91
(l)	Auditors remuneration and out-of-pocket expenses	–	–
	(i) As auditors	**12.60**	18.10
	(ii) For other services	**0.75**	6.75
	(iii) For reimbursement of expenses	–	0.12
(m)	Legal and other professional costs	**103.23**	177.93
(n)	Royalty	**18.35**	23.48
(o)	Packing Expenses	**22.60**	40.20
(p)	Warehousing Charges	**196.06**	210.74
(q)	Foreign exchange loss (Net)	**2.65**	3.16
(r)	Miscellaneous expenses	**58.05**	73.48
Total		**4,050.79**	4,376.08

Note no. 27 - Tax expense

Income tax expense

Rupees Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Current tax		
Current income tax charge	**1,030.14**	1,161.79
Deferred tax		
In respect of current year origination and reversal of temporary differences	**62.67**	395.56
Total Tax Expense recognised in the statement of profit and loss	**1,092.81**	1,557.35

Numerical Reconciliation between average effective tax rate and applicable tax rate :

Rupees Lakhs

Particulars	As at March 31, 2021 Amount	As at March 31, 2020 Amount
Profit Before tax from Continuing Operations	**3,561.21**	5,209.23
Enacted Tax Rate	**25.17%**	25.17%
Income Tax using the Company's domestic Tax rate #	**896.29**	1,311.06
Effect of Non deductible Expenses	**172.63**	36.52
Effect of Tax - Exempt income	–	(236.80)
Difference in Tax rate for current tax & deferred tax	–	34.20
Others	**23.89**	412.37
Unrecognised MAT Credit	–	–
Income Tax recognised in statement of profit and loss from Continuing Operations (Effective Tax Rate)	**1,092.81**	1,557.35

Tax rate considered are as per the tax rates applicable for relevant Assessment Year.

Note no. 28 - Earning per share

Particulars	As at March 31, 2021	As at March 31, 2020
Profit for the year attributable to owners of the Company	**2,468.40**	3,651.87
Weighted average number of equity shares	**41,41,18,90,946**	41,41,18,90,946
Earnings per share from continuing operations - Basic & diluted (face value of Rs.0.20 per share)	**0.01**	0.01

Note no. 29 - Financial instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash & cash equivalent as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	As at March 31, 2021	As at March 31, 2020
Equity	**14,695.54**	14,606.25
Less: Cash and cash equivalents	**145.90**	601.49
	14,549.64	14,004.77

Categories of financial assets and financial liabilities

Particulars	Amortised Costs	FVTPL	FVOCI	Total	Amortised Costs	FVTPL	FVOCI	Total
								Rupees Lakhs
	As at March 31, 2021				As at March 31, 2020			
Non-current Assets								
Investments	–	–	3,885.03	3,885.03	–	–	3,885.03	3,885.03
Trade Receivables	250.99	–	–	250.99	831.64	–	–	831.64
Loans	128.55	–	–	128.55	124.94	–	–	124.94
Current Assets								
Investments	–	2,436.07	–	2,436.07	–	3,826.74	–	3,826.74
Trade Receivables	4,089.51	–	–	4,089.51	3,162.73	–	–	3,162.73
Cash and cash equivalents	145.90	–	–	145.90	601.49	–	–	601.49
Bank Balances	4,670.57	–	–	4,670.57	2,134.89	–	–	2,134.89
Other Financial Assets	68.96	–	–	68.96	52.81	–	–	52.81
Current Liabilities								
Trade Payables	5,971.23	–	–	5,971.23	4,791.42	–	–	4,791.42
Other Financial Liabilities								
– Non Derivative Financial Liabilities	515.36	–	–	515.36	745.57	–	–	745.57
– Derivative Financial Liabilities	–	–	–	–	–	–	–	–

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management as and when required. The Company does not have significant credit risk exposure to any single counterparty.

The loss allowance provision is determined as follows:

As at March 31, 2021 — Rupees Lakhs

Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0%	0%	22%	7%
Gross carrying amount	3,376.80	328.775	1,607.54	5,313.11
Loss allowance provision	–	–	358.01	358.01

As at March 31, 2020 — Rupees Lakhs

Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0%	0%	68%	5%
Gross carrying amount	1,982.41	1345.50	264.04	3,591.96
Loss allowance provision	–	–	179.96	179.96

Reconciliation of loss allowance provision for Trade Receivables

Rupees Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Balance as at beginning of the year	179.96	159.47
Impairment losses recognised in the year based on lifetime expected credit losses (Net of Recovery)	178.05	20.49
Balance at end of the year	358.01	179.96

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Rupees Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
March 31, 2020				
Non-interest bearing	6,486.59			
Total	**6,486.59**	–	–	–
March 31, 2019				
Non-interest bearing	5,536.99	–	–	–
Total	**5,536.99**	–	–	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rupees Lakhs

Particulars	Less than 1 Year	1–3 Years	3–5 Years	5 years and above
March 31, 2021				
Non-interest bearing	**6,671.48**	**250.99**	–	–
(i) Investments	**2,436.07**	–	–	–
(ii) Trade receivables	**4,089.51**	**250.99**	–	–
(iii) Cash and cash equivalents	**145.90**	–	–	–
(iv) Loans		–	–	–
Fixed interest rate instruments	**4,739.53**	–	–	–
Total	**11,411.01**	**250.99**	–	–
March 31, 2020				
Non-interest bearing	7,590.96	41.21	181.16	–
(i) Investments	3,826.74	–	–	–
(ii) Trade receivables	3,162.73	41.21	181.16	–
(iii) Cash and cash equivalents	601.49	–	–	–
(iv) Loans		–	–	–
Fixed interest rate instruments	2,134.89	–	–	–
Total	9,725.85	41.21	181.16	–

MARKET RISK

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	As at March 31, 2021	As at March 31, 2020
Trade Receivables	USD	**85,545.59**	1,18,713.60
	INR (Rupees Lakhs)	**62.95**	89.63
Trade Payables	USD	**72,551.00**	93,087.43
	INR (Rupees Lakhs)	**53.06**	70.15
	EUR	**2,488.00**	–
	INR (Rupees Lakhs)	**2.16**	–

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Particulars	Currency	As at March 31, 2021	As at March 31, 2020
Trade Receivables	USD	**85,545.59**	1,18,713.60
	INR (Rupees Lakhs)	**62.95**	89.63
Trade Payables	USD	**72,551.00**	93,087.43
	INR (Rupees Lakhs)	**53.06**	70.15
	EUR	**2,488.00**	–
	INR (Rupees Lakhs)	**2.16**	–

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

Rupees Lakhs

For the year ended	Currency	Change in rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2021	**USD/EURO**	**+10%**	**0.77**	**0.77**
	USD/EURO	**-10%**	**(0.77)**	**(0.77)**
March 31, 2020	USD/EURO	+10%	1.95	1.95
	USD/EURO	-10%	(1.95)	(1.95)

Note no. 30 - Fair value measurement

Fair Valuation Techniques and Inputs used - recurring Items

Rupees Lakhs

Financial assets/financial liabilities measured at Fair value	Fair value as at 31-Mar-21	Fair value as at 31-Mar-20	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
Financial assets						
Mutual fund investments	2,436.06	3,826.74	Level 1	Value published by the respective Asset Management Company which is available in an active market	NA	NA

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees Lakhs

Particulars	Level	As at March 31, 2021 Carrying amount	As at March 31, 2021 Fair value	As at March 31, 2020 Carrying amount	As at March 31, 2020 Fair value
Financial assets					
Financial assets carried at amortised cost					
Security deposit	Level 3	128.55	92.23	124.94	92.23
Investments	Level 3	–	–	–	–
Trade receivables	Level 3	4,339.78	4,339.78	3,994.37	3,994.37
Cash and cash equivalents	Level 1	145.90	145.90	601.49	601.49
Bank balances	Level 1	4,670.57	4,670.57	2,134.89	2,134.89
Other financial assets	Level 3	68.96	68.96	52.81	52.81
Financial liabilities	–	–	–	–	–
Financial liabilities held at amortised cost	–	–	–	–	–
Trade payables	Level 3	5,971.24	5,971.24	4,791.42	4,791.42
Other financial liabilities	Level 3	515.36	515.36	745.57	745.57

Note no. 31 - Related party transactions

1. Name of related party and nature of relationship where control exists

Nature of Relationship	Name of the related party
Parent Company	Mahindra & Mahindra Limited

2. Other parties with whom transactions have taken place during the year

Nature of Relationship	Name of the related party
Fellow Subsidiary	Mahindra Vehicle Manufactures Limited
Fellow Subsidiary	Mahindra Heavy Engines Limited
Fellow Subsidiary	Mahindra Integrated Business Solutions Private Limited
Fellow Subsidiary	Defence Land Systems India Limited
Fellow Subsidiary	Mahindra Holdings Limited
Fellow Subsidiary	Mahindra Logistics Limited
Fellow Subsidiary	Lords Freight (India) Private Limited
Fellow Subsidiary	NBS International Ltd.
Fellow Subsidiary	Mahindra Engineering and Chemical Private Limited
Fellow Subsidiary	Mahindra Retail Private Limited
Joint venture of fellow subsidiary	Classic Legends Private Ltd
Chief Financial Officer	Mr. Ashok Kumar Panara
Company Secretary	Mrs. Poonam Avinash Vaze

Details of transaction between the Company and its related parties are disclosed below

			Rupees Lakhs
Name of The Related Party	**Nature of transactions**	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Mahindra & Mahindra Limited	Sale of goods	**32.86**	119.32
	Purchase of goods	**851.06**	1,019.66
	Purchase of Fixed asset	**0.00**	11.80
	Receiving of services	**2219.61**	2,559.59
	Sale of services	**0.00**	30.11
	Dividend Paid	**2267.71**	142.82
	Reimbursements received from parties	**44.90**	134.87
	Reimbursements made to parties (Note no 2)	**386.27**	349.01
	Others-Warranty Transafers	**7,267.18**	10,715.02
NBS International Ltd.	Sale of goods	**25.49**	31.28
Mahindra Retail Private Limited	Purchase of goods	**0.00**	21.07
Mahindra Holdings Limited	Dividend Paid	**111.39**	37.97
Mahindra Vehicle Manufactures Limited	Sale of goods	**44.34**	86.61
	Purchase of Goods	**1023.94**	1,050.03
Mahindra Heavy Engines Limited	Sale of goods	**30.32**	4.74
	Purchase of Goods	**951.91**	600.63
Mahindra Engineering and Chemical Private Limited	Purchase of Goods	**22.47**	–
Classic Legends Private Ltd	Sale of goods	**0.00**	0.40
	Sale of services	**149.98**	94.31
Mahindra eMarket Ltd	Sale of goods	**36.44**	12.89
	Purchase of services	**6.40**	–
Mahindra Retail Private Limited	Purchase of Goods	**0.00**	3.59
Mahindra Integrated Business Solutions Private Limited	Receiving of services	**24.49**	38.78
Mahindra Logistics Limited	Receiving of services	**537.06**	458.65
Lords Freight (India) Private Limited	Receiving of services	**0.55**	1.27
Defence Land Systems India Limited	Sale of goods	**0.03**	40.29
Mr.Ashok Kumar Panara	CFO remuneration	**10.30**	3.00
Mrs. Poonam Avinash Vaze	Company Secretary	**2.10**	2.16

Details of balances between the Company and its related parties are disclosed below

Name of The Related Party	Nature of Balances	For the year ended March 31, 2021	For the year ended March 31, 2020
Mahindra & Mahindra Ltd	Receivables	**2,044.54**	1,045.80
	Payables	**504.24**	411.33
NBS International Ltd.	Payables	**2.64**	5.06
Mahindra Vehicle Manufactures Limited	Receivables	**11.64**	0.70
	Payables	**42.17**	75.28
Mahindra Heavy Engines Limited	Receivables	**4.57**	–
	Payables	**78.60**	21.36
Mahindra eMarket Ltd	Payables	**–**	0.85
	Receivables	**4.85**	–
Classic Legends Private Ltd	Receivables	**21.71**	18.02
Mahindra Integrated Business Solutions Private Limited	Payables	**1.42**	3.02
Defence Land Systems India Limited	Receivables	**–**	–
Mahindra Logistics Limited	Payables	**198.60**	102.60
Lords Freight (India) Private Limited	Receivables	**1.26**	1.54
Mrs. Poonam Avinash Vaze	Payables	**–**	0.16

Notes:

1. The amount outstanding is unsecured and will be settled in cash. No guarantee has been given or received. No expense has been recognised in current or prior years for bad and doubtful debts in respect of the amounts owed by the related party.

2. Related party transactions for the period are at arm's length.

Note no. 32 - Employee benefits

(a) Defined Contribution Plan

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.8.73 Lakhs (2020: Rs.5.73 Lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested, it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

1) Liability Risks

a. Asset-Liability Mismatch Risk-

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation wings caused by interest rate movements. Hence, companies are encouraged to adopt asset-liability management.

b. Discount Rate Risk-

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c. Future Salary Escalation and Inflation Risk -

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset Risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India.LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claims settlement and hence 100% liquidity is ensured. Also, interest rate and inflation risk are taken care of.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	Valuation as at
	31-Mar-21	31-Mar-20
Discount rate(s)	**5.60%**	5.50%
Expected rate(s) of salary increase	**9.00%**	9.00%

Defined benefit plans – as per actuarial valuation on March 31, 2021

		Rupees Lakhs
	Funded Plan	Funded Plan
	Gratuity	Gratuity
Particulars	March 31, 2021	March 31, 2020
Ia. Expense recognised in the Statement of Profit and Loss for the year:	**4.03**	2.96
1. Current service cost	**4.62**	3.76
2. Past Service Credit	–	–
3. Interest cost	**(0.59)**	(0.80)

Ib. Included in other Comprehensive Income	**4.64**	(0.33)
1. Return on plan assets	–	–
2. Actuarial (Gain)/Loss on account of :	**4.64**	(0.33)
- Demographic Assumptions		
- Financial Assumptions	**4.64**	(0.33)
- Experience Adjustments		
3. Others (specify)	–	–

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:

a. Service Cost:		
Current Service Cost	**4.62**	3.76
Past service cost and (gains)/losses from settlements	–	–
Net interest expense	**(0.59)**	(0.80)
Components of defined benefit costs recognised in profit or loss	**4.03**	2.96

b. Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	–	–
Actuarial gains and loss arising form changes in financial assumptions	**4.64**	(0.33)
Actuarial gains and loss arising form experience adjustments	–	–
Components of defined benefit costs recognised in other comprehensive income	**4.64**	(0.33)
Total	**8.68**	2.63

I. Net Asset/(Liability) recognised in the Balance Sheet as at year end	**2.67**	10.00
1. Present value of defined benefit obligation as at year end	**46.35**	36.56
2. Fair value of plan assets as at year end	**49.02**	46.56
3. Surplus/(Deficit)	**2.67**	10.00

		Rupees Lakhs
	Funded Plan	Funded Plan
	Gratuity	Gratuity
Particulars	March 31, 2021	March 31, 2020
4. Current portion of the above	–	–
5. Non current portion of the above	**49.02**	46.56
II. Change in the obligation during the year ended		
1. Present value of defined benefit obligation at the beginning of the year	**36.56**	30.66
2. Add/(Less) on account of Scheme of Arrangement/Business		
Transfer	–	–
3. Expenses Recognised in Statement of Profit and Loss		
- Current Service Cost	**4.62**	3.76
- Past Service Cost	–	–
- Transfer In/(Out)	–	–
- Interest Expense (Income)	**1.97**	2.10
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)	**3.19**	0.04
5. Benefit payments	–	–
6. Present value of defined benefit obligation at the end of the year	**46.35**	36.56

III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**46.56**	40.53
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer		
3. Expenses Recognised in Statement of Profit and Loss		
- Expected return on plan assets	**2.56**	2.89
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
- Actual Return on plan assets in excess of the expected return	**(0.10)**	2.91
5. Contributions by employer (including benefit payments recoverable)	–	0.23
6. Benefit payments	–	–
7. Fair value of plan assets at the end of the year	**49.02**	46.56

IV. The Major categories of plan assets		
Fund managed by insurer	**100.00%**	100.00%

V. Actuarial assumptions		
1. Discount rate	**5.60%**	5.50%
2. Expected rate of return on plan assets	**5.50%**	6.80%
3. Attrition rate	**20.00%**	20.00%
4. Medical premium inflation	**NA**	NA

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rupees Lakhs

Principal assumption	Changes in assumption	March 31, 2021 Impact on defined benefit obligation		March 31, 2020 Impact on defined benefit obligation	
		Increase in assumption	**Decrease in assumption**	Increase in assumption	Decrease in assumption
Discount rate	-1.00%		48.54		39.66
	1.00%	44.35		33.90	
Salary growth rate	-1.00%		44.81		34.23
	1.00%	48.00		39.20	
Withdrawal rate	-1.00%		46.67		34.69
	1.00%	46.06		38.42	

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Mortality : It is assumed that the active members of the scheme will experience in-service mortality in accordance with the Indian Assured Lives Mortality (2006-08) ultimate (IALM ult). A sample pick from this table is given below:

Age	Mortality rate
21	0.000934
22	0.000937
23	0.000936
24	0.000933
25	0.000931

Age of the members at the valuation date is taken as their nearest age at that date.

Maturity profile of defined benefit obligation:

Particulars	March 31, 2021	March 31, 2020
Within 1 year	**11.45**	5.58
1 - 2 year	**7.72**	5.85
2 - 3 year	**7.49**	3.55
3 - 4 year	**9.77**	3.71
4 - 5 year	**7.57**	5.68
5 - 10 years	**23.48**	23.32

Plan Assets

The fair value of Company's pension plan asset as of March 31, 2021 is as follows:

Particulars	March 31, 2021	March 31, 2020
Asset category:		
Cash and cash equivalents	**0%**	0%
Debt instruments (quoted)	**0%**	0%
Debt instruments (unquoted)	**0%**	0%
Equity instruments (quoted)	**0%**	0%
Deposits with Insurance companies	**100%**	100%
Total	**100%**	100%

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note no. 33 - Segment Reporting

The Company has single reportable business segment namely Automotive vehicles-related spare parts. All other activities of the Company revolve around its main business. Hence there are no separate reportable primary segments. The Company deals into trading of Spare parts. The Company has only one reportable geographical segment.

		Rupees Lakhs
Geographic information	**As at March 31, 2021**	As at March 31, 2020
Revenue from external customers		
India	**22,276.45**	26,730.32
Outside India	**496.47**	512.55
Total revenue per statement of profit or loss	**22,772.92**	27,242.87

All the non-current assets of the Company are located in India.

Revenue from major products and services

The following is an analysis of the company's revenue from its major products and services:

		Rupees Lakhs
Particulars	**As at March 31, 2021**	As at March 31, 2020
Sale of spares	22,772.92	27,242.87
Total	22,772.92	27,242.87

Revenues from transactions with a single external customer does not amounts to 10% or more of a Company's revenues during the year.

Since there is single segment there is no difference in measurement of profit & loss and measurement of assets and liabilities.

Note No. 34 - INDAS 116

	Rupees Lakhs
Maturity Analysis - Contractual Undiscounted Cash Flow	**Total**
Less than one year	555.17
One to Three years	122.48
Three to five years	–
More than five years	
Total undiscounted lease liabilities at Balance sheet date	
later than one year and not later than five years	122.48
later than five years	

Note no. 35 - Additional Information to the Financial Statements

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

			Rupees Lakhs
Particulars		**As at March 31, 2021**	As at March 31, 2020
(i)	Principal amount remaining unpaid to MSME suppliers as at the end of the accounting year	**88.71**	162.13
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**1.30**	2.46
(iii)	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	**–**	0.43
(iv)	The amount of interest due and payable for the year	**1.30**	2.15

Particulars	As at March 31, 2021	As at March 31, 2020
		Rupees Lakhs
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	**2.46**	6.01
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	**–**	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note no. 36 - Pursuant to section 135 of the Companies Act, 2013 read with the Companies (Corporate Social responsibility) Rules, 2014, Gross amount required to be spent by the company during the year Rs.37.12 Lakhs (2020: 73.89 lakhs). The Company has spend Rs.37,12 Lakhs (2020: Rs.73.89 lakhs) for Corporate Social responsibility during the year as under

Particulars	In cash/ cheque	Yet to be paid in cash/ cheque	Total
			Rupees Lakhs
On Purpose other than Construction/acquisition of any assets	37.12	–	37.12
	(–)	(–)	(–)

Note no. 37 - Provision for Warranty:

Particulars	As at March 31, 2021	As at March 31, 2020
		Rupees Lakhs
Carrying Amount at the beginning of the year	**43.93**	46.79
Add: Additional Provision made during the year (net of reversal)	**(8.94)**	19.59
Less: Amounts Used during the year	**(15.94)**	(22.45)
Carrying Amounts at the end of the year	**19.05**	43.93

Brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits

Provision for warranty relates to provision made in respect of certain products, the estimated costs of which is accrued at the time of sale. The products are generally covered under warranty period ranging upto 6 months or 20,000 kms. from the date of fitment, which ever is earlier.

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale on the basis of technical estimate. These estimates are established using historical information on the nature, frequency and average cost of warranty claims.

The estimate for accounting of warranty are reviewed and revisions are made as required.

Note no. 38 - Auditors' remuneration

Particulars	As at March 31, 2021	As at March 31, 2020
		Rupees Lakhs
Audit fees	**12.60**	10.10
Other services	**0.75**	0.75
Out of pocket expenses reimbursed	**–**	0.16
Total	**13.35**	11.01

Note no. 39 - Contingent Liability

	As at March 31, 2021	As at March 31, 2020
		Rupees Lakhs
Particulars As at March 31, 2020	**–**	–
Claims against the company not acknowledged as debt:	**–**	–
(i) Income Tax claims disputed by the company relating to disallowance of sales and promotion expenses, depreciation and other disalllwance	**464.62**	–
	–	–

Note no. 40 - Events after the reporting period

Following are the material events occurred after the balance sheet date but before the approval of financial statements by board of directors.

Annual accounts were approved on 23.04.21 by the board of directors.

Note no. 41 - Earnings in foreign exchange

Particulars	As at March 31, 2021	As at March 31, 2020
		Rupees Lakhs
FOB Value of exports	**214.34**	348.13
Total	**214.34**	348.13

Note no. 42 - Employee stock option

Certain employees of the Company are covered by Employee Stock Option Scheme (ESOP scheme) offered by holding Company, Mahindra & Mahindra Limited. Under the scheme, eligible employees are granted an option to purchase shares of Mahindra & Mahindra Limited, in accordance with the terms and conditions of the scheme.

The Company recognises this scheme as an equity settled share based payments arrangement in accordance with IND AS 102 - Share Based Payment. Options granted under Parent's ESOP scheme vests in 4/5 instalments on expiry of 12 months, 24 months, 36 months, 48 months and 60 months from the date of grant. The options may be exercised subject to condition of minimum number of option vesting, on specified day over a period of 4/5 years from the date of vesting. Such ESOP expense in respect of employees of the Company is charged by the holding Company over the vesting period. The charge is based on fair value of options calculated using Black and Scholes Option Pricing Model. The fair value charge is recognised as share based payment expenses under Employee Benefit Expenses.

Note no. 43 - Covid-19 Impact on financials

The Company, based on internal & external sources of information including market research, economic forecast and other information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2021 as at the date of approval of these financial statements

Note No. 44 - Merger Effect

The Board of Directors of MTWL, MTBL and MADPL in their meetings held on 16th January 2020 approved a Composite Scheme of Arrangement (Scheme) involving

- the merger of MTBL with MTWL in consideration of MTBL shareholders getting shares of MTWL at a swap ratio of 819 Equity Shares for every 100 Equity Shares held in MTBL of INR 0.02/- each fully paid up
- the merger of MADPL with MTWL in consideration of MADPL shareholders getting shares of MTWL at a swap ratio of 88978 Equity Shares for every 100 Equity Shares held in MADPL of INR 0.02/- each fully paid up

The Scheme has been approved by the Mumbai Bench of the National Company Law Tribunal on June 30, 2020 and upon completion of the required formalities (Filing of Order Copy with the Registrar of Companies) on July 30, 2020 (hereinafter to be referred as "the effective date"); the Scheme has become effective from the appointed date of 01 April 2020.

Previous year numbers in the financials have been restated to give effect to the above-referred scheme.

As a result of the scheme:

1. The assets and liabilities pertaining to MTBL and MADPL as on the appointed date are recorded by MTWL at the respective book values as appearing in the books of MADPL and MTBL
2. Balance of the retained earnings appearing in the financial statements of MTBL and MADPL is aggregated with the corresponding balance appearing in the financial statements of MTWL.
3. The issued, subscribed and paid-up capital of the company has been increased by 38,41,35,01,732 shares amounting to Rs 7682.70 lakhs

Issued, subscribed and fully paid-up capital	Amt (in Rs lakhs)
2,998,389,216 Equity shares of Rs 0.02/- each with voting rights	599.68
4,668,478,380 Equity shares of Rs 0.02/- each with voting rights	7682.7

Note no. 45 -

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

In terms of our report attached

For **M/s B. K. Khare & Co**

Chartered Accountants

Firm Registration No. 105102W

Shirish Rahalkar
Partner
M. No. 111212

Date: Apr 23, 2021
Place: Mumbai

For and on behalf of the Board of Directors

Sandip Dhond
CEO & Wholetime Director
DIN 07811018

Vinod Sahay
Director
DIN-07884268

Niteen Karve
CFO

Poonam Vaze
Company Secretary

Date: Apr 23, 2021
Place: Mumbai

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CLASSIC LEGENDS PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Classic Legends Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the Financial Statements, and a summary of significant accounting policies and other explanatory information (herein after referred to as "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (the "ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Emphasis of Matter

We draw attention to Note No 40 to the financial statements which describes the probable / potential impact of the outbreak of COVID 19 on the business operations of the Company. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in this matter.

Information other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report and the related annexures, but does not include the Financial Statements and our Auditors' Report thereon.

Our opinion on Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

   e) On the basis of written representations received from the directors as on March 31, 2021, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.

   g) Based on the records examined by us and according to information and explanations given to us, the Company has not paid/provided for managerial remuneration. Hence, the provisions of Section 197 of the Act related to the managerial remuneration are not applicable. Also, refer paragraph xi of annexure A to the Independent Auditors' Report.

   h) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors') Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No.: 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784
UDIN No: 21044784AAAAAR7706
Mumbai, April 23, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

b) The Company has a regular programme for physical verification of its property, plant and equipment by which the property, plant and equipment are verified by the management according to a phased programme designed to cover all the items over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment and investment properties. During the year, the Company did not verify the property, plant and equipment.

c) According to the information and explanation given to us, no immovable property is held by the Company in its own name.

ii. According to the information and explanations given to us, the inventory has been physically verified at reasonable intervals by the management during the year. In our opinion, coverage and procedure of such verification is appropriate and no material discrepancies were noticed on such verification between the physical inventory and the book records. According to the information and explanation given to us, there is no inventory lying with third party.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting under Clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.

iv. According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

vi. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services tax, Income Tax, Provident Fund, Employees' State Insurance, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed statutory dues payable in respect of Sales tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax.

According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no arrears of undisputed statutory dues in respect of Goods and Services tax, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues as on the last day of the year for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no statutory dues in respect of Goods and Services Tax Service tax, Income tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise and Value Added Tax as at March 31, 2021, which have not been deposited with the appropriate authorities on account of any dispute.

viii. According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not taken any loans or borrowings from banks, debenture holders, financial institutions and Government. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

ix. According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the reporting under Clause 3(ix) of the Order is not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or no material fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the Management.

xi. Based on the records examined by us and according to information and explanations given to us, the Company has not paid/provided for managerial remuneration. Accordingly, the reporting under Clause 3(xi) of the Order is not applicable to the Company. Also refer paragraph 2(g) of Independent Auditors' Report.

xii. According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Financial Statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting under Clause 3(xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them during the year and hence the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi) of the Order is not applicable to the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration No. : 105102W

Padmini Khare Kaicker
Partner
Membership No. : 044784
UDIN No: 21044784AAAAAR7706
Mumbai, April 23, 2021

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial reporting of **Classic Legends Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Reporting

A company's internal financial control with reference to Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Reporting

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784
UDIN No: 21044784AAAAAR7706
Mumbai, April 23, 2021

BALANCE SHEET AS AT MARCH 31, 2021

Rs. in Lakhs

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	5	**4,751.97**	3,301.97
(b) Capital work-in-progress		**772.93**	163.09
(c) Other Intangible assets	6	**5,045.04**	3,206.37
(d) Intangible assets under development		**6,909.02**	6,416.85
(e) Financial Assets			
(i) Investments	7	**3,366.13**	2,860.76
(f) Other non-current assets	8a	**2,077.94**	891.29
(g) Deferred Tax Assets (Net)	9	**–**	865.28
Total Non-Current Assets		**22,923.03**	17,705.61
Current assets			
(a) Inventories	10	**2,339.22**	1,658.45
(b) Financial Assets			
(i) Investments	11	**–**	481.18
(ii) Trade receivables	12	**228.61**	–
(iii) Cash and cash equivalents	13	**370.19**	2,238.30
(iv) Other financial assets	14	**69.20**	45.97
(c) Other current assets	8b	**3,935.35**	2,402.28
Total Current Assets		**6,942.57**	6,826.18
Total Assets		**29,865.60**	24,531.79
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	15	**22,421.33**	17,221.33
(b) Other Equity	16	**(11,859.80)**	(923.28)
Total Equity attributable to owners of the Company		**10,561.53**	16,298.05
LIABILITIES			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	**126.63**	49.11
(ii) Other non-current liabilities	18a	**448.00**	278.00
(b) Provisions	19a	**322.25**	289.78
Total Non - Current Liabilities		**896.88**	616.89
Current liabilities			
(a) Financial Liabilities			
(i) Trade payables	20		
(a) Total Outstanding dues of micro and small enterprises		**27.52**	0.07
(b) Total Outstanding dues of creditors other than micros and small enterprises		**15,358.57**	3,979.88
(ii) Other current financial liabilities	18b	**724.67**	590.98
(b) Provisions	19b	**780.68**	264.93
(c) Other current liabilities	21	**1,515.75**	2,780.99
Total Current Liabilities		**18,407.19**	7,616.85
Total Equity and Liabilities		**29,865.60**	24,531.79
Significant accounting policy	1-4		
See accompanying notes to the financial statements			

For B. K. Khare and Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Date: 23rd April'2021
Place: Mumbai

For and on behalf of the Board
CIN No.U34101MH2015PTC265665

Mr. Prakash Wakankar (Directors)
DIN No.00020462
Mr. Manoj Bhat
DIN No.05205447

Mr. Ashish Joshi (Chief Executive Officer)
Mr. Rajan Wadhera (Joint Chief Executive Officer)
Mr. Ashish Saboo (Chief Financial Officer)
Ms. Jenny Shah (Company Secretary)

Date: 23rd April'2021
Place: Mumbai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

	Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
				Rs. in Lakhs
I	Revenue from operations	22	**43,945.98**	41,051.31
II	Other income	23	**71.27**	89.89
III	**Total Revenue (I + II)**		**44,017.25**	41,141.20
IV	**Expenses**			
	Purchases of stock-in-trade		**41,662.39**	37,081.73
	Changes in stock of finished goods and stock-in-trade	24	**(680.77)**	(1,630.13)
	Employee benefits expense	25	**1,566.48**	636.90
	Finance costs	26	**1,099.94**	125.88
	Depreciation and amortisation expense	27	**2,082.26**	1,264.75
	Other expenses	28	**6,225.29**	4,440.63
	Total Expenses (IV)		**51,955.59**	41,919.76
V	**Loss before tax for the year (III - IV)**		**(7,938.34)**	(778.56)
VI	**Tax Expense**			
	(1) Current tax		**–**	–
	(2) Deferred tax		**862.17**	(173.04)
	Total tax expense		**862.17**	(173.04)
VII	**Loss after tax for the year (V - VI)**		**(8,800.51)**	(605.52)
VIII	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit liabilities		**12.36**	(10.34)
	(ii) Income tax relating to items that will not be reclassified to P&L		**(3.11)**	2.60
IX	**Total comprehensive income for the year**		**(8,791.26)**	(613.26)
X	**Earnings per equity share** (Nominal value per share Rs. 10 each), Basic & Diluted (in Rupees)	29	**(4.41)**	(0.40)
	Significant accounting policy	1-4		

See accompanying notes to the financial statements

For B. K. Khare and Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Date: 23rd April'2021
Place: Mumbai

For and on behalf of the Board
CIN No.U34101MH2015PTC265665

Mr. Prakash Wakankar
DIN No.00020462
Mr. Manoj Bhat
DIN No.05205447
(Directors)

Mr. Ashish Joshi (Chief Executive Officer)
Mr. Rajan Wadhera (Joint Chief Executive Officer)
Mr. Ashish Saboo (Chief Financial Officer)
Ms. Jenny Shah (Company Secretary)

Date: 23rd April'2021
Place: Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Loss before tax for the year	**(7,938.34)**	(778.56)
Adjustments for:		
Depreciation & Amortisation	**2,082.26**	1,264.75
Finance costs	**1,099.94**	125.88
Net gain/(loss) on Investment carried at fair value through profit or loss	**(63.29)**	(89.15)
Interest income	**–**	(0.74)
Operating loss before Working Capital changes	**(4,819.43)**	522.18
Movements in working capital:		
Decrease/ (Increase) in Current Other Trade receivable	**(228.61)**	–
Decrease/ (Increase) in Current Other Financial Assets	**(23.23)**	(32.87)
Decrease/ (Increase) in Other Current Assets	**(1,533.07)**	(1,121.35)
Decrease/ (Increase) in Other Non Current Assets	**60.58**	(98.15)
Decrease/ (Increase) in Inventories	**(680.77)**	(1,630.13)
Increase / (Decrease) in trade payables	**10,799.36**	2,946.26
Increase/ (Decrease) in provisions	**530.55**	447.18
Increase/ (Decrease) in other Non current Financial liabilities	**170.00**	68.00
Increase/ (Decrease) in other current Financial liabilities	**0.20**	0.20
Increase/ (Decrease) in other current liabilities	**(1,264.63)**	1,015.57
Cash generated from operations	**3,010.95**	2,116.89
Income taxes paid	**–**	–
Cash flows from operating activities	**3,010.95**	2,116.89
Interest received	**–**	0.74
Payments for Property, Plant and Equipment and Other Intangible Assets	**(7,221.23)**	(5,693.88)
Investment in Mutual fund	**(41,805.00)**	(76,508.00)
Proceeds on sale of current investment (Mutual Fund redemption proceeds)	**42,349.47**	77,392.51
Purchase of investment in share of subsidiary	**(505.37)**	(54.24)
Cash used in investing activities	**(7,182.13)**	(4,862.87)
Proceeds from issue of equity instruments of the Company (Net of share issue expenses)	**3,054.74**	5,031.48
Repayment of Lease liabilities	**(19.92)**	(6.81)
Interest paid	**(731.75)**	(124.90)
Cash flows from financing activities	**2,303.07**	4,899.77
Net cash inflow / (outflow)	**(1,868.11)**	2,153.79
Cash and cash equivalents at the begining of the year	**2,238.30**	84.51
Cash and cash equivalents at the end of the year	**370.19**	2,238.30

Notes:

1 Figures in brackets represent outflows of cash and cash equivalents.

2 Cash and cash equivalents comprise of :

	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash on hand	**–**	–
Balances with Banks	**370.19**	2,238.30
Fixed Deposits with Banks	**–**	–
	370.19	2,238.30

For B. K. Khare and Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Date: 23rd April'2021
Place: Mumbai

For and on behalf of the Board
CIN No.U34101MH2015PTC265665

Mr. Prakash Wakankar
DIN No.00020462
Mr. Manoj Bhat
DIN No.05205447
(Directors)

Mr. Ashish Joshi (Chief Executive Officer)
Mr. Rajan Wadhera (Joint Chief Executive Officer)
Mr. Ashish Saboo (Chief Financial Officer)
Ms. Jenny Shah (Company Secretary)

Date: 23rd April'2021
Place: Mumbai

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a. Changes in Equity		
Balance at the beginning of the year	**17,221.33**	14,221.33
Shares issued during the year	**5,200.00**	3,000.00
Balance at the end of the year	**22,421.33**	17,221.33

b. Other Equity

Rs. in Lakhs

Particulars	Share Application Money	Reserve & Surplus Retained Earning	Total
Opening Balance as on April 1, 2020	**2,080.00**	**(3,003.28)**	**(923.28)**
Profit / loss for the year	**–**	**(8,800.51)**	**(8,800.51)**
Equity Share Issue expense	**–**	**(65.26)**	**(65.26)**
Shares issued	**(2,080.00)**	**–**	**(2,080.00)**
Other comprehensive income for the year	**–**	**9.25**	**9.25**
	(2,080.00)	**(8,856.52)**	**(10,936.52)**
Closing Balance as on March 31, 2021	**–**	**(11,859.80)**	**(11,859.80)**

Particulars	Share Application Money	Reserve & Surplus Retained Earning	Total
Opening Balance as on April 1, 2019	–	(2,341.50)	(2,341.50)
Profit / loss for the year	–	(605.52)	(605.52)
Equity Share Issue expense	–	(48.52)	(48.52)
Share Application money received	2,080.00	–	2,080.00
Other comprehensive income for the year	–	(7.74)	(7.74)
	2,080.00	(661.78)	1,418.22
Closing Balance as on March 31, 2020	2,080.00	(3,003.28)	(923.28)

For B. K. Khare and Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Date: 23rd April'2021
Place: Mumbai

For and on behalf of the Board
CIN No.U34101MH2015PTC265665

Mr. Prakash Wakankar DIN No.00020462
Mr. Manoj Bhat DIN No.05205447
(Directors)

Mr. Ashish Joshi (Chief Executive Officer)
Mr. Rajan Wadhera (Joint Chief Executive Officer)
Mr. Ashish Saboo (Chief Financial Officer)
Ms. Jenny Shah (Company Secretary)

Date: 23rd April'2021
Place: Mumbai

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Company details

Classic Legends Private Limited (CLPL) was incorporated on 17th June'2015. On 18th October 2016, it became subsidiary of Mahindra and Mahindra Limited (M&M). However, w.e.f 1st July'2017 M&M became joint venturer of the Company. CLPL is engaged in Design, Development, Sales, Marketing and related activities for Motorcycles & Two Wheeled Products.

2. METHOD OF ACCOUNTING

These standalone or separate financial statements have been prepared in accordance with the Indian Accounting Standards (IND AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the latest annual financial statements of the Company prepared under the Act.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

These financial statements were approved by the Board of Directors and authorised for issue on 23rd April, 2021.

3. SIGNIFICANT ACCOUTING POLICIES

3.01 Basis of accounting preparation and presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

3.02 Use of estimate

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of assets, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Leases

Ind AS 116 requires lessees to determine the lease term as the non cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by lease basis and there by assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

Provisions for product warranties

The Company recognises provision for warranties in respect of the products that it sells. Provisions are discounted, where necessary, to its present value based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which the reliable estimate can be made. Provisions are reviewed at each balance sheet date, adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

3.03 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

3.04 Foreign Currency

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

3.05 Employee benefits

1. Defined Benefit Plan:

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

(i) **Gratuity:** The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation.

(ii) **Compensated Absences:** The Company provides for the encashment of compensated absences with pay subject to certain rules. The employees are entitled to accumulate compensated absences subject to certain limits, for future encashment. Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit and the accumulated leave expected to be carried forward beyond twelve months is treated as long-term employee benefit which are provided based on the number of days of unutilised compensated absence on the basis of an independent actuarial valuation.

3.06 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at amortised cost at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the incremental borrowing rate.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.07 Property Plant and Equipment

Property Plant and Equipment (PPE) are stated at cost of acquisition or construction less accumulated depreciation / amortisation and impairment loss, if any. All costs relating to the acquisition and installation of property plant and equipment are capitalised and include borrowing costs relating to funds attributable to construction or acquisition of qualifying assets, up to the date the asset / plant is ready for intended use. The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodies within the part will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognised. The cost for day-to-day servicing of property, plant and equipment are recognised in Statement of Profit and Loss as and when incurred.

Depreciation is calculated on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc:

i) Plant and machinery – 3 years, 5 years, 8 years

ii) Laptops – 3 years

iii) Vehicles – 5 years

iv) Office equipment – 2 years, 5 years

v) Assets costing less than Rs 5000 each - 1 year

3.08 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Following summarises the nature of intangible and the estimated useful life:

(a) Software Costs – The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

(b) Development expenditure – The expenditure incurred on technical services and other project/product related expenses is amortised over the period of benefit, not exceeding five years

Intangible asset with indefinite useful lives is reviewed annually to determine whether indefinite-life assessment continues to be supportable.

Intangible assets under development

The Company expenses cost incurred during research phase to profit or loss in the year in which they are incurred. Development phase expenses are initially recognised as intangible assets under development until the development phase is complete, upon which the amount is capitalised as intangible assets.

3.09 Impairment

(i) Financial assets (other than at fair value)

The Company assesses at end of each reporting period whether a financial asset or a group of financial assets is impaired.

Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

3.10 Inventories

Inventories comprise all cost of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition

Finished goods purchased for sale, are carried at cost or net realisable value whichever is lower.

3.11 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification and subsequent measurement

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on their respective classification.

On initial recognition, a financial assets is classified as - measured at

– Amortised Cost; or

– Fair Value Through Other Comprehensive Income (FVTOCI)

– Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequently to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gains and loss on derecognition are recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net off direct issue cost.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

3.12 Borrowing Costs:

Interest and other costs incurred in connection with the borrowing of the funds are charged to revenue on accrual basis except those borrowing costs which are directly attributable to the acquisition or construction of those Qualifying assets, which necessarily take a substantial period of time to get ready for their intended use. Such costs are capitalised with the Qualifying assets.

4. Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

Note - 5 Property, Plant and Equipment

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
a. Property, plant and equipment owned	**4,558.71**	3,235.28
b. Right of use assets	**193.26**	66.69
	4,751.97	3,301.97

a. Property, plant and equipment owned

Rs. in Lakhs

Description of Assets	Plant and Equipment	Computers	Furniture	Vehicles	Office Equipment	Total
I. Gross Block						
Balance as at April 1, 2020	3,109.47	70.08	9.43	498.12	9.16	3,696.26
Additions during the year	1,841.30	126.47	0.13	62.80	1.26	2,031.96
Disposals during the year	–	(0.40)	–	(6.34)	–	(6.74)
Balance as at March 31, 2021	**4,950.77**	**196.15**	**9.56**	**554.58**	**10.42**	**5,721.48**
II. Accumulated depreciation						
Balance as at April 1, 2020	314.87	29.46	0.29	113.91	2.45	460.98
Depreciation for the year	566.52	32.21	1.06	102.63	2.67	705.09
Eliminated on disposal of assets during the year	–	(0.32)	–	(2.98)	–	(3.30)
Balance as at March 31, 2021	**881.39**	**61.35**	**1.35**	**213.56**	**5.12**	**1,162.77**
Net block (I-II)						
Balance as at March 31, 2021	4,069.38	134.80	8.21	341.02	5.30	4,558.71
Balance as at March 31, 2020	2,794.60	40.62	9.14	384.21	6.71	3,235.28

Rs. in Lakhs

Description of Assets	Plant and Equipment	Computers	Furniture	Vehicles	Office Equipment	Total
I. Gross Block						
Balance as at April 1, 2019	75.00	46.33	–	404.27	2.22	527.82
Additions during the year	3,034.47	23.75	9.43	101.89	6.94	3,176.48
Disposals during the year	–	–	–	(8.04)	–	(8.04)
Balance as at March 31, 2020	**3,109.47**	**70.08**	**9.43**	**498.12**	**9.16**	**3,696.26**
II. Accumulated depreciation						
Balance as at April 1, 2019	11.32	9.62	–	26.55	0.62	48.11
Depreciation for the year	303.55	19.84	0.29	88.12	1.83	413.63
Eliminated on disposal of assets during the year	–	–	–	(0.76)	–	(0.76)
Balance as at March 31, 2020	**314.87**	**29.46**	**0.29**	**113.91**	**2.45**	**460.98**
Net block (I-II)						
Balance as at March 31, 2020	2,794.60	40.62	9.14	384.21	6.71	3,235.28
Balance as at March 31, 2019	63.68	36.71	–	377.72	1.60	479.71

b. Right of use assets

Rs. in Lakhs

	Buildings	Total
I. Gross Carrying Amount		
Balance as at April 1, 2020	74.85	74.85
Additions	149.11	149.11
Deletions	–	–
Balance as at March 31, 2021	**223.96**	**223.96**
II. Accumulated depreciation and impairment		
Balance as at April 1, 2020	8.16	8.16
Additions	22.54	22.54
Deletions	–	–
Balance as at March 31, 2021	**30.70**	**30.70**
III. Net carrying amount (I-II)	193.26	193.26

Rs. in Lakhs

	Buildings	Total
I. Gross Carrying Amount		
Recognised on initial application of Ind AS 116 as at 1 April 2019	–	–
Additions	74.85	74.85
Deletions	–	–
Balance as at March 31, 2020	**74.85**	**74.85**
II. Accumulated depreciation and impairment		
Recognised on initial application of Ind AS 116 as at 1 April 2019	–	–
Additions	8.16	8.16
Deletions	–	–
Balance as at March 31, 2020	**8.16**	**8.16**
III. Net carrying amount (I-II)	66.69	66.69

Note - 6 Other Intangible assets

Rs. in Lakhs

Description of Assets		Development exp	Software	Total
I.	**Gross Block**			
	Balance as at April 1, 2020	3,821.47	245.55	4,067.02
	Additions during the year	3,037.69	155.61	3,193.30
	Disposals during the year	–	–	–
	Balance as at March 31, 2021	**6,859.16**	**401.16**	**7,260.32**
II.	**Accumulated depreciation**			
	Balance as at April 1, 2020	**764.29**	**96.36**	**860.65**
	Depreciation for the year	1,247.52	107.11	1,354.63
	Eliminated on disposal of assets during the year	–	–	–
	Balance as at March 31, 2021	**2,011.81**	**203.47**	**2,215.28**
Net block (I-II)				
Balance as at March 31, 2021		**4,847.35**	**197.69**	**5,045.04**
Balance as at March 31, 2020		**3,057.18**	**149.19**	**3,206.37**

Rs. in Lakhs

Description of Assets		Development exp	Software	Total
I.	**Gross Block**			
	Balance as at April 1, 2019	–	53.11	53.11
	Additions during the year	3,821.47	192.44	4,013.91
	Disposals during the year	–	–	–
	Balance as at March 31, 2020	**3,821.47**	**245.55**	**4,067.02**
II.	**Accumulated depreciation**			
	Balance as at April 1, 2019	–	17.70	17.70
	Depreciation for the year	764.29	78.66	842.95
	Eliminated on disposal of assets during the year	–	–	–
	Balance as at March 31, 2020	**764.29**	**96.36**	**860.65**
Net block (I-II)				
Balance as at March 31, 2020		3,057.18	149.19	3,206.37
Balance as at March 31, 2019		–	35.41	35.41

Note - 7 Non-Current Investment

Rs. in Lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	Amount	No. of Shares	Amount
Unquoted investments in equity instruments of subsidiary at cost				
BSA Company Limited	**138,600**	**3,366.13**	122,000	2,860.76
(Fully paid equity shares of GBP 1 each)				
Total	**138,600**	**3,366.13**	122,000	2,860.76

Note - 8a Other non-current assets

Rs. in Lakhs

Particulars		As at March 31, 2021	As at March 31, 2020
(a)	Capital Advances	**2,029.12**	781.89
(b)	Prepaid Expense	**11.69**	108.35
(c)	Balances with government authorities		
	(i) Advance Income Tax (TDS receivable)	**37.13**	1.05
	Total	**2,077.94**	891.29

Note - 8b Other current assets

Rs. in Lakhs

Particulars		As at March 31, 2021	As at March 31, 2020
(a)	Prepaid Expense	**126.10**	269.90
(b)	Advance to Domestic Supplier / Service provider	**79.95**	163.57
(c)	Balances with government authorities		
	(i) GST Receivable	**3,729.30**	1,968.81
	Total	**3,935.35**	2,402.28

Note - 9 Deferred Tax

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred Tax Liability		
On property, plant & equipment	**132.57**	76.31
Others	**–**	0.30
Total(A)	**132.57**	76.61
Deferred Tax Asset		
Provision for Employee Benefits	**46.24**	34.89
Unabsorbed Depreciation and Business Loss carried forward	**–**	801.94
Others	**86.33**	105.06
Total(B)	**132.57**	941.89
Net Asset/(Liability)	**–**	865.28

Note - 10 Inventories

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Stock in trade [includes in transit Rs.13.57 Lakhs (March 31, 2020 : Rs. 4.17 Lakhs)]	**2,339.22**	1,658.45
Total	**2,339.22**	1,658.45

Note - 11 Current Investments

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Carried at fair value through profit & Loss account		
Investments in Mutual Funds (quoted)	**–**	481.18
Total	**–**	481.18

Note - 12 Trade receivables

Particulars		As at March 31, 2021	As at March 31, 2020
			Rs. in Lakhs
Trade receivables :			
(a)	Unsecured Considered good	**228.61**	–
	Total	**228.61**	–

Note - 13 Cash & Cash Equivalents

Particulars		As at March 31, 2021	As at March 31, 2020
			Rs. in Lakhs
Balances with banks			
(i)	In current account	**370.19**	2,238.30
	Total	**370.19**	2,238.30

Note - 14 Other current financial assets

Particulars		As at March 31, 2021	As at March 31, 2020
			Rs. in Lakhs
Finanacial assets at amortised cost			
a)	Security Deposits	**27.72**	1.38
b)	Other Advances	**41.48**	44.59
	Total	**69.20**	45.97

Other Advances includes advance to employees, other receivables

Note - 15 Share Capital

Particulars	As at March 31, 2021	As at March 31, 2020
		Rs. in Lakhs
Authorised:		
55,00,00,000 (March 31, 2020 : 25,00,00,000) equity shares of Rs 10/- each.	**55,000.00**	25,000.00
	55,000.00	25,000.00
Issued, Subscribed and Paid up:		
22,42,13,330 (March 31, 2020 : 17,22,13,330) equity shares of Rs 10/- each.	**22,421.33**	17,221.33
Total	**22,421.33**	17,221.33

Rs. in Lakhs

Reconciliation of the no. of shares outstanding at the beginning and at the end of the period:	As at March 31, 2021 No. of shares	As at March 31, 2021 Amount	As at March 31, 2020 No. of shares	As at March 31, 2020 Amount
Balance as at beginning of the year	**17,22,13,330**	**17,221.33**	14,22,13,330	14,221.33
Add: Additional equity shares issued during the year	**5,20,00,000**	**5,200.00**	3,00,00,000	3,000.00
Balance as at end of the year	**22,42,13,330**	**22,421.33**	17,22,13,330	17,221.33

Notes:

i) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	As at March 31, 2021 Number of shares	As at March 31, 2021 % Shareholding	As at March 31, 2020 Number of shares	As at March 31, 2020 % Shareholding
Equity Shares:				
Mahindra & Mahindra Limited	**13,45,28,000**	**60.00%**	10,33,28,000	60.00%
PHI Capital Trust - Phi capital growth fund I	**4,48,42,665**	**20.00%**	3,44,42,665	20.00%
Boman Irani	**2,44,42,665**	**10.90%**	2,44,42,665	14.19%
Attarchand Trading Company Pvt Ltd	**2,04,00,000**	**9.10%**	1,00,00,000	5.81%
Total	**22,42,13,330**		17,22,13,330	

ii) The Company has only one class of Share i.e. Equity Shares having par value of Rs.10 each. Each holder of Equity Share is entitled to one vote per Share. In the event of liquidation of company, The holder of the Equity Share will be entitled to receive remaining assets, after deducting all it's liabilities, in proportion to the number of Equity Share held.

Note - 16 Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
		Rs. in Lakhs
Retained earnings		
Balance at the beginning of the year	**(3,003.28)**	(2,341.50)
Add :		
Loss for the year	**(8,800.51)**	(605.52)
Equity share issue expenses	**(65.26)**	(48.52)
Other comprehensive income for the year	**9.25**	(7.74)
Balance at the end of the year	**(11,859.80)**	(3,003.28)
Share Application money		
Balance at the beginning of the year	**2,080.00**	–
Add :		
Addition during the period	**–**	2,080.00
Reduction during the period	**(2,080.00)**	–
Balance at the end of the year	**–**	2,080.00
Total	**(11,859.80)**	(923.28)

Note - 17 Non Current Borrowings

Particulars		As at March 31, 2021	As at March 31, 2020
			Rs. in Lakhs
Unsecured (Carried at amortised cost)			
(a)	Lease Payable	**126.63**	49.11
	Total	**126.63**	49.11

Note - 18a Other Non Current Financial Liabilities

Particulars		As at March 31, 2021	As at March 31, 2020
			Rs. in Lakhs
Other Financial liabilities measured at amortised at cost			
(a)	Security Deposits	**448.00**	278.00
	Total	**448.00**	278.00

Note - 18b Other Current Financial Liabilities

Particulars		As at March 31, 2021	As at March 31, 2020
			Rs. in Lakhs
Other Financial liabilities measured at amortised at cost			
a)	Capital creditors	**653.67**	571.85
b)	Security Deposits	**0.40**	0.20
c)	Lease Payable	**70.60**	18.93
	Total	**724.67**	590.98

Note - 19a Non Current Provisions

Rs. in Lakhs

Particulars		As at March 31, 2021	As at March 31, 2020
(a)	**Provision for employee benefits**		
	Provision for compensated absences	**75.89**	57.83
	Provision for Gratuity	**98.68**	75.05
(b)	**Other Provisions**		
	Warranty	**109.09**	101.17
	Free Service Coupons	**38.59**	55.73
	Total	**322.25**	289.78

Note - 19b Current Provisions

Rs. in Lakhs

Particulars		As at March 31, 2021	As at March 31, 2020
(a)	**Provision for employee benefits**		
	Provision for compensated absences	**6.24**	4.15
	Provision for Gratuity	**2.91**	1.61
(b)	**Other Provisions**		
	Warranty	**531.13**	108.74
	Free Service Coupons	**240.40**	150.43
	Total	**780.68**	264.93

The movement in provision for warranty and service coupon is as follows

Rs. in Lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Provision for Warranty	Provision for Service Coupon	Provision for Warranty	Provision for Service Coupon
Opening Balance	**209.91**	**206.16**	0.26	0.17
Additional Net Provision recognised	**1,280.46**	**153.09**	377.25	232.73
Amounts used during the period	**(865.34)**	**(95.10)**	(167.60)	(26.74)
Unwinding of discount	**15.19**	**14.84**	–	–
Closing Balance	**640.22**	**278.99**	209.91	206.16

Note - 20 Trade Payables

Rs. in Lakhs

Particulars		As at March 31, 2021	As at March 31, 2020
Trade payable for goods & services			
-	Total outstanding dues of micro and small enterprises (note 38)	**27.52**	0.07
-	Total outstanding dues of other than micro and small enterprises	**15,358.57**	3,979.88
	Total	**15,386.09**	3,979.95

Note - 21 Other Current Liabilities

Rs. in Lakhs

Particulars		As at March 31, 2021	As at March 31, 2020
a)	Statutory remittances (Contribution to PF, profession tax, withholding taxes, GST, etc.)	**202.93**	146.88
b)	Interest payble	**0.40**	1.01
c)	Advances received from customers	**1,312.42**	2,633.10
	Total	**1,515.75**	2,780.99

Note - 22 Revenue from Operations

Rs. in Lakhs

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
(a)	Revenue from sale of products	**43,886.49**	41,029.70
(b)	Other operating revenue	**59.49**	21.61
	Total	**43,945.98**	41,051.31

Note - 23 Other income

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income on non financial assets	**–**	0.74
Net gain on foreign currency transaction and translation	**7.98**	–
Net gain/(loss) on Investment carried at fair value through profit or loss	**63.29**	89.15
Total	**71.27**	89.89

Note - 24 Changes in inventories of finished goods and stock-in-trade

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the beginning of the year		
Stock in Trade	**1,658.45**	28.32
	1,658.45	28.32
Inventories at the end of the year		
Stock in Trade	**2,339.22**	1,658.45
	2,339.22	1,658.45
Net (increase) / decrease	**(680.77)**	(1,630.13)

Note - 25 Employee benefits expense

Rs. in Lakhs

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
(a)	Salaries and wages, including bonus	**1,514.51**	586.75
(b)	Contribution to other funds	**51.34**	37.79
(c)	Staff welfare expense	**0.63**	12.36
	Total	**1,566.48**	636.90

Note - 26 Finance cost

Rs. in Lakhs

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
a)	Interest expense for financial liabilities at amortised cost	**27.59**	16.79
b)	Interest others	**1,072.35**	109.09
	Total	**1,099.94**	125.88

Interest others includes unwinding of discount

Note - 27 Depreciation and amortisation expense

Rs. in Lakhs

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a)	Depreciation on property, Plant and Equipments (note 5)	**727.63**	421.80
b)	Amortisation on other Intangible Assets (note 6)	**1,354.63**	842.95
	Total	**2,082.26**	1,264.75

Note - 28 Other expenses

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Advertisement & Promotional Expense	**1,562.56**	869.10
Service Charges	**681.73**	453.99
Software Expense	**94.31**	98.63
Royalty Expenses	**935.29**	910.55
Legal and professional Fees	**108.03**	93.59
Auditor Remuneration		
- Audit Fees	**10.00**	10.00
- Out of Pocket Expense	**–**	0.12
- Other services	**2.54**	2.54
Travelling Expenses	**117.19**	236.43
Freight and handling charges	**612.39**	659.89
Warranty Expenses and Free Service Charges (Net of Recoveries)	**1,407.68**	609.98
Stockyard Expense	**230.37**	193.43
R & D Expense	**93.41**	56.56
Rent including lease rentals (note 39)	**113.09**	51.20
Net loss on foreign currency transaction	**–**	3.18
Misc. expenses	**256.70**	191.44
Total	**6,225.29**	4,440.63

Note - 29 Earning per share

Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic & diluted earnings per share are as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Loss for the year (Rs. in Lakhs)	**(8,800.51)**	(605.52)
Weighted average number of equity shares	**199,623,741**	152,751,035
Face Value of Share	**10**	10
Earning per share		
Basic & Diluted in Rupees	**(4.41)**	(0.40)

Note - 30 Financial Instruments

Capital management

The company's capital management objectives are:

The Board policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital employed.

The Company manages capital risk by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

Debt-to-equity ratio is as follows:

Rs. in Lakhs

	March 31, 2021	March 31, 2020
Debt (A)	**–**	–
Equity (B)	**10,561.53**	16,298.05
Debt Ratio (A / B)	**–**	–

Fair Value

Set out below is the comparison by class of the carrying amounts and fair value of the Company's financials instruments

Rs. in Lakhs

Particulars	Carrying Amount		Fair Value	
	March 31, 2021	March 31, 2020	**March 31, 2021**	March 31, 2020
FINANCIAL ASSETS				
Financial assets measured at amortised cost				
Current Assets				
a) Investments (fair value through profit & loss)	**–**	481.18	**–**	481.18
b) Trade Receivable	**228.61**	–	**228.61**	–
c) Cash & cash equivalents	**370.19**	2,238.30	**370.19**	2,238.30
d) Other Current Financial assets	**69.20**	45.97	**69.20**	45.97
Total Financial Assets	**668.00**	2,765.45	**668.00**	2,765.45
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost				
Non Current Liabilities				
a) Borrowings	**126.63**	49.11	**127.20**	50.01
b) Other non-current liabilities	**448.00**	278.00	**448.00**	278.00
Current Liabilities				
a) Trade Payables	**15,386.09**	3,979.95	**15,386.09**	3,979.95
b) Other Current liabilities	**724.67**	590.98	**724.74**	591.05
Total Financial Liabilities	**16,685.39**	4,898.04	**16,686.03**	4,899.01

At the end of the reporting period, there are no significant concentrations of credit risk for financial assests designed at fair value through profit & loss. The carrying amount reflected above represents the company's maximum exposure to credit risk to such financial assets.

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are mutual funds and banks with high credit-ratings.

There is no change in estimation techniques or significant assumptions during the reporting period.

LIQUIDITY RISK

(i) *Liquidity risk management*

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) *Maturities of financial liabilities*

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Rs. in Lakhs

Particulars	March 31, 2021 Less than 1 Year	March 31, 2021 1-3 Years	March 31, 2021 3-5 Years	March 31, 2020 Less than 1 Year	March 31, 2020 1-3 Years	March 31, 2020 3-5 Years
Financial liabilities						
Other Financial liabilities	**727.58**	**593.67**	**1.65**	591.87	317.65	11.56
Trade payables	**15,386.09**	**–**	**–**	3,979.95	–	–
Total	**16,113.67**	**593.67**	**1.65**	4,571.82	317.65	11.56

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

a) *Foreign Currency exchange rate risk*

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities.The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. The information on derivative instruments is as follows.

Foreign currency exposures that are not hedged by derivative instruments

Rs. in Lakhs

Particulars	Currency	As at March 31, 2021 Foreign Currency Amount	As at March 31, 2021 Rupees Lakhs	As at March 31, 2020 Foreign Currency Amount	As at March 31, 2020 Rupees Lakhs
Trade payables	USD	21,600	15.79	2,100	1.59
Trade payables	EURO	6,820	5.85	4,350	3.60

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Rs. in Lakhs

Particulars	Currency	Change in rate	Effect on profit / (loss) before tax	Effect on pre-tax equity
31-Mar-21	USD	+10%	(1.58)	(1.58)
	USD	-10%	1.58	1.58
	EUR	+10%	(0.59)	(0.59)
	EUR	-10%	0.59	0.59
31-Mar-20	USD	+10%	(0.16)	(0.16)
	USD	-10%	0.16	0.16
	EUR	+10%	(0.36)	(0.36)
	EUR	-10%	0.36	0.36

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Note - 31 Fair Value Measurement

Financial assets/ financial liabilities	Fair value as at (Rs. in Lakhs) March 31, 2021	Fair value as at (Rs. in Lakhs) March 31, 2020	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
(i) Investment in Mutual Fund	–	481.18	Level 1	Quoted market price	–	–

Note: Carrying amount of Investment in unquoted equity shares closely approximates the fair value.

Financial instruments not measured using fair value i.e.measured using amortized cost

Rs. in Lakhs

Particulars	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets					
As at 31st March 2021					
Current Financial assets carried at amortised cost					
- Trade Receivable	228.61	–	228.61	–	228.61
- Other current financial assets	69.20	–	69.20	–	69.20
Total	**297.81**	–	**297.81**	–	**297.81**
Financial liabilities					
Non-current financial liabilities carried at amortised cost					
- Borrowings	126.63	–	127.20	–	127.20
- Other non-current financial liabilities	448.00	–	448.00	–	448.00
Current financial liabilities carried at amortised cost					
- Trade Payables	15,386.09	–	15,386.09	–	15,386.09
- Other current financial liabilities	724.67	–	724.74	–	724.74
Total	**16,685.39**	–	**16,686.03**	–	**16,686.03**

Rs. in Lakhs

Particulars	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets					
As at 31st March 2020					
Current Financial assets carried at amortised cost					
- Other current financial assets	45.97	–	45.97	–	45.97
Total	**45.97**	**–**	**45.97**	**–**	**45.97**
Financial liabilities					
Non-current financial liabilities carried at amortised cost					
- Borrowings	49.11	–	50.01	–	50.01
- Other non-current financial liabilities	278.00	–	278.00	–	278.00
Current financial liabilities carried at amortised cost					
- Trade Payables	3,979.95	–	3,979.95	–	3,979.95
- Other current financial liabilities	590.98	–	590.98	–	590.98
Total	**4,898.04**	**–**	**4,898.94**	**–**	**4,898.94**

Note - 32 Employee benefits

(a) Defined Contribution Plan

Amount recognised as an expense in the Statement of Profit and Loss in respect of Defined Contribution Plans is Rs. 51.34 Lakhs (March 31, 2020 Rs. 37.79 Lakhs)

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the amount calculated as per the Payment of Gratuity Act, 1972, Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Actuarial gains and losses in respect of defined benefit plans are recognised in the Financial statements through other comprehensive income.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields

A decrease in government bond yields will increase plan liabilities.

Inflation risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Life expectancy

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Defined benefit plans – as per actuarial valuation on 31st March, 2021

Rs. in Lakhs

Particulars	Unfunded Plan Gratuity 2021	Unfunded Plan Gratuity 2020
Amounts recognised in profit and loss in respect of these defined benefit plans are as follows:		
Current Service Cost	**27.95**	13.24
Net interest expense	**5.33**	3.87
Transfer In/(Out)	**5.54**	–
Components of defined benefit costs reconised in profit or loss	**38.82**	17.11
Amounts recognised in other comprehensive income		
Remeasurement on the net defined benefit liability		
Actuarial (gains) and loss arising form changes in demographic assumptions	**(2.68)**	–
Actuarial (gains) and loss arising form changes in financial assumptions	**–**	7.71
Actuarial (gains) and loss arising form experience adjustments	**(9.67)**	2.63
Componenets of defined benefit costs recognised in other comprehensive income	**(12.35)**	10.34
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**101.59**	76.66
2. Fair value of plan assets as at 31st March	**–**	–
3. Surplus/(Deficit)	**(101.59)**	(76.66)
4. Current portion of the above	**(2.91)**	(1.61)
5. Non current portion of the above	**(98.68)**	(75.05)
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**76.66**	49.96
2. Trasfer in /(out)	**5.54**	–
3. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**27.95**	13.24
– Transfer In/(Out)		–
– Interest Expense (Income)	**5.33**	3.87
4. Recognised in Other Comprehensive Income		
Remeasurement gains / (losses) - Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**(2.68)**	–
ii. Financial Assumptions	**–**	7.71
iii. Experience Adjustments	**(9.67)**	2.63
5. Benefit payments	**(1.54)**	(0.75)
6. Present value of defined benefit obligation at the end of the year	**101.59**	76.66
III. Actuarial assumptions		
1. Discount rate (%)	**6.90**	6.90
2. Expected rate(s) of salary increase (%)	**10.00**	10.00
3. Attrition rate (%)	**6.00**	5.00

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs. in Lakhs

Principal assumption		Impact on defined benefit obligation		
		Changes in assumption	Increase in assumption	Decrease in assumption
Discount rate				
	2021	1.00%	(10.48)	12.43
	2020	1.00%	(8.48)	10.17
Salary growth rate				
	2021	1.00%	10.91	(9.46)
	2020	1.00%	8.98	(7.72)
Attrition rate				
	2021	1.00%	(2.34)	2.68
	2020	1.00%	(1.98)	2.28

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

	2021	2020
Within 1 year	**2.91**	1.61
1 - 2 year	**3.89**	2.48
2 - 3 year	**5.03**	3.59
3 - 4 year	**7.44**	4.60
4 - 5 year	**22.80**	6.83
5 - 10 years	**141.99**	83.16

The weighted average duration of the defined benefit obligation as at March 31, 2021 is 16.95 years (March 31, 2020 is 17.6 years)

Rs. in Lakhs

VIII. Experience Adjustments :		Period Ended 2021 Gratuity	Period Ended 2020 Gratuity
1.	Defined Benefit Obligation	**101.59**	76.66
2.	Fair value of plan assets	**–**	–
3.	Surplus/(Deficit)	**(101.59)**	(76.66)
4.	Experience adjustment on plan liabilities [(Gain)/Loss]	**(12.35)**	10.34
5.	Experience adjustment on plan assets [Gain/(Loss)]	**–**	–

Note 33 : Related Party Disclosures:

1) List of Related parties and relationships

Name of company / Individual	Relation
Mahindra and Mahindra Limited	Joint Venturer
Phi Capital trust- Phi capital growth fund I	Joint Venturer
Mr. Boman Irani	Joint Venturer
Attarchand Trading Company Private Limited	Joint Venturer
BSA Company Limited	Subsidiary Company
B.S.A. Motor Cycles Limited	Subsidiary Company (w.e.f 11th September, 2020)
The Birmingham Small Arms Company Limited	Subsidiary Company (w.e.f 11th September, 2020)
BSA Corporation Limited	Subsidiary Company (w.e.f 11th September, 2020)
Mahindra Two Wheelers Limited	Subsidiary of Joint Venturer
Mahindra Integrated Business Solutions Limited	Subsidiary of Joint Venturer
Mahindra Logistics Limited	Subsidiary of Joint Venturer
PMTC Engineering SPA (Formerly known Mahindra Racing SPA)	Subsidiary of Joint Venturer
Tech Mahindra Limited	Associate of Joint Venturer
Mahindra eMarket Limited	Subsidiary of Joint Venturer
Mahindra First Choice Wheels Limited	Subsidiary of Joint Venturer
Fifth Gear Ventures Limited	Subsidiary of Joint Venturer
Mahindra Retail Pvt Limited	Subsidiary of Joint Venturer
Mahindra Holidays & Resorts Ltd	Subsidiary of Joint Venturer
Mahindra CIE Automotive Ltd	Subsidiary of Associate of Joint Venturer
Mr. Ashish Joshi	Chief Executive Officer
Mr. Rajan Wadhera	Joint Chief Executive Officer (w.e.f 1st December, 2020)
Mr. Ahish Saboo	Chief Financial Officer
Ms. Jenny Shah	Company Secretary

2) Related Party Transactions:

Rs. in Lakhs

Name of related party	Nature of Transactions	Amount Current Year Transactions	Amount Outstanding as at 31st March 2021		Amount Previous Year Transactions	Amount Outstanding as at 31st March 2020	
			Credit	Debit		Credit	Debit
1) Mahindra & Mahindra Limited	Purchase of Services	3,496.65			2,297.46		
	Purchase of Fixed Assets	38.67			122.78		
	Purchase of Goods	51,354.00			45,642.05		
	Reimbursement of expenses paid	10.32			58.30		
	Reimbursement of Expenses Received	36.79	11,561.60	–	6.57	2,744.96	–
	Sales of Goods	47.91			303.24		
	Sales of services	4.03			8.28		
	Issue of Share capital	3,120.00			1,800.00		
	Receipt of Share application money / (alloted) (Net)	(1,560.00)			1,560.00		
2) Mahindra Two Wheelers Limited	Reimbursement of expenses paid	–			0.03		
	Purchase of Goods	–	21.71		0.47	18.02	–
	Purchase of Services	149.98			111.28		
3) Mahindra Integrated Business Solutions Limited	Purchase of Services	37.41	1.03	–	40.37	0.73	–
4) PMTC Engineering SPA	Purchase of Services	80.95	–	–	–	–	–
5) Mahindra Logistics Limited	Purchase of Services	1,530.67	128.89	–	1,826.63	290.04	–
6) Tech Mahindra Limited	Purchase of Services	200.39	2.32	–	182.72	55.11	–
7) Mahindra eMarket Limited	Purchase of services	36.54	3.21	–	50.43	2.76	–
8) Mahindra First Choice Wheels Limited	Purchase of Services	1.39	1.30	–	–	–	–
9) Fifth Gear Ventures Limited	Purchase of Services	146.99	15.98	–	–	–	–
10) Mahindra Retail Pvt Limited	Purchase of services	–	–	–	2.79	–	–
	Deposit Given	–	–	–	–	–	0.50
11) Mahindra Holidays & Resorts Ltd	Purchase of services	1.12	–	–	19.54	–	–
12) Mahindra CIE Automotive Ltd	Purchase of Goods	1.18	0.21	–	1.67	0.10	–
	Advances for Fixed Assets	–	–	8.00	–	–	–
13) Phi capital Trust - Phi capital growth fund I	Issue of Share capital	1,040.00	–	–	600.00	–	–
	Receipt of Share application money / (alloted) (Net)	(520.00)	–	–	520.00	–	–
14) Attarchand Trading Company Private Limited	Issue of Share capital	1,040.00	–	–	600.00	–	–
15) BSA Company Limited	Investment in Shares	505.37	–	–	54.24	–	–
16) Ashish Joshi - CEO	Managerial Remuneration*						
17) Rajan Wadhera - Joint CEO	Managerial Remuneration						
18) Ashish Saboo - CFO	Managerial Remuneration	212.50			257.54		
19) Ms. Jenny Shah - Company secretary	Managerial Remuneration						

* Employee benefits payable (gratuity and leave encashment) are calculated on the basis of actuarial valuation. Amount payable for individual employee as at 31st March, 2021, cannot be separately indentified and therefore has not been included above.

Note - 34 Current Tax and Deferred Tax

(i) Movement in deferred tax balances

Rs. in Lakhs

Particulars	As at March 31, 2020	Amount recognised in P&L	Amount recognised in OCI	As at March 31, 2021
Deferred Tax Liability				
On property, plant & equipment	76.31	56.26	–	132.57
Others	0.30	(0.30)	–	–
Total	**76.61**	**55.96**	**–**	**132.57**
Deferred Tax Asset				
Provision for Employee Benefits	34.89	14.46	(3.11)	46.24
Unabsorbed Depreciation and Business Loss carried forward	801.94	(801.94)	–	–
Others	105.06	(18.73)	–	86.33
Total	941.89	(806.21)	(3.11)	132.57
Deferred Tax assets / (liability) Net:	865.28	(862.17)	(3.11)	–

Rs. in Lakhs

Particulars	As at March 31, 2019	Amount recognised in P&L	Amount recognised in OCI	As at March 31, 2020
Deferred Tax Liability				
On property, plant & equipment	6.09	70.22	–	76.31
Others	0.40	(0.10)	–	0.30
Total	**6.49**	**70.12**	**–**	**76.61**
Deferred Tax Asset				
Provision for Employee Benefits	25.16	7.13	2.60	34.89
Unabsorbed Depreciation and Business Loss carried forward	670.90	131.04	–	801.94
Others	0.07	104.99	–	105.06
Total	696.13	243.16	2.60	941.89
Deferred Tax assets / (liability) Net:	689.64	173.04	2.60	865.28

Net deferred tax assets have been recognised only to the extent that the Company has sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available against which such deferred tax assets can be realised.

Income Tax recognised in profit or loss

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current Tax		
In respect of current year	**–**	–
Deferred Tax		
In respect of current year origination and reversal of temporary diffrences	**60.23**	(173.04)
In respect of prior years	**801.94**	–
Income Tax as per P&L	**862.17**	(173.04)

The Reconciliation of estimated income tax expense at tax rate to income tax expense reported in Profit & Loss is as follows:

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax	**(7,938.35)**	(778.56)
Applicable Income tax rate	**25%**	25%

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Expected income tax expense	**(1,997.92)**	(195.96)
Effect of expenses not deductible in determining taxable profit	**0.63**	0.70
Effect of derecognition of deferred tax asset on previous years tax losses	**801.94**	–
Effect of Non recognition of deferred tax asset	**2,057.52**	
Effect of Tax rate change	**–**	22.22
Income Tax as per P&L	**862.17**	(173.04)

35 Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March, 2021 is Rs. 5,119.15 Lakhs (as at 31st March,2020 Rs. 2,196.32 lakhs).

36 Contingent Liabilities

Contigent Liabilities as at the close of the year - Nil (as at 31st March, 2020 - Nil).

37 Segment reporting

The Company is engaged in design, development, sales, marketing and related activities for two wheeler vehicle , predominantly in India, which represents single reportable business segment. These, in context of IND-AS 108 “Operating Segments” are considered to constitute one segment.

38 Dues to micro small and medium enterprises

Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosure as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as “the MSMED Act” are given below:

Rs. Lakhs

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
Dues remaining unpaid as at 31st Mar		
- Principal	**0.31**	–
- Interest on the above	*****	–
Interest paid in terms of Section 16 of the Act, along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date	**29.20**	112.31
- Interest paid in terms of Section 16 of the Act	**1.01**	–
Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**0.40**	0.98
Amount of interest accrued and remaining unpaid as at 31st Mar	**0.40**	1.01

* Amount less than Rs. 50000

39 Leases

The details of additions, carrying value and depreciation on right to use assets held by the Company is given in Note No. 5.

Interest expenses on leases is Rs. 5.31 Lakhs for the year ended March 31, 2021 (Rs 3.10 Lakhs year ended March 31, 2020). Company incurred Rs. 113.09 Lakhs for the year ended March 31, 2021 (Rs. 51.20 Lakhs for year ended March 31, 2020) towards expenses relating to short-term lease and leases of low-value assets. Total cash outflow for leases is Rs. 139.62 Lakhs for the year ended March 31, 2021 (Rs. 45.27 Lakhs for the year ended Mar 31, 2020) including cash outflow for short term and low value leases.

40 The Company has used the principles of prudence in applying judgments, estimates and assumptions in significant areas like estimating the remaining useful life of the tangible and intangible assets, provision for warranties, projection used to test investments for impairment, fair valuation of financial assets and liabilities etc. Considering the continuing COVID-19 pandemic, the result in the upcoming period may significantly vary and may affect the recoverability of assets and liabilities, However, this will depend upon future developments including actions taken to contain or treat the disease and to mitigate its impact on the economy.

The Company based on internal and external sources of information up to the date of approval of these financial statements, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2021 as at the date of approval of these financial statements.

41 Previous year’s figures have been regrouped/reclassified wherever necessary

For B. K. Khare and Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Date: 23rd April’2021
Place: Mumbai

For and on behalf of the Board
CIN No.U34101MH2015PTC265665

Mr. Prakash Wakankar
DIN No.00020462

Mr. Manoj Bhat
DIN No.05205447

(Directors)

Mr. Ashish Joshi (Chief Executive Officer)
Mr. Rajan Wadhera (Joint Chief Executive Officer)
Mr. Ashish Saboo (Chief Financial Officer)
Ms. Jenny Shah (Company Secretary)

Date: 23rd April’2021
Place: Mumbai

Form AOC 1

Pursuant to first proviso to Sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rule, 2014

Statement containing sailent features of the financial statements of subsidiaries/associate company/joint ventures as included in the Consolidated Financial Statements

Part A : Subsidiaries

S. No	Name of the Subsidiary	The date since when subsidiary was acquired	Reporting Currency	Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Libilities	Investment (excluding investment in subsidiaries)	Gross Turnover	Profit/(Loss) before Tax	Provision for Tax	Profit/(Loss) after Tax	Proposed Dividend and Tax thereon	Proportion of ownership interest	Proportion of voting power where Different
1	BSA Company Limited	21.10.2016	GBP	101.00	117.21	316.60	469.97	36.16	*	29.73	(94.04)	–	(94.04)	–	100.00%	
2	B.S.A. Motor Cycles Limited	11.09.2020	GBP	101.00	*	–	*	–	–	–	–	–	–	–	100.00%	
3	The Birmingham Small Arms Company Limited	11.09.2020	GBP	101.00	*	–	*	–	–	–	–	–	–	–	100.00%	
4	BSA Corporation Limited	11.09.2020	GBP	101.00	*	–	*	–	–	–	–	–	–	–	100.00%	

* Amount less than Rs. 50000

For and on behalf of the Board
CIN No.U34101MH2015PTC265665

Mr. Ashish Joshi
Chief Executive Officer

Mr. Prakash Wakankar
DIN No.00020462
Director

Mr. Rajan Wadhera
(Joint Chief Executive Officer)

Mr. Manoj Bhat
DIN No.05205447
Director

Mr. Ashish Saboo
Chief Financial Officer

Ms. Jenny Shah
Company Secretary
Date : 23rd April, 2021
Place: Mumbai

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BSA COMPANY LIMITED

Opinion

We have audited the financial statements of BSA Company Limited (the 'company') for the year ended 31 March 2021 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https:// www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulation;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Talbot (Senior Statutory Auditor)
for and on behalf of Azets Audit Services

Chartered Accountants

Statutory Auditor

Date:- 13th May 2021
Athenia House
10-14 Andover Road
Winchester
Hampshire
United Kingdom
S023 7BS

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Turnover	**30,640**	44,737
Distribution costs	**(1,355)**	(850)
Administrative expenses	**(126,224)**	(67,485)
Loss before taxation	**(96,939)**	(23,598)
Tax on loss	**–**	–
Loss for the financial year	**(96,939)**	(23,598)

Mr. Ashish Joshi
Director
21th April 2021

Company Registration No. 01531594

BALANCE SHEET
AS AT 31 MARCH 2021

	Notes	2021	2021	2020	2020
		£	£	£	£
Fixed Assets					
Intangible Assets	3		8,360		16,720
Tangible assets	4		4,769		–
Investments	5		9		–
			13,138		16,720
Current Assets					
Debtors	6	69,538		2,338	
Cash at bank and in hand		382,634		35,486	
		452,172		37,824	
Creditors: amounts falling due within one year	7	(35,797)		(26,092)	
Net current assts			416,375		11,732
Total assets less current liabilities			429,513		28,452
Capital and reserves					
Called up share capital			138,600		122,000
Share premium account			539,400		58,000
Capital redemption reserve			60,000		60,000
Profit and loss reserves			(308,487)		(211,548)
Total equity			429,513		28,452

These Financials statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 21st April 2021 and are signed on its behalf by:

Mr. Ashish Joshi
Director
21ST April 2021

Company Registration No. 01531594

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share Capital	Share Premium Account	Capital Redemption reserve	Profit and Loss reserves	Total
		£	£	£	£	£
Balance as at 1 April 2019		122,000	58,000	60,000	(187,950)	52,050
Year ended 31 March 2020:						
Loss and total comprehensive income for the year		–	–	–	(23,598)	(23,598)
Balance as at 31 March 2020		122,000	58,000	60,000	(211,548)	28,452
Year ended 31 March 2021:						
Loss and total comprehensive income for the year		–	–	–	(96,939)	(96,939)
Issue of share capital		16,600	481,400	–	–	**498,000**
Balance as at 31 March 2021		**138,600**	**539,400**	**60,000**	**(308,487)**	**429,513**

Mr. Ashish Joshi
Director
Date:- 21st April 2021

Company Registration No. 01531594

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information:

BSA Company Limited is a private company limited by shares incorporated in England and Wales. The principal place of business is Unit 14, HPL Prototypes Ltd, Birmingham Road, Allesley, Coventry, CV5 9QE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Classic Legends Private Limited. These consolidated financial statements are available from its registered office, Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai - 400018.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.The ongoing Covid-19 pandemic does not alter this expectation. The development of an electric motorcycle in the UK would be met through Capital infusion. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents and licences: Straight line over 15 years

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment: 25% reducing balance

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. The company considers all of its financial assets basic.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1.10 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.11 Foreign exchange
Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Employees
The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Total	Total
Total	**1**	–

3 Intangible fixed assets

	Other
	£
Cost:	
At 1 April 2020 and 31 March 2021	125,400
Amortisation and impairment	
At 1 April 2020	108,680
Amortisation charged for the year	8,360
At 31 March 2021	**117,040**
Carrying amount	
At 31 March 2021	**8,360**
At 31 March 2020	16,720

4 Tangible fixed assets

	Plant and machinery etc
	£
Cost:	
At 1 April 2020	–
Additions	4,870
At 31 March 2021	**4,870**
Depreciation and impairment	
At 1 April 2020	–
Depreciation charged in the year	101
At 31 March 2021	**101**
Carrying amount	
At 31 March 2021	**4,769**
At 31 March 2020	–

5 Fixed asset investments

	2021	2020
	£	£
Shares in group undertakings and participating interests	**9**	–

Movements in Fixed asset investments

	Shares in group undertakings
Cost or valuation	
At 1 April 2020	–
Additions	9
At 31 March 2021	**9**
Carrying amount	
At 31 March 2021	**9**
At 31 March 2020	–

6 Debtors

	2021	2020
	£	£
Amount falling due within one year:		
Other debtors	**69,538**	2,338

7 Creditors: Amount falling due within one year:

	2021	2020
	£	£
Amount falling due within one year:		
Trade creditors	**1,217**	5,318
Taxation and social security	**7,591**	3,030
Accruals and deferred income	**26,989**	17,744
	35,797	26,092

8 Operating lease commitments

Lessee
At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2021	2020
£	£
221,950	–

9 Parent company

The immediate parent company is Classic Legends Private Limited, which is a subsidiary of Mahindra & Mahindra Limited as per the Indian Companies Act, 2013.

The accounts of Classic Legends Private Limited are those of the smallest group of which the company is a member and for which group accounts are prepared. Their registered office is at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai - 400018.

Mr Ashish Joshi
Director
21st April 2021

Company Registration No. 01531594

Balance Sheet as at 31 March 2021

	2021 £	2020 £
Current Assets		
Cash at Bank and in hand	**1**	1
Net Assets	**1**	1
Issued share capital		
100 Ordinary shares of £ 0.01 each	**1**	1
Total Shareholder funds	**1**	1

STATEMENTS

a. For the year ending 31 March 2021 the company was entitled to exemption under section 480 of the Companies Act 2006 relating to dormant companies.

b. The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

c. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

d. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the Board on 20th April'2021

And signed on their behalf by:
Prakash Wakankar, Director

BALANCE SHEET AS AT 31 MARCH 2021

	2021 £	2020 £
Current Assets		
Cash at Bank and in hand	7	7
Net Assets	7	7
Issued share capital		
7 Ordinary shares of £ 1 each	7	7
Total Shareholder funds	7	7

STATEMENTS

a. For the year ending 31 March 2021 the company was entitled to exemption under section 480 of the Companies Act 2006 relating to dormant companies.

b. The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

c. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

d. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the Board on 20th April'2021

And signed on their behalf by:
Prakash Wakankar, Director

BALANCE SHEET AS AT 31 MARCH 2021

	2021 £	2020 £
Current Assets		
Cash at Bank and in hand	1	1
Net Assets	1	1
Issued share capital		
100 Ordinary shares of £ 0.01 each	1	1
Total Shareholder funds	1	1

STATEMENT

a. For the year ending 31 March 2021 the company was entitled to exemption under section 480 of the Companies Act 2006 relating to dormant companies.

b. The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

c. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

d. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the Board on 20th April’2021

And signed on their behalf by:
Prakash Wakankar, Director

BALANCE SHEET AS AT MARCH 31, 2021

	Notes	**31/03/2021 EUR**	31/03/2020 EUR
ASSETS			
FIXED ASSETS			
Financial fixed assets	**3**		
Shares in affiliated undertakings		**89,000,000.00**	52,000,000.00
CURRENT ASSETS			
Debtors	**4**		
Other debtors			
becoming due and payable within one year		**4,280.00**	5,375.60
Cash at bank and in hand		**157,762.50**	226,758.57
PREPAYMENTS		3,233.61	3,150.23
TOTAL ASSETS		**89,165,276.11**	52,235,284.40
LIABILITIES			
CAPITAL AND RESERVES	**5**		
Subscribed capital		**131,899,999.00**	94,900,000.00
Share premium account		**11,254,683.00**	11,254,683.00
Profit or loss brought forward		**(53,948,075.91)**	(26,198,516.69)
Profit or loss for the financial year		**(63,311.36)**	(27,749,559.22)
		89,143,294.73	52,206,607.09
CREDITORS	**6**		
Trade creditors			
becoming due and payable within one year		**21,446.38**	23,862.31
Other creditors			
Tax authorities		**535.00**	4,815.00
		21,981.38	28,677.31
TOTAL LIABILITIES		**89,165,276.11**	52,235,284.40

For and on behalf of the Board

Date: 30th April 2021
Place: Mumbai

Rajesh Jejurikar
Director

Vinayak Narvekar
Director

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MAR 31, 2021

	Notes	**From 01/04/2020 to 31/03/2021 EUR**	From 01/04/2019 to 31/03/2020 EUR
Other external expenses	**7**	**(67,056.36)**	(43,849.80)
Other operating charges		**–**	(230.93)
Value adjustments on financial fixed assets		**–**	(27,700,002.00)
Interest and other financial charges	**8**		
other interest and similar financial charges		**–**	(661.49)
Tax on profit or loss		**–**	–
Other taxes not included in the previous caption	**10**	**3,745.00**	(4,815.00)
Profit or loss for the financial year		**(63,311.36)**	(27,749,559.22)

For and on behalf of the Board

Date: 30th April 2021
Place: Mumbai

Rajesh Jejurikar
Director

Vinayak Narvekar
Director

Notes forming part of the Financial Statements

NOTE 1 - GENERAL INFORMATION

Mahindra Two Wheelers Europe Holdings S.à r.l., hereinafter the "Company", was incorporated on December 2, 2014 as a "société à responsabilité limitée" for an unlimited period. The Company is organised under the laws of Luxembourg, in particular the law of August 10, 1915 on commercial companies, as amended.

The registered office of the Company is established in Luxembourg City and is registered at the Trade and Companies register in Luxembourg under the number B 192 444.

The financial year of the Company starts on April 1 and ends on March 31 of each year.

Object

The purpose of the Company is the acquisition of ownership interests, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever and the management of such ownership interests. The Company may in particular acquire by subscription, purchase, and exchange or in any other manner any stock, shares and any other securities, including without limitation any bonds, debentures, certificates of deposit, trust units, any other debt instruments and more generally any securities and financial instruments issued by any public or private entity whatsoever, including partnerships. It may participate in the creation, development, management and control of any company or enterprise. It may further invest in the creation, acquisition and management of a portfolio of patents or any intellectual property rights of whatsoever nature or origin.

The Company may borrow in any form, except for borrowing from the public. It may issue notes, bonds, debentures and any other kind of debt and/or equity securities, including but not limited to preferred equity certificates and warrants, whether convertible or not in all cases. The Company may lend funds, including the proceeds of any borrowings and/or issues of equity/debt securities, to its subsidiaries, affiliated companies or to any other company. It may also give guarantees and grant security interests in favor of third parties to secure its obligations or the obligations of its subsidiaries, affiliated companies or any other company. The Company may further mortgage, pledge, transfer, encumber or otherwise hypothecate all or some of its assets.

The Company may generally employ any techniques and utilize any instruments relating to its investments for the purpose of their efficient management, including techniques and instruments designed to protect the Company against creditors, currency fluctuations, interest rate fluctuations and other risks. The Company may carry out any commercial, financial or industrial operations and any transactions with respect to real estate or movable property, which directly or indirectly, further or relate to its purpose.

The accounts of the Company are included in the consolidated accounts of Mahindra & Mahindra Limited, forming the largest body of undertakings of which the Company forms a part as a subsidiary undertaking. The registered office of that company is located at Gateway Building, Apollo Bunder, in Mumbai (400 001), where the consolidated financial statements are available.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the law of December 19, 2002, as amended by the law of December 10, 2010 (the "Law"), determined and applied by the managers of the Company (the "Board of "Managers").

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant accounting policies

The main valuation rules applied by the Company are the following:

Financial assets

Shares in affiliated undertakings are valued at purchase price including the expenses incidental thereto.

In the case of durable depreciation in value according to the opinion of the Board of the Managers, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Foreign currency translation

The Company maintains its accounting records in Euro (EUR) and the balance sheet and the profit and loss accounts are expressed in this currency.

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

In accordance with prudence principles found within generally accepted accounting principles in Luxembourg ("LuxGaap"), other assets are translated separately, at the lower of the value converted using the historical exchange rate and the value converted using the exchange rate at the balance sheet date. Conversely, other liabilities are translated separately, at the higher of the value converted using the historical exchange rate and the exchange rate at the balance sheet date. Consequently, both realised and unrealised exchange losses are recorded in the profit and loss account while exchange gains are recorded in the profit and loss account when realised only.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the profit and loss account while the net unrealised gains are not recognised.

Prepayments

This asset caption comprises expenditures incurred during the financial year but relating to a subsequent financial year.

Creditors

Creditors are stated as their nominal value. Where the amount repayable on account is greater than the amount received, the difference is shown in the profit and loss account when the debt is issued.

Current tax provisions

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax assessments have not yet been received are recorded under the caption "tax authorities". The advance payments are shown in the assets of the balance sheet under the caption "Other debtors", if applicable.

NOTE 3 - FINANCIAL FIXED ASSETS

a) The movements for the year are as follows:

	Affiliated undertakings		Total
	Number of Shares	Value of Shares EUR	EUR
	31/03/2021	31/03/2021	31/03/2021
Gross book value - opening balance	**312,085**	**105,691,619.00**	**105,691,619.00**
Additions for the year	2,312,500	37,000,000.00	37,000,000.00
Disposals for the year	–	–	–
Gross book value - closing balance	**2,624,585**	**142,691,619.00**	**142,691,619.00**
Value adjustments - opening balance		**(53,691,619.00)**	**(53,691,619.00)**
Allocations for the year		–	–
Value adjustments - closing balance		**(53,691,619.00)**	**(53,691,619.00)**
Net book value - closing balance	**2,624,585**	**89,000,000.00**	**89,000,000.00**
Net book value - opening balance	**312,085**	**52,000,000.00**	**52,000,000.00**

On November 7, 2019 the Company decided to purchase 300,415 shares of Peugeot Motocycles S.A.S. for an amount of EUR 1.00.

On December 12, 2019, the Company subscribed to 4,981,250 new shares issued by Peugeot Motocycles S.A.S. for an aggregate amount of EUR 79,700,000.00. However, a capital and a share premium decrease for Peugeot Motocycles S.A.S. was decided for an amount of EUR 84,516,112.00 and EUR 54,913,600.00 to offset the loss.

On July 7, 2020, the Company subscribed to 1,000,000 new shares issued by Peugeot Motocycles S.A.S. for an aggregate amount of EUR 16,000,000.00.

On February 5, 2021, the Company subscribed to 1,312,500 new shares issued by Peugeot Motocycles S.A.S. for an aggregate amount of EUR 21,000,000.00.

On March 31, 2021, the Company holds 2,624,585 shares for a norminal value at EUR 16.00 each.

b) Undertakings in which the Company holds at least 20% interests in their share capital or in which it is a general partner are as follows:

Undertaking's name	Registered office	Percentage of holding	Last balance sheet date	Net equity at the last balance sheet date EUR	Result for the last financial year EUR	Net book value 31/03/2021 EUR
Peugeot Motocycles S.A.S.	France	100.00%	31/12/2020	(13,257,334.46)	(5,299,097.01)	89,000,000.00
Total						

NOTE 4 - DEBTORS

This caption is detailed as follows:

	31/03/2021 EUR	31/03/2020 EUR
<u>Becoming due and payable within one year:</u>		
Net Wealth tax - advance 2020	**–**	4,815.00
ACD - Amounts to be received	**4,280.00**	–
Suppliers	**–**	560.60
Total	**4,280.00**	5,375.60

NOTE 5 - CAPITAL AND RESERVES

Subscribed capital and share premium account

As at March 31, 2021, the share capital of the Company amounts to EUR 131,899,999.00 and is divided into 14,900,000 class A shares with a nominal value of EUR 1.00 each, 1,600,000,000 class B shares with a nominal value of EUR 1.00 each and a par value of EUR 0.05 each, 533,333,300 class C shares with a nominal value of EUR 0.03 and 1,050,000,000 class D shares with a nominal value of EUR 0.02.

The movements on the "Subscribed capital " caption during the year are as follows:

	Share capital EUR	Total number of units
Opening balance	**94,900,000.00**	**1,614,900,000**
Subscriptions for the year	36,999,999.00	1,583,333,300
Redemptions for the year	–	–
Closing balance	**131,899,999.00**	**3,198,233,300**

On July 7, 2020, an EGM took place to approve the issuance of 533,333,300 Class C shares of nominal value EUR 0.03 each aggregating to EUR 15,999,999.00 to its sole shareholder.

On February 5, 2021, an EGM took place to approve the issuance of 1,050,000,000 Class D shares of nominal value EUR 0.02 each aggregating to EUR 21,000,000.00 to its sole shareholder.

Notes forming part of the Financial Statements

Share premium account

The movements on the "Share premium account" caption during the year are as follows:

	Share premium EUR
Opening balance	**11,254,683.00**
Movements for the year	**–**
Closing balance	**11,254,683.00**

NOTE 6 - CREDITORS

	Within one year EUR	After more than one year EUR	Total 31/03/2021 EUR	Total 31/03/2020 EUR
Trade creditors	21,446.38	–	**21,446.38**	23,862.31
Tax debts:				
Net wealth tax - estimated tax payable 2020	–	–	**–**	4,815.00
Net wealth tax - estimated tax payable 2021	535.00	–	**535.00**	–
Total	**21,981.38**	**–**	**21,981.38**	**28,677.31**

NOTE 7 - OTHER EXTERNAL EXPENSES

This caption is detailed as follows:	**31/03/2021 EUR**	31/03/2020 EUR
Accounting fees	**20,980.57**	20,632.54
Other comissions and professional fees	**13,695.35**	–
Notary fees	**11,800.00**	6,700.00
Audit fees	**9,182.76**	5,787.40
Domiciliation fees	**4,228.07**	4,116.93
Bank fees	**3,392.43**	2,078.65
Tax Consulting fees	**2,258.08**	2,737.82
Other fees	**1,169.10**	1,446.46
Luxembourg Chamber of Commerce contribution	**350.00**	350.00
Total	**67,056.36**	43,849.80

NOTE 8 - INTEREST PAYABLE AND SIMILAR EXPENSES

This caption is detailed as follows:	**31/03/2021 EUR**	31/03/2020 EUR
Foreign currency exchange losses	**–**	117.74
Interest expense on short term loan	**–**	543.75
Total	**–**	661.49

NOTE 9 - STAFF

There were no staff employed during the year (31/03/2020: nil).

NOTE 10 - TAXATION

The Company is subject to the general tax regulation applicable to all Luxembourg commercial companies.

NOTE 11 - OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES

The Company does not have any off balance sheet commitments or contingencies at the end of the financial year.

NOTE 12 - SUBSEQUENT EVENTS

In the first months of 2020, a pandemic of coronavirus disease 2019 (COVID-19) spread around the world, leading to numerous cases and casualties and causing an economic instability.

The company's operations have not been materially impacted by the COVID 19 pandemic and business continuity can be ensured.

However and whilst it too early to assess the future impact precisely, the current environment may lead to have an impact on the value of the participation in the next financial year.

For and on behalf of the Board

Date: 30th April 2021

Place: Mumbai

Rajesh Jejurikar
Director

Vinayak Narvekar
Director

INDEPENDENT AUDITORS' REPORT

Peugeot Motocycles S.A.S.

Registered office: 103 rue du 17 Novembre
25350 MANDEURE Share capital: €.4,993,360

Statutory Auditor's report on the financial statements

For the year ended December 31st, 2020

To the sole Shareholder,

Opinion

In compliance with the engagement entrusted to us by the Annual General Meeting, we have audited the accompanying financial statements of Peugoet Motocyles S.A.S. for the year ended December 31st, 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31th, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditor's' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors rules applicable to us, for the period from January 1st, 2020 to the date of our report.

Justification of Assessments

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the following matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

<u>Intangible and tangible assets' impairment</u>

Intangible and tangible assets, whose net value at year-end 2020 amounted to €. 1.520.549, are stated at cost value and impaired if their net realizable value is lower, as described in the Notes « 1. Règles et méthodes comptables », « 5. Immobilisations au 31 Décembre 2020 » and « 9. Provisions inscrites au bilan au 31 Décembre 2020 » to the financial statements.

On the basis of the information provided to us, our work consisted in assessing the data on which these values are based, in particular to review the discounted prospects of profitability of concerned activities and of achieving these goals, and to check the consistency of assumptions retained with forecasts based on the strategic business plans established for each activity and supervised by General Management.

<u>Inventories and receivables' impairment</u>

Your Company recognizes depreciations of its inventories and receivables according to the methods described in the Note « 1. Règles et méthodes comptables » to the financial statements.

We carried out the approach assessment of the Company Peugeot Motocycles S.A.S. as described in the Notes « 1.4. Stocks » and « 1.5. Créances » to the financial statements, based on information available up to date and performed tests to verify, using sampling techniques, the application of these approach.

<u>Provisions for risks and charges</u>

Your Company recognizes provisions to cover risks resulting for guarantees given to customers, as well as the costs of the restructuring plans and other risks, as described in the Note « 9. Provisions inscrites au bilan au 31 Décembre 2020 » to the financial statements.

We carried out the assessment of the approach of the Company Peugeot Motocycles S.A.S. as described in this Note to the financial statements, based on information available up to date and performed tests to verify, using sampling techniques, the application of these approach. We also have assessed the reasonableness of these estimates.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French laws and regulations.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the President's report and in other documents with respect to the financial position and the financial statements provided to the sole Shareholder calld to approve the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms, required under Article D.441-6 of the French Commercial Code (*Code de commerce*).

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of thefinancial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the President.

Statutory Auditor's Responsibilities for the Audit of the Financial Statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Schiltigheim, on the May 12th, 2021

French original version signed by

Florent Dissert

BALANCE SHEET

ASSETS (IN EUR)			31/12/2020		31/12/2019	Var. 19/18
			GROSS	**Amort. Depr.**	**NET**	**EUR**
FIXED ASSETS						
Uncalled subscribed capital		I	–	–	–	–
R&D expenses		02	–	–	–	–
Concessions, patents & similar rights		03	–	–	–	–
Business goodwill		04	**137,204**	–	137,204	137,204
Other intangible assets		05	**4,509,920**	**(4,509,920)**	–	–
Advance payments on intangible assets		06	–	–	–	–
INTANGIBLE FIXED ASSETS	**(02 to 06)**	07	**4,647,124**	**(4,509,920)**	137,204	137,204
Land		09	**1,822,000**	**(438,655)**	1,383,345	1,383,345
Building		10	**28,239,852**	**(28,239,852)**	–	–
Technical installations, machinery and equipment		11	**119,574,209**	**(119,574,209)**	–	–
Other tangible assets		12	**3,013,810**	**(3,013,810)**	–	–
Tangible assets in course		13	–	–	–	–
Advance payments on tangible assets		14	–	–	–	–
TANGIBLE FIXED ASSETS	**(09 to 14)**	15	**152,649,871**	**(151,266,527)**	1,383,345	1383,345
Equity interests		17	**7,333,988**	**(466,485)**	6,867,504	31,799
Receivables from equity interests		18	–	–	–	–
Other long-term investment securities		19	–	–	–	–
Loans		20	**2,160,164**	**(120,007)**	2,040,157	1,630,609
Other long-term investments		21	**246,736**	–	246,736	189,454
FINANCIAL FIXED ASSETS	**(17 to 21)**	22	**9,740,889**	**(586,492)**	9,154,397	1,851,861
TOTAL (II)	**(07 + 15 + 22)**	II	**167,037,884**	**(156,362,938)**	10,674,946	3,372,410
CURRENT ASSETS						
Merchandise		24	**13,337,716**	**(1,286,475)**	12,051,241	12,301,540
Raw materials and other supplies		25	**7,132,820**	**(2,937,566)**	4,195,254	7,163,216
Work in progress		26	–	–	–	–
Finished goods		27	**5,073,463**	**(781,094)**	4,292,369	3,109,086
INVENTORIES			**25,543,999**	**(5,005,135)**	20,538,864	22,573,843
Trade receivables and similar accounts		28	**14,118,225**	**(3,874,208)**	10,244,017	15,876,764
Other receivables		29	**15,737,378**	–	15,737,378	15,554,954
Cash and cash equivalents		30	**5,289,055**	–	5,289,055	1,925,882
Prepaid expenses		31	**3,834**	–	3,834	–
TOTAL (III)	**(25 to 31)**	III	**60,692,492**	**(8,879,343)**	51,813,149	55,931,443
DEF. CHARGES						
Deffered charges		IV	–	–	–	–
Bond redemption premiums		V	–	–	–	–
Positive translation adjustments		VI	**188,272**	-	188,272	82,862
TOTAL ASSETS	**(I+II+III+IV+V+VI)**		**227,918,648**	**(165,242,281)**	62,676,367	59,386,715

BALANCE SHEET

LIABILITIES (IN EUR)			31/12/2020 EUR	31/12/2019 EUR
SHAREHOLDER'S EQUITY				
Share capital		01	**20,993,360**	4,993,360
Issue, merger and contribution premiums		02	**–**	–
Revaluation reserve		03	**452,385**	452,385
Legal reserve		04	**–**	–
Statutory or contractual reserves		05	**–**	–
Regulated reserves		06	**–**	–
Other reserves		07	**–**	–
Retained earnings		08	**(29,403,983)**	(9)
Profit or (loss) of the financial year		09	**(5,299,097)**	(29,403,973)
Investments subsidies		10	**–**	–
Regulated provisions		11	**–**	–
TOTAL (I)	**(01 to 11)**	I	**(13,257,334)**	(23,958,237)
OTHERS EQUITY				
Proceeds from issues of participating securities		13	**–**	–
Contingent advances		14	**–**	–
TOTAL (II)	**(13 + 14)**	II	**–**	–
PROVISIONS				
Provisions for risks		16	**3,848,619**	4,208,207
Provisions for charges		17	**1,894,308**	5,746,711
TOTAL (III)	**(16 + 17)**	III	**5,742,928**	9,954,918
DEBTS				
Loans And Similar Debt				
Convertible debenture loans		19	**–**	–
Others bonds		20	**–**	–
Loans and other borrowings from credits		21	**26,750,000**	24,000,000
Bank account overdrafts		22	**1,577,138**	327,150
Loans and miscellaneous financial debts		23	**51,500**	109,479
Advances and deposits from customers		24	**–**	–
Accounts Payable				
Trade payables		25	**28,695,919**	28,518,424
Tax and social debts		26	**8,874,195**	7,084,257
Amounts payable on fixed assets and related accounts		27	**–**	–
Other debts		28	**4,118,063**	13247801
DEFFERED INCOME				
Deffered Income		29	**–**	–
TOTAL (IV)	**(19 to 29)**	IV	**70,066,815**	73,287,110
Negative translation adjustments (V)		V	**123,959**	102,924
TOTAL LIABILITIES	**(I+II+III+IV+V)**		**62,676,367**	59,386,715

PROFIT & LOSS ACCOUNTS (IN EUR)

			2020 12m	2019 12m	Var. 20/19 EUR	Var. 20/19 %
OPERATING REVENUES						
Sales of goods bought for resale		01	**65,864,738**	25,883,527	39,981,211	+154.5%
Sales of manufactured goods		02	**25,649,099**	74,106,105	(48,457,006)	965.4%)
Sales of services		03	**2,372,416**	1,393,260	979,156	+70.3%
Revenues	**(01 à 03)**	04	**93,886,253**	101,382,892	(7,496,639)	(7.4%)
Change in inventories of finished goods and work in progress		05	**1,378,639**	(12,766,739)	14,145,378	(110.8%)
Capitalised production		06	–	–	–	–
Operating subsidies received		07	–	156,938	(156,938)	(100.0%)
Reversals of provisions and depreciation, expense transfers		08	**6,046,498**	7,925,579	(1,879,081)	(23.7%)
Other income		09	**2,831,544**	1,217,598	1,613,946	+132.6%
Other operating income	**(05 à 09)**		**10,256,681**	(3,466,624)	13,723,305	(395.9%)
Operating income	**(04 à 09)**	10	**104,142,934**	97,916,268	6,226,666	+6.4%
OPERATING EXPENSES						
Purchases of merchandise		12	**(42,545,009)**	(22,714,878)	(19,830,131)	+87.3%
Change in inventories of merchandise		13	**(2,221,041)**	15,558,757	(17,779,798)	(114.3%)
Purchases of raw materials and other supplies		14	**(16,838,563)**	(47,833,869)	30,995,306	(64.8%)
Change in inventories of raw materials and other supplies		15	**(1,758,280)**	(381,617)	(1,376,663)	+360.7%
Other bought-in goods and services		16	**(26,398,749)**	(30,939,609)	4,540,860	(14.7%)
Taxes other than corporate income tax		17	**(2,593,684)**	(4,090,772)	1,497,088	(36.6%)
Wages and salaries		18	**(12,234,785)**	(14,865,391)	2,630,606	(17.7%)
Social security charges		19	**(4,679,989)**	(5,974,402)	1,294,413	(21.7%)
Depreciation, amortisation & provision – operating items:			–	–	–	–
– Depreciation and amortisation of fixed assets		20	**(34,816)**	(344,111)	309,295	(89.9%)
– Amortisation of deferred charges		21	–	–	–	–
– Increase in provisions against fixed assets		22	–	–	–	–
– Increase in provisions against current assets		23	**(1,452,461)**	(5,633,828)	4,181,367	(74.2%)
–Increase in provisions for liabililties and charges		24	**(1,579,844)**	(3,879,628)	2,299,784	(59.3%)
Other charges		25	**(2,680,959)**	(2,393,372)	(287,587)	+12.0%
Operating expenses	**(12 à 25)**	26	**(11,5018,180)**	(123,492,720)	8,474,540	(6.9%)
OPERATING PROFIT/(LOSSES)	**(10 + 26)**	27	**(10,875,245)**	(25,576,452)	14,701,206	(57.5%)

			2020 12m	2019 12m	Var. 20/19 EUR	Var. 20/19 %
Share in profits/losses of joint venure partnership		28	–	–	–	–
FINANCIAL INC.						
Income from equity interests		29	**950,824**	–	950,824	–
Other interest and similar income		30	**51,323**	12,839	38,484	+299.7%
Reversals of provisions and expense transfers		31	**7,442,626**	138,153	7,304,473	>+999%
Foreign exchange gains		32	–	154,875	(154,875)	(100.0%)
Net proceeds from disposals of marketable securities		33	–	–	–	–
Financial incomes	**(29 à 33)**	34	**8,444,774**	305,867	8,138,906	>+999%
FINANCIAL EXP.						
Depreciation, amortisation and provisions – financial items		35	–	(296,047)	296,047	(100.0%)
Interest and similar expenses		36	**(1,603,143)**	(1,603,565)	422	(0.0%)
Foreign exchange losses		37	**(206,919)**	–	(206,919)	–
Net expenses on disposals of marketable securities		38	–	–	–	–
Financial expenses	**(35 à 38)**	39	**(1,810,062)**	(1,899,612)	89,550	(4.7%)
NET FINANCIAL INCOME/(EXPENSES)	**(34 + 39)**	40	**6,634,711**	(1,593,745)	8,228,456	(516.3%)
PROFIT/(LOSSES) FROM ORDINARY ACTIVITIES	**(27 + 28 + 40)**	41	**(4,240,534)**	(27,170,197)	22,929,663	(84.4%)
EXTRA. INCOME.						
Extraordinary incomes - non-capital transactions		42	**196,816**	166,716	30,099	+18.1%
Extraordinary incomes - capital transactions		43	–	8,333	(8,333)	(100.0%)
Reversals of provisions and expense transfers*		44	**6,580,791**	9,017,991	(2,437,200)	(27.0%)
Extraordinary incomes	**(42 à 44)**	45	**6,777,606**	9,193,041	(2,415,434)	(26.3%)
EXTRA. EXPENSES						
Extraordinary expenses - non-capital transactions		46	**(1,542,086)**	(66,282)	(1,475,805)	>+999%
Extraordinary expenses - capital transactions		47	**0**	(1,756)	1,756	(100.0%)
Extraordinary depreciation, amortisation and provisions		48	**(3,236,391)**	(5,672,403)	2,436,012	(42.9%)
Extraordinary expenses DAEC + PSE			**(3,748,009)**	(6,185,024)	2,437,015	(39.4%)
Extraordinary charges	**(46 à 48)**	49	**(8,526,486)**	(11,925,464)	3,398,978	(28.5%)
NET EXTRAORDINARY INCOME/(EXPENSES)	**(45 + 49)**	50	**(1,748,880)**	(2,732,423)	983,544	(36.0%)
Statutory employee profit-sharing		51	–	–	–	–
Corporate income tax		52	**690,317**	498,647	191,670	+38.4%
NET PROFIT/(LOSSES) FOR THE YEAR	**(41+ 50 + 51 + 52)**	53	**(5,299,097)**	(29,403,973)	24,104,876	(82.0%)

Notes to Financial Statements

The information below forms the Notes to the Balance Sheet prior to the breakdown of the financial year ending 31st December 2020 which totals € 62,676,367, and to the Profit and Loss account that, under the form of a list, that shows a loss of € (5,299,097).

The financial statements cover the 12-month period from January 1st to December 31st, 2020.

The notes and tables N° 1 to 29 hereunder form an integral part of the annual financial statements.

1. Accounting rules and methods

The general accounting conventions below have been applied in accordance with the principle of prudence, and in compliance with legal and regulatory requirements in France and the basic assumptions that are intended to provide an accurate picture of the company :

- going concern,
- consistency of accounting methods from one period to the next,
- independence of financial years.

The annual accounts comply in particular with the provisions of the Accounting Standards Authority N°2016-07, dated 4th November 2016 and amending the regulation n°2014-03 relating to the General Chart of Accounts, approved by decree on 26 December 2016.

The basic method used when stating the value of items in the financial statements is the historical cost method.

The main accounting rules and methods used are the followings:

1.1. Tangible fixed assets

Tangible fixed assets are assessed at their acquisition cost (purchase price and incidental expenses), or at their production cost.

Interests on loans specifically for the production of fixed assets are not included in the assets production cost.

Expenses incurred in purchased of fixed assets are not included in the assets production cost.

Depreciation is recognized as an expense on a straight-line basis, based on the estimated useful life of each component, as described hereunder:

- Heavy component of industrial plants 40 years
- Buildings improvement 16 years
- Industrial equipment for production 16 years
- Machinery and tooling 16 years
- Specific machining equipment 16 years
- Specific tooling 6 years
- Die cast moulds 3 years

1.2. Intangible fixed assets

The intangible assets are assessed according to their acquisition cost (purchase price and related expenses).

The depreciation rules are applied according to the straight-line method following the useful lives below:

- Software: 1 year
- Leasehold right: non-depreciable
- Land: non-depreciable
- Business premises: non-depreciable

1.3. Participating, other long-term investments, short-term investments

The gross book value of long-term investments is their acquisition price, net of acquisition expenses. When their balance sheet value is less than their cost of acquisition, a provision for depreciation is set aside for the amount of the difference. The economic value of these stacks is estimated according to the relevant share acquired of the carrying value of net assets of the subsidiary.

1.4. Inventories

Inventories are measured using the Weighted Average Unit Cost method.

The gross value of goods and supplies includes the purchase price and the related expenses.

Manufactured goods are valued at production cost including supplies consumed, direct and indirect production expenses and allowances to depreciation of assets used in production. Idle capacity costs are excluded from inventories valuation.

Financial interests are always excluded from inventories valuation.

A provision for impairment is recorded based on the following modalities:

- Inventories amounting to over 1 year of consumption: 75%;
- Inventories amounting to over 3 years of consumption: 90%;
- Inventories related to the EURO 4 norm: 100%.

1.5. Receivables

Receivables are recorded at their nominal value. A provision for impairment is recorded when the fair value is lower than the net book value.

A factoring process is in place. The accounting processing of trade receivables transferred to the factor is mentioned in point 2.6 of these notes, related to significant events of this financial year.

1.6. Transactions in foreign currencies

Expenses and incomes in foreign currencies are accounted for their amount in euros to the date of the transaction.

Payables, receivables and cash in foreign currencies, are accounted at their fair value at closing date or at the guaranteed exchange rate if hedged.

1.7. Research and Development expenses

Research and Development expenses relating to new products or enhancement of existing products are included in the general expenses. In 2020, the amount was € 8,167 K.

Research & development has been significant in 2020 to prepare for the incoming EURO 5 norm for the European market. Emission levels have been lowered thanks to catalysts with an increased proportion of rare materials, and a new on-board diagnostic system « OBD2 ». Arrangements for the transition between EURO 4 and EURO 5 may allow to sell the remaining EURO 4 inventories. For the sake of prudence, these inventories have been impaired, as mentionned in point 1.4.

2. Significant events during financial year

Afin que le lecteur des comptes puisse porter un jugement avisé, les informations complémentaires suivantes sont données:

2.1. The company has initiated in July 2018 a rightsizing plan, validated in December 2018, providing for the departure of 102 employees and has also put in place an legal Employment Protection Plan. For this reason, the 2020 annual accounts present an extraordinary charges of € 3,748 K including payroll (€ 3,699 K) and other fees (€ 49 K). The provision covering the estimated costs of this plan, amounting to € 5,375 K at 31/12/2019, has been reversed for € 3,748 K and thus amounts to € 1,627 K at 31/12/2020; this amount will be used between 2021 and 2023 for the 22 remaining departures.

2.2. The goods coming from Asia and still in sea freight on 31/12/2020 (FOB) amount to 2 079 K€ .

2.3. A authorities have sent their first notifications following the tax audit related to financial accounts from 2015 to 2017. The impact of this audit are further mentioned in point 9.

2.4. The company decided to liquidate its Italian subsidiary in October 2019 and transfer the management of the Italian market to an exclusive retailer (GAM). Said liquidation was followed by the complete impairment of related assets (shares and trade receivables) in the Company's 2019 financial statements. In 2020, the Company decided to waive € 1,500 K of these receivables and to reverse their impairment by the same amount. At 31/12/2020, the remaining receivables amount to € 1,211 K, fully impaired.

2.5. Movements related to shareholder's equity are presented in point 8.

Until 31/12/2019, the company had adopted a non-deconsolidating presentation of receivables assigned to the factor. Following a review of the conditions of the factoring contract and the accounting rules applicable in this area, the company now presents a deconsolidating approach from the 31/12/2020 closing. For the sake of comparability of the accounts, the impacts on the 2019 accounts of this error correction are the following:

2019 financial statements	Original statements	Correction	Amounts after correction
Trade receivables (gross)	€ 21,703 K	€ (10,386) K	€ 11,317 K
Other liabilities	€ 13,248 K	€ (10.386) K	€ 2,862 K
Impairment of trade receivables	€ 5,826 K	€ (123) K	€ 5,703 K
Provisions for risks	€ 4,208 K	€ 123 K	€ 4,331 K

2.6. The full impairment of equity interests in the Chinese Joint-Venture have been fully reversed in 2020. Their net value rose from € 0 to € 6,836 K. This change is further detailed in point 9.

2.7. Considering the Covid 19 containment measures, the company has to close its factory from March 16th to May 11th. The support departments worked remotely for 50% during this period. The company used both the partial operation measures and paid vacation leave. R&D projects have also been suspended.

3. Going concern

During the year 2020, the company's activity remained loss-making, with a net loss of EUR 5.3 million.

Because of this deficit, and despite a recapitalization of 16,0 million euros by the sole shareholder in July 2020, the shareholder's equity of the Company are again negative at year end, of -13.3 million euros.

Financial debts reach 26.8 million euros at year end and are guaranteed by the sole shareholder. Accounts payable reach 28.7 million euros and include some overdue payments.

In a difficult 2020 health context, and a significant debt to the Joint Venture in China, a payment plan has been put in place throughout 2020. At the end of the year, the outstanding payments to the Chinese JV amounted to € 6.0m.

The company was supported by its parent company with a capital injection of € 16m in July 2020 and € 21m in February 2021, which allowed it to finance its activity and reduce its financial debts from € 24m at the end of 2019 to € 14.75m in February 2021 (€ 26.75m at end December 2020).

The consolidation of financial data in the new ERP will also have allowed for better control of the company's flows and working capital requirements despite significant activity in the last quarter of 2020 due to the shift in seasonality after the first confinement. The sole shareholder continues to guarantee the company's bank debt. The company has also been in contact with the state services to obtain support in the form of a loan within the framework of the FDES (Economic and Social Development Fund).

The discussions were not successful after analysis by the sole shareholder, but a moratorium was obtained in October 2020 on tax and social security debts by the Doubs Departmental Commission of Heads of Financial Services and Representatives of Social Security Bodies (CCSF) - confirmed in March 2021 with the implementation of a 24-month repayment plan.

In addition, the sole shareholder continues to support the company, notably through

- The guarantee of its bank debt,
- The commitment to continue its financial support to allow it to continue its activity. This support was confirmed in a post closing letter.

On this basis, taking into account the measures taken in terms of equity consolidation with, in particular, the new capital contribution from the sole shareholder at the beginning of 2021, which has led to a return to positive equity, an improvement in the cash position and a reduction in debt, as well as a more favourable short- and medium-term outlook, the 2020 annual financial statements have been prepared on a going concern basis.

4. Subsequent events following 31/12/2020

The global health crisis that impacted the company throughout 2020 continues into 2021 with shortages of certain materials/components and increased transportation costs in the first quarter as a result of the global economic recovery. In addition, during March 2021, the company is experiencing delivery delays due to the grounding of a ship in the Suez Canal. At this stage it is difficult to assess the situation of return to normal, which will depend on the needs of global freight.

The company has undertaken a cost overrun analysis and a recovery plan through vehicle price increases is being considered. The global shortage of semiconductors also reduces the company's visibility of the supply of these parts from suppliers. The peak season could be delayed by these supply issues and possibly the annual volume as envisaged could be reduced on an ad hoc basis (with a likely carry-over to subsequent years in a dynamic demand environment) in all our markets including China. The assessment is ongoing at the time of the 2020 closing.

The activity of the Mandeure plant was reduced at the beginning of 2021 due to the transition to the new € 5 standards for the Pulsion model and the reduction of the product portfolio compared to 2020. The company had to close the activity during the first quarter at a rate of one day per week with holidays and partial activity.

The company has obtained from the CCSF a deferment in March 2021 of its tax and social security debt as at 31 December 2020 and the debt of € 3.9 million will be deferred over a period of 24 months.

We inform you that the new curfew measures due to the health crisis have little impact on the company's activities. With regard to the new containment period starting on 6 April 2021, the company does not expect to be significantly impacted.

The sole shareholder recapitalized the Company to an amount of 21 million euros on 2021, immediately followed by a capital reduction of 37 million euros, as described in section 8.1.

5. Fixed assets on 31/12/2020

FIXED ASSETS GROSS VALUE *(in euros)*	**Opening balance**	**Transfers**	**Acquisitions**	**Disposals**	**Year-end balance**	**Original Value**
Intangible fixed assets						
Leaseholds	0	0	0	0	0	0
Software	4,438,799	36,995	34,126		4,509,920	4,509,920
Concessions, patents & similar rights	0	0	0	0	0	0
Business goodwill	137,204	0	0	0	137,204	137,204
Other intangible fixed assets	0	0	0	0	0	0
Advances and payments on account	0	0	0	0	0	0
Subtotal	**4,576,003**	36,995	**34,126**	0	**4,647,124**	**4,647,124**
Tangible fixed assets						
Lands	1,822,000	0	0	0	1,822,000	1,369,615
Buildings on freehold land	14,998,239	0	0	0	14,998,239	14,998,239
Buildings on non-freehold land						
Improvements to buildings	13,232,462	4,380	4,771	0	13,241,613	13,241,613
Technical installations, industrial plant and machinery	118,317,395	891,957	659,521	294,663	119,574,209	119,574,209
Other tangible assets :						
General fixtures and fittings 4	1,867,736	0	0	0	1,867,736	1,867,736
Vehicles	126,276	0	0	0	126,276	126,276
Office and computer equipment, furniture	1,020,832	0	0	1,034	1,019,798	1,019,798

FIXED ASSETS GROSS VALUE *(in euros)*	**Opening balance**	**Transfers**	**Acquisitions**	**Disposals**	**Year-end balance**	**Original Value**
Tangible fixed assets in progress	353,332	(353,332)	0	0	0	0
Advances and payments on account	580,000	(580,000)	0	0	0	0
Subtotal	**152,318,271**	(36,995)	**664,292**	**295,697**	**152,649,871**	**152,197,486**
Financial fixed assets						
Equity interests	7,333,988	0	0	0	7,333,988	7,333,988
Receivables from equity interests						
Other long-term investment securities						
Loans	2,357,537	0	0	197,373	2,160,164	2,160,164
Other long-term investments	189,454	0	57,283	0	246,736	246,736
Subtotal	**9,880,979**	0	**57,283**	197,373	**9,740,889**	**9,740,889**
TOTAL	**166,775,253**	0	**755,701**	**493,070**	**167,037,884**	**166,585,499**

Comment on tangible and intangible assets

A depreciation is recorded should the fair value of assets become lower than their book value.

Considering fair value at 31/12/2020, based on past performance and future cash-flow expectations, an extraordinary impairment has been recorded for several financial years to bring their net book value to zero.

At 31/12/2020, this total extraodinary impairment of tangible and intangible assets amounts to € 12,971,306.

Commentaires sur les immobilisations financières

Contribution to French social construction tax was made under the form of a loan of 73.228 €. The same contribution for 2021 will also be made under the form of a loan.6.

6. <u>Amortization and provisions on fixed assets as of 31/12/2020</u>

DEPRECIATION OF FIXED ASSETS *(in euros)*	**Opening balance**	**Transfers**	**Charges**	**Reversals**	**Year-end balance**
Intangible fixed assets					
Leaseholds	0	0	0	0	0
Software	4,438,799	0	221,533	150,412	4,509,920
Concessions, patents & similar rights	0	0	0	0	0
Business goodwill	0	0	0	0	0
Other intangible fixed assets	0	0	0	0	0
Advances and payments on account	0	0	0	0	0
Subtotal	**4,438,799**	**0**	**221,533**	**150,412**	**4,509,920**
Tangible fixed assets					
Land	438,655	0	0	0	438,655
Buildings on freehold land	14,998,239	0	0	0	14,998,239
Buildings on non-freehold land					
Improvements to buildings	13,232,462	0	633,785	624,634	13,241,613
Technical installations, industrial plant and machinery	118,317,395	0	2,439,796	1,182,982	119,574,209
Other tangible assets :					
General fixtures and fittings 4	1,867,736	0	0	0	1,867,736
Vehicles	126,276	0	0	0	126,276
Office and computer equipment, furniture	1,020,832	0	32,198	33,231	1,019,799
Tangible fixed assets in progress	353,332	0	0	353,332	0
Advances and payments on account	580,000	0	0	580,000	0
Subtotal	**150,934,926**		**3,105,779**	**2,774,179**	**151,266,527**

DEPRECIATION OF FIXED ASSETS *(in euros)*	**Opening balance**	**Transfers**	**Charges**	**Reversals**	**Year-end balance**
Financial fixed assets					
Equity interests	7,302,190	0	0	6,835,705	466,485
Receivables from equity interests	0	0	0	0	0
Other long-term investment securities	0	0	0	0	0
Loans	726,928	0	0	606,921	120,007
Other long-term investments	0	0	0	0	0
Subtotal	**8,029,118**	0	**0**	**7,442,626**	**586,492**
TOTAL	**163,402,843**	0	**3,327,312**	**10,367,217**	**156,362,938**

7. **Inventories as of 31/12/2020**

INVENTORIES ON 31/12/2020 *(in euros)*		**GROSS**	**DEPRECIATION**	**NET**
311000	Raw materials	6,131,942	2,238,613	3,893,329
322300	Consumable materials	1,000,878	698,953	301,925
351000	Intermediate products	545,959	175,699	370,260
355000	Finished products	4,267,087	605,395	3,661,692
355200	China finished products	260,417		260,417
371100	Goods - Vehicles	3,214,308	230,148	2,984,160
371101	Goods in transit (FOB)	2,079,574		2,079,574
371200	Goods - Parts	8,043,834	1,056,327	6,987,507
	TOTAL	**25,543,999**	**5,005,135**	**20,538,864**

8. **Changes in shareholder equity, transfers of operating charges and details on extraordinary result**

8.1. Changes in shareholder's equity

CHANGES IN SHAREHOLDER'S EQUITY *(in euros)*	**Opening balance**	**Increases**	**Decreases**	**Others**	**Year-end balance**
Share capital	4,993,360	16,000,000			20,993,360
Revaluation reserve	452,385				452,385
Retained earnings	(9)	(29,403,973)			(29,403,983)
Share premium					
Result of the year	(29,403,973)	29,403,973	(5,299,097)		(5,299,097)
Investment subsidy					
Tax-regulated provisions					
TOTAL	**(23,958,237)**	**16,000,000**	**(5,299,097)**		**(13,257,334)**

Mahindra Two Wheelers Europe S.à.r.l., sole shareholder of the Company, carried out a recapitalisation dated July 8th, 2020, increasing share capital to € 20,993,360, divided in 1,312,085 shares with an unchanged nominal value of 16 euros.

Shareholder's equity amounts to € (13,257,334) including the 2020 loss of € (5,299,097).

The sole shareholder then carried out another recapitalisation in 2021, for 21 million euros, immediately followed by a capital reduction of 37 million euros, bringing the share capital back to € 4,993,360.

8.2. Inception of the extraordinary result

As per the impaiment method described in point 5, an extraordinary impairment is recorded to bring the net book value of tangible and intangible fixed assets to zero (except for business goodwill and land).

The Company also waived a part of its receivables regarding its Italian subsidiary being liquidated. The impairment of said receivables has been reversed for the same amount (booked in operating result).

DETAIL OF THE EXTRAORDINARY RESULT	**EXPENSES**	**INCOME**
	Euros	**Euros**
On operating transactions - linked to the financial year	38,349	73,063
On operating transactions - linked to previous financial years		123,753
On investments transactions- assets disposals		
On investments transactions - reversals of investment subsidy		
On operating transactions - waiver	1,503,738	
Reversals of intangible fixed assets depreciation		150,412
Reversals of tangible fixed assets depreciation		2,441,287

DETAIL OF THE EXTRAORDINARY RESULT	EXPENSES	INCOME
	Euros	Euros
Reversals of extraordinary depreciations		
Reversals of extraordinary provision for liabilities and charges		241,083
Provisions for restructuring plan		3,748,009
Charges for restructuring plan	3,748,009	
Depreciation of fixed assets		
Extraordinary amortization of fixed assets	3,236,391	
Other extraodinary expenses		
TOTAL	**8,526,486**	**6,777,606**

8.3. **Details of the transferred expenses**

DETAIL OF THE TRANSFERRED EXPENSES	Euros
Adefim reimbursement of training costs	1,313
On wages and social security charges	63,185
On insurance proceeds	126,989
On insurance proceeds linked to employees	
On fire insurance proceeds	
Transferred charges to third parties	13,700
On goods returns	
Bought materials reinvoiced	
Employees - Benefits in kind	
Others	5,181
TOTAL	**210,368**

9. **Provisions as of 31/12/2020**

TYPE OF PROVISIONS *(in euros)*	**Line**		**Opening balance**	**Charges**	**Reversals**		**Others**	**Year-end balance**
					Used	**Non Used**		
Provisions for investment	1							
Provisions for fluctuations on price	2							
Provisions for accelerated tax depreciation	3							
Provisions for regulated revaluation	4							
Reinvested net gains	5							
Provision for foreign investments	6							
Other regulated provisions	7							
Total regulated provisions - Lines 01 to 07	8							
Provisions for disputes	9		29,200	17,200		15,000		31,400
Provision for customer warranties	10		3,008,000	350,523	1,025,050			2,333,472
Provisions for foreign exchange losses	11		62,601	129,430	62,601			129,430
Provisions for risks on factored receivables	12			486,994				486,994
Provisions for other liabilities	13		1,108,406			241,083		867,323
Provisions for liabilities - CASA								
Provisions for liabilities - PLOYER								
Provisions for liabilities - Oxygen								
Provisions for liabilities - URSSAF								
Provisions for liabilities - Labour litigations								
Provisions for taxations		Extra						
Provisions for charges - Group mobility	14							
Provisions for charges - Long-service award	15		219,835	45,000		35,394		229,441

TYPE OF PROVISIONS *(in euros)*	Line		Opening balance	Charges	Reversals Used	Reversals Non Used	Others	Year-end balance
Provisions for charges - Restructuring Plan 2018	16	Extra	5,375,306		3,748,009			1,627,297
Provisions for charges - Departures Casa	17	Extra						
Provisions for charges - Discounted construction loans	18		37,570					37,570
Provisions for charges - Battery recycling	19		114,000			114,000		
Total provisions liabilities and charges - Lines 09 to 20	**20**		**9,954,918**	**1,029,147**	**4,835,660**	**405,477**		**5,742,928**
On intangible fixed assets	21	Extra	399,881	70,659		150,412		320,128
On tangible fixed assets	22	Extra	14,518,431	592,943		2,441,287		12,670,087
On financial fixed assets	23	Financ	726,928			606,921		120,007
On equity investments	24	Financ	7,302,190			6,835,705		466,485
On inventories	25		5,633,828	1,452,461		2,081,154		5,005,135
On trade receivables	26		5,826,442	550,697	1,503,738	999,194		3,874,208
Other short-term assets	27							
Total provisions for assets depreciation- Lines 21 to 28	**28**		**34,407,700**	**2,666,760**	**1,503,738**	**13,114,673**		**22,456,050**
TOTAL - Lines 08 + 21 + 29			**44,362,618**	**3,695,907**	**6,339,398**	**13,520,150**		**28,198,978**

of which Charges and Reversals	Operating	14,931,476	3,032,305	2,591,389	3,244,742		12,127,651
	Financial	8,029,118			7,442,626		586,492
	Extraordinary	21,402,024	663,602	3,748,009	2,832,782		15,484,835

Comments on provision for warranties

As of 31/12/2020 the provision for warranties amounts to € 2,333 K. It is composed of a statistic provision on parts and labor for € 1,712 K and recall campaigns for € 622 K, pour un montant total de 622 K€ , corresponding to the estimate made by the Executive Management during accounts closing, based on data available at that time (list of vehicles involved, rate of return and potential cost of repairs), regarding the campaign launched end of 2017 and regarding an new campaign launched end of 2018.

Comments on provision for restructuring plan

This provision amounts to € 1,627 K as of 31/12/2020 following a reversal for € 3,748 K in 2020. It covers the commitment linked to the restrucuting plan initiated in July 2018 related to 102 possible net departures and the set up of a job preservation plan. Provision as of 31/12/2020 is based on information available to the management at the closing date.

The provision includes the estimated cost of the various measures : internal mobility, actions to restart a part of the operations, creation of new positions, efforts to make external mobility easier, support for business creation or takeover, training and retraining opportunities. It also includes the estimated cost of the dismissals, and the estimated cost related to economic revitalization commitments.

Comments on the provision for depreciation of tangible and intangible assets

See section 5 above.

Comments on the provision for miscellanous risks

The provision booked in 2019 for € 1,108 K to adress tax audit risks related to the 2015, 2016 and 2017 financial statements has been reversed for € 242 K, following the decision from tax authorities to abandon grievances related to VAT in intra-european sales. The provision represents the maximal risk according to information available at the closing date, and is mainly related to potential fines for insufficient justification of transfert pricing (€ 781 K). However, the Company is currently preparing new answers to tax authorities asking to lower these fines.

Comments on the provision for depreciation of equity interests

Equity interests of the Chinese Joint-Venture amount for a net book value of € 6,836 K as of 31/12/2020. They used to be impaired for 100%, starting from 2011. This depreciation has been completely reversed in 2020, following a change in evaluation. The new financial structure of the JV and its activity on its local market allowed its fair value to be estimated independently from the Company. The 2020 reversal is thus justified by the fair value of the Chinese JV as of 31/12/2020, valued by methods based on net assets and discounted cash-flows.

Equity interests of the Italian subsidiary, currently being liquidated, remain completely impaired.

Comments on the provision on trade receivables :

As mentioned in point 8.2 above, depreciation of trade receivables related to the PMI subsidiary has been partly reversed in 2020 (reversal being booked in operating result) for the amount of the waiver (booked in extraordinary result) accepted in 2020.

Changes in the presentation of factored receivables, as mentioned in point 2.6 above result in a lower impairment of trade receivables for € 487 K, and a new provision for risk for the same amount.

10. Maturity dates for receivables and debts as of 31/12/2020

ASSETS	Line	Gross Value	Within 1 year	More than 1 year
		Euros	Euros	Euros
From Fixed Assets				
Receivables from equity interests	1			
Loans	2	2,160,164		2,160,164
Other long-term investments	3	246,736		246,736
SUBTOTAL Lines 01 to 03	**4**	**2,406,900**		**2,406,900**
From current assets				
Doubtful and disputed trade receivables	5	766,370	766,370	
Other trade receivables	6	13,351,855	13,351,855	
Debtors suppliers & advance payments	7	1,257,456	1,257,456	
SUBTOTAL - Lines 05 to 07	**8**	**15,375,681**	**15,375,681**	
Amounts due from employees	9	10,187	10,187	
Social security and other welfare agencies	10	677,426	677,426	
State and other local authorities				
Corporate income tax recoverable	11			
VAT recoverable	12	1,005,614	1,005,614	
Other taxes and duties recoverable	13	985,705	985,705	
Other amounts due from government and local authorities	14			
Amount due from Group companies and shareholders	15			
Other receivables	16	11,800,990	11,800,990	
SUBTOTAL - Lines 09 to 16	**17**	**14,479,922**	**14,479,922**	
TOTAL Lines 04 + 08 + 17		**32,262,503**	**29,855,603**	**2,406,900**

LIABILITIES	Line	Gross Value	Within 1 year	1 to 5 years	More than 5 year
		Euros	Euros	Euros	Euros
Loans and long-term liabilities					
Convertible bonds	18				
Other bonds	19				
Financial debt	20	28,327,138	28,327,138		
Miscellaneous debt	21	51,500	51,500		
SUBTOTAL Lines 18 to 21	**22**	**28,378,638**	**28,378,638**		
Short-term liabilities					
Trade payables	23	28,695,919	28,695,919		
Creditor clients	24	3,999,193	3,999,193		
Amounts due to employees	25	2,425,112	2,425,112		
Social security and other welfare agencies	26	4,994,615	2,499,515	2,495,100	
Amounts due to state or local authorities					
Corporate income tax payable	27				
VAT payable	28	1,174,510	1,174,510		

LIABILITIES	Line	Gross Value	Within 1 year	1 to 5 years	More than 5 year
		Euros	Euros	Euros	Euros
Tax payment bonds	29				
Other taxes payable	30	279,957	279,957		
Amounts due to Group Companies and Shareholders	31				
Other liabilities	32	118,870	118,870		
SUBTOTAL - Lines 24 to 32	**33**	**12,992,258**	**10,497,158**	**2,495,100**	
SUBTOTAL - Lines 23 & 33	**34**	**41,688,177**	**39,193,076**	**2,495,100**	
Other liabilities					
Amounts payable on fixed assets and related accounts	35				
Amounts due to Group Companies and Shareholders	36				
Other liabilities	37				
SUBTOTAL - Lines 36 to 37	**38**				
SUBTOTAL - Lines 35 & 38	**39**				
TOTAL Lines 22 + 34 + 39		**70,066,815**	**67,571,715**	**2,495,100**	

11. Impact of revaluations in balance sheet as of 31/12/2020

Change in provision for regulated revaluation *(in euros)*	Line	Opening balance	Disposals	Others	Year-end balance	For information - Difference transferred to capital
Concessions, patents & similar rights	11					
Business goodwill	12					
Lands	13	300,282			300,282	
Equity interests	14					
Fixed assets (1959 French law)	15	152,103			152,103	
TOTAL Lines 11 to 15	**16**	**452,385**			**452,385**	
Revaluation reserve (1976 French law))					300,282	
Special revaluation reserve (1959 French law)					152,103	
"Free revaluation" differences						
Other differences						

12. Business goodwill

BUSINESS GOODWILL	Euros
26 Avenue de la Grande Armée PARIS	137,204
TOTAL	**137,204**

13. Interests in fixed assets

Interest is not included in the production cost of fixed assets owned by the Company.

14. Interests in inventories

Interest is not included in inventories.

15. Accrued income and expenses

Accrued Income	31/12/2020	31/12/2019
	Euros	Euros
Government – amounts to receive	985,705	2,017,934
Clients – invoices to raise	2,112	265,046
Suppliers – amounts to receive		
Related company – accrued income		
Interests on equity loan VAT		
Royalties		
Other accrued income	167,037	444,902
Employees – amount due		
TOTAL	**1,154,854**	**2,727,882**

Accrued Expense	31/12/2020	31/12/2019
	Euros	Euros
Accrued interest on debt		
Bank – shortterm accrued expense		
Purchase invoices not received	11,686,890	10,861,032
Clients – credit notes to raise	(4,998)	62,622
Accrued holiday to pay	2,114,962	2,251,662
Social security – accrued expenses	909,178	965,391
Accrued taxes to pay	108,321	422,849
Related companies – accrued expenses		
Other accrued expense		
TOTAL	**14,814,353**	**14,563,556**

16. Deferred charges and income

As of 31/12/2020, deferred charges amount to € 3,834. There is no deferred income.

There were no deferred charges or income in the 2019 financial statements.

17. Turnover

Thanks to the deployment of the new ERP late 2019, trading operations have been isolated and the related inventories have been reclassified as trading goods as of 31/12/2019. However, due to the change in the information system, the Company can not distinguish trading from production operations for the whole 2019 financial year, be it for sales or for purchases.

17.1. Business lines

	2020	2019
	In thousands of euros	In thousands of euros
Second-hand vehicles		n/a
Motor vehicles	23,114	n/a
U.M.E.	8,653	n/a
Spare parts and accessories	2,527	n/a
Automobiles parts		
Bike		
Engine	2	n/a
Trading	55,948	n/a
Others	6	n/a
Non-core activities revenues	3,636	n/a
TOTAL	**93,886**	

17.2. Breakdown of revenue and raw materials purchases as per manufacturing origin

(in thousands of euros)	2020	2019	(in thousands of euros)	2020	2019
Sold production manufactured	**23,116**		**Production purchases Mandeure**	**16,839**	**n/a**
Motor vehicles	23,114	n/a			
Engines	2	n/a			
Sold production trading	**64,601**		**Trading purchases**	**42,545**	**n/a**
Motor vehicles	55,948	n/a			
UME	8,653	n/a			
Bycicle		n/a			
Other products	**6,169**				
Used vehicles		n/a			
Spare parts	2,527	n/a			
Miscellaneous	6	n/a			
Secondary activities	3,636	n/a			
TOTAL	**93,886**		**TOTAL**	**59,384**	

17.3. Geographical markets (destination countries)

(in thousands of euros)	2020	2019
European countries	46,005	n/a
"French franc" zone	680	n/a
Other countries	8,989	n/a
TOTAL EXPORT	**55,674**	
France	38,212	n/a
TOTAL	**93,886**	

18. Corporate income tax

Corporate Income Tax on December 31, 2020 *(in millions of euros)*	Pre-tax Profit	Taxable Profit		Tax due	Net Profit
		33.33%	28%		
Profit from ordinary activities	(4.2)				(4.2)
Extraordinary results	(1.7)				(1.7)
Tax credits				0.7	0.7
Additional contribution 10 %					
Employee profit-sharing					
CARRY BACK					
TOTAL	**(6.0)**			**0.7**	**(5.3)**

For the 2020 financial year, PEUGEOT MOTOCYCLES generated a tax deficit of € (9,2) million.

19. Impact of special tax valuations

EXCEPTIONAL TAX ASSESSMENTS	In thousands of euros
Accounting result	(5,299)
Corporate income tax	690
PRETAX RESULT	(4,609)
Change in regulated provisions :	
Provisions for accelerated tax depreciation	
Provision for fluctuation in price	
FISCAL RESULT WITHOUT EXCEPTIONAL TAX ASSESMENTS	**(4,609)**

20. Increase and reduction in deferred tax liability

As of 31/12/2020, the company has no deferred tax liability. The contingent taxation represents deferred tax assets of € 141 million.

20.1. Deferred taxation

Considering a corporate income tax rate of 28% :

Origin of deferred taxation *(in billions of euros)*	Opening balance			Year-end balance		
	Amount	Deferred Taxation		Amount	Deferred Taxation	
		Assets	Debt		Assets	Debt
Depreciation considered as deferred for tax	15	4		13	4	
Losses carried forward	139	39		148	42	
Research tax credit						
Charges for which tax result deduction is deferred						
• Paid holiday	3	1		3	1	
• Solidarity contribution	0	0		0	0	
• DAEC	5	2		2	0	
• Provision for exchange rate losses						
• Provision CASA						
• Assets depreciation	11	3		9	2	
• Employees profitsharing						
• Provision for discounted construction loans	0	0		0	0	
• Provision for liabilities and charges						
• Negative translation adjustments	0	0		0	0	
• Positive translation adjustments						
• Guarantee program						
• Depreciation on loans	0	0		0	0	
TOTAL	**174**	**49**		**175**	**49**	

21. Translation variances

Adjustments *(in thousands of euros)*	**Amount**	**Difference covered by hedging transactions**	**Provision for exchange rate**
Positive translation adjustments (unrealised losses)			
• on non.financial fixed assets			
• on financial fixed assets			
• on trade receivables	187		129
• on financial debts			
• on short.term debts			
Negative translation adjustments (unrealised gains)			
• on non.financial fixed assets			
• on financial fixed assets			
• on trade receivables			
• on financial debts			
• on short.term debts	(124)		
TOTAL	**63**		**129**

Unrealised losses are covered by a provision for exchange rate included in the provisions for risks on the balance sheet.

22. Off balance sheet committments given

22.1. Retirement commitments

The Company provides the employees with retirement benefits and, under certain conditions, a minimum level of pensions. As of 31/12/2020, the estimated current value of future contributions amounts for € 2,452 K (€ 2,258 K as of 31/12/2019) related to retirement indemnities, € 1,079 K (vs. € 1,004 K) for additional pensions, and € 229 K (vs. € 220 K) for long-service awards. The amount related to long-service awards is the only one covered by a provision in the balance sheet.

This amount is covered for € 1,630 K (vs. € 1,647 K) by instalments to external funds. The main actuarial assumptions in the calculation of this value are a discount rate of 0.65%, and an inflation rate of 1.80%.

22.2. Other commitments given

FINANCIAL COMMITMENTS	**In thousands of euros**
Bills for collection	33
Deposits and guarantees	527
Receivables transferred to factor	12,391
Leasing contracts	
Long term rentals	
TOTAL	**12,951**

These commitments relate to :

- the Executives for 0
- the subsidiaries and other companies for 0

23. Liabilities guaranteed by real securities

Debt guaranteed by real securities	**In thousands of euros**
Bank Debts	26,750
Total	**26,750**

Loans and bank debts are guaranteed by a financial commitment from Mahindra and Mahindra Ltd.

24. Remuneration of executives

The members of the Supervisory Board are not compensated. Wages paid to the Management are not mentioned, as it would lead to disclose personal information.

25. Auditors

AUDITORS	**Euros**
Statutory auditing fees	**78,000**
consolidation auditing fees	
Total	78,000

26. Average headcount

AVERAGE HEADCOUNT	**Employees**	**Lended or temp employees**
Managerial grades	115	1
Technical and supervisory grades	112	3
Workers	81	36
Apprentices + short-term labour contracts	24	
CASA employees		
TOTAL	**331**	**41**

27. Parent companies consolidating the Company's accounts

Our financial accounts are included in the consolidated accounts of the group Mahindra & Mahindra Ltd – Mahindra Towers P.K. – Kurne Chowk, Worli – MUMBAI 400018 INDIA, following the full consolidation method.

28. Subsidiaries and equity interests

SUBSIDIARIES AND EQUITY INTERESTS *(in thousands of euros)*			**SHARE CAPITAL**	**EQUITY (before net income)**	**INTEREST HELD (%)**	**LATEST NET INCOME**	**TURNOVER**	**DIVIDENDS RECEIVED BY PMTC**	**LOANS AND ADVANCES GIVEN**
A / Detailed information about subsidiaries and equity interests									
Subsidiaries (over 50 % of the share-capital)	French								
	Foreign	PMD	26	651	100	88	17,502		
	Foreign	PMI	264	141	100	-631	14		
Equity interests (10 to 50 % of the share-capital)	French								
	Foreign	JQPM	17,102	18,267	50	7,506	72,166	951	
B / General information about other subsidiaries and equity interests									
Subsidiaries not included in A	French								
	Foreign								
Equity interests not included in A	French								
	Foreign								

The PMI subsidiary is in liquidation since 2019.

Data related to JQPM has been converted in euros according to the 31/12/2020 closing exchange rate of 8.0225 CNY for 1 EUR.

29. Marketable securities held in portfolio as of 31/12/2020 (euros)

Number of shares	**Valeur Nominale**	**COMPANIES**	**Gross Value**	**Amortisation Depreciation or Capitalised gains**	**Net Value**
1	26,000	**PEUGEOT MOTOCYCLES DEUTSCHLAND**	31,799		31,799
15,675	16	**PEUGEOT MOTOCYCLES ITALIA (in liquidation)**	466,485	466,485	
1	6,835,705	**JINAN QINGQI MOTORCYCLES**	6,835,705		6,835,705
		TOTAL	**7,333,988**	**466,485**	**6,867,504**

Balance Sheet as of December 31, 2020

	31st Dec 2020 €	31st Dec 2019 €
Assets		
A. Fixed assets		
I. Intagible assets		
1. Industrial property and similar rights and assets	**1**	1
	1	1
II. Tangible assets		
Other equipment, factory and office equipment	**19,795**	795
B. Current assets		
I. Inventories		
Merchandise	**74,835**	68,975
II. Receivables and other assets		
1. Trade receivables	**1,519,507**	1,140,466
2. Receivables from affiliated companies	**138,067**	138,067
3. Other assets	**2,331,177**	96,590
	3,988,751	1,375,123
III. Cash on hand and bank balances	**1,005,898**	599,928
C. Prepaid expences and deferred charges	**1,460**	12,267
	5,090,740	2,057,090

	31st Dec 2020 €	31st Dec 2019 €
Shareholders' equity and liabilities		
A. Shareholders' equity		
I. Subscribed capital	**26,000**	26,000
II. Capital reserves	**264,390**	264,390
III. Unappropriated profits brought forward	**360,741**	315,493
IV. Net income for the year	**87,547**	45,248
	738,678	651,131
B. Accruals		
1. Tax accruals	**3,659**	3,229
2. Other accruals	**703,944**	976,762
	707,603	979,991
C. Accounts payable		
1. Bank loans and overdrafts	**0**	0
2. Trade payables	**0**	11,104
3. Payables to affiliated companies	**1,822,760**	313,012
– of which from shareholder: € 243,399 [Rs L 196,33] (prior year: € 0 [Rs L 0])		
4. Other liabilities	**1,821,698**	101,853
– of which taxes: € 194,539 [Rs L 164,26] (prior year: € 15,249 [Rs L 10,56])		
	3,644,459	425,968
	5,090,740	2,057,090

Income Statement for the year ended December 31, 2020

		2020 €	2019 €
1.	Sales	**17,501,547**	16,753,706
2.	Other operating income	**53,363**	240,656
3.	Cost of goods sold	**14,937,120**	13,338,893
4.	Personnel expenses		
	a) Wages and salaries	**1,182,553**	1,070,373
	b) Social security	**186,997**	208,534
		1,369,551	1,278,907
5.	Amortization and depreciation	**2,787**	1,983
6.	Other operating expenses	**1,133,276**	2,292,741
7.	Other interest and similar income	**0**	0
8.	Interest and similar expenses	**0**	**0**
	– of which to affiliated companies: € 0		
9.	Taxes on income	**24,418**	33,798
10.	**Income after taxes**	**87,759**	48,040
11.	Other Taxes	**212**	2,791
12.	**Net income for the year**	**87,547**	45,248

Cash Flow Statement for the year ended December 31, 2020

	2020 €	2019 €
A. cash flows from operating activities		
Profit	**87,547**	45,248
Income taxes	**24,418**	33,798
Interest expense (interest income)	**–**	–
(Gains)/losses arising from the disposal of assets	**(21,787)**	880
1. profit (loss) before income taxes, interest, dividends and gains/losses on disposal net working capital	**90,177**	79,926
Adjustments for non-cash items that had no counterpart in net working capital		
Depreciation of fixed assets	**2,787**	1,983
Other adjustments in increase/(decrease) in non-cash items		
Total adjustments for non-cash items that do not have had a counterpart in net working capital	**2,787**	1,983
2. Cash flow before changes in working capital	**92,964**	81,909
Changes in net working capital		
Decrease/(increase) in inventories	**(5,860)**	29,337
Decrease/(increase) in trade & Other receivables	**(2,613,628)**	(334,862)
Increase/(decrease) in short-term provision	**(272,387)**	295,565
Increase/(decrease) in trade & Other payables	**3,218,490**	(106,375)
Decrease/(increase) in prepaid expenses and accrued income	**10,807**	(4,342)
Total changes in net working capital	**337,423**	(120,677)
3. Cash flow after changes in net working capital	**430,387**	(38,767)
Other adjustments		
Interests cashed (paid)	**0**	0
(Income taxes paid)	**(24,418)**	(33,798)
Total other adjustments	**(24,418)**	(33,798)
CASH FLOW FROM OPERATING ACTIVITIES (A)	**405,970**	(72,565)
B. cash flows from investing activities		
Non-current financial assets		
> (Investments)	**–**	–
CASH FLOW FROM INVESTING ACTIVITIES (B)		
C. cash flows from financing activities		
C. CASH FLOW FROM FINANCING ACTIVITIES (C)	**0**	8,544
INCREASE (DECREASE) OF CASH AVAILABILITY (A+B+C)	**405,970**	(64,022)
Cash and cash equivalents at beginning of year		
Bank and postal deposits	**599,928**	663,951
Total cash and cash equivalents at beginning of year	**599,928**	663,951
Cash and cash equivalents at end of year		
Bank and postal deposits	**1005,898**	599,928
Total cash and cash equivalents at end of year	**1005,898**	599,928
Change in cash an cash equivalents	**405,970**	(64,023)

NOTES FOR THE FINANCIAL YEAR 2019

1. General declarations

PEUGEOT MOTOCYCLES DEUTSCHLAND GmbH is located at 64546 Mörfelden-Walldorf, Kurhessenstraße 13. It is registered in the Commercial Register of the district court of Darmstadt under HRB 53925.

The PEUGEOT Motocycles Deutschland GmbH (PMD) fulfils the size criteria for a small corporation. The available annual financial statements have been prepared in accordance with §§ 242 et seq. and §§ 264 et seq. of the German Commercial Code (HGB), as well as with the relevant regulations pursuant to the German Limited Liability Companies Act.

The financial year is identical to the calendar year.

PMD is serving Germany and Austria markets since August 2018. Costs and revenues are combined and reflect the total cost and revenue situation for PMD. There are no separate statements for Austria only.

The income statement is prepared on a consistent basis as followed in the previous year (prepared according to the nature of expense method.)

2. Accounting and valuation principles

As in the prior year, the following accounting and valuation principles were applied when preparing the annual financial statements.

2.1. Fixed assets

Tangible assets are valued at acquisition cost less depreciation in accordance with their ex-pected useful life.

Since the financial year 2008, minor-value assets with acquisition cost of between € 250.00 and € 1,000.00 have been capitalized and written off at 20% of their acquisition cost p.a. over a period of five years. Minor-value assets with acquisition cost of less than € 150.00 are expensed in the year of purchase.

In the case of financial assets, the profit participation rights are valued at the lower of acquisition cost or fair value.

2.2. Inventories

Merchandise are valued at acquisition cost. Write-downs to the lower market value have been made where necessary.

2.3. Receivables, other assets and liquid funds

Receivables, other assets and liquid funds are stated at face value. Default risks associated with trade accounts receivable have been duly taken into account through provision at the balance sheet date.

2.4. Accruals

The accruals take into account all identifiable risks and uncertain liabilities; they are formed on the basis of estimates according to reasonable commercial judgement. There are no pension commitments and pre-retirement part-time working agreements.

2.5. Liabilities

Accounts payable are shown at their repayment value.

2.6. Currency translation

There are no assets/liabilities in foreign currency as at the balance sheet date. No transactions were undertaken in foreign currencies during the financial year.

3. Notes to the balance sheet

3.1. Receivables and other assets

As in the prior year, all receivables and other assets have a remaining term of less than one year.

Receivables from affiliated companies exist only towards the shareholder. These receivables don't include trade receivables.

3.2. Accruals

Other accruals in the amount of € 704k (prior year: € 976k) primarily comprise the following:

- Volume and loyalty bonuses for the dealership: € 530k (prior year: € 699k)
- Holidays not yet taken: € 18k (prior year: € 18k)
- Other personnel costs: € 59k (prior year: € 35k)
- Unpaid invoices: € 97k (prior year: € 98k)

3.3. Liabilities

As in the prior year, all accounts payable have a remaining term of less than one year. The liabilities are not secured.

4. Notes to the income statement

4.1. Sales revenue

The sales (€ 17.501k) are essentially attributable to the sale of scooters to dealers (€ 16.027k), as well as to the sale of spare parts (€ 1.474k).

4.2. Other operating income

Other operating income in the amount of € 53.3k primarily comprises charges to consumers for issuing copies of vehicle paperwork.

4.3. Income/expenses relating to other periods

The result for the financial year 2020 doesn't included income from reversing accruals.

Due to a tax audit for the fiscal years 2015 to 2018, we received taxes back from government in the amount of 49K€

5. Other declarations

5.1 Other financial commitments and contingent liabilities

The company has concluded leases and leasing arrangements. These commitments total € 132k as at the balance sheet date. A bank guarantee in the amount of € 23k exists to the benefit of the landlord. The advantage of leases and leasing arrangements lies in the optimization of liquidity. There are no identifiable significant risks.

5.2 Workforce

On average, the company employed 18 women and men in the financial year (prior year: 18).

5.3. Management

The company's managing directors in the financial year 2020 were:

- Mr. Jan Breckwoldt (Int. Diplom Betriebswirt (graduate in International Mangement)), Wiesbaden (Germany)
- Mr. Costantino Sambuy (CEO, Peugeot Motocycles S.A.S), Belfort (France)

Concerning the remuneration of the management the option permitted by § 286 (4) of the German Commercial Code (HGB) is exercised.

5.4. Parent company

PMD is a wholly owned (100%) subsidiary of **Peugeot Motocycles S.A.S, Valentigney Mandeure/France**, and included in their (sub-) consolidated financial statements. The company belongs to the group **Mahindra & Mahindra Limited, Mumbai/India**, which prepares the consolidated financial statements.

These consolidated financial statements are available at the companies' head office & at the corporate website.

Mörfelden-Walldorf, March 31, 2021

Jan Breckwoldt

REPORT BY THE INDEPENDENT AUDITING FIRM

Pursuant to art. 14 Of legislative decree no. 39 Of 27 january 2010

PEUGEOT MOTOCYCLES ITALIA S.R.L.

In liquidation interim liquidation financial statements as at 31 december 2020

REPORT BY THE INDEPENDENT AUDITING FIRM ON THE INTERIM LIQUIDATION FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

To the Shareholders of Peugeot Motocycles Italia S.r.l. in Liquidation

Report on the auditing of the interim liquidation financial statements

Opinion and findings

We have audited the Interim liquidation financial statements of Peugeot Motocycles Italia S.r.l. in liquidation (the Company), drawn up according to the dispositions of art. 2435-bis of the Italian Civil Code and constituted by the balance sheet and income statement for the financial year closed on said date and the explanatory notes.

We are unable to express an opinion on the initial balances, referable to 2019, which were audited by another Independent auditing firm, which, on 13 October 2019, stated that It was impossible to express an opinion regarding the financial statements as at that date; see the considerations contained therein for details.

In our opinion, taking into account that stated in the paragraph entitled “elements on which the opinion and findings are based”, the annual financial statements provide a truthful and correct representation of the economic, equity and financial situation of the Company as at 31 December 2020, the economic result and the cash flows for the year closed on said date in compliance with the Italian laws on the criteria for preparation.

Elements on which the opinion and findings are based

We acknowledged that the sole Statutory Auditor stated in their own report on the financial statements as at 31 December 2019, which see, that the accounts administration system had some shortcomings. We would observe that, during the current year, the business of the company essentially Involved receipts and payments without any other significant business activities being carried out. In this context, the audit conducted on the substance of the balances, albeit with the limitations described, were not under the same circumstances as those in the previous year.

The trade receivables, net of the provision for bad debts, amounted to 0.4 million Euros and represent 45% of the total assets, and we would confirm that for some of these receivables, we were unable to verify the initial balance. However, the clients, with instalment plans ongoing, which amount to an overall total of 0.2 million euros, represent 49% of the net balance of the trade receivables as at 31 December 2020 and further agreements are currently being finalised with delayed payments that in fact neutralise the difficulties in identifying certain initial balances in the receivables.

We would also point out that the provision for bad debts was increased in past years through the reclassification of the payables no longer due, without passing through the corresponding items In the income statement. During the current year, the Company has allocated a further 0.5 million, recorded in the income statement, to realign the receivables to their presumable realisation value.

The overall total of the payables amounts to 1.3 million Euros, and of this, approximately 91% is represented by the payables to the reference Shareholder, totalling 1.2 million Euros. It was not possible to verify the initial balances of some of the payable Items, but the Liquidator has stated that, as of the date of Issue of our report, approximately 16% of the payables had been extinguished.

The considerations made highlight that there are problems which must be properly dealt with so as to remove the uncertainties highlighted which, although significant, are defined as non-pervasive, given the reduced impact on the financial statements in overall terms.

Informative notes

The effects of the SARS-COv-2 pandemic could, as stated by the Liquidator, have effects that are currently difficult to quantify, also as regards the instalment plans agreed to with certain debtors.

In the explanatory notes, which see, the Liquidator states that as a result of the status of liquidation, there is no longer a presupposition of business continuity and there are objective uncertainties as regards the possibility of realising some of the items in the assets, the arising of other liquidation charges and any eventual capital gains.

In this regard, our opinion is expressed without additional findings.

Other aspects

The sole Shareholder has stated, as described In the explanatory notes, which see, that it would be willing for some of its receivables to be considered as financial receivables and would also be willing to make further allocations, should this be deemed necessary by the Liquidator, in order to support the activities that the latter has undertaken to complete their mandate.

This ascertainment constitutes an exclusive power of the Liquidator, and therefore, on the basis of our duties, this aspect does not require our assessment.

The auditing of the accounts was carried out in the context of the situation created by the spread of the health emergency known as the COVID 19 pandemic and the related measures, including those restricting circulation, emanated by the Italian government to protect the health of its citizens. Consequently, as a result of objective situations - classifiable as force majeure - the auditing procedures envisaged by the reference professional standards have been carried out in the framework (i) of a remodelled staff organization and (ii) of different approach methods with the corporate referents and consequently of collecting the probatory elements required. The collection of information was, unless otherwise possible, carried out through the use, in the main part, of documentation in electronic format sent to us using distance communication techniques.

Responsibility of the Liquidator for the intermediate liquidation financial statements

The Liquidator is responsible for the preparation of the interim liquidation financial statements and ensuring that they provide a truthful and correct representation in compliance with the Italian laws governing the criteria for preparation and within the terms envisaged by the law as regards the internal auditing aspects deemed necessary to enable the preparation of financial statements that do not contain significant errors due to fraud or unintentional conduct or events.

Responsibility of the independent auditing firm for auditing the interim liquidation financial statements

Our objectives are to acquire a reasonable level of certainty that the annual financial statements in overall terms do not contain significant errors due to fraud or unintentional conduct or events, and to issue an auditing report which includes our opinion. Reasonable certainty is intended as being a high level of certainty which, however, does not provide the guarantee that an audit carried out In compliance with the international auditing standards (ISA Italia) always identifies significant errors, should there be any. Errors may derive from fraud or unintentional conduct or events and are considered to be significant when it can reasonably be expected that, either individually or together, they may be capable of influencing the economic decisions taken by the users on the basis of the annual financial statements.

During the audit carried out in compliance with the international auditing standards (IAS Italia), we used our professional judgement and maintained a certain level of scepticism for the duration of the audit. Furthermore:

- we identified and assessed the risks of significant errors in the interim liquidation financial statements due to fraud or unintentional conduct or events; we defined and carried out auditing procedures in response to such risks; we acquired sufficient and appropriate probatory elements on which to base our opinion. The risk of not identifying a significant error due to fraud is higher than the risk of not identifying a significant error due to unintentional conduct or events, given that fraud may imply the existence of collusion, falsification, intentional omissions, misleading representations or forcing the internal audit procedure;
- we acquired an understanding of the internal audit relevant in terms of auditing the accounts in order to define auditing procedures appropriate to the circumstances and not express an opinion on the effectiveness of the Company's internal auditing procedure;
- we assessed the appropriateness of the accounting standards used and the reasonableness of the accounting estimates made by the Liquidator, including the relative disclosure;
- we assessed the presentation, structure and contents of the annual financial statements in overall terms, including disclosure, and whether the interim liquidation financial statements represent the underlying operations and events so as to provide an accurate representation and ensure that our opinion does not derive, as stated in the paragraph "elements on which the opinion and findings are based", from errors still present in the financial statements, even if not considered pervasive as a result of the actions of the Liquidator.

We have informed the Liquidator of the range and planned timeframe of the audit and the significant results that emerged, including any significant shortcomings in internal auditing identified during the course of the auditing of the accounts.

We are independent with respect to the Company in compliance with the laws and standards concerning ethics and independence applicable in Italian law to the auditing of financial statements.

Rome, 29 March 2021
RB Audit Italia
Mr. Roberto Mallardo - Partner

PROFIT AND LOSS ACCOUNT

		12/31/2020	12/31/2019
A)	**Value of production**		
	1) revenues from sales and services	**14,220**	39,26,395
	5) other revenues and incomes		
	Others	**1,51,335**	80,971
	Total other income and revenues		
	Total value of production	**1,65,555**	40,07,366
B)	**Costs of production**		
	6) for raw materials, subsidiary materials, consumer and goods	**171**	34,29,220
	7) for services	**1,63,328**	6,38,791
	8) for use of third parties assets	**25,512**	50,014
	9) for the personnel		
	a) salaries and wages	**–**	4,38,192
	b) social security contributions	**–**	1,48,396
	c) d), e) severance pay, retirement benefits, other personnel costs	**–**	2,24,708
	c) severance pay	**–**	28,418
	e) other costs	**–**	1,96,290
	Total costs for personnel	**–**	8,11,296
	10) depreciation, amortisation and write-downs of assets		
	a), b), c) amortisation of intangible and tangible fixed assets, other write-downs of fixed assets	**–**	31,813
	b) depreciation of tangible fixed assets	**–**	6,857
	c) other write-downs of fixed assets	**–**	24,956
	d) write-downs of receivables included in current assets and cash and cash equivalents	**5,36,637**	–
	Total depreciation and amortisation	**5,36,637**	31,813
	12) accruals for risks	**–**	5,000
	13) other provisions	**–**	70,997
	14) other operating expenses	**70,719**	3,83,224
	Total costs of production	**7,96,367**	54,20,355
	Difference between value and cost of production (A - B)	**(6,30,812)**	(14,12,989)
C)	**Financial income and expenses**		
	16) other financial income		
d)	**income other than the above**		
	others	**33**	–
	Total incomes other than the above		–
	Total other financial incomes and charges	**33**	–
	17) interest and other financial charges		
	others	76	–
	Total interest and other financial expenses	76	–
	Total incomes and other financial expenses (15 + 16 – 17 + - 17-bis)	**(43)**	–
	Profit before tax (A - B + - C + - D)	**(6,30,855)**	(14,12,989)
	21) Profit (loss) for the year	**(6,30,855)**	(14,12,989)

The company is under liquidation from 16th December, 2019 when the liquidator was appointed. As the company is in liquidation and has ceased to do any trade, there is no need to complete the statutory audit or file any other financial closures, under the applicable laws and regulations of the country of its incorporation. Accordingly unaudited financial statements has been reported for the year ending 31st December, 2019.”

BALANCE SHEET

	12/31/2020	12/31/2019
Assets		
C) Current assets		
II – Receivables		
due within one year	**6,13,229**	25,25,213
Total receivables		
III – Financial assets that do not constitute fixed assets	**1**	271
IV – Liquid assets	**3,40,468**	4,68,163
Total current assets (C)	**9,53,698**	29,93,647
D) Accrued Income and Prepayments	**1,500**	–
Total assets	**9,55,198**	29,93,647
Liabilities		
A) Net worth		
I – Share Capital	**2,64,000**	2,64,000
IV – Legal reserve	**–**	26,760
VI – Other reserves	**14,00,001**	(1,00,000)
VIII – Profits (losses) carried forward	**(15,23,595)**	(1,37,365)
IX – Profit (loss) for the year	**(6,30,855)**	(14,12,989)
Total net worth	**(4,90,449)**	(13,59,594)
B) Funds for risks and charges	**93,357**	1,32,500
D) Account payables		
due within one year	**13,52,290**	42,20,741
Total accounts payable	**13,52,290**	42,20,741
Total liabilities	**9,55,198**	29,93,647

Notes to the Financial Statement, assets

Fixed Assets

Variation of fixed assets

Details of fixed assets are provided, information that will be better defined later in this Note.

	Tangible assets	Total fixed assets
Opening Balance		
Cost	1,78,028	1,78,028
Amortizations (Amortization Fund)	1,78,028	1,78,028
Book value of the end of the year		
Cost	1,78,028	1,78,028
Amortizations (Amortization Fund)	1,78,028	1,78,028

Tangible assets

Variation of tangible assets

	Tangible assets	Total fixed assets
Opening Balance		
Cost	1,78,028	1,78,028
Amortizations (Amortization Fund)	1,78,028	1,78,028
Book value of the end of the year		
Cost	1,78,028	1,78,028
Amortizations (Amortization Fund)	1,78,028	1,78,028

Current assets

Inventories

Balance as of 31/12/2020	Balance as of 31/12/2019	Variations

The value of inventories recorded, gross of the provision for obsolescence, amounting to Euro 80,961 is entirely written off by the provision for obsolescence itself.

There were no changes in the inventories and related provisions during the year.

Current receivables

Balance as of 31/12/2020	Balance as of 31/12/2019	Variations
6,13,229	25,25,213	(19,11,984)

The reduction of receivables is due in part to the collection of receivables following the collection activities carried out in 2020 and partially (Euro 500,000) to the provision made necessary following a more detailed analysis of the status of receivables.

Variations and expiration of receivables included in current assets

	Opening balance	Change in the year	closing balance	Due within one year
Towards customers	22,97,939	(18,81,517)	4,16,422	4,16,422
Tax receivables	80,700	79,060	1,59,760	1,59,760
Other trade receivables	1,46,573	(1,09,527)	37,046	37,046
Total outstanding trade receivables	**25,25,213**	**(19,11,984)**	**6,13,229**	**6,13,228**

Partition of trade receivables by geographical area

The distribution of trade receivables at 31/12/2020 according to geographical area is summarized in the following table.

Region	Italy	ExtraEU	Total
Trade receivables to customers enrolled in the current asset	4,16,222	200	4,16,422
Tax receivables enrolled in the current asset	1,59,760	–	1,59,760
Other trade receivables	37,046	–	37,046
Total outstanding receivables	**6,13,028**	**200**	**6,13,229**

The adjustment of the face value of the receivables was achieved through the appropriate credit write-down fund, which underwent the following adjustments during the year:

Description	Depreciation fund pursuant to article 2426 of the Italian Civil Code	Total
Balance at 31/12/2019	11,25,700	11,25,700
Use in the year	1,77,775	1,77,775
Operating provision	5,36,637	5,36,637
Balance at 31/12/2020	**14,84,562**	**14,84,562**

The provision was necessary as a matter of prudence in view of the recovery trend of receivables. Also in light of the first 2021 quarter and of the settlement finalized the liquidator believes that the Company is able to recover receivables from customers equal to the net exposure as of 31 December 2020.

The provision for the year, for the portion exceeding the limits allowed for tax purposes, is taxed.

Financial assets that do not constitute fixed assets

Variations in financial assets that do not constitute fixed assets

Balance at 31/12/2020	Baance at 31/12/2019	Variations
1	271	(270)

The only holding still in the portfolio is the one related to 100% of the share capital of PMTC Engineering registered for Euro 1, taking into account:

- the continuation of PMTC Engineering's activity within the Mahindra Group under the direction and coordination of PMTC, the Company's Sole Shareholder;
- the ownership of engine testing machines available only to few companies in the world;
- the value of the net worth of Euro 1,261,036 emerging from the financial statements at March 31, 2020 approved on May 6, 2020;
- there are no potential liabilities that could affect the Company's Financial Statements;

the Liquidator deemed appropriate not to liquidate that share since there is a pending transfer to the Sole Shareholder PMTC or a sale to third parties at values that will be determined during the 2021 financial year on the basis of a special expert opinion. Despite significant operating losses during the triennium 2019 – 2021 also due to high depreciations, a transfer price is expected to exceed the value of Euro 1.

	Opening balance	variations in the fiscal year	Closing balance
Not fixed shareholdings in subsidiaries	1	–	1
Other not fixed shareholdings	270	(270)	–
Total Financial assets that do not constitute fixed assets	**271**	**(270)**	**1**

Liquid assets

Balance at 31/12/2020	Baance at 31/12/2019	Variations
340,468	468,163	(1,27,695)

	Opening balance	Variation in the year	Closing balance
Bank and postal deposits	4,68,163	(1,27,695)	3,40,468
Total cash	**4,68,163**	**(1,27,695)**	**3,40,468**

The balance reflects the cash-in-hand, cash-at-bank and cash equivalents at the year-end.

Accrued income and prepaid expenses

Balance as of 31/12/2020	Balance as of 31/12/2019	Variations
1,500		1,500

They measure income and expenses whose accrual is in advance or in arrears with respect to the monetary and/or documentary event. They do not take into account the date of payment or collection of the related income and expenses, which are common to two or more financial years and can be spread over time.

As of 31/12/2020, there are no accruals or deferrals with a duration of more than five years.

	Opening balance	Change in the year
Accrued, deferred and estimated amounts.	1,500	1,500
Total accrued, deferred and estimated amounts.	**1,500**	**1,500**

Abbreviated note, liabilities and equity

Equity

Balance at 31/12/2020	Baance at 31/12/2019	Changes
(4,90,449)	(13,59,594)	8,69,145

The Liquidator, following a careful evaluation of the in bonis management of the liquidation and, in the view of the payment of Euro 1,500,000 to cover losses through a pro-quota waive of its trade receivable during 2020 and, considering the availability of the Sole Shareholder to waive its credit in order to cover losses that might be detected at the end of the procedure, did not deem necessary to activate any emergency procedure for the restoration of the same under Articles 2482 bis and ter of the Italian Civil Code.

Variation in Shareholders' equity items

	Opening balance	Allocation of previous year's result	Other variations		Operating income	End-of-year value
		Other allocations	Increasings	Decreasings		
Share capital	2,64,000	–	–	–		2,64,000
Legal reserve	26,760	–	–	26,760		–
Other reserves						
Payments for losses covering	–	–	15,00,000	–		15,00,000
Various other reserves	(1,00,000)	–	–	–		(1,00,000)
Total other reserves	(1,00,000)	–	15,00,000	–		14,00,001
Profits (losses) carried forward	(1,37,365)	–	–	13,86,230		(15,23,595)
Profit (loss) for the year	(14,12,989)	(38,872)	8,21,006	–	(6,30,855)	(6,30,855)
Total equity	**(13,59,594)**	**(38,871)**	**22,31,006**	**14,12,990**	**(6,30,855)**	**(4,90,449)**

Detail of other reserves

Description	Amount
Others	(1,00,000)
Total	**(1,00,000)**

The negative Liquidation Adjustments reserve of Euro 100,000 is used as a balancing entry to the Liquidation Costs and will contribute to determining the value of the residual liquidation assets once the procedure has been completed

Availability and use of equity

The equity items are thus distinguished according to the origin, the possibility of use, the distribution and the use in the previous three years.

	Amount	Possibility of use
Share capital	2,64,000	B
Other reserves		
Payments to cover losses	15,00,000	A,B
Various other reserves	(1,00,000)	
Total other reserves	14,00,000	
Profits (losses) carried forward	(15,23,595)	
Total	**1,40,406**	

KEY: A: for capital increase B: for loss coverage C: for distribution to shareholders; D: for other bounds pursuant to the By-laws; E: any other use

Origin, possible use and distribution of various other reserves

Description	Amount
Other use and distribution	(1,00,000)
Total	**(1,00,000)**

KEY: A: for capital increase B: for loss coverage C: for distribution to shareholders; D: for other bounds pursuant to the By-laws; E: any other use

Formation and use of net worth items

As required by art. 2427, paragraph 1, number 4) of the Civil Code provides information on the training and use of net worth items:

	Share Capital	Legal reserve	Riserves	Operating income	Total
At the beginning of the previous year	2,64,000	26,760	(4,561)	(1,32,803)	1,53,396
Other variations					
- Decreasing			2,32,804	12,80,186	15,12,990
Result of the previous fiscal year				(14,12,989)	
At the end of the previous fiscal year	2,64,000	26,760	(2,37,365)	(14,12,989)	(13,59,594)
Other variations					
- Increasing			15,00,000	8,21,006	23,21,006
- Decreasing		26,760	13,86,230		14,12,990
Result of the current fiscal year				(6,30,855)	
At the end of the fiscal year	**2,64,000**		**(1,23,594)**	**(6,30,855)**	**(4,90,449)**

Funds for risks and charges

Balance as of 31/12/2020	Balance as of 31/12/2018	Variations
93,357	1,32,500	(39,143)

	Other funds	Total funds for risks and charges
Opening balance	132,500	132,500
Changes in the year		
Other variation	(39,143)	(39,143)
Total variation	(39,143)	(39,143)
Closing value	**93,357**	**93,357**

Funds include

i. fund for the prize competition accrued in the fiscal year for Euro 13,700;

ii. the litigation risk fund for Euro 5,000,

iii. fund for liquidation costs for Euro 74,657.

The value of this last item was reduced of Euro 25,433 considering its use in the procedure.

During the fiscal year 2014, PMI was sued by Piaggio for alleged violations of the Italian components of European and Italian Piaggio patents, with particular reference to the Metropolis scooter. After a long investigation phase, the CTU definitively pronounced on May 1, 2017, claiming that only one of the European patents indicated by Piaggio would have been "violated by the Metropolis scooter". The Court of Milan subsequently ruled in favor of PMI in the related judgment, which was appealed by Piaggio and is currently pending before the Milan Court of Appeal.

Due to the letter of indemnity received from the Sole Shareholder confirming to hold the Company harmless for any potential loss deriving from the pending judgment, including attorney's fees, and that the entire Mahindra Group is also expressly indemnified by PSA for any loss arising from the dispute with Piaggio pursuant to of the agreement of 2014 through which the scooter branch of the Peugeot group was sold by PSA to the Mahindra Group, the Liquidator deemed appropriate not to allocate any fund.

The legal dispute fund of the Euro 5,000 is due to the claim of Mr. Pasquale Domenico Belcastro, who appealed before the Court of Crotone against his dismissal in 2019. Although the claims seams groundless, the Company has prudently allocated a fund for Euro 5,000 in relation to the costs of the judgment. Such allocation has been confirmed to be appropriate by the lawyer in charge of the litigation.

Account payable

Balance at 31/12/2020	Baance at 31/12/2019	Changes
13,52,290	42,20,741	(28,68,451)

Variations and expiration date of payables

Payables' expiration date is divided as follows:

	Opening balance	**Change in the year**	**Closing balance**	**Due within the year**
Accounts payable to other financings institutions	26,400	(26,400)	–	–
Down payments	1,490	(1,490)	–	–
Accounts payable to suppliers	3,26,008	(2,04,740)	1,21,268	1,21,268
Accounts payable to parent companies	33,25,404	(21,14,745)	12,10,659	12,10,659
Tax accounts payable	2,05,368	(2,01,182)	4,186	4,186
Debts to social security and social security institutions	33,031	(32,972)	59	59
Other payables	3,03,041	(2,86,922)	16,119	16,119
Total	**42,20,741**	**(28,68,451)**	**13,52,290**	**13,52,291**

Payables longer than five years and payables secured by collateral on corporate assets

	Payables not secured by collateral	**Total**
Amount	13,52,290	13,52,290

	Payables not secured by collateral	**Total**
Payables towards suppliers	1,21,268	1,21,268
Payables towards parent companies	12,10,659	12,10,659
Tax payables	4,186	4,186
Payables towards social security institutions	59	59
Other payables	16,119	16,119
Total	**13,52,290**	**13,52,290**

Abbreviate note, income statement

Production value

Balance at 31/12/2020	Baance at 31/12/2019	Changes
1,65,555	40,07,366	(38,41,811)

Description	**31/12/2020**	31/12/2019	Changes
Sales revenue and performance	**14,220**	39,26,395	(39,12,175)
Other revenues and income	**1,51,335**	80,971	70,364
Total	**1,65,555**	40,07,366	(38,41,811)

Revenues mainly derive from invoices issued to Findomestic Banca S.p.A. for the payment of all amounts collected on behalf of Peugeot Motocycles Italia S.r.l. in liquidazione.

Specifically, new invoices were issued in 2020 for a total of Euro 76,645, with the reversal of previous invoices for Euro 33,143.

Splitting sales and performance revenue by asset category

Task category	**Current operating value**
Other	14,220
Total	14,220

Splitting of sales and performance revenues by region

Region	**Current operating value**
Italy	14,220
Total	14,220

Production costs

Balance at 31/12/2020	Baance at 31/12/2019	Changes
7,96,367	54,20,355	(46,23,988)

Description	**31/12/2020**	31/12/2019	Changes
Raw materials, subsidiary materials and goods	**171**	34,29,220	(34,29,049)
Services	**1,63,328**	6,38,791	(4,75,463)
Enjoyment of third parties properties	**25,512**	50,014	(24,502)
Wages and salaries		4,38,192	(4,38,192)
Social security contributions		1,48,396	(1,48,396)
Employees' severance pays		28,418	(28,418)

Description	31/12/2020	31/12/2019	Changes
Other staff costs		1,96,290	(1,96,290)
Amortization of fixed assets		6,857	(6,857)
Other value adjustments		24,956	(24,956)
Write-downs of current receivables and liquid funds	5,36,637		5,36,637
Provision for risks		5,000	(5,000)
Other provisions		70,997	(70,997)
Miscellaneous running costs	70,719	3,83,224	(3,12,505)
Total	**7,96,367**	54,20,355	(46,23,988)

Costs for raw materials, subsidiaries, consumer and goods and costs for services

They are closely related to the performance of the liquidation procedure.

Financial income and expenses

Balance at 31/12/2020	Baance at 31/12/2019	Changes
(43)		(43)

Description	Balance at 31/12/2020	Baance at 31/12/2019	Changes
Financial income different than the others	33		33
(Interests and other financial expenses)	(76)		(76)
Total	(43)		(43)

Description	Subsidiary companies	Affiliate companies	Parent companies	Companies controlled by parent companies	Others	Total
Bank and postal interests					33	33
Total					**33**	**33**

Operating income taxes, current, deferred and upfront

No taxes are due for the year ended on December 31, 2020.

The reconciliation between the theoretical tax charge in the financial statements and the tax charge is presented below:

Reconciliation between the tax charge in the financial statements and the theoretical tax charge (IRES)

Description	Value	Taxes
Result before tax	(6,30,855)	
Theoretical tax burden (%)	24	
Increased recovery:		
Motor vehicle expenses	3,668	
Telephone expenses	1,774	
Non-deductible write-downs	5,36,637	
Non-inherent costs	20,987	
Fines and sanctions	7,643	
Taxable income	(60,126)	
Current income taxes for the year		

Determination of IRAP taxable income

Description	Value	Taxes
Difference between value and cost of production	(94,175)	
Irrelevant costs for IRAP purposes		
Non-relevant costs	20,987	
Fines and penalties	7,643	
IRAP taxable income	(65,545)	
Current IRAP for the year		

Information on tax losses

	Current fiscal year amount	Current fiscal year Tax rate	Previous fiscal year Tax rate
Tax losses			
of the current fiscal year	60,126		
of the previous fiscal year	9,21,963		
Total tax losses	9,82,089		
Tax loss carry-forwards recoverable with reasonable certainty	–	24.00%	24.00%

Tax losses relating to previous years were realized in the 2019 financial year in the amount of € 770,031 in the pre-liquidation period from 01/01/2019 to 16/12/2019 and € 151,932 in the post-liquidation period from 17/12/2019 to 31/12/2019

Abbreviated note, other information

Employment data

The Company has no employees in force.

Compensation, advance payments and receivables – due within one year granted to directors and mayors and commitments made on their behalf

	Directors	Auditors
Compensation	34,320	3,708

Compensation to the independent auditor

Pursuant to the law, the fees for the year for services rendered by the statutory auditor / or the statutory auditing firm and by entities belonging to its network are shown in the following table:

	Value
Statutory audit of annual accounts	6,000
Total fees payable to the statutory auditor or audit firm	**6,000**

Details of other financial instruments issued by the company

Information on the fair value of derivative financial instruments

The company has no derivative financial instruments.

Information about related party operations

The company did not enter into any transactions with related parties, except for the payment of past invoices to the sole shareholder Sole Shareholder PMTC S.A.S.

During 2020, the Receivable of the Sole Shareholder Peugeot Motocycles S.A.S went from Euro 3,325,404 at 31 December 2019 to Euro 1,210,659 as a result of the following reasons:

A. Payment of € 1,500,000 to cover losses and related compensation;

B. Offsetting of mutual receivables for € 44,411;

C. Payments from PMI to PMTCE for PMTC's receivables of Euro 89,340;

D. Payments from PMI to PMTC for Euro 480,994.

Information about non-balance sheet agreements

The Company has no agreements in place that do not result from the Balance Sheet.

Information on major events after the end of the financial year

The collections recorded in the first quarter of 2021 and the execution of new settlement agreements with customers for the recovery of receivables in instalments confirm the positive trend that allows the Liquidator to believe that the net receivable from customers can be recovered in 2021 or at the latest in the first months of 2022.

In the first quarter of 2021, the prize competition was completed in accordance with the law, for which the Liquidator had set aside a provision that proved sufficient to fulfil all of the Company's commitments.

As regards the provisions of the Covid-19 protocol of 14 March 2020 and subsequent amendments and additions, since there have been no employees since 1 1 January 2020, and the registered office has been transferred to the Liquidator's office, it was not necessary to adopt specific measures for the Company.

Companies that draw up the consolidated balance sheet of the smaller set of companies of which it is a part as a subsidiary

The information in Article 2427, first paragraph, no. 22 sexies, of the Italian Civil Code is highlighted under the law.

	Smaller set
Company name	Peugeot Motocycle SAS
City (if in Italy) or foreign state	France
Consolidated financial statement deposit location	103, Rue du 17 Novembre - Valentigney Cedex – France

The company Peugeot Motocycle S.A.S. exercises the direction and coordination activities.

Companies drawing up the consolidated FS of the largest group of companies of which it is a part as a subsidiary

Information set out in Article 2427, first paragraph, 22 sexies, Italian Civil Code:

Larger set

Company name Mahindra & Mahindra Limited

Foreign city or state India

Consolidated financial statement deposit location: GATEWAY BUILDING - APOLLO BUNDER MUMBAI (INDIA)

Summary report of the FS of the company which exercises the direction and coordination activities

Summary report on the balance sheet of the company which exercises the direction and coordination activities

	Last FY	**Previous FY**
Date of the last approved budget	31/12/2019	31/12/2018
B) Fixed assets	33,72,410	34,61,189
C) Circulating assets	5,60,14,305	4,91,02,192
Total assets	5,93,86,715	5,25,63,381
A) Equity		
Share capital	49,93,360	98,09,472
Reserve	4,52,376	(4,77,31,377)
Profit (loss) for the year	(2,94,03,973)	(3,63,32,359)
Total equity	(2,39,58,237)	(7,42,54,264)

	Last FY	**Previous FY**
Date of the last approved budget	31/12/2019	31/12/2018
B) Funds for risks and charges	99,54,918	1,62,69,502
C) Severance pays	7,33,90,034	11,05,48,143
Total liabilities	5,93,86,715	5,25,63,381

Summary report on the profit and loss account of the company which exercises the direction and coordination activities

	Last exercise	**Previous year**
Date of the last approved financial statements	31/12/2019	31/12/2018
A) Value of production	10,71,09,309	11,28,09,349
B) Production costs	13,54,18,184	14,80,91,443
C) Proceeds and financial expenses	(15,93,745)	(15,51,335)
Income taxes for the year	(4,98,647)	(5,01,070)
Profit (loss) for the year	(2,94,03,973)	(3,63,32,359)

Information ex art. 1, paragraph 125, of the Act 4 August 2017 No. 124

In relation to the provision referred to in art. 1, paragraph 125, of Law 124/2017, concerning the obligation to give evidence in supplementary note of the sums of money possibly received in the year by way of subsidies, contributions, paid assignments and in any case economic benefits of any kind by the public administrations and persons referred to in paragraph 125 of the same article, the Company states that it has not received any sum in that capacity.

Profit target or loss hedging proposal

It is proposed to the Shareholders' meeting for the result for the year to be allocated as follows:

Result of Financial year at 31/12/2020	**Euro**	(6,30,855)
Full coverage of the 2020 loss through pro-rata use of the payment to cover losses	Euro	(6,30,855)

Dear Sole Shareholder

I hereby propose you to approve these financial statements as a whole and the individual entries, and I renew my request to cover the loss with the available reserves up to the amount of EUR 869,145 and to carry forward the amount of EUR 654,450.

I renew my request to cover the loss with the available reserves up to the amount of EUR 869,145 and to carry forward the amount of EUR 654,450.

These notes have been drawn up in accordance with the provisions of the Italian Civil Code and accounting principles. In order to comply with the obligations of publication in the Register of Companies, once approved, it will be converted into XBRL format; therefore, some formal changes may be made in order to make these notes compatible with the filing format.

These financial statements, consisting of the Balance Sheet, Income Statement and Notes to the Financial Statements, give a true and fair view of the financial position and results of operations for the year and correspond to the accounting records.

The Liquidator
Antonio Dis

AUDITOR'S REPORT

To the Shareholder of the Company PMTC ENGINEERING S.r.l.

Voluntary Audit Report Limited to the Financial Statements

Opinion

We have conducted a voluntary audit limited to the attached financial statements for PMTC ENGINEERING S.r.l. (the Company), which comprise the Balance Sheet for the year ending 31 March 2021, the Profit and Loss Account for the year ending on the same date and the Explanatory Notes to the Financial Statements.

In our opinion, taking into account the fact that the Financial Statements for the year ending 31 March 2021 are a voluntary limited audit, the matters discussed in the paragraph on disclosure give a true and fair view of the Company's financial position, the results of its operations and its cash flows for the year ending on the same date in compliance with the Italian provisions governing the criteria for their preparation.

Basis for our opinion

We have conducted our voluntary limited audit in accordance with International Standards on Auditing (ISA Italy). Our responsibilities under those standards are further described in the section Independent Auditors' Responsibilities for the Voluntary Auditing of the Financial Statements indicated in this report. This is restricted to the fact that this is a voluntary, limited audit and that the Board of Statutory Auditors is responsible for conducting the statutory audit. In accordance with the rules of ethics and the rules and principles on independence applied by Italian law to the auditing of financial statements, we are independent of the Company. We believe that we have obtained sufficient and appropriate evidence on which to base our opinion.

The Directors' and the Board of Statutory Auditors' responsibility for the financial statements

Within the limits of the law, the directors are responsible for drafting financial statements that give a true and fair view, in accordance with the provisions of Italian law governing the criteria for the drafting thereof, and for conducting those internal checks required for drafting financial statements free from material misstatements, whether due to fraudulent or unintentional conduct or events. The directors are responsible for assessing the Company's ability to continue as a going concern. In preparing the financial statements, they are also responsible for the appropriateness of the use of the going concern assumption, as well as for making adequate disclosures in relation thereto. Directors use the accounting going concern basis when preparing financial statements unless they are of the opinion that there are the conditions for winding up the Company or discontinuing operations or they have no realistic alternative to those choices. The Board of Statutory Auditors, which carries out the statutory audit, is also responsible for supervising, within the terms of the law, the process of preparing the Company's financial reports.

Auditor's responsibility for the voluntary audit limited to the financial statements

Our objectives are to obtain reasonable assurances, within the limits of our work, that the financial statements taken as a whole are free from material misstatements, whether due to fraudulent or unintentional conduct or events, and issue a limited, voluntary, non-statutory audit report that includes our opinion.

Disclosure

The sole shareholder, Peugeot Motocycles Italia S.r.l., has been placed in voluntary liquidation. The continuation of the assumption of business continuity for PMTCE is linked to the support that PMTCE or its shareholders will be able to provide, who shall conduct all of the necessary activities, including ones of a financial nature, so as to allow the cost rationalisation phase to be completed and all of the stakeholders to be satisfied.

Other information

This voluntary, limited audit report has been issued for the purpose of providing information to Peugeot Motocycles S.A. Therefore, this non-statutory report cannot be used for any other purpose and cannot be distributed to others without our consent.

Rome, May 19th, 2021 RB Audit Italia

Roberto Mallardo
Partner

Companies Registry registration no. 11736751006
Chamber of Commerce (REA) reg. no. RM1324589

PMTC ENGINEERING S.P.A.

Company subject to the control and coordination of Peugeot Motocycles S.A.
Registered Office at VIA DEL BABUINO, 51 - 00187 ROMA (RM) Share Capital 1.00000 i.v.

BALANCE SHEET FINANCIAL STATEMENTS AT 31/03/2021

	31/03/2021	31/03/2020
Active		
B) Fixed assets		
I - Intangible fixed assets	**7,442**	33,921
II - Tangible fixed assets	**505,323**	750,428
III - Financial fixed assets	**1,999**	1,999
Total fixed assets (B)	**514,764**	786,348
C) Current assets		
I - Inventories	**76,492**	76,492
II - Credits		
Total credits	**347,571**	573,550
IV - Cash and cash equivalents	**9,805**	5,638
Total current assets (C)	**433,868**	655,680
D) Accruals and deferrals	**8,006**	8,722
Total assets	**956,638**	1,450,750
Passive		
A) Net assets		
I - Capital	**100,000**	1,251,000
IV - Legal reserve	**10,039**	12,551
VI - Other reserves	**1,151,001** (1)	358,957
IX - Profit (loss) for the year	**(446,053)**	(361,469)
Total net assets	**814,987**	1,261,039
C) Employee severance pay	**303**	9,303
D) Payables		
Total payables	**133,600**	172,660
E) Accruals and deferrals	**7,748**	7,748
Total liabilities	**956,638**	1,450,750

(1)

Other reserves	**31/03/2021**	**31/03/2020**
Extraordinary reserve	**915,868**	358,957
Payments to cover losses	**235,132**	–
Difference from rounding to the nearest euro unit	**1**	–

PROFIT AND LOSS ACCOUNT

	31/03/2021	31/03/2020
A) Value of production		
1) revenues from sales and services	**152,728**	573,612
5) other revenues and income		
operating grants	**10,659**	–
other	**3,931**	23,617
Total other income and revenues	**14,590**	23,617
Total value of production	**167,318**	597,229
B) Costs of production		
6) for raw materials, consumables and goods	**10,462**	42,336
7) for services	**133,020**	270,717
8) for use of third party assets	**37,462**	83,587
9) for staff		
(a) wages and salaries	**95,106**	177,337
(b) social security contributions	**27,579**	56,125
(c) severance pay	**7,245**	13,308
(e) other costs	**–**	1,705
Total personnel costs	**129,930**	248,475
10) depreciation and amortisation		
(a) amortisation of intangible assets	**26,479**	41,979
(b) depreciation of tangible fixed assets	**221,189**	242,102
Total depreciation and amortisation	**247,668**	284,081
14) Other operating expenses	**54,829**	29,444
Total production costs	**613,371**	958,640
Difference between value and cost of production (A - B)	**(446,053)**	(361,411)
(c) Financial income and expenses		
17) interest and other financial charges		
other	**–**	58
Total financial income and charges (15 + 16 - 17 + - 17-bis)	**–**	(58)
21) Profit (loss) for the year	**(446,053)**	(361,469)

NOTES TO THE FINANCIAL STATEMENTS AT 31/03/2021

Notes to the accounts, initial part

Dear Shareholders,

These financial statements, submitted for your examination and approval, show a profit (loss) for the year of EUR (446,053).

Area of Business

Your company, as you know, is active in the production of motorbikes.

Major events occurred during the company's fiscal year

With a view to simplifying and streamlining decision-making processes, the Shareholder decided to transform the company into a limited liability company.

Layout criteria

These financial statements have been drawn up in an abbreviated form as they meet the requirements of Article 2435 bis, paragraph 1 of the Italian Civil Code; therefore, the Report on Operations has not been prepared. To complete the necessary information, it should be noted that, pursuant to Article 2428, points 3) and 4) of the Italian Civil Code, the company does not hold any of its own shares or shares or shares in parent companies, including through trust companies or third parties, and that neither its own shares nor shares or shares in parent companies were purchased and/or sold by the company during the year, including through trust companies or third parties.

Balance sheet values are represented in Euro units by rounding off the relative amounts. Any rounding differences have been reported under the item "Euro rounding reserve" included in Shareholders' Equity and "Euro rounding" under "Extraordinary income and expenses" in the Income Statement.

Pursuant to Article 2423, paragraph 5 of the Italian Civil Code, the notes to the accounts have been drawn up in Euro units.

The criteria used in the preparation and measurement of the financial statements for the year ended 31/03/2021 take into account the changes introduced into national law by Legislative Decree 139/2015, through which EU Directive 34/2013 was implemented.

As a result of Legislative Decree 139/2015, the OIC national accounting standards were amended.

Drafting principles

The valuation of the items in the financial statements has been made on the basis of the general criteria of prudence and competence, with a view to the continuation of the business.

The application of the principle of prudence entailed the individual valuation of the components of individual items or items of assets or liabilities, in order to avoid offsetting losses that had to be recognised and profits that had not to be recognised because they had not been realised.

In accordance with the accrual principle, the effect of transactions and other events has been recognised in the accounts and attributed to the year to which these transactions and events relate, and not to the year in which the related cash movements (receipts and payments) occur.

In application of the principle of materiality, recognition, measurement, presentation and disclosure requirements have not been complied with when their observance was immaterial for the purpose of giving a true and fair view. The continuity of application of the valuation criteria over time is a necessary element for the comparability of the company's financial statements over the years.

The recognition and presentation of items in the financial statements has been made taking into account the substance of the transaction or contract.

Exceptional cases pursuant to Article 2423(5) of the Civil Code

There were no exceptional cases that made it necessary to resort to derogations pursuant to Article 2423, paragraph 5 of the Italian Civil Code.

Valuation criteria applied

Fixed assets

Intangible assets

They are recorded at historical acquisition cost and shown net of depreciation charged directly to individual items over the years.

Start-up and expansion costs and development costs with a multi-year useful life have been capitalised with the consent of the Board of Auditors. Start-up and expansion costs are amortised over a period not exceeding five years Development costs have been systematically amortised according to their useful life of five years.

Leasehold improvements are depreciated at rates that depend on the duration of the contract. If, irrespective of the depreciation already recorded, an impairment loss occurs,

The asset is written down accordingly. If, in subsequent years, the reasons for the write-down no longer apply, the original value is reinstated, adjusted only for depreciation.

Tangible Assets

They are recorded at purchase or production cost and adjusted by the corresponding accumulated depreciation.

The carrying amount took into account ancillary charges and costs incurred for the use of the asset, reducing the cost by trade discounts and cash discounts of significant amounts.

The depreciation rates charged to the profit and loss account have been calculated in view of the use, destination and economic-technical duration of the assets, on the basis of the criterion of the residual possibility of utilisation, a criterion that we considered to be well represented by the following rates, which have not changed with respect to the previous year and are reduced by half in the year the asset comes into use:

Plant and machinery:	15%
Equipment:	15%
Furniture and fittings:	12%
Security installation:	30%
Passenger cars:	25%
Office and electronic machines:	25%

If, regardless of the depreciation already booked, a permanent loss of value occurs, the fixed assets are written down accordingly. If, in subsequent years, the reasons for the write-down no longer apply, the original value, adjusted by depreciation, is restored.

Credits

Receivables are initially recognised at their estimated realisable value.

Receivables are derecognised when the contractual rights to the cash flows from the receivable are extinguished or when all risks inherent in the receivable being sold have been transferred.

Debts

They are recognised at their nominal value, adjusted for returns or billing adjustments.

Accruals and deferrals

They have been determined in accordance with the criterion of actual accrual for the year.

Inventories

Raw materials, auxiliaries and finished goods are recorded at the lower of purchase or production cost and realisable value based on market trends, applying specific cost.

Severance fund

It represents the actual debt accrued to employees in accordance with the law and current employment contracts, taking into account all forms of remuneration of an ongoing nature.

The provision corresponds to the total of individual indemnities accrued in favour of employees at the balance sheet date, net of advances paid, and is equal to the amount that would have been payable to employees if they had terminated their employment at that date.

Income tax

Taxes are accrued on an accrual basis; they therefore represent provisions for taxes paid or payable for the year, determined according to current rates and regulations.

Recognition of income

Proceeds from sales of products are recognised at the time of the transfer of ownership, which usually coincides with the delivery or forwarding of the goods;

Financial income and income from the provision of services is recognised on an accruals basis.

More information

The Company, as provided for by Legislative Decree no. 14/2019 (Code for business crisis and insolvency), adopts an organisational, administrative and accounting structure that is appropriate to the nature of the business, also in function of the timely detection of the business crisis and the taking of appropriate initiatives.

Notes to the condensed financial statements, assets

Fixed assets

Movements in fixed assets

Details of changes in fixed assets are provided, which will be further defined later in these notes.

	Intangible fixed assets	Tangible fixed assets	Financial fixed assets	Total fixed assets
Value at start of year				
Cost	216,413	1,608,275	1,999	1,826,687
Depreciation (Depreciation fund)	182,492	857,847	–	1,040,339
Book value	33,921	750,428	1,999	786,348
Changes during the year				
Depreciation for the year	26,479	221,189	–	247,668
Other changes	1	(23,916)	–	(23,915)
Total changes	(26,479)	(245,105)	–	(271,584)
Year-end value				
Cost	216,413	1,477,801	1,999	1,696,213
Depreciation (Depreciation fund)	208,971	972,478	–	1,181,449
Book value	7,442	505,323	1,999	514,764

Intangible fixed assets

Balance at 31/03/2021	Balance as at 31/03/2020	Variations
7,442	33,921	(26,479)

Changes in intangible assets

	Start-up and expansion costs	Development costs	Industrial patent rights and intellectual property rights	Other intangible assets	Total intangible fixed assets
Value at start of year					
Cost	2,313	147,500	27,500	39,100	216,413
Depreciation (Depreciation fund)	925	128,000	27,500	26,067	182,492
Book value	1,388	19,500	–	13,033	33,921
Changes during the year					
Depreciation for the year	463	19,500	–	6,517	26,479
Other changes	–	–	–	1	1
Total changes					
Year-end value	(463)	(19,500)	–	(6,516)	(26,479)

	Start-up and expansion costs	Development costs	Industrial patent rights and intellectual property rights	Other intangible assets	Total intangible fixed assets
Cost	2,313	147,500	27,500	39,100	216,413
Depreciation (Depreciation fund)	1,388	147,500	27,500	32,583	208,971
Book value	925	–	–	6,517	7,442

Tangible fixed assets

Balance at 31/03/2021	Balance as at 31/03/2020	Variations
505,323	750,428	(245,105)

Movements in tangible fixed assets

	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
Value at start of year				
Cost	1,447,509	75,488	85,278	1,608,275
Depreciation (Depreciation fund)	749,012	45,063	63,772	857,847
Book value	698,497	30,425	21,506	750,428
Changes during the year				
Depreciation for the year	197,236	10,802	13,151	221,189
Other changes	(22,225)	(1,691)	–	(23,916)
Total changes	(219,461)	(12,493)	(13,151)	(245,105)
Year-end value				
Cost	1,320,510	72,013	85,278	1,477,801
Depreciation (Depreciation fund)	841,474	54,081	76,923	972,478
Book value	479,036	17,932	8,355	505,323

Financial fixed assets

Balance at 31/03/2021	Balance as at 31/03/2020	Variations
1,999	1,999	

Changes and maturity of long-term receivables

	Value at start of year	Year-end value	Portion due after one year
Non-current receivables from others	1,999	1,999	1,999
Total long-term receivables	**1,999**	**1,999**	**1,999**

Breakdown of long-term receivables by geographical area

The breakdown of receivables at 31/03/2021 by geographical area is shown in the table below.

Geographical area	Non-current receivables from others	Total long-term receivables
Italy	1,999	1,999
Total	**1,999**	**1,999**

Current assets

Inventories

Balance at 31/03/2021	Balance as at 31/03/2020	Variations
76,492	76,492	

The valuation criteria adopted are unchanged from the previous year and explained in the first part of these notes.

Current assets

Balance at 31/03/2021	Balance as at 31/03/2020	Variations
347,571	573,550	(225,979)

Changes and maturity of receivables included in current assets

	Value at start of year	Change during the year	Year-end value	Portion due within one year
Receivables from customers included in current assets	167,802	(134,832)	32,970	32,970
Receivables from parent companies included in current assets	50,000	(50,000)	–	–
Tax receivables included in current assets	354,248	(41,458)	312,790	312,790
Receivables from others included in current assets	1,500	311	1,811	1,811
Total current receivables	**573,550**	**(225,979)**	**347,571**	**347,571**

Tax credits include the IRES credit for 10,000 euros, the IRAP credit for 15,000 euros, the VAT credit for 271,228 Euros and receivables for withholdings of 16,562 Euros.

Breakdown of receivables recorded in current assets by geographical area

The breakdown of receivables at 31/03/2021 by geographical area is shown in the table below.

Geographical area	Italy	EU	Total
Receivables from customers included in current assets	7,105	25,865	32,970
Tax receivables included in current assets	312,790	–	312,790
Receivables from others included in current assets	1,811	–	1,811
Total current receivables	**321,706**	**25,865**	**347,571**

Cash and cash equivalents

Balance at 31/03/2021	Balance as at 31/03/2020	Variations
9,805	5,638	4,167

	Value at start of year	Change during the year	Year-end value
Bank and postal deposits	5,207	3,324	8,531
Cash and other valuables on hand	430	843	1,273
Total cash and cash equivalents	**5,638**	**4,167**	**9,805**

The balance represents cash and cash equivalents at the end of the financial year.

Accrued income and prepaid expenses

Balance at 31/03/2021	Balance as at 31/03/2020	Variations
8,006	8,722	(716)

They measure income and expenses that are recognised in advance or in arrears with respect to their cash and/or documentary manifestation; they do not take into account the date of payment or collection of the related income and expenses, which are common to two or more financial years and can be allocated over time.

At 31/03/2021, there were no accruals or deferrals for more than five years.

	Value at start of year	Change during the year	Year-end value
Prepaid expenses	8,722	(716)	8,006
Total accrued income and prepaid expenses	**8,722**	**(716)**	**8,006**

Notes to the condensed financial statements, liabilities and shareholders' equity

Net assets

Balance at 31/03/2021	Balance as at 31/03/2020	Variations
814,987	1,261,039	(446,052)

Changes in equity items

	Value at start of year	Allocation of the previous year's result	Other changes		Operating result	Year-end value
		Other destinations	Increases	Decreases		
Capital	1,251,000	–	–	1,151,000	–	100,000
Legal reserve	12,551	–	–	2,512	–	10,039
Other reserves						
Extraordinary reserve	358,957	–	556,911	–	–	915,868
Payments to cover losses	–	–	235,132	–	–	235,132
Various other reserves	–	1	–	–	–	1
Total other reserves	358,957	1	792,043	-		1,151,001
Profit (loss) for the year	(361,469)	–	–	84,584	(446,053)	(446,053)
Total net assets	**1,261,039**	**1**	**792,043**	**1,238,096**	**(446,053)**	**814,987**

Details of the various other reserves

Description	Amount
Difference from rounding to the nearest euro unit	1
Total	**1**

Availability and use of equity

Shareholders' equity items are broken down according to origin, possibility of utilisation, distributability and utilisation in the three previous years.

	Amount	Possible uses
Capital	100,000	B
Legal reserve	10,039	A,B
Other reserves		
Extraordinary reserve	915,868	A,B,C,D
Payments to cover losses	235,132	A,B,C,D
Various other reserves	1	
Total other reserves	1,151,001	
Total	**1,261,040**	

Legend: A: for capital increase B: to cover losses C: for distribution to shareholders D: for other statutory restrictions E: other

Origin, possibility of utilisation and distributability of the various other reserves

Description	Amount
Difference from rounding to the nearest euro unit	1
Total	**1**

Legend: A: for capital increase B: to cover losses C: for distribution to shareholders D: for other statutory restrictions E: other

Formation and use of equity items

As provided for in Article 2427, paragraph 1, number 4) of the Italian Civil Code, information is provided on the formation and utilisation of the items of shareholders' equity:

	Share capital	Legal reserve	Reserves	Operating result	Total
At the beginning of the previous year	1,251,000	12,551	666,062	(307,106)	1,622,507
Allocation of the result for the year					
Other changes					
- Increases			1		1
- Decreases			307,106	54,363	361,469
Previous year's result				(361,469)	
At the end of the previous year	1,251,000	12,551	358,957	(361,469)	1,261,039
Allocation of the result for the year					
- other destinations			1		1
Other changes					
- Increases			792,043		792,043
- Decreases	1,151,000	2,512		84,584	1,238,096
Result for the current year				(446,053)	
At the end of the current financial year	100,000	10,039	1,151,001	(446,053)	814,987

Severance pay

Balance at 31/03/2021	Balance as at 31/03/2020	Variations
303	9,303	(9,000)

	Severance pay
Value at start of year	9,303
Changes during the year	
Provision in the year	7,245
Use during the year	16,245
Total changes	(9,000)
Year-end value	303

The provision represents the company's actual debt at 31/03/2021 to employees in force at that date, net of advances paid.

Debts

Balance at 31/03/2021	Balance as at 31/03/2020	Variations
133,600	172,660	(39,060)

Changes and maturity of debts

The maturity of the debts is broken down as follows.

	Value at start of year	Change during the year	Year-end value	Portion due within one year
Payables to suppliers	83,573	(41,574)	41,999	41,999
Payables to parent companies		77,107	77,107	77,107
Tax debts	2,062	971	3,033	3,033
Payables to social security institutions	7,140	(706)	6,434	6,434
Other liabilities	79,886	(74,858)	5,028	5,028
Total payables	**172,660**	**(39,060)**	**133,600**	**133,601**

Debts of more than five years' duration and debts secured by collateral on corporate assets

	Unsecured debts	Total
Amount	133,600	133,600

	Unsecured debts	Total
Payables to suppliers	41,999	41,999
Payables to parent companies	77,107	77,107
Tax debts	3,033	3,033
Payables to social security institutions	6,434	6,434
Other liabilities	5,028	5,028
Total payables	**133,600**	**133,600**

Accruals and deferred income

Balance at 31/03/2021	Balance as at 31/03/2020	Variations
7,748	7,748	

	Value at start of year	Year-end value
Accrued expenses	7,748	7,748
Total accrued expenses and deferred income	**7,748**	**7,748**

They represent the liaison items of the financial year calculated on an accrual basis.

Abbreviated notes, profit and loss account

Value of production

Balance at 31/03/2021	Balance as at 31/03/2020	Variations
167,318	597,229	(429,911)

Description	31/03/2021	31/03/2020	Variations
Revenues from sales and services	152,728	573,612	(420,884)
Other income and revenues	14,590	23,617	(9,027)
Total	**167,318**	**597,229**	**(429,911)**

Breakdown of revenues from sales and services by category of activity

Category of activity	Current year value
Goods sales	22,417
Provision of services	130,311
Total	**152,728**

Breakdown of revenues from sales and services by geographical area

Geographical area	Current year value
Italy	152,728
Total	152,728

Production costs

Balance at 31/03/2021	Balance as at 31/03/2020	Variations
613,371	958,640	(345,269)

Description	31/03/2021	31/03/2020	Variations
Raw and ancillary materials and goods	10,462	42,336	(31,874)
Services	133,020	270,717	(137,697)
Use of third party assets	37,462	83,587	(46,125)
Wages and salaries	95,106	177,337	(82,231)
Social charges	27,579	56,125	(28,546)
Severance pay	7,245	13,308	(6,063)
Other personnel costs	–	1,705	(1,705)
Amortisation of intangible assets	26,479	41,979	(15,500)
Depreciation of tangible fixed assets	221,189	242,102	(20,913)
Other operating expenses	54,829	29,444	25,385
Total	**613,371**	**958,640**	**(345,269)**

Cost of raw materials, consumables and goods and Cost of services

They are closely related to the development of point A (Production value) of the Profit and Loss Account.

Personnel costs

This item includes all employee expenses including merit improvements, category upgrades, contingency payments, the cost of untaken holidays and provisions required by law and collective agreements.

Depreciation of tangible fixed assets

Depreciation is calculated on the basis of the useful life of the asset and its use in production.

Financial income and expenses

Balance at 31/03/2021	Balance as at 31/03/2020	Variations
	(58)	58

Description	31/03/2021	31/03/2020	Variations
(Interest and other financial charges)		(58)	58
Total		**(58)**	**58**

Current, deferred and prepaid income taxes for the year

Balance at 31/03/2021	Balance as at 31/03/2020	Variations
–	–	–

Taxes pertaining to the year have been recorded.

A reconciliation between the theoretical charge in the financial statements and the theoretical tax charge is set out below:

Reconciliation between balance sheet tax burden and theoretical tax burden (IRES)

Description	Value	Taxes
Profit before tax	(446,053)	
Theoretical tax burden (%)	24	
Shooting on the rise:	0	
Amort. Non-deductible	1,228	
Expenses exceeding the deductible amount	2,835	
Sanctions	984	
Other increases	60,548	

Description	Value	Taxes
Declining filming:	0	
Non-taxable contributions	(10,659)	
Taxable income	(391,117)	
Current income taxes for the year		

Determination of IRAP taxable income

Description	Value	Taxes
Difference between value and cost of production	(316,123)	
Costs not relevant for IRAP purposes		
Sanctions	984	
Other increases	60,548	
Revenues not relevant for IRAP purposes		
Non-taxable contributions	(10,659)	
Taxable IRAP	(265,250)	
Current IRAP for the year		

Notes to the condensed financial statements, other information

Employment data

The average number of employees, broken down by category, changed as follows compared to the previous year.

Staff	31/03/2021	31/03/2020	Variations
Managers			
Frameworks			
Employees	**2**	3	(1)
Workers			
Other			
Total	**2**	**3**	**(1)**

Details of other financial instruments issued by the company

Information on the fair value of derivative financial instruments

The company has no derivative financial instruments.

Information on transactions with related parties

Significant transactions with related parties carried out by the company, which are of a commercial nature, were concluded at normal market conditions.

Information on agreements not shown in the balance sheet

The company does not have any agreements in place that are not reflected in the balance sheet.

Enterprises that prepare consolidated financial statements for the smallest group of enterprises to which they belong as a subsidiary enterprise

Pursuant to law, the information set forth in Article 2427, first paragraph, no. 22 sexies), of the Italian Civil Code is highlighted.

	Smaller ensemble
Company name	Peugeot Motocycle SAS
City (if in Italy) or foreign country	103, Rue du 17 November - Valentigney Cedex - France
Place of filing of consolidated financial statements	103, Rue du 17 November - Valentigney Cedex - France

Information pursuant to Article 1, paragraph 125 of Law No. 124 of 4 August 2017

Pursuant to Article 1, paragraph 125-bis, of Law no. 124 of 4 August 2017, in compliance with the obligation of transparency, it should be noted that grants, paid assignments and in any case economic benefits of any kind were received from public administrations in the form of operating grants for €10,659.

Proposed appropriation of profits or coverage of losses

It is proposed to the Shareholders' Meeting to cover the loss for the year equal to EUR (446,053) by using the entire "payments to cover losses" reserve for EUR 235,132 and to cover the remaining loss by using the Extraordinary Reserve for EUR 210,921.

These notes have been prepared in accordance with the Italian Civil Code and accounting standards. In order to comply with the obligations of publication in the Register of Companies, once approved, it will be converted into XBRL format; therefore, some formal changes may be made to make this note compatible with the format for filing.

These financial statements, consisting of the balance sheet, income statement and notes, give a true and fair view of the financial position and result of operations for the year and correspond to the accounting records.

The Chairman of the Board of Directors
Wakankar Prakash Gopal

Declaration of conformity of the budget

The undersigned Antonio Diso, enrolled in the Register of Chartered Accountants and Bookkeeping Experts of Rome under no. AA_008606 as the person in charge of the company, pursuant to art. 31, paragraph 2-quinquies of law no. 340/2000, declares that the electronic document in xbrl format containing the balance sheet, the profit and loss account and the explanatory notes are in conformity with the corresponding original documents filed with the company.

Date, April 26, 2021

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Mahindra Tractor Assembly, Inc.

We have audited the accompanying financial statements of **Mahindra Tractor Assembly, Inc.** ('the Company') which comprise of balance sheets as of March 31, 2021 and March 31, 2020 and the related statements of loss, stockholder's deficit and cash flows for the years then ended and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as of March 31, 2021 and March 31, 2020 and the results of its operations and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of matter

We draw attention to Note *B(3)* to the financial statements, wherein the Company considers it appropriate to prepare the financial statements on a going concern basis as the date of closure of the Company is not certain. Our opinion is not modified with respect to this matter.

Other matter

The presentation of financial information in Indian rupees in the financial statements is not a required part of the basic financial statements. We have verified the arithmetic accuracy of the presentation based upon exchange rate provided by the Company's management. We did not audit and do not express an opinion on such information, and our opinion is not modified with respect to this matter.

Atlanta, Georgia
May 04, 2021

KNAV P.A.

BALANCE SHEETS

	As at March 31, 2021 USD	As at March 31, 2021 INR	As at March 31, 2020 USD	As at March 31, 2020 INR
ASSETS				
Current assets				
Cash and cash equivalents	**1,168,069**	**85,958,198**	255,482	18,800,920
Accounts receivable, net of allowances	**212,000**	**15,601,080**	906,021	66,674,085
Due from related party	**–**	**–**	108,051	7,951,473
Inventories, net	**–**	**–**	3,078,529	226,548,949
Prepaid and other current assets	**–**	**–**	477,793	35,160,787
Total current assets	**1,380,069**	**101,559,278**	4,825,876	355,136,214
Non-current assets				
Property, plant and equipment, net	**–**	**–**	3,827,956	281,699,282
Internally developed software, net	**–**	**–**	427,137	31,433,012
Intangible assets, net	**–**	**–**	9,336	687,036
Other assets	**–**	**–**	166,716	12,268,630
Total non-current assets	**–**	**–**	4,431,145	326,087,960
Total assets	**1,380,069**	**101,559,278**	9,257,021	681,224,174
LIABILITIES AND STOCKHOLDER'S DEFICIT				
Current liabilities				
Accounts payable	**118,527**	**8,722,402**	3,471,635	255,477,618
Due to related party	**288,105**	**21,201,647**	2,583,134	190,092,831
Advance from related party	**–**	**–**	9,030,000	664,517,700
Other current liabilities	**1,748,543**	**128,675,280**	3,390,553	249,510,795
Total current liabilities	**2,155,175**	**158,599,329**	18,475,322	1,359,598,944
Total liabilities	**2,155,175**	**158,599,329**	18,475,322	1,359,598,944
Stockholder's deficit				
Common stock of $ 0.2 par value 600,000,000 shares authorized (March 31, 2020: 600,000,000 shares authorized) and 546,526,425 shares issued (March 31, 2019: 465,725,000 shares issued) and subscribed	**109,305,285**	**8,043,775,923**	93,145,000	6,854,540,550
Additional paid in capital	**401,449**	**29,542,632**	446,321	32,844,762
Accumulated deficit	**(110,481,840)**	**(8,130,358,606)**	(102,809,622)	(7,565,760,082)
Total stockholder's deficit	**(775,106)**	**(57,040,051)**	(9,218,301)	(678,374,770)
Total liabilities and stockholder's deficit	**1,380,069**	**101,559,278**	9,257,021	681,224,174

STATEMENTS OF LOSS

	For the year ended March 31, 2021		For the year ended March 31, 2020	
	USD	**INR**	USD	INR
Operating revenue, net of returns and discounts	**1,790,112**	**131,734,342**	6,595,716	485,378,740
Interest income on finance lease	**–**	**–**	76,872	5,657,010
Total operating revenue	**1,790,112**	**131,734,342**	6,672,588	491,035,750
Cost of goods sold	**3,840,389**	**282,614,227**	8,604,976	633,240,184
Gross loss	**(2,050,277)**	**(150,879,885)**	(1,932,388)	(142,204,434)
Expenses				
Salaries and employee benefits	**1,068,177**	**78,607,145**	4,568,979	336,231,165
Selling, distribution and administration	**2,584,671**	**190,205,939**	5,449,687	401,042,466
Impairment of intellectual property rights	**–**	**–**	13,844,441	1,018,812,413
Impairment of plant and equipment	**3,536,407**	**260,244,191**	–	–
Impairment of internally developed software	**277,857**	**20,447,497**	–	–
Depreciation and amortization	**444,190**	**32,687,942**	2,090,162	153,815,022
Total operating expenses	**7,911,302**	**582,192,714**	25,953,269	1,909,901,066
Finance cost	**–**	**–**	1,793,221	131,963,132
Other income, net	**2,291,011**	**168,595,499**	272,427	20,047,903
Loss before income taxes	**(7,670,568)**	**(564,477,100)**	(29,406,451)	(2,164,020,729)
Income taxes	**1,650**	**121,424**	1,670	122,895
Net loss	**(7,672,218)**	**(564,598,524)**	(29,408,121)	(2,164,143,624)

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF STOCKHOLDER'S DEFICIT
FOR THE YEAR APRIL 1, 2020 TO MARCH 31, 2021 AND APRIL 1, 2019 TO MARCH 31, 2020

	Common stock Authorized		Common stock Issued and outstanding		Additional paid in capital	Accumulated deficit	Total stockholder's deficit
	Shares	USD	Shares	USD	USD	USD	USD
Balance as at April 01, 2019	295,000,000	59,000,000	292,050,000	58,410,000	515,033	(73,401,501)	(14,476,468)
Common stock authorized and issued	305,000,000	61,000,000	173,675,000	34,735,000	–	–	34,735,000
Employee stock compensation	–	–	–	–	(68,712)	–	(68,712)
Net loss for the year	–	–	–	–	–	(29,408,121)	(29,408,121)
Balance as at March 31, 2020	600,000,000	120,000,000	465,725,000	93,145,000	446,321	(102,809,622)	(9,218,301)
Balance as at April 01, 2020	600,000,000	120,000,000	465,725,000	93,145,000	446,321	(102,809,622)	(9,218,301)
Shares issued during the year	–	–	80,801,425	16,160,285			16,160,285
Employee stock compensation	–	–	–	–	(44,872)		(44,872)
Net loss for the year	–	–	–	–		(7,672,218)	(7,672,218)
Balance as at March 31, 2021	**600,000,000**	**120,000,000**	**546,526,425**	**109,305,285**	**401,449**	**(110,481,840)**	**(775,106)**

	Common stock Authorized		Common stock Issued and outstanding		Additional paid in capital	Accumulated deficit	Total stockholder's deficit
	Shares	INR	Shares	INR	INR	INR	INR
Balance as at April 01, 2019	295,000,000	4,341,810,000	292,050,000	4,298,391,900	37,901,278	(5,401,616,458)	(1,065,323,280)
Shares issued during the year	305,000,000	4,488,990,000	173,675,000	2,556,148,650	–	–	2,556,148,650
Employee stock compensation					(5,056,516)		(5,056,516)
Net loss for the year	–	–	–	–	–	(2,164,143,624)	(2,164,143,624)
Balance as at March 31, 2020	600,000,000	8,830,800,000	465,725,000	6,854,540,550	32,844,762	(7,565,760,082)	(678,374,770)
Balance as at April 01, 2020	600,000,000	8,830,800,000	465,725,000	6,854,540,550	32,844,762	(7,565,760,082)	(678,374,770)
Shares issued during the year	–	–	80,801,425	1,189,235,373	–	–	1,189,235,373
Employee stock compensation	–	–	–	–	(3,302,130)	–	(3,302,130)
Net loss for the year	–	–	–	–	–	(564,598,524)	(564,598,524)
Balance as at March 31, 2021	**600,000,000**	**8,830,800,000**	**546,526,425**	**8,043,775,923**	**29,542,632**	**(8,130,358,606)**	**(57,040,051)**

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CASH FLOWS

	For the year ended March 31, 2021		For the year ended March 31, 2020	
	USD	**INR**	USD	INR
Cash flows from operating activities				
Net loss for the year	**(7,672,218)**	**(564,598,524)**	(29,408,121)	(2,164,143,624)
Adjustments to reconcile net loss to net cash used in operating activities				
Depreciation and amortization	**444,190**	**32,687,942**	2,090,162	153,815,022
Impairment of intellectual property rights	**–**	**–**	**13,844,441**	**1,018,812,413**
Impairment of plant & equipment	**3,536,407**	**260,244,191**	–	–
Impairment of internally developed software	**277,857**	**20,447,497**	–	–
(Gain) loss on disposal of assets	**(182,900)**	**(13,459,611)**	1,976	145,414
Employee stock compensation	**(44,872)**	**(3,302,130)**	(68,712)	(5,056,516)
Cash flow before changes in working capital	**(3,641,536)**	**(267,980,635)**	(13,540,254)	(996,427,291)
Net change in assets and liabilities				
Accounts receivable	**694,020**	**51,072,932**	(73,931)	(5,440,582)
Prepaid and other current assets	**477,793**	**35,160,787**	(88,119)	(6,484,677)
Inventories	**2,878,527**	**211,830,802**	7,429,104	546,707,763
Accounts payable	**(3,353,108)**	**(246,755,218)**	(891,570)	(65,610,636)
Due to related party, net	**(2,186,978)**	**(160,939,711)**	4,824,406	355,028,038
Other assets	**166,715**	**12,268,557**	(111,571)	(8,210,510)
Current and other liabilities	**(1,192,325)**	**(87,743,197)**	236,653	17,415,294
Net cash flows used in operating activities	**(6,156,892)**	**(453,085,683)**	(2,215,282)	(163,022,601)
Cash flow from investing activities				
Purchase of equipment	**–**	**–**	(148,696)	(10,942,539)
Proceeds from sale of vehicles & equipment	**188,879**	**13,899,606**	54,305	3,996,304
Proceeds from transfer of assets (Note A)	**200,000**	**14,718,000**		
Net cash flows provided by (used in) investing activities	**388,879**	**28,617,606**	(94,391)	(6,946,233)
Cash flow from financing activities				
Issuance of common stock	**6,680,600**	**491,625,354**	34,735,000	2,556,148,650
(Repayment) proceeds of demand credit facility	**–**	**–**	(34,400,000)	(2,531,496,000)
Advance from related party	**–**	**–**	1,630,000	119,951,700
Net cash flows from financing activities	**6,680,600**	**491,625,354**	1,965,000	144,604,350
Net change in cash and cash equivalents	**912,587**	**67,157,277**	(344,673)	(25,364,486)
Cash and cash equivalents at the beginning	**255,482**	**18,800,920**	600,155	44,165,406
Cash and cash equivalents at the end	**1,168,069**	**85,958,198**	255,482	18,800,920
Supplemental cash flow information				
Income taxes paid	**–**	**–**	1,650	121,424
Interest paid	**–**	**–**	1,429,361	105,186,676
Conversion of loan to equity	**9,479,685**	**697,610,019**	–	–

(The accompanying notes are an integral part of these financial statements)

NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF OPERATIONS

Mahindra Tractor Assembly, Inc. ("MTAI" or the "Company"), a company incorporated in the State of Delaware on January 25, 2013, commenced business on April 1, 2013. The Company was owned by Mahindra USA, Inc. ("MUSA"), a Texas Corporation. MUSA is a subsidiary of Mahindra & Mahindra Limited ("M&M"); a public listed India company ("the ultimate parent company").

Ownership of MTAI was transferred from Mahindra USA, Inc. to Mahindra Overseas Investment Company Mauritius Limited ("MOICML") in November 2014, by issuance of 5,600,000 additional shares of $1 each. Further 10,000 shares held by Mahindra USA, Inc. were also transferred to the new parent company, MOICML.

The Company was formed to manufacture, assemble and sell electric powered bikes and scooters (hereinafter the "Mahindra GenZe product" or "the product").

On September 30, 2020, the Company transferred the inventory and property and equipment to Mahindra North America Technical Center Inc. ("MNATC, Inc."). The Company also transferred a royalty free license to use GenZe's trademark, patent copyright, trade secrets or proprietary rights of the Company to the extent owned or licensed by the Company from the third parties. The Company has also authorized MNATC, Inc. to access and operate websites owned and operated by GenZe. The aggregate purchase amount paid by MNATC, Inc. was USD 200,000 (INR 14,718,000).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

1. *Basis of preparation*

   a. The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America ('US GAAP') to reflect the financial position, results of operation and cash flows of the Company.

   b. The financial statements are for the year April 1, 2020 to March 31, 2021 and April 1, 2019 to March 31, 2020.

   c. The financial information in this report is shown in both US Dollars (USD) and in Indian Rupees (INR). For March 31, 2021 and March 31, 2020, dollar amounts are translated for convenience into Indian Rupees at exchange rate of 73.59 INR per dollar as on March 31, 2021. Within the notes to the financial statements, Indian rupee amounts are shown parenthetically following the US dollar amounts.

   d. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior periods to conform to the classifications used in the current year. These changes had no impact on previously reported net loss or stockholder's deficit.

2. *Use of estimates*

   The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Significant items subject to such estimates and assumptions include the useful lives of property, plant and equipment and intangible assets, inventory reserve, income taxes, revenue recognition, allowance for sales return, doubtful receivables, warranties, rebates, estimation relating to unsettled transactions and other contingencies. Management believes that the estimates used in the preparation of the financial statements are reasonable. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the financial statements.

3. *Going concern*

   During the year ended March 31, 2021, the management-initiated plans to shut down the operations as agreed by the board. The Company has an accumulated deficit of USD 110,481,840 (INR: 8,130,358,606) as of March 31, 2021. Although, these events and condition cast significant doubt on the Company's ability to continue as a going concern, in view of the continued support from the parent company, the management considers that it is appropriate to prepare these financial statements on a going concern basis, which assumes that the Company will continue in existence for the foreseeable future. The Company has received funding from its parent company amounting to USD 6,680,600 (INR: 491,625,354) during the current year by way of direct capital infusion for meeting the cash flow requirements. Also, the management has plans to mitigate the adverse effects, including:

   1. The Company continues to provide warranty services and fulfil other obligations towards its customers and other stakeholders.

   2. The closing date of the Company has not been finalized and the management believes that the liquidation is not imminent as at the balance sheet date.

   3. Obtain financial support from MOICML, the parent company, to meet near term working capital requirements.

   Based on the above mitigating factors, the financial statements have been prepared on the basis that the Company is a going concern and that no further adjustments are required to the carrying value of assets and liabilities.

4. *Cash and cash equivalents*

   Cash and cash equivalents include current balances on bank accounts and highly liquid, short-term deposits with an original maturity of three months or less. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to an aggregate per bank of USD 250,000 (INR: 18,397,500). The Company believes it is not exposed to any significant risk on cash and cash equivalents.

5. *Revenue recognition*

   <u>*Sale of manufactured goods*</u>

   The Company recognizes revenues from sale of assembled E-bikes and manufactured Mahindra GenZe electronic scooters and their related accessories (collectively known as "GenZe products" or "products").

   Revenue is recognized when control of the product, parts or accessories have been transferred and the Company's performance obligation to the customers have been satisfied. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transfer of goods. The timing of when the Company transfers the goods to the customer may differ from the timing of the customer's payment.

   When the Company gives the customers the right to return eligible goods, the Company estimates the expected returns based on an analysis of historical experiences.

   The Company has determined that the customers from the sale of the products are generally distributors and individual customers. Transfer of control, and therefore revenue recognition occurs at a point in time, when the product or service parts are made available to customer, or when the product or service parts are released to the carrier responsible for transporting them to customer. This is also the point at which invoices are issued, with payment terms to the customers and the products are shipped.

   The Company also performs shipping and handling activities for its customers which is treated as a separate performance obligation as these activities are performed after the customer obtains control of the goods. The Company acts as an agent for shipping and handling services and recognize revenue on net basis.

6. *Provision for warranty costs*

   The Company generally provides for the estimated cost of product warranties at the time the related revenue is recognized. The Company estimates the warranty cost as a percentage of cost of goods sold. The Company assesses the adequacy of its accrued warranty liabilities and adjusts the amounts as necessary based on actual experience and changes in future estimates. These amounts are recorded as a liability in the balance sheet until they are ultimately paid. Accrued warranty liability was USD Nil (INR: Nil) at March 31, 2021 (March 31, 2020: USD 264,457 (INR: 19,461,391)).

7. *Intangibles*

Intangible assets are stated at cost of acquisition, less accumulated amortization and impairment losses, if any. Cost of intangible assets comprises of purchase price, non-refundable taxes, levies and any directly attributable cost of making the asset ready for its intended use. The Company amortizes intangible assets over their estimated useful lives unless such lives are determined to be indefinite. Intangible assets with indefinite lives are tested at least annually for impairment and written down to the fair value as required. The estimated useful lives of the amortizable intangible assets are as follows:

Class of asset	**Useful life**
Intellectual property rights	15 years

The estimated useful life of an intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

8. *Internally developed software costs*

The Company has incurred costs related to development of internally developed software to be used for future consumer management. Software development costs incurred during the preliminary project work stage or conceptual stage are expensed as incurred until technological feasibility has been established in accordance with Accounting Standard Codification ("ASC") 985, at which time such costs are capitalized to the extent that the capitalized costs do not exceed the realizable value of such costs, until the product is available for general release to customers. Upon completion of the development of software, the capitalization ceases and the resulting intangible asset is amortized based on straight-line basis.

The estimated useful life of the internally developed software is 3 years.

9. *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost of items of property, plant and equipment comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use. The Company depreciates property, plant and equipment over the estimated useful life using the straight-line method except for production tools. Upon retirement or disposal of assets, the cost and accumulated depreciation will be eliminated from the accounts and the resulting gain or loss will be credited or charged to statement of loss.

The estimated useful life used to determine depreciation is:

Class of asset	**Useful life**
Engineering equipment	3 years
Machinery & equipment	5 to 7 years
Production tools	60,000 units
Computer equipment	3 years
Furniture equipment	3 years
Vehicles	2 to 5 years
Leasehold improvements	Lease term

The cost of property, plant and equipment not ready for use before the balance sheet date are disclosed under capital work-in-progress.

10. *Impairment of long-lived assets*

Long-lived assets, including certain identifiable intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the amount by which the carrying value of the assets exceeds its fair value.

11. *Accounts receivable & allowance for doubtful debts*

Trade receivables represents receivable on sale of GenZe products and accessories. For the trade receivables, the Company follows the specific identification method for recognizing allowance for doubtful debts. Management analyzes composition of the accounts receivable aging, historical bad debts, current economic trends and customer credit worthiness of each accounts receivable when evaluating the adequacy of the allowance for doubtful debts. Allowance for doubtful debts is included in selling, distribution and administration expenses in the statement of loss.

12. *Research and development costs*

Revenue expenditure on research and development is expensed as incurred. Capital expenditure incurred on equipment and facilities that are acquired or constructed for research and development activities and having alternative future uses is capitalized as tangible assets when acquired or constructed.

13. *Income taxes*

In accordance with the provisions of FASB ASC Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the assets will not be realized.

The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company recognizes interest and penalties related to uncertain tax positions within the provision for income taxes.

14. *Inventories*

Raw materials, work in progress and finished goods inventories are stated at the lower of cost and net realizable value, with cost being determined on a weighted average basis. The measurement of inventories includes the direct cost of materials and labor as well as indirect costs (variable and fixed). A provision is made for obsolete and slow-moving raw materials, finished goods, spare parts and other supplies based on their expected future use and realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs for sale and distribution.

The Company makes adjustments to its inventory reserves based on the identification of specific situations and increases its inventory reserves accordingly. As further changes in future economic or industry conditions occur, the Company will revise the estimates that were used to calculate its inventory reserves.

15. *Fair value measurements and financial instruments*

The Company applies fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value.

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

16. *Equity based compensation payment to employees*

The Company accounts for stock-based compensation expense relating to stock options that have been issued by the Company to the employees. The Company computes the fair value of options granted using the Black Scholes option pricing model. An amount equal to such compensation expense for the year is credited to additional paid in capital of the Company.

The Company has used guidance in ASC 718; "Compensation-Stock Compensation" to account for employee share-based payments. ASC 718 requires share-based payments to employees, including grants of employee stock options and purchases under employee stock purchase plans, to be recognized in statements of loss based on their fair values.

In accordance with ASC 718, the Company recognized stock-based compensation for awards granted, that the Company expects to vest on a straight-line basis over the requisite service period of the awards. In respect of awards that have a graded vesting schedule and with only service conditions, compensation cost is recognized on straight line basis over the requisite service period for each separately vesting portion of the award as if the award was-in-substance, multiple awards.

In March 2016, the FASB issued ASU 2016-09, "Compensation-Stock Compensation-Improvements to Employee Share-Based Payment Accounting". Under the new guidance, an entity can make an entity-wide accounting policy election to either estimate the number of awards that are expected to vest (current GAAP) or account for forfeitures when they occur. This ASU is effective for the Company beginning January 1, 2018. The Company elected to recognize forfeitures when they occur.

17. *Advertising*

Advertising costs are presented as part of selling, general, and administrative expenses in the statements of loss. Advertising costs are expensed as incurred. The amount of advertising and marketing cost incurred by the Company for the years ended March 31, 2021 and March 31, 2020 is $ 18,021 (INR 1,326,165) and $ 941,181 (INR 69,261,510), respectively.

18. *Operating leases*

Lease rent expenses on operating leases are charged to expense over the lease term. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

19. *Capital leases*

Leases in which the Company has substantially all the risk and rewards of ownership are classified as capital leases. Capital leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

20. *Commitments and contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	As at March 31, 2021		As at March 31, 2020	
	USD	**INR**	USD	INR
Petty cash	**–**	**–**	58	4,268
Balances with banks	**1,168,069**	**85,958,198**	255,424	18,796,652
	1,168,069	**85,958,198**	255,482	18,800,920

NOTE D - ACCOUNTS RECEIVABLE, NET OF ALLOWANCES

Accounts receivables comprise of:

	As at March 31, 2021		As at March 31, 2020	
	USD	**INR**	USD	INR
Trade receivables	**212,000**	**15,601,080**	1,707,514	125,655,955
Less: provision for doubtful debts	**–**	**–**	(801,493)	(58,981,870)
Accounts receivable, net of allowances	**212,000**	**15,601,080**	906,021	66,674,085

The activities in provision for doubtful debts account are as given below-

	Year ended March 31, 2021		Year ended March 31, 2020	
	USD	**INR**	USD	INR
Balance at beginning of the year	**801,493**	**58,981,870**	173,145	12,741,741
Provisions made during the year	**177,985**	**13,097,916**	682,956	50,258,732
Bad debts written-off during the year	**(979,478)**	**(72,079,086)**	(54,608)	(4,018,603)
Balance at end of the year	**–**	**–**	801,493	58,981,870

NOTE E – INVENTORIES

Inventories comprise of the following:

	As at March 31, 2021		As at March 31, 2020	
	USD	**INR**	USD	INR
Raw material	**–**	**–**	8,700,514	640,270,826
Finished goods	**–**	**–**	198,643	14,618,138
Work in progress	**–**	**–**	–	–
Inventory reserve	**–**	**–**	(5,820,628)	(428,340,015)
Inventories, net of reserves	**–**	**–**	3,078,529	226,548,949

At the year ended March 31, 2021 and March 31, 2020, the Company's inventory reserve was $ Nil (INR Nil) and $ 5,820,628 (INR 428,340,015) respectively. The impact of the same on statement of loss is recognized under cost of goods sold during the year ended March 31, 2021 and March 31, 2020.

NOTE F – PREPAID AND OTHER CURRENT ASSETS

Prepaid and other current assets comprise of the following:

	As at March 31, 2021		As at March 31, 2020	
	USD	**INR**	USD	INR
Prepaid expenses	**–**	**–**	288,635	21,240,650
Other advances	**–**	**–**	171,480	12,619,213
Others	**–**	**–**	17,678	1,300,924
	–	**–**	477,793	35,160,787

NOTE G – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise of the following:

	As at March 31, 2021		As at March 31, 2020	
	USD	**INR**	USD	INR
Leasehold improvements	**722,768**	**53,188,497**	722,768	53,188,497
Engineering equipment	**353,263**	**25,996,624**	353,263	25,996,624
Machinery & equipment	**2,761,910**	**203,248,957**	2,761,910	203,248,957
Production tools	**3,221,116**	**237,041,926**	3,221,116	237,041,926
Furniture equipment	**127,346**	**9,371,392**	154,346	113,583,22
Computer equipment	**124,852**	**9,187,859**	124,852	9,187,859
Vehicles	**926,885**	**68,209,467**	1,012,861	74,536,441
Total	**8,237,140**	**606,244,722**	8,351,116	614,558,626
Accumulated depreciation	**(4,701,733)**	**(346,000,531)**	(4,523,160)	(332,859,344)
Accumulated impairment	**(3,536,407)**	**(260,244,191)**	–	–
Property, plant and equipment, net	–	–	3,827,956	281,699,282

Depreciation expense for the years ended March 31, 2021 and March 31, 2020 is $ 285,573 (INR 21,015,317) and $568,448 (INR 41,832,088), respectively. The management performed impairment testing during the year and accordingly, an impairment charge of $ 3,536,407 (INR 260,244,191) has been recognized in the statement of loss.

NOTE H – INTANGIBLE ASSETS, NET

Intangible assets consist of:

	Useful life	**As at March 31, 2021**		As at March 31, 2020	
		USD	**INR**	USD	INR
Definite life intangibles					
Intellectual property rights	15 years				
Gross block		**18,323,524**	**1,348,428,131**	18,323,524	1,348,428,131
Less: Accumulated amortization		**(4,479,083)**	**(329,615,718)**	(4,479,083)	(329,615,718)
Less: Impairment		**(13,844,441)**	**(1,018,812,413)**	(13,844,441)	(1,018,812,413)
Net carrying amount		–	–	–	–
Computer software	3 years	**440,763**	**32,435,749**	440,763	32,435,749
Less: Accumulated amortisation		**(440,763)**	**(32,435,749)**	(431,427)	(31,748,713)
Total		–	–	9,336	687,036

Mahindra and Mahindra Limited (“M&M”), the ultimate parent company, developed Intellectual Property Rights (“IPR”) for the design and development of GenZe product. During the year ended March 31, 2017, M&M assigned all the intellectual property rights including any technical know-how in the GenZe product in favor of the Company and waived its ownership or rights on the same vide an agreement dated July 25, 2016. The IPR were transferred by M&M at a total consideration of INR 123.5 crores and the Company recognized the intangible asset as at the transaction date amounting to $ 18,323,524 (INR 1,348,428,131). The management performed impairment testing as at March 31, 2020 and accordingly, an impairment charge of $ 13,844,441 has been recognized in the statement of loss.

Amortization expense for the year ended March 31, 2021 and March 31, 2020, is $ 9,336 (INR 687,036) and $122,156 (INR 8,989,460), respectively.

NOTE I – INTERNALLY DEVELOPED SOFTWARE

	As at March 31, 2021		As at March 31, 2020	
	USD	**INR**	USD	INR
Opening software development in process	–	–	56,043	4,124,204
Software development during the year	–	–	18,070	1,329,771
Transfer to internally developed software	–	–	(74,113)	(5,453,975)
Total software development in process	–	–	–	–
Internally developed software	**848,495**	**62,440,747**	848,495	62,440,747
Less: accumulated amortization	**(570,638)**	**(41,993,250)**	(421,358)	(31,007,735)
Less: accumulated impairment	**(277,857)**	**(20,447,497)**	–	–
Total	–	–	427,137	31,433,012

Amortization expense for the years ended March 31, 2021 and March 31, 2020 is $ 149,281 (INR 10,985,560) and $ 259,912 (INR 19,126,924), respectively. The management performed impairment testing during the year and accordingly, an impairment charge of $ 277,857 (INR 20,447,497) has been recognized in the statement of loss.

Capital work in progress includes amount incurred towards development of GenZe’s Mobile App - Consumer and Fleet Management Software for which the Company has an agreement with the developer who would be responsible for the development and maintenance of the software products.

NOTE J – OTHER ASSETS

Other non-current assets comprise of:

	As at March 31, 2021		As at March 31, 2020	
	USD	**INR**	USD	INR
Deposits- security	–	–	16,716	1,230,130
Deposits- general	–	–	150,000	11,038,500
Total	–	–	166,716	12,268,630

NOTE K – SHORT TERM BORROWINGS

The Company obtained a demand credit facility by way of current account bank overdraft agreement wherein the Company can utilize amount up to the credit limit granted. This credit facility was obtained for the purpose of working capital requirements and for general corporate purposes. All current assets of the Company serve as collateral for this credit arrangement. The credit facility was repaid in full on March 31, 2020.

The average rate of interest charged by the bank during the year ended March 31, 2021 and March 31, 2020 is Nil & 4.49% p.a., respectively. The interest is payable on the daily closing balance of the loan which is calculated and payable monthly. The Company did not avail the facility during the year ended March 31, 2021.

For the year ended March 31, 2021, finance charges of $ Nil (INR Nil) and (March 31, 2020 $ 1,793,221 (INR 135,101,270) have been included in finance cost in the statement of loss.

NOTE L – ACCOUNTS PAYABLE

Account payable comprise of the following:

	As at March 31, 2021		As at March 31, 2020	
	USD	**INR**	USD	INR
Trade payables	**118,527**	**8,722,402**	3,471,635	255,477,618
Total	**118,527**	**8,722,402**	3,471,635	255,477,618

NOTE M – OTHER CURRENT LIABILITIES

Other current liabilities comprise of the following:

	As at March 31, 2021		As at March 31, 2020	
	USD	**INR**	USD	INR
Accrued expenses	**194,383**	**14,304,575**	796,311	58,600,526
Accrued payroll	**–**	**–**	179,283	13,193,436
Accrued severance	**–**	**–**	698,568	51,407,619
Deferred revenue	**1,156,079**	**85,075,883**	1,036,527	76,278,022
Withholding payroll taxes	**150,780**	**11,095,900**	–	–
Sales return reserve	**238,805**	**17,573,681**	412,558	30,360,143
Reserve for product warranty	**–**	**–**	264,457	19,461,390
Others	**8,496**	**625,241**	2,849	209,659
Total	**1,748,543**	**128,675,280**	**3,390,553**	**249,510,795**

NOTE N – OTHER INCOME

Other income comprises of the following:

	For the year ended			
	March 31, 2021		March 31, 2020	
	USD	**INR**	USD	INR
Refund from Customs & Border Protection	**1,043,775**	**76,811,402**	–	–
Miscellaneous	**1,247,236**	**91,784,097**	272,427	20,047,903
Total	**2,291,011**	**168,595,499**	**272,427**	**20,047,903**

Miscellaneous income for the year ended March 31, 2021, comprises majority of the settlements from Company's contracts with vendors that were terminated and mutually settled.

NOTE O – REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

The following table presents revenue disaggregated by product line:

	As at March 31, 2021		As at March 31, 2020	
Particulars	**USD**	**INR**	USD	INR
Product sales	**1,238,372**	**91,131,795**	6,243,393	459,451,291
Parts and accessory sales	**551,740**	**40,602,547**	352,324	25,927,523
Interest income on finance lease	**–**	**–**	76,871	5,656,937
Total revenue by product line	**1,790,112**	**131,734,342**	6,672,588	491,035,751

The following table presents revenue disaggregated by timing of recognition:

	As at March 31, 2021		As at March 31, 2020	
Particulars	**USD**	**INR**	USD	INR
Products transferred at a point in time	**1,790,112**	**131,734,342**	6,595,716	485,378,740
Services transferred over time	**–**	**–**	76,872	5,657,010
Total revenue by timing of revenue recognition	**1,790,112**	**131,734,342**	6,672,588	491,035,750

Contract Balances

The Company's contracts with customers with dealer agreements and purchase orders. These contracts with customers typically consist of sale of products which represent performance obligations that are satisfied upon transfer of control of the product to the customer at a point in time.

The following table provides information about contract assets and liability balances as of March 31, 2021 and March 31, 2020:

	As at March 31, 2021		As at March 31, 2020	
Particulars	**USD**	**INR**	USD	INR
Accounts receivable	**212,000**	**15,610,080**	493,463	36,313,942
Contract liabilities (deferred revenue)	**1,156,079**	**85,075,883**	1,036,527	76,278,022

NOTE P – COMMITMENTS AND CONTINGENCIES

Lease obligations

The Company has following lease obligations for business premises and locations:

1) Ann Arbor, Michigan – industrial and office use
The period of lease is from January 31, 2017 to February 29, 2020. The rent space was increased to 55,924 sq. feet. The rent expense for the year ended March 31, 2020 for this lease is $ 193,456 (INR 14,236,427). In addition to this the Company has provided a security deposit of $ 17,000 (INR 1,251,030) for period of three years. The lease term expired in the previous year on February 29, 2020.

2) Fremont, California – office premises
The lease period expired on May 31, 2019 and subsequently it was renewed from September 01, 2019 to August 31, 2021. The rent expense for the year ended March 31, 2021 is $ 87,165 (INR 6,414,472). In addition to this the Company had provided a security deposit of $ 16,716 (INR 1,230,130) for period of two years. However, the Company terminated the lease during the year at cost of $ 110,387 (INR 81,123,379).

3) Portland, Airport Business Center – office use
The period of lease is from June 1, 2014 to July 31, 2019. The rent expense the year ended March 31, 2020 for this lease was $ 19,984 (INR 1,470,623).

4) Mahindra North America Technical Center Inc. – Office use
The rent expense for the year ended March 31, 2021 for this lease is $ 220,834 (INR 16,251,174). The Company has obtained the lease from April 1, 2020 to March 31, 2021.

The rent expense for the year ended March 31, 2021 and March 31, 2020 is $ 403,670 (INR 29,703,291) and $ 413,715 (INR 30,445,287), respectively.

NOTE Q – INCOME TAXES

For the year ended March 31, 2021, the Company will file federal and state tax returns as per regulations applicable to Chapter C corporations in the United States.

The components of the provision for income taxes are as follows:

	For the year ended March 31, 2021		For the year ended March 31, 2020	
	USD	**INR**	USD	INR
Current taxes				
State	**1,650**	**121,424**	1,670	122,895
Total	**1,650**	**121,424**	1,670	122,895

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes are as follows:

	For the year ended March 31, 2021		For the year ended March 31, 2020	
	USD	**INR**	USD	INR
Income tax at federal rate	**(1,620,242)**	**(119,233,612)**	(6,175,355)	(454,444,374)
State tax, net of federal effect	**(3,549,323)**	**(261,194,646)**	(1,918,332)	(141,170,052)
Permanent differences	**103**	**7,545**	(12,065)	(887,863)
True-up	**2,446,063**	**180,005,754**	(143,505)	(10,560,533)
Change in net operating losses ("NOLs")	**(2,455,666)**	**(180,712,461)**	144,722	10,650,092
Change in tax credit	**394,727**	**29,047,972**	(490,412)	(36,089,419)
Change in valuation allowance	**4,785,988**	**352,200,872**	8,596,617	632,625,045
Total	**1,650**	**121,424**	1,670	125,818

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows:

	March 31, 2021		March 31, 2020	
	USD	**INR**	USD	INR
Non-current deferred tax liability				
Property, plant and equipment	**45,524**	**3,350,111**	(693,209)	(51,013,250)
Non-current deferred tax assets				
Accrued expenses	**404,798**	**29,789,085**	1,796,127	132,176,986
Charitable contribution	**10,446**	**768,795**	11,199	824,134
Tax credit	**2,594,365**	**190,919,320**	2,989,092	219,967,280
Deferred revenue	**267,313**	**19,671,637**	273,978	20,162,041
Net operating loss	**31,396,573**	**2,310,473,807**	21,850,183	1,607,954,967
Intangibles	**–**	**–**	3,705,662	272,699,667
Less: valuation allowance	**(34,719,021)**	**(2,554,972,755)**	(29,933,032)	(2,202,771,825)
Non-current deferred tax assets	**(45,524)**	**(3,350,111)**	693,209	51,013,250

	March 31, 2021		March 31, 2020	
	USD	**INR**	USD	INR
Deferred taxes	**34,719,021**	**(2,554,972,755)**	29,933,032	2,202,771,825
Less: Deferred tax asset valuation allowance	**(34,719,021)**	**(2,554,972,755)**	(29,933,032)	(2,202,771,825)
Net deferred taxes	**–**	**–**	–	–

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

Based on the history of losses and current year significant losses, the management believes that it is more likely than not that the deferred tax assets may not be realized during foreseeable future and accordingly, a valuation allowance of $ 34,719,021 (INR 2,554,972,755) and $ 29,933,032 (INR 2,202,771,825) was recognized as at March 31, 2021 and March 31, 2020, respectively.

No deferred tax assets were recognized as at March 31, 2021 and March 31, 2020.

The Company has federal NOLs of $ 106,337,656 and $ 94,027,456 as at March 31, 2021 and March 31, 2020, respectively. The NOLs generated till 2017-18 which if unutilized will expire by the year 2037 and the NOLs generated after 2017-18 will be carry forwarded indefinitely.

The Company has state net operating loss carryforwards of approximately $ 155,129,764 and $ 133,569,227 as at March 31, 2021 and March 31, 2020 respectively, which if unutilized will expire based on the various state statutes.

The Company has R&D credit carryforwards and FTC carryforwards of $ 2,594,364 as on March 31, 2021.

Accounting for uncertain tax position

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at March 31, 2021 and March 31, 2020.

The tax years of 2017 through 2019 remain subject to examination by the taxing authorities.

NOTE R – STOCK BASED COMPENSATION

In 2016, the Company adopted the incentive stock option plan for the employees of the Company. Under the Plan, incentive stock options to purchase the Company's common stock may be granted to employees at prices not lower than fair value at the date of grant. Stock options have a maximum term of 10 years.

Activity under the plan to the extent related to employees of the Company:

	Number of options	**Weighted-average exercise price**	**Weighted average remaining contractual life (Years)**
Balance as at April 1, 2019	7,630,000	0.20	7.5
Granted	–		
Exercised	–		
Cancelled	(1,041,000)	0.20	6.5
Balance as at March 31, 2020	6,589,000		
Balance as at April 1, 2020	6,589,000	0.20	6.5
Granted	–	–	
Exercised	–	–	
Cancelled	(6,559,000)	0.20	
Balance as at March 31, 2021	**30,000**	**0.20**	**5.5**

The grant date fair value of options has been estimated using the Black-Scholes single option pricing model using assumptions about expected risk free interest rate in the range of 1% to 1.3% and expected volatility rate in the range of 38% to 42%. The Company has de-recognized $ 44,872 (INR 3,302,130) and $ 68,712 (INR 5,056,516) as stock-based compensation expense for the year ended March 31, 2021 and March 31, 2020, respectively. The Company during the year ended March 31, 2021 and March 31, 2020 did not issue any new options and cancelled 6,559,000 options and 1,041,000 options for year ending March 31, 2021 and March 31, 2020, respectively.

NOTE S – RELATED PARTY TRANSACTIONS

Related parties with whom transactions have taken place during the year

1. Mahindra & Mahindra Limited – Ultimate parent company
2. Mahindra & Mahindra Limited (Automotive division)- Ultimate parent company
3. Mahindra Overseas Investment Company (Mauritius) Limited – Parent company
4. Mahindra Automotive North America, Inc. – Fellow Subsidiary
5. Mahindra North America Technical Center Inc.- Fellow subsidiary
6. Tech Mahindra Limited – Associate of ultimate parent company
7. Mahindra USA Inc. - Fellow subsidiary
8. Mahindra Racing UK Limited - Fellow subsidiary
9. Mahindra Two Wheelers Limited – Fellow subsidiary
10. Mahindra Vehicles Manufacturers Limited US Branch “MVML Branch” – Fellow subsidiary
11. Tech Mahindra America Inc. – An affiliate company
12. Peugeot Motocycles S.A.S – Fellow subsidiary
13. Bristlecone Limited – Fellow subsidiary

Summary of transactions with related parties are as follows:

	March 31, 2021		March 31, 2020	
	USD	**INR**	USD	INR
Balances at the end of the year				
Due from related parties				
– Mahindra & Mahindra Limited	–	–	31,742	2,335,894
Accounts receivable				
– Mahindra USA, Inc.	–	–	34,564	2,543,565
– Peugeot Motocycles S.A.S.	–	–	41,745	3,072,016
Payable				
– Mahindra & Mahindra Limited	–	–	8,009	589,382
– Mahindra & Mahindra Limited (Automotive division)	–	–	599,959	44,150,983
– Tech Mahindra Limited	–	–	74,090	5,452,283
– Mahindra Two Wheelers Limited	–	–	183,274	13,487,134
– Peugeot Motorcycles S.A.S.	–	–	16,757	1,233,148
– Bristlecone limited	–	–	14,993	1,103,335
– Mahindra Automotive North America Inc.	–	–	254,751	18,747,126
– Mahindra Vehicle Manufacturers Limited US branch	–	–	1,786,008	131,432,329
– Mahindra North America Technical Center Inc.	**288,105**	**21,201,647**	870,852	64,085,999
Loan from related party				
– Mahindra Overseas Investment Company Mauritius Limited	–	–	9,030,000	664,517,700
Interest payable				
– Mahindra Overseas Investment Company Mauritius Limited	–	–	449,683	33,092,172

	March 31, 2021		March 31, 2020	
	USD	**INR**	USD	INR
Transactions during the year				
Tech Mahindra America Inc.	–	–	–	–
Mahindra USA, Inc.	–	–	–	–
Peugeot Motorcycles S.A.S.	–	–	412,601	30,363,308
Mahindra Vehicle Manufacturers Limited US Branch				
Expense paid on behalf of the Company	–	–	490,806	36,118,414
Expenses incurred on behalf of MVML Branch	–	–	20,488	1,507,712
Sale of product	–	–	1,332,995	98,095,102
Sales return	–	–	1,487,961	109,499,050
Mahindra North America Technical Center Inc.				
Sale of product	**68,870**	**5,068,143**	1,062,102	78,160,086
Sales return	–	–	870,852	64,085,999
Asset transfer	**200,000**	**14,718,000**	–	–
Expenses paid on behalf of Company	**791,265**	**58,229,191**	–	–
Mahindra Automotive North America Inc.				
Sale of product	–	–	1,600,000	117,744,000
Expense paid on behalf of Company	**451,084**	**33,195,640**	254,751	18,747,126
Purchases/services received				
– Mahindra & Mahindra Limited	–	–	1,522	112,004
– Mahindra & Mahindra Limited (Automotive division)	–	–	–	–
Expense incurred on behalf of M&M	**112,559**	**8,283,127**	488,755	35,967,480
– Tech Mahindra (Shanghai) Co. Ltd	–	–	–	–
– Tech Mahindra Limited	–	–	74,090	5,452,283
– Mahindra Two Wheelers Limited	–	–	39,866	2,933,739
– Mahindra Overseas Investment Company Mauritius Limited				
Issuance of common stock	**6,680,600**	**491,625,354**	34,735,000	2,556,148,650
Loan from related party			1,630,000	119,951,700
Conversion of loan and accrued interest to equity	**9,479,685**	**697,610,019**	–	–

These related party transactions are in the normal course of business operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

NOTE T – SHIPPING AND HANDLING COST

The shipping and handling cost for the year ended March 31, 2021 is $ 79,212 (INR 5,829,211) and for March 31, 2020 is 650,545 (INR 47,873,607).

NOTE U – EMPLOYEE BENEFIT PLANS

The Company has voluntary 401(k) retirement plans covering substantially all employees. The Company may make annual contributions to the plans equal to a uniform percentage of participant compensation. The cost of the Company’s contributions charged to expense related to 401(k) contributions was USD 12,308 (INR: 905,707) and USD 80,902 (INR: 5,953,578) for the year ended March 31, 2021 and year ended March 31, 2020, respectively.

NOTE V – CONCENTRATIONS

Financial instruments that have a potential to subject the Company to concentrations of credit risk comprise principally of cash equivalents and accounts receivable. The fair values of these financial instruments approximate their book values.

During the year ended March 31, 2021, the Company has recognized 25% of it's revenue from single customer. Also, 94% of the total accounts receivable pertains to a single customer as at March 31, 2021.

During the year ended March 31, 2020, the Company has recognized 27% of its revenue from single customer which also accounts for 1% of the total accounts receivable as at March 31, 2020.

NOTE W– STOCKHOLDER'S EQUITY

Common stock

Ownership of the Company was transferred from Mahindra USA, Inc. to Mahindra Overseas Investment Company Mauritius Limited ("MOICM") on November 30, 2014, by issuance of 5,600,000 additional shares of $1 each. Further 10,000 shares held by Mahindra USA, Inc. were also transferred to the new parent company, MOICM.

Authorized share capital

The Company has authorized share capital of 600,000,000 of $0.2 per share totaling to $ 120,000,000 (INR 8,830,800,000) as at March 31, 2021 and March 31, 2020. The Company issued 80,801,425 shares during the year ended March 31, 2021. Out of this, 47,398,425 shares were issued against the conversion of loan to MOICML.

During the year ended March 31, 2020, the Company had increased the authorized share capital by an additional 305,000,000 shares and issued additional 173,675,000 shares at par value of $0.2 per share totaling to $ 34,735,000 (INR 2,556,148,650).

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

NOTE X - EMPLOYEE RETENTION CREDIT

During the year the Company availed the benefit under the ERC (employee retention credit) scheme, a benefit given by the Federal government under the COVID stimulus package which allows businesses to take credit of the wages paid to employees on furlough and not working. The total ERC credit received by the Company for the year ended March 31, 2021 amounts to USD 150,780 (INR 11,095,900) and USD Nil (INR: Nil) for the year ended March 31, 2020. The Company is currently evaluating whether it is eligible for such credits and believes that there is reasonable probability that it will have to repay this credit back to the IRS and accordingly the Company has recorded an accrual amounting to USD 150,780 (INR 11,095,900) as of March 31, 2021.

NOTE Y – RISK AND UNCERTANITIES

The Company's future results of operations involve several risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

NOTE Z – SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2021 through the date the financial statements were issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
MAHINDRA AGRI SOLUTIONS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra Agri Solutions Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Director report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
    d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
    e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

    (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements - refer note 42 to the financial statements.
    ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - refer note 33 to the financial statements.
    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021.
    iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

    (C) With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No. 113959
ICAI UDIN: 21113959AAAACL2666

Place: Mumbai
Dated: 28 April 2021

Annexure A to the Independent Auditors' Report – 31 March 2021

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a programme of physical verification of its fixed assets by which all fixed assets are verified once in three years, pursuant to which all the fixed assets were physically verified in the current financial year ended 31 March 2021. No material discrepancies were noticed on such verification. All discrepancies have been dealt with in the books of account.

(c) In our opinion and according to the information and explanations given to us and on the basis of examination of records of the Company, the title deeds of immovable properties which are leasehold, freehold land, freehold building as disclosed in Note 4 to the financial statements are held in the name of the Company.

ii. The inventory, except for goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. In respect of stocks lying with third parties at the year-end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year in terms of the provisions of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

vi. In our opinion, and according to the information and explanations given to us, the maintenance of cost records under Section 148 (1) of the Act is not applicable to the Company under Companies (Cost Record and Audit) Rules, 2014.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Profession Tax, Duty of Customs and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Sales Tax, Excise Duty, Value added Tax and cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Profession Tax, Duty of Customs and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Goods and Service Tax and Duty of Customs as at 31 March 2021, which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanation given to us, the following dues of Sales Tax and Value Added Tax have not been deposited by the Company on account of disputes:

Rs in lakhs

Name of Statue	Nature of the Dues	Amount demanded	Amount deposited under protest	Period to which the amount relates	Forum where dispute is pending
West Bengal Sales Tax and Value Added Tax	Central Sales Tax	7.73	–	2016-17	Joint Commissioner Commercial Taxes, Kolkata South Circle
West Bengal Sales Tax and Value Added Tax	Value Added Tax	27.68	–	2016-17	Joint Commissioner Commercial Taxes, Kolkata South Circle
Maharashtra Sales Tax and Value Added Tax	Value Added Tax	13.12	–	2012-13	Joint Commissioner of State Tax, Appeal-VII, Mumbai

Maharashtra Sales Tax and Value Added Tax	Central Sales Tax	3.93	–	2016-17	Joint Commissioner of State Tax, Appeal-VII, Mumbai
Gujarat Sales Tax and Value Added Tax	Value Added Tax	13.03	–	2016-17	Assistant Commissioner of State Tax, Unit-13, Ahmedabad
Gujarat Sales Tax and Value Added Tax	Central Sales Tax	9.51	–	2016-17	Assistant Commissioner of State Tax, Unit-13, Ahmedabad
Gujarat Sales Tax and Value Added Tax	Value Added Tax	6.73	–	2017-18	Assistant Commissioner of State Tax, Unit-13, Ahmedabad
Gujarat Sales Tax and Value Added Tax	Central Sales Tax	46.64	–	2017-18	Assistant Commissioner of State Tax, Unit-13, Ahmedabad

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loan or borrowing to the banks. The Company has not taken any loans or borrowings from any financial institution or government nor has issues any debenture during the year.

ix. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and has not obtained any term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any material instances of fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Section 177 and Section 188 of the Act, where applicable and the details of such related party transactions have been disclosed in the financial statements as required by applicable Ind AS.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No. 113959
ICAI UDIN: 21113959AAAACL2666

Place: Mumbai
Dated: 28 April 2021

Annexure B to the Independent Auditors' report on the financial statements of Mahindra Agri Solutions Limited for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Agri Solutions Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No. 113959
ICAI UDIN: 21113959AAAACL2666

Place: Mumbai
Dated: 28 April 2021

BALANCE SHEET AS AT 31 MARCH 2021

(Currency : Indian rupees in lakhs)

	Note No.	As at 31 March 2021	As at 31 March 2020
I ASSETS			
NON-CURRENT ASSETS			
(a) Property, plant and equipment	4	**3,393.93**	3,582.27
(b) Capital work-in-progress	4	**32.12**	5.19
(c) Other intangible assets	5A	**298.93**	399.22
(d) Intangible assets under development	5B	**101.24**	–
(e) Financial assets			
(i) Investments	6	**9,031.83**	11,611.23
(ii) Other financial assets	7	**513.07**	375.38
(f) Deferred tax assets (net)	8	**–**	–
(g) Current tax assets (net)	9	**71.87**	70.47
(h) Other non-current assets	10	**66.69**	43.31
SUB-TOTAL		**13,509.68**	16,087.06
CURRENT ASSETS			
(a) Biological assets other than bearer plant	11	**–**	41.61
(b) Inventories	12	**6,155.85**	5,532.66
(c) Financial assets			
(i) Trade receivables	13	**6,291.71**	5,827.90
(ii) Cash and cash equivalents	14	**648.81**	986.14
(iii) Bank balances other than (ii) above	14	**88.19**	84.85
(iv) Loans	15	**–**	–
(v) Other financial assets	7	**952.24**	861.46
(d) Other current assets	10	**1,225.73**	1,445.27
		15,362.53	14,779.90
(e) Assets held for sale	5 A	**–**	2.07
SUB-TOTAL		**15,362.53**	14,781.96
TOTAL ASSETS		**28,872.21**	30,869.02
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity share capital	16 A	**9,417.31**	8,127.10
(b) Other equity	16 B	**(2,881.25)**	(104.57)
SUB-TOTAL		**6,536.06**	8,022.54
LIABILITIES			
2 NON-CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Borrowings	17 A	**4,270.62**	4,271.73
(b) Provisions	18	**417.53**	347.54
SUB-TOTAL		**4,688.15**	4,619.27
3 CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Borrowings	17 B	**4,800.00**	6,475.00
(ii) Trade payables	19	**–**	–
Total outstanding dues of micro enterprises and small enterprises		**41.66**	259.74
Total outstanding dues of creditors other than micro enterprises and small enterprises		**9,503.83**	9,097.83
(iii) Other financial liabilities	20	**675.03**	674.55
(b) Provisions	18	**101.62**	61.28
(c) Other current liabilities	21	**2,525.86**	1,658.81
SUB-TOTAL		**17,648.00**	18,227.22
TOTAL EQUITY AND LIABILITY		**28,872.21**	30,869.02

The accompanying notes 1 to 47 forms integral part of financial statements

In terms of our report attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No : 101248W/W-100022

For and on behalf of Board of Directors
Mahindra Agri Solutions Limited
CIN - U01400MH2000PLC125781

Jayesh T Thakkar
Partner
Membership No: 113959

Ramesh Iyer
Director
DIN: 00220759

Ashok Sharma
Managing Director and Chief Executive Officer
DIN: 02766679

Feroze Baria
Company Secretary
Membership No.: 11357

Meghnad Mitra
Chief Financial Officer
Membership No.: 54732

Mumbai
Date: 28 April 2021

Mumbai
Date: 28 April 2021

Delhi
Date: 28 April 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian rupees in lakhs)

		Note No.	Year ended 31 March 2021	Year ended 31 March 2020
I	**Income**			
	Revenue from operations	22	**25,201.98**	27,534.29
	Other income	23	**198.55**	1,707.87
	Total Income (I)		**25,400.53**	29,242.17
II	**Expenses**			
	Purchases of stock-in-trade		**17,905.52**	16,936.07
	Changes in inventories of stock-in-trade and packing material	24	**(581.58)**	2,600.44
	Employee benefits expense	25	**2,471.59**	2,577.66
	Finance costs	26	**592.25**	758.42
	Depreciation and amortisation expense	27	**453.78**	429.15
	Other expenses	28	**7,349.93**	8,145.27
	Total Expenses (II)		**28,191.49**	31,447.00
III	**Loss before exceptional item and tax for the year (I-II)**		**(2,790.96)**	(2,204.83)
	Exceptional item	41		
	Impairment of certain investments		**(2,881.75)**	–
	Profit on gain of transfer of certain investments		**–**	598.03
IV	**Tax expense**			
	Current tax	29	–	–
	Deferred tax	8	**–**	312.07
	Total tax expense		**–**	312.07
V	**Loss after tax for the year**		**(5,672.71)**	(1,918.87)
VI	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	Remeasurement of the employee defined benefit plans	30	**14.47**	34.84
	Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	33	**73.02**	(46.88)
	Income tax relating to items that will not be reclassified to profit or loss	29	**–**	–
	Total other comprehensive income (net of taxes)		**87.49**	(12.04)
VII	**Total comprehensive loss for the year (V-VI)**		**(5,585.22)**	(1,930.91)
	Loss per equity share: Basic and Diluted (in Rs.)	31	**(6.49)**	(2.57)

The accompanying notes 1 to 47 forms integral part of financial statements

In terms of our report attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No : 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
Date: 28 April 2021

Ramesh Iyer
Director
DIN: 00220759

Feroze Baria
Company Secretary
Membership No.: 11357

Mumbai
Date: 28 April 2021

For and on behalf of Board of Directors
Mahindra Agri Solutions Limited
CIN - U01400MH2000PLC125781

Ashok Sharma
Managing Director and Chief Executive Officer
DIN: 02766679

Meghnad Mitra
Chief Financial Officer
Membership No.: 54732

Delhi
Date: 28 April 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian rupees in lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Cash flows from operating activities		
Loss before tax for the year	**(5,672.71)**	(2,204.83)
Adjustments for:		
Finance costs	**592.25**	758.42
Interest income	**(5.76)**	(10.18)
Provision for doubtful debts	**65.21**	100.44
Impairment of certain investments	**2,881.75**	–
Depreciation and amortisation expense	**453.78**	429.15
Net foreign exchange (gain)	**(44.42)**	(21.92)
Liabilities no longer required written back	**(121.31)**	–
Expenses recognised in respect of ESOP	**99.11**	101.60
Gain on disposal of Property, plant and equipment (net)	**(6.12)**	(1,590.90)
	(1,758.22)	(2,438.23)
Movements in working capital:		
Decrease/(increase)/in trade and other receivables	**(529.01)**	(1,700.46)
(Increase)/decrease in inventories	**(581.57)**	2,600.43
(Increase) in other assets	**(60.32)**	(444.07)
(Decrease)/increase in trade and other payables	**1,231.72**	(2,518.20)
	60.82	(2,062.29)
Cash **(used in)** operations	**(1,697.40)**	(4,500.52)
Income taxes refund	**(1.42)**	(7.11)
Net cash (used in) operating activities	**(1,698.82)**	(4,507.62)
Cash flows from investing activities		
Interest received	**4.19**	12.85
Payment to acquire non-current investments - Subsidiaries	**(179.85)**	(899.25)
Payment to acquire non-current investments - Associate	**(122.50)**	(245.00)
Share application money paid	**–**	(22.50)
Changes in bank deposits with bank	**(3.34)**	(3.84)
Proceeds from transfer of business/investment	**2.07**	5,870.14
Proceeds from sale of property, plant and equipment	**35.58**	1,662.24
Payments for purchase of property, plant and equipment	**(310.16)**	(244.19)
Net cash generated (used in)/from investing activities	**(574.01)**	6,130.46
Cash flows from financing activities		
Repayment of Long-term Borrowings	**(31.27)**	(140.00)
Proceeds from Short-term borrowings	**1,300.00**	5,933.55
Repayments of short-term borrowings	**(2,975.00)**	(10,903.34)
Repayment of intercorporate deposit	**(1,450.00)**	(5,000.00)
Proceeds from intercorporate deposit	**1,450.00**	–
Proceeds from issue of Equity Share Capital	**3,999.64**	4,932.84

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021 (CONT...)

(Currency : Indian rupees in lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Proceeds from issue of 6% Optionally Convertible Redeemable Preference	–	4,946.95
Interest paid	(391.78)	(748.19)
Net cash flow generated from/(used in) financing activities	**1,901.59**	(978.20)
Net (increase)/decrease in cash and cash equivalents	**(371.24)**	644.64
Cash and cash equivalents at the beginning of the year	**917.02**	164.55
Cash and cash equivalents at the end of the year (refer note 14)	**545.78**	809.18

Notes :

1 The above Cash Flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (Ind AS) 7 - "Statement of Cash Flows" notified under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015.

2 The Company has a lien on its fixed deposits aggregating Rs 114.37 lakhs (31 March 2020: Rs 114.37 lakhs) against the bank guarantees / performance guarantees issued by the Company in favour of various customers.

3 **Components of cash and cash equivalents**

	As at 31 March 2021	As at 31 March 2020
Balance with banks		
- In current accounts	**648.81**	986.14
Book overdrafts	**(103.03)**	(69.12)
	545.78	917.02

4 **The movement of borrowings as per Ind AS 7 is as follows:**

	31 March 2021	31 March 2020
Opening balances		
Long-term borrowings	**6,510.19**	1,595.42
Short-term borrowings	**6,475.00**	16,444.76
Movements		
Long-term borrowings	**171.38**	4,914.78
Short-term borrowings	**(1,675.00)**	(9,969.76)
Closing balances		
Long-term borrowings	**6,681.57**	6,510.19
Short-term borrowings	**4,800.00**	6,475.00

The accompanying notes 1 to 47 forms integral part of financial statements

In terms of our report attached.
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No : 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
Date: 28 April 2021

Ramesh Iyer
Director
DIN: 00220759

Feroze Baria
Company Secretary
Membership No.: 11357

Mumbai
Date: 28 April 2021

For and on behalf of Board of Directors
Mahindra Agri Solutions Limited
CIN - U01400MH2000PLC125781

Ashok Sharma
Managing Director and Chief Executive Officer
DIN: 02766679

Meghnad Mitra
Chief Financial Officer
Membership No.: 54732

Delhi
Date: 28 April 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian rupees in lakhs)

(a) Equity share capital

	Amount
As at 31 March 2019	6,926.90
Changes in equity share capital during the year	1,200.20
As at 31 March 2020	**8,127.10**
Changes in equity share capital during the year	1,290.21
As at 31 March 2021	**9,417.31**

Note: During the current year, the Company has raised fund through right issue number of equity shares 1,29,02,055 of Rs.10 each.

(b) Other equity

	Reserves and Surplus					OCI	
Particulars	Capital reserve for bargain purchase business combination	Securities premium	Equity component of Optionally convertible redeemable preference shares	Employee stock option outstanding	Retained earnings	Effective portion of cash flow hedges	Total
As at 31 March 2019	**(9,100.45)**	**20,945.43**	**–**	**547.83**	**(16,531.19)**	**(3.96)**	**(4,142.35)**
Loss for the year	–	–	–	–	(1,918.87)	–	(1,918.87)
Other comprehensive income/(loss)	–	–	–	–	34.84	(46.88)	(12.04)
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(1,884.04)**	**(46.88)**	**(1,930.91)**
Security premium on right issue and preferential allotments	–	3,732.63	–	–	–	–	3,732.63
6% Optionally Convertible Redeemable Preference issue	–	–	2,134.45	–	–	–	2,134.45
Share issue (ESOP to employees)	–	–	–	101.60	–	–	101.60
As at 31 March 2020	**(9,100.45)**	**24,678.06**	**2,134.45**	**649.43**	**(18,415.23)**	**(50.84)**	**(104.57)**
Loss for the year	–	–	–	–	(5,672.71)	–	(5,672.71)
Other comprehensive income/(loss)	–	–	–	–	14.47	73.02	87.49
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(5,658.24)**	**73.02**	**(5,585.22)**
Security premium on right issue and preferential allotments	–	2,709.43	–	–	–	–	2,709.43
6% Optionally Convertible Redeemable Preference issue	–	–	–	–	–	–	–
Share issue (ESOP to employees)	–	–	–	99.11	–	–	99.11
As at 31 March 2021	**(9,100.45)**	**27,387.49**	**2,134.45**	**748.54**	**(24,073.47)**	**22.18**	**(2,881.25)**

In terms of our report attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No : 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
Date: 28 April 2021

For and on behalf of Board of Directors
Mahindra Agri Solutions Limited
CIN - U01400MH2000PLC125781

Ramesh Iyer
Director
DIN: 00220759

Feroze Baria
Company Secretary
Membership No.: 11357

Mumbai
Date: 28 April 2021

Ashok Sharma
Managing Director and Chief Executive Officer
DIN: 02766679

Meghnad Mitra
Chief Financial Officer
Membership No.: 54732

Delhi
Date: 28 April 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(Currency : Indian rupees in lakhs)

1. Corporate information

Mahindra Agri Solutions Limited (Formerly Known as Mahindra Shubhlabh Services Limited) ("the Company") a Public Limited Company domiciled in India and incorporated on 11 April 2000 under the provisions of the Companies Act, 1956 (CIN : U01400MH2000PLC125781).

The Company is engaged in the business of Agri inputs products and Food businesses. Grapes, Banana Cultivation, Seeds, Dairy and Banana Export etc. businesses are in operations during the year.

The Company is the subsidiary of Mahindra and Mahindra Limited.

The financial statements for the year ended 31 March 2021 were approved by the Board of Directors and authorised for issue on 28 April 2021.

2. Statement of compliance and basis of preparation and presentation

2.1 Basis of preparation and presentation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

2.2 Going concern

During the year, the Company has recognised a loss after tax for the year ended 31 March 2021 of Rs 5,672.72 lacs (31 March 2020: Rs 1,918.17 lacs) and as at that date, the Company's current liabilities exceed current assets by Rs 26,36.18 lacs (31 March 2020: Rs 3,597.52). The financial statements for the year ended 31 March 2021 are prepared on a going concern basis, the validity of which is premised on the continuing availability of credit facilities aggregating to Rs 15,200 lacs to the Company for the foreseeable future. Further, the Company has a board approval for borrowings for working capital purpose from Banks for Rs 9,000 lacs, out of which Rs 4,800 lacs is utilised as at 31 March 2021. The available limit for further borrowing is Rs 4,200 lakhs. The said non- fund based facility is approved by the Strategic Investment Committee of the Board of the Mahindra and Mahindra Limited at its meeting held on 12 June 2020.

Management has critically assessed its cash flows forecast and expect the Company's operating results and cash flows to continue to improve and be able to generate sufficient cash flows and resources to allow the Company to continue in its operations and meet its obligations for the foreseeable future and accordingly the accounts have been prepared on a going concern basis.

2.3 Functional and presentation currency

The financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest Rs. lakhs, unless otherwise indicated.

2.4 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period. Historical cost is based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.5 Measurement of fair value

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant the fair value measurement is unobservable

2.6 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

i. Critical Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Discount rate used to determine the carrying amount of the Company's employee defined benefit obligation

In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

ii. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of property, plant and equipment

As described in Note 3.5, the Company reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. During the current financial year, the management has reassessed the useful lives of certain property, plant and equipment and the impact of the change is not material for the year. There were no changes in residual values of the property, plant and equipment.

(Currency : Indian rupees in lakhs)

Allowances for doubtful debts

The Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

Liability for sales return

In making judgment for liability for sales return, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in Ind AS 115 and in particular, whether the Company had transferred to the buyer the significant risk and rewards of ownership of the goods. Following the detailed quantification of the Company's liability towards sales return, the management is satisfied that significant risk and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate liability for sales return. Accruals for estimated product returns, which are based on historical experience of actual sales returns and adjustment on account of current market scenario is considered by Company to be reliable estimate of future sales returns.

Allowances for inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

Taxes

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. The assessment of probability involves estimation of a number of factors including future taxable income.

Defined benefit plans (gratuity benefits)

A liability in respect of defined benefit plans is recognised in the balance sheet and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the plan's assets. The present value of the defined benefit obligation is based on expected future payments at the reporting date, calculated annually by independent actuaries. Consideration is given to expected future salary levels, experience of employee departures and periods of service.

3. Significant accounting policies

3.1 Revenue recognition

The Company has applied Ind AS 115 Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to receive in exchange for those products or services.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The accounting policies for specific revenues streams of the Company is summarised below:

Sale of goods:

Revenue from the sale of goods is recognised upon transfer of control of promised products to customers in an amount that reflects the consideration expected to receive in exchange for those products, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the control of promised products to customers;
- the Company has identified the contract with customer and performance obligation in the contract.
- the transaction price can be measured reliably;
- it is expected that the consideration associated with the transaction will flow to the Company; and revenue is recognised when the company satisfy the performance obligation

Export benefits

Export benefits for sale of goods are accounted for in the year of export based on eligibility and accrual basis, when there is no uncertainty in receiving the same.

3.2 Interest income

Interest income from financial assets is recognised when it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

3.3 Employee benefits

The Company's contribution paid/payable during the year to Superannuation Fund, ESIC and Labour Welfare Fund are recognised in profit or loss.

Provident fund

Contributions to Provident Fund are made to a Trust administered by the Company/Regional Provident Fund Commissioners and are charged to profit or loss as incurred. The Company is liable for the contribution and any shortfall in interest between the amount of interest realised by the investments and the interest payable to members at the rate declared by the Government of India in respect of the Trust administered by the Company.

Post-employment benefit plans

Defined Contribution plans:

Payments to defined contribution retirement benefit scheme for eligible employees in the form of superannuation fund are charged as an expense as they fall due. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made.

(Currency : Indian rupees in lakhs)

Defined benefit plans

The Company operates a defined benefit plan – gratuity fund.

The liability recognised in the balance sheet in respect of its defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds that have tenure approximating the tenures of the related liability.

The interest income/(expense) are calculated by applying the discount rate to the net defined benefit liability. The net interest income/(expense) on the net defined benefit liability or asset is recognised in the Statement of Profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Short-term employee benefit

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

Employee stock option scheme

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

3.4 Taxation

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax

Current tax is measured at the amount of tax expected to be payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred tax

Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised only to the extent that it is probable that either future taxable profits or reversal of deferred tax liabilities will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

3.5 Property, plant and equipment

Property, plant and equipment (other than bearer plant) held for use in the production or supply of goods or services, or for administrative purposes, are stated in the Balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment if any.

Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Bearer Plant cost includes cost of plant and land preparation upto the planting. Bearer plant are stated in the Balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset classes based on the Company's expected usage pattern supported by technical assessment:

(a) Certain items of Plant and Equipment – 1 to 15 years

(b) Buildings (Roads) – 15 years

(c) Vehicles – 5 years

(d) Bearer Plant – 3 Years

3.6 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated

(Currency : Indian rupees in lakhs)

impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets under development

The Company expenses costs incurred during research phase to profit or loss in the year in which they are incurred. Development phase expenses are initially recognised as intangible assets under development until the development phase is complete, upon which the amount is capitalised as intangible asset.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Computer software	3 years, 10 years
Non-compete fees	5 years
Trademarks	10 years
Technical knowhow	10 years

3.7 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of the value in use or fair value less cost to sell, of the asset or cash-generating unit, as the case may be, is estimated and impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) earlier.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

3.8 Biological assets

Biological assets growing on the bearer plant is estimated at fair value.

3.9 Inventories

Inventories are valued at lower of cost (on weighted average basis) and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to their present location and condition, including octroi and other levies, transit insurance and receiving charges.

Work-in-progress and finished goods include appropriate proportion of overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Stores, spares and tools other than obsolete and slow moving items are carried at cost. Obsolete and slow moving items are valued at cost or estimated net realisable value, whichever is lower.

3.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

3.11 Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification and subsequent measurement

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on their respective classification.

On initial recognition, a financial asset is classified as - measured at :

- Amortised cost; or
- Fair Value through Other Comprehensive Income (FVTOCI) - equity investment; or
- Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL. This includes all derivative financial assets unless designated as effective hedge instruments which are accounted as per hedge accounting requirements discussed below.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment expenses are recognised in profit or loss. Any gain and loss on derecognition is also recognised in profit or loss.

(Currency : Indian rupees in lakhs)

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVTOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves.

The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments as at FVTOCI as the Company believes that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in profit or loss. Dividend income received on such equity investments are recognised in profit or loss.

Equity investments that are not designated to be measured at FVTOCI are designated to be measured at FVTPL. Subsequent changes in fair value are recognised in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for the amount it may have to pay.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised and the proceeds received are recognised as a collateralised borrowing.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments

The Company enters into derivative financial instruments, primarily foreign exchange forward contracts to manage its exposure to foreign exchange. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Derivatives are initially recognised at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss.

Impairment of financial assets

The Company applies the expected credit loss (ECL) model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3.12 Foreign exchange transactions and translation

Transactions in foreign currencies i.e. other than the Company's functional currency of Indian Rupees are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the functional currency using exchange rates prevailing at the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer policy on Derivative Financial Instruments).

3.13 Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments.

All other investments are classified as long-term investments.

Investment in subsidiaries are measured at cost as per Ind AS 27 - Separate Financial Statements.

(Currency : Indian rupees in lakhs)

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of profit and loss.

Cost of investments include acquisition charges such as brokerage, fees and duties.

3.14 Government grants

Government grants related to property, plant and equipment's are recognised and presented by deducting the grant from the carrying amount of the assets at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant.

3.15 Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their primary nature.

The costs of the Company are broadly categorised in employee benefit expenses, depreciation and amortisation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses majorly include fees to external consultants, cost running its facilities, travel expenses, cost of hardware and software bought for reselling, communication costs and other expenses. Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, bank charges, freight and octroi etc.

Finance costs

The Company's finance costs include:

(i) Interest expense on borrowings and overdrafts

(ii) Interest expense on inter corporate deposits

Interest expense is recognised using effective interest method based on interest rates specified/ implicit in the transactions.

3.16 Earnings per share

Basic EPS is computed by dividing the Profit or loss attributable to the equity shareholders of the Company by the weighted average number of Ordinary shares outstanding during the year.

Diluted EPS is computed by adjusting the profit or loss attributable to the ordinary equity shareholders and the weighted average number of ordinary equity shares, for the effects of all dilutive potential Ordinary shares except where the results would be anti-dilutive.

3.17 Research and development expenses

Research expenditure is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. Tangible assets used in research and development are capitalised.

3.18 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving disposal of an investment, the investment that will be disposed of is classified as held for sale when the criteria described above are met.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

3.19 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating investing and financing activities of the Company are segregated based on the available information.

3.20 Borrowing costs

Borrowing costs are interest and ancillary costs incurred in connection with the arrangement of borrowings. General and specific borrowing costs attributable to acquisition and construction of any qualifying asset (one that takes a substantial period of time to get ready for its designated use or sale) are capitalised until such time as the assets are substantially ready for their intended use or sale, and included as part of the cost of that asset. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All the other borrowing costs are recognised in the Statement of Profit and Loss within Finance costs of the period in which they are incurred.

3.21 Leases

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of- use asset reflects that the Company will exercise a purchase option. In that case the right-of- use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee:

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in the statement of financial position.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term

(Currency : Indian rupees in lakhs)

of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease.

3.22 Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Managing Director and CEO of the Company.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under "unallocated revenue/expenses/assets/liabilities".

3.23 Accounting of Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised, when there is a present legal or constructive obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where the effect is material, the provision is discounted to net present value using an appropriate current market based pre-tax discount rate and the unwinding of the discount is included in finance costs.

Contingent liabilities are recognised only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable.

3.24 Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

4 Property, plant and equipment and Capital work in-progress

Carrying Amount of:	**As at 31 March 2021**	As at 31 March 2020
Freehold land	**501.46**	501.46
Building	**1,445.84**	1,518.04
Plant and equipment	**728.05**	962.56
Computer equipment	**33.42**	49.15
Office equipment	**17.93**	26.14
Furniture and fixtures	**139.62**	181.94
Vehicles	**446.26**	244.05
Bearer plant	**81.35**	98.94
Leasehold improvement	**–**	–
Total	**3,393.93**	3,582.27
Capital work-in-progress	**32.12**	5.19

Description of assets	**Freehold land**	**Buildings**	**Plant and equipment**	**Computer equipment**	**Office equipment**	**Furniture and fixtures**	**Vehicles**	**Bearer plant**	**Leasehold improvement**	**Total**
I. Cost										
(a) Balance as at 1 April 2019	**501.46**	**1,595.47**	**1,349.23**	**103.37**	**72.44**	**256.61**	**427.86**	**33.23**	**20.09**	**4,359.73**
Additions	–	43.71	142.56	23.96	8.10	30.06	76.00	96.63	–	421.01
Deduction/Adjustments during the year (refer note below)	–	(20.15)	(143.03)	–	–	(22.30)	–	–	–	(185.48)
Disposals	–	–	(21.72)	(8.81)	(26.48)	(27.70)	(21.16)	–	(20.09)	(125.96)
(b) Balance as at 31 March 2020	**501.46**	**1,619.03**	**1,327.03**	**118.51**	**54.06**	**236.66**	**482.69**	**129.87**	**–**	**4,469.30**
Additions	–	–	6.96	9.22	3.09	0.44	295.98	–	–	315.69
Deduction/Adjustments during the year (refer note below)	–	(16.56)	(117.59)	–	–	(18.33)	–	–	–	(152.48)
Disposals	–	–	(28.77)	(1.43)	(0.90)	(0.41)	(51.28)	(33.23)	–	(116.02)
(c) Balance as at 31 March 2021	**501.46**	**1,602.47**	**1,187.63**	**126.30**	**56.25**	**218.35**	**727.40**	**96.63**	**–**	**4,516.49**

(Currency : Indian rupees in lakhs)

Description of assets	Freehold land	Buildings	Plant and equipment	Computer equipment	Office equipment	Furniture and fixtures	Vehicles	Bearer plant	Leasehold improvement	Total
II. Accumulated depreciation and impairment										
(d) Balance as at 1 April 2019	**–**	**45.46**	**256.30**	**55.03**	**25.37**	**32.17**	**178.35**	**14.30**	**6.67**	**613.66**
Depreciation expense for the year	–	55.53	116.97	21.89	14.44	30.22	69.58	16.63	2.73	327.99
Disposal	–	–	(8.80)	(7.57)	(11.89)	(7.68)	(9.29)	–	(9.40)	(54.62)
(e) Balance as at 31 March 2020	**–**	**100.99**	**364.47**	**69.36**	**27.92**	**54.72**	**238.64**	**30.93**	**–**	**887.03**
Depreciation expense for the year	–	55.64	114.06	24.75	11.23	24.29	77.30	14.84	–	322.10
Disposal	–	–	(18.95)	(1.23)	(0.83)	(0.28)	(34.79)	(30.50)	–	(86.57)
(f) Balance as at 31 March 2021	**–**	**156.63**	**459.58**	**92.87**	**38.32**	**78.74**	**281.14**	**15.28**	**–**	**1,122.56**
III. Net carrying amount 31 March 2021 (c)-(f)	**501.46**	**1,445.84**	**728.05**	**33.42**	**17.93**	**139.62**	**446.26**	**81.35**	**–**	**3,393.93**
IV. Net carrying amount 31 March 2020 (b)-(e)	**501.46**	**1,518.04**	**962.56**	**49.15**	**26.14**	**181.94**	**244.05**	**98.94**	**–**	**3,582.27**

Note:

Out of the total packhouse subsidy of Rs. 463.70 lacs granted by the Ministry of Food Processing Industries, the Company has receievd a subsidy of Rs. 152.48 lacs in the current year (Rs.185.48 lacs for year ended 31 March 2020) which has been shown as deduction/ adjustments during the year.

5A Other intangible assets

Carrying amount of:-	**As at 31 March 2021**	As at 31 March 2020
Computer software	**52.01**	26.85
Non compete fees	**–**	–
Intangible development	**86.81**	172.20
Trademarks	**22.88**	30.02
Technical knowhow	**137.23**	170.14
Total	**298.93**	399.22

Description of assets	Computer software	Non compete fees	Intangible development	Trademarks	Technical knowhow (See note 1)	Total
Intangible Assets						
I. Cost						
(a) Balance as at 1 April 2019	**44.85**	**32.00**	**89.70**	**70.87**	**326.88**	**564.30**
Additions through internal development	6.94	–	166.47	–	–	173.41
Disposals	–	–	–	–	–	–
(b) Balance as at 31 March 2020	**51.80**	**32.00**	**256.17**	**70.87**	**326.88**	**737.71**
Additions through internal development	31.41	–	–	–	–	31.41
Disposals	(0.03)	–	–	–	–	(0.03)
(c) Balance as at 31 March 2021	**83.18**	**32.00**	**256.17**	**70.87**	**326.88**	**769.10**
II. Accumulated amortisation and impairment						
(d) Balance as at 1 April 2019	**19.20**	**30.70**	**29.90**	**33.70**	**123.84**	**237.34**
Amortisation expense for the year	5.75	1.30	54.07	7.14	32.90	101.16
Disposal	–	–	–	–	–	–
(e) Balance as at 31 March 2020	**24.94**	**32.00**	**83.97**	**40.84**	**156.74**	**338.50**
Amortisation expense for the year	6.24	–	85.39	7.14	32.90	131.68
Disposal	(0.02)	–	–	–	–	(0.02)
(f) Balance as at 31 March 2021	**31.17**	**32.00**	**169.36**	**47.99**	**189.65**	**470.16**
III. Net carrying amount 31 March 2021 (c)-(f)	**52.01**	**–**	**86.81**	**22.88**	**137.23**	**298.94**
IV. Net carrying amount 31 March 2020 (b)-(e)	**26.85**	**–**	**172.20**	**30.02**	**170.14**	**399.22**

(Currency : Indian rupees in lakhs)

Note : Significant intangible asset

The Company holds a Technical knowhow for Seeds germination. The carrying amount of the Technical knowhow of Rs 137.23 lakhs (31 March 2020 Rs 170.14 lakhs), out of which Rs 54.27 lakhs will be amortised in balance 7 years and balance Rs 82.96 lakhs will be amortised in balance 3 years.

5B Intangible assets under development

Carrying amount of :-	As at 31 March 2021	As at 31 March 2020
Intangible assets under development	**101.24**	–
Total	**101.24**	–

5A Assets held for sale

Board had approved in its meeting held on 20 March 2019, to transfer the Samriddhi and My Agri Guru Businesses to Mahindra and Mahindra Limited on the basis of valuation report by MSKA & Associates.

Further during the previous year, the Company had entered into a business transfer agreement (BTA) dated 12 October 2018 between Mahindra Agri Solutions Limited ("the Company") and Mahindra Summit Agriscience Limited ("MSAL"). Pursuant to this agreement, Cropcare business of the Company is transferred to MSAL on slump sale basis for fully paid equity shares of MSAL valued at Rs 12,810 Lakhs and acquired 100% shareholding in MSAL.

However in April 2019, 30% shareholding of MSAL was sold to Summito corporation and 10% sold to Summit Agri International Limited

A. Assets held for sale

Assets held for sale has been stated at carrying amount (being lower of carrying amount and fair value) -

Particular	Note	As at 31 March 2021	As at 31 March 2020
Property, plant and equipment	4	**–**	2.07
Total		**–**	2.07

B Measurement of fair value

The value measurement for the assets held for sale has been categorised as a Level 3 fair value based on the inputs from Valuation Report.

6 Investments

Particulars	Face value Per share (Rs)	As at 31 March 2021 Nos	As at 31 March 2021 Amount Non-current	As at 31 March 2020 Nos	As at 31 March 2020 Amount Non-current
At Cost					
A. In Subsidiary companies					
Equity shares-fully paid (Unquoted)					
Mahindra Greenyard Private Limited	10	**10,430,000**	**625.80**	6,258,000	625.80
Mahindra HZPC Private Limited	10	**26,911,500**	**2,691.15**	25,113,000	2,511.30
Mahindra Fresh Fruits Distribution Holding Company Europe BV Euro 10,000 - 10,000 shares @ 1 euro each		**10,000**	**7.67**	10,000	7.67
B. In Joint venture company					
Equity shares- fully paid (Unquoted)					
Mahindra Summit Agriscience Limited (w.e.f 12 April 2019)	10	76,866,000	7,686.60	76,866,000	7,686.60
C. In Assocciate company					
Equity shares- fully paid (Unquoted)					
Mera Kisan Private Limited	10	500,000	50.00	500,000	50.00
Preference shares- fully paid (Unquoted)					
Mera Kisan Private Limited					
Optionally fully convertible cumulative preference share	10	7,605,000	**760.50**	6,880,000	688.00
Optionally redeemable cumulative preference share	10	500,000	**50.00**	–	–
Warrant (Unquoted)					
Mera Kisan Private Limited	10	**3,220,000**	**41.86**	3,220,000	41.86
D. Fair value through other comprehensive income - FVTOCI					
Unquoted Investments (all fully paid)					
Investments in Equity shares					
Fully paid up equity shares of Rs. 10 each of Vayugrid Marketplace Services Private Limited	10	**2,121,000**	**58.75**	2,121,000	58.75
E. Less: Aggregate amount of impairment in value of investments			**(2,940.50)**		(58.75)
TOTAL INVESTMENTS (A) + (B) + (C) + (D) - (E)			**9,031.83**		11,611.23
Total impairment loss on value of investments			**2,940.50**		58.75

(Currency : Indian rupees in lakhs)

Note :

Terms of Optionally fully convertible cumulative preference share of Mera Kisan Private Limited are as follows:

The preference shares can be fully converted into equity shares at conversion ratio of 1:1, at any time from the Conversion Period Commencement Date until the sixth anniversary of the Closing Date.

OCPS shall be redeemable at any time after 1 April 2020 at Rs. 10.5 Per share.

The shares will bear a Cumulative dividend rate of 0.01% per annum. The shares shall be redeemed at par/premium in accordance with Section 55 of the Companies Act, 2013 or as varied after due approval of preference shareholders under Section 48 of the Act at any time on or before the maturity period at the Company's option.

Terms Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of Mera Kisan Private Limited are as follows:

The conversion of the OCCRPS to equity shares of MKPL will take place at the option ofthe holder of the OCCRPS, at the fair market value at the time of such conversion.

The OCCRPS shall be redeemed at face value at maturity of 10 years from the date of allotment.

The shares will bear a Cumulative dividend rate of 6% per annum.

OCRPS will be transferable, subject to prior consent of the Company.

7 Other financial assets

Particulars	As at 31 March 2021 Current	As at 31 March 2021 Non-current	As at 31 March 2020 Current	As at 31 March 2020 Non-current
Financial assets at amortised cost :				
Security deposits	**15.82**	**29.45**	71.21	21.95
Export incentive receivable	**379.70**	**–**	503.27	–
Interest accrued on bank deposits	**1.92**	**–**	0.35	–
Share application money pending allotment	**–**	**–**	–	22.50
Earmarked bank deposit with maturity more than 12 months	**–**	**483.62**	–	330.93
Insurance claim receivable	**69.61**	**–**	–	–
Accrual of incentive from State Government	**485.19**	**–**	286.62	–
Total	**952.24**	**513.07**	861.46	375.38

8 Deferred tax assets

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred tax assets	**6,799.83**	6,170.23
Deferred tax liability	**(61.17)**	(103.68)
Deferred tax assets (net)	**6,738.66**	6,066.56
Deferred tax assets (net) #	**6,738.66**	6,066.56

31 March 2021

Particulars	Net balance 1 April 2020	Recognised in profit or loss	Recognised in OCI	Net #	Deferred tax asset	Deferred tax liability
Tax effect of items constituting deferred tax assets						
Employee benefits	102.90	27.77	–	130.67	130.67	–
Income tax relating to defined benefit plans that will not be reclassified to profit or loss	(5.04)	3.64	3.64	(1.40)	–	(1.40)
Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	1.80	18.38	18.38	20.18	20.18	–
Carried forward business loss	4,381.39	53.26	–	4,434.64	4,434.64	–
Unabsorbed depreciation	1,436.42	528.80	–	1,965.22	1,965.22	–
Provision for doubtful debts	247.73	1.39	–	249.12	249.12	–
Tax effect of items constituting deferred tax liabilities						
Difference between WDV as per books and income tax	(98.64)	38.87	–	(59.77)	–	(59.77)
Deferred tax assets (net)	**6,066.56**	**672.11**	**22.02**	**6,738.66**	**6,799.83**	**(61.17)**

(Currency : Indian rupees in lakhs)

31 March 2020

Particulars	Net balance 1 April 2019	Recognised in profit or loss	Recognised in OCI	Net #	Deferred tax asset	Deferred tax liability
Tax effect of items constituting deferred tax assets						
Employee benefits	176.72	(73.82)	–	102.90	102.90	–
Income tax relating to defined benefit plans that will not be reclassified to profit or loss	(5.04)	–	–	(5.04)	–	(5.04)
Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge	1.80	–	–	1.80	1.80	–
Carried forward business loss		4,381.39	–	4,381.39	4,381.39	–
Unabsorbed depreciation	–	1,436.42	–	1,436.42	1,436.42	–
Provision for doubtful debts	277.84	(30.11)	–	247.73	247.73	–
Tax effect of items constituting deferred tax liabilities						
Difference between WDV as per books and income tax	(139.25)	40.61	–	(98.64)	–	(98.64)
Deferred tax assets (net)	312.07	5,754.48	–	6,066.56	6,170.23	(103.68)

The unrecognised tax losses brought forward expire as follows

Financial years	Amount
2024-2025	3,571.16
2025-2026	5,120.02
2026-2027	4,608.72
2027-2028	2,486.45
2028-2029	1,832.41
Total	**17,618.76**

 # Unrecognised deferred tax assets

Deferred tax assets (DTA) have not been recognised, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom:

Deferred tax assets for the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

9 Current tax assets (net)

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current tax assets		
Tax refund receivables	**57.36**	46.11
TDS receivable	**54.74**	64.59
Total	**112.10**	110.70
Current tax liability		
Provision for tax	**40.23**	40.23
Total	**40.23**	40.23
Current tax assets (net)	**71.87**	70.47

10 Other current and Non-current assets

Particulars	As at 31 March 2021 Current	As at 31 March 2021 Non-current	As at 31 March 2020 Current	As at 31 March 2020 Non-current
(a) Capital advances				
(i) For Capital work-in-progress	**–**	**5.65**	–	35.24
(b) Advances other than capital advances				
(i) Balances with government authorities (other than income taxes)	**617.16**	**5.50**	701.72	5.50
(ii) Advances to employees				
Considered good	**48.08**	**–**	71.68	–
Considered doubtful	**17.63**	**–**	51.48	–
Provision for doubtful advances	**(17.63)**	**–**	(51.48)	–
(iii) Advances to vendor				
Considered good	**413.08**	**2.58**	558.47	2.58
Considered doubtful	**230.66**	**–**	215.99	–
Provision for doubtful advances	**(230.66)**	**–**	(215.99)	–
(iv) Prepaid expenses	**147.41**	**52.96**	113.39	–
Total	**1,225.73**	**66.69**	1,445.27	43.31

Notes:

During the year the company has created the provision for doubtful advances of Rs 14.67 Lakhs (31 March 2020: Rs Nil).

11 Biological assets other than bearer plant

Particulars	As at 31 March 2021	As at 31 March 2020
Opening stock	**41.61**	79.17
Add: Purchases or input costs	**12.06**	44.35
Less: Harvested	**53.67**	81.91
Add: Gain on changes in fair value	**–**	–
Closing stock	**–**	41.61

During the year, the Company has ceased the banana cultivation operation and resultant gain or loss movements are recognised in the Statement of profit and loss for the year.

The cost of biological assets recognised as an expense includes Rs 8.40 lakhs (31 March 2020: Rs 9.37 lakhs).

(Currency : Indian rupees in lakhs)

12 Inventories (at lower of cost and net realisable value)

Particulars	As at 31 March 2021	As at 31 March 2020
Stock-in-trade *(refer note 4)*	**2,450.40**	2,677.57
Packing Materials, stores and spares	**400.09**	925.67
Stock-in-transit	**3,305.36**	1,929.42
Total	**6,155.85**	5,532.66

Notes:

1 The cost of inventories recognised as an expense during the year was Rs 17,931.93 lakhs (31 March 2020: Rs 19,863.51 lakhs)

2 The cost of inventories recognised as an expense includes Rs Nil (31 March 2020 : Rs Nil) in respect of write downs of inventory to net realisable value, and has been reduced by Rs Nil (31 March 2020: Rs Nil) in respect of the reversal of such write downs.

3 The carrying amount of inventories pledged as security for working capital loan from bank is secured by first paripassu charge on inventories (including Stock-in-trade, Packing Materials, stores and spares and Stock-in-transit), book debts and all other current assets (refer note 17B).

4 It includes inter-unit transfer of stock amounting to Rs 12.34 lakhs (31 March 2020: Rs 124.40 lakhs).

5 The mode of valuation of inventories has been stated in note 3.9

13 Trade receivables

Particulars	As at 31 March 2021	As at 31 March 2020
Considered good - Secured	**–**	–
Considered good - Unsecured	**6,291.71**	5,827.90
Significant increase in credit risk	**–**	–
Credit impaired	**802.54**	737.33
Less :- Loss allowance for expected credit losses	**(802.54)**	(737.33)
Total	**6,291.71**	5,827.90

Notes:

1 Of the above, trade receivables from:

– Related parties	**1,004.43**	375.23
– Others	**5,287.28**	5,452.67
	6,291.71	5,827.90

2 The Average credit period on sale of goods is as under :

- Agri Input businesses - Seeds 90 days each
- Food businesses - Grapes Export - As per agreement with Consignment agent/Customers, Grapes Domestic - 15 days;
- Dairy business - 7 days.

3 The Company does not normally enforce interest on overdue debts. However, interest on overdue debts is charged on discretionary basis in respect of certain business/parties.

4 The carrying amount of inventories pledged as security for working capital loan from bank is secured by first paripassu charge on inventories (including Stock-in-trade, Packing Materials, stores and spares and Stock-in-transit), book debts and all other current assets (refer note 17B).

5 Movement in the expected credit loss allowance

Particulars	As at 31 March 2021	As at 31 March 2020
Balance at the beginning of the year	**737.33**	690.02
Less: balances written off during the year	–	(53.13)
Add: provision made during the year	**65.21**	100.44
Balance at the end of the year	**802.54**	737.33

14 Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Cash and bank balance		
A. Cash and cash equivalents		
(a) Balances with banks		
In current accounts	**648.81**	986.14
(b) Cash on hand	–	–
	648.81	986.14
B. Other bank balances		
(a) Earmarked balances with banks:		
Fixed deposits with maturity less than 3 months	**85.99**	83.47
Fixed deposits with maturity greater than 3 months but less 12 months	**2.20**	1.39
	88.19	84.85
Total	**737.00**	1,070.99

Reconciliation of cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Total cash and cash equivalents as per Balance Sheet	**648.81**	986.14
Less:- Book overdraft	**(103.03)**	(69.12)
Total cash and cash Equivalents as per Statement of Cash Flows	**545.78**	917.02

15 Loans

Particulars	As at 31 March 2021	As at 31 March 2020
Current maturities a long term loans		
Considered good - Secured	**–**	–
Considered good - Unsecured	**–**	–
Significant increase in credit risk	**–**	–
Credit impaired	**98.22**	98.22
Allowance for credit losses	**(98.22)**	(98.22)
Total	**–**	**–**

Note:

The Company has evaluated the credit risk associated with the loan provided. In terms of such assessment, the entire principal amount of loan along with accrued interest thereon has been fully provided for.

16A Equity share capital

Equity share capital	**Amount**
As at 31 March 2019	6,926.90
Changes in equity share capital during the year	1,200.20
As at 31 March 2020	8,127.10
Changes in equity share capital during the year	1,290.21
As at 31 March 2021	**9,417.31**

	As at 31 March 2021		As at 31 March 2020	
Particulars	**No. of shares**	**Amount**	No. of shares	Amount
Authorised share capital:				
Equity shares of Rs 10 each with voting rights	**95,600,000**	**9,560.00**	82,500,000	8,250.00

(Currency : Indian rupees in lakhs)

Particulars	As at 31 March 2021 No. of shares	As at 31 March 2021 Amount	As at 31 March 2020 No. of shares	As at 31 March 2020 Amount
6% Optionally Convertible Redeemable Preference Shares of Rs 46 each	**10,870,000**	**5,000.20**	10,870,000	5,000.20
	106,470,000	**14,560**	93,370,000	13,250
Issued, subscribed and paid up capital comprises:				
Equity shares of Rs 10 each with voting rights	**94,173,080**	**9,417.31**	81,271,025	8,127.10
Total	**94,173,080**	**9,417.31**	81,271,025	8,127.10

During the previous year, the Company had issued, 1,07,54,230 number of 6% Optionally Convertible Redeemable Preference Shares (OCRPS) of Rs 46 each issued to the holding company and other shareholders as fully paid up aggregating to Rs 49,46,94,580.

a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	Opening balance	Rights issue	Preferential allotment	Closing balance
Equity Shares with Voting rights				
As at 31 March 2021				
No. of Shares	**81,271,025**	**12,902,055**	–	**94,173,080**
Amount	**8,127.10**	**1,290.21**	–	**9,417.31**
As at 31 March 2020				
No. of Shares	69,268,987	12,002,038	–	81,271,025
Amount	6,926.90	1,200.20	–	8,127.10

Particulars	Opening balance	Rights issue	Preferential allotment	Closing balance
6% Optionally Convertible Redeemable Preference Shares with voting rights				
As at 31 March 2021				
No. of Shares	**10,754,230**	–	–	**10,754,230**
Amount	**4,947**	–	–	**4,946.95**
As at 31 March 2020				
No. of Shares	–	10,754,230	–	10,754,230
Amount	–	4,946.95	–	4,947

b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

During the current year, the Company has raised fund through right issue number of equity shares 1,29,02,055 of Rs.10 each.

During the FY 2019-20, Company has raised fund through right issue of equity shares 1,20,02,038 of Rs.10 each to existing equity shareholders in their shareholding ratio.

Terms of Optionally Convertible Redeemable Preference Shares (OCRPS)

Conversion:- The conversion ration shall be 1 equity share for every 1 OCPRS held by the shareholders in the company. The minimum holding period will be 6 months. The conversion shall be at the discretion of the Option Holder at any time after the minimum holding period.

Redemption:- The maturity of the OCPRs shall be 20 years from the date of allotment. The OCPRS shall be redeemed at face value at maturity.

Transferability:- OCPRS shall be transferrable, subject to the prior consent of the company.

Dividend:- The holders of the OCPRS shall carry a cumulative dividend at the fixed rate of 6% per year, out of the profits of the company and the payment of such dividend shall have priority over any dividend rights of the equity shares.

Voting and other rights:- (i) The preference shares shall carry rights as per the provision of Section 47(2) of the Companies Act, 2013. (ii) The Preference shares shall have priority with respect to payment of dividend and repayment of capital vis-a-vis equity shares.(iii) The Preference shareholdershall not have the right of participation in surplus assets and profits, on winding up of the company, which may remain after the entire capital has been repaid.

c) Details of shares held by the Holding Company

Particulars	Equity shares	Preference shares
As at 31 March 2021		
Mahindra & Mahindra Limited	**93,032,592**	**10,696,170**
Total	**93,032,592**	**10,696,170**
As at 31 March 2020		
Mahindra & Mahindra Limited	80,135,365	10,696,170
Total	80,135,365	10,696,170

d) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 March 2021 Number of shares held	As at 31 March 2021 % holding in that class of shares	As at 31 March 2020 Number of shares held	As at 31 March 2020 % holding in that class of shares
Equity shares with voting rights				
Mahindra & Mahindra Limited	**93,032,592**	**98.79%**	80,135,365	98.60%
6% Optionally Convertible Redeemable Preference Shares				
Mahindra & Mahindra Limited	**10,696,170**	**99.46%**	10,696,170	99.46%

e) As per records of the Company as at 31 March 2021, no calls remain unpaid by the directors and officers of the Company.

16B Other equity

Particulars	As at 31 March 2021	As at 31 March 2020
– Capital reserve on business combination *(refer note (a) below)*	**(9,100.45)**	(9,100.45)
– Securities premium *(refer note (b) below)*	**27,387.49**	24,678.06

(Currency : Indian rupees in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
– Share option outstanding *(refer note (c) below)*	**748.54**	649.43
– *Retained earnings*	**(24,073.47)**	(18,415.23)
– Effective portion of cash flow hedges *(refer note (d) below)*	**22.18**	(50.84)
– Equity component of 6% Optionally Convertible Redeemable Preference Shares *(refer note 16A (b))*	**2,134.46**	2,134.45
Total	**(2,881.25)**	(104.57)

Notes:

		As at 31 March 2021	As at 31 March 2020
a)	**Capital redemption reserve**		
	Balance as at the beginning of the year	**(9,100.45)**	(9,100.45)
	Add: Additions during the year	**–**	–
	Balance as at the end of the year	**(9,100.45)**	(9,100.45)
b)	**Securities premium**		
	Balance as at the beginning of the year	**24,678.06**	20,945.43
	Add: Additions during the year	**2,709.43**	3,732.63
	Balance as at the end of the year	**27,387.49**	24,678.06
c)	**Share Option outstanding**		
	Balance as at the beginning of the year	**649.43**	547.83
	Add: Additions during the year	**99.11**	101.60
	Balance as at the end of the year	**748.54**	649.43
d)	**Effective portion of cash flow hedges**		
	Balance as at the beginning of the year	**(50.84)**	(3.97)
	Add: Additions during the year	**73.02**	(46.88)
	Balance as at the end of the year	**22.18**	(50.84)

The description of the nature and purpose of each reserve within equity is as follows:

a) Capital reserve is created on account of business combination.

b) Securities premium is received pursuant to the further issue of equity shares at a premium net of the share issue expenses. This is a non-distributable reserve except for the following instances where the the share premium account may be applied;

   i) towards the issue of unissued shares of the Company to the members of the Company as fully paid bonus shares;

   ii) for the purchase of its own shares or other securities;

   iii) in writing off the preliminary expenses of the Company;

   iv) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; and

   v) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

c) Share options outstanding account represent the equity-settled shares and share options granted to employees (refer note 36). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled shares and share options and is reduced by the expiry of the share options.

d) The Company has designated its hedging instruments obtained after 1 April 2017 as cash flow hedges and any effective portion of cash flow hedge is maintained in the said reserve. In case the hedging becomes ineffective, the amount is recognised in the Statement of profit and loss.

e) **Terms of Optionally Convertible Redeemable Preference Shares (OCRPS)**

   Conversion:- The conversion ration shall be 1 equity share for every 1 OCPRS held by the shareholders in the company. The minimum holding period will be 6 months. The conversion shall be at the discretion of the Option Holder at any time after the minimum holding period.

   Redemption:- The maturity of the OCPRs shall be 20 years from the date of allotment. The OCPRS shall be redeemed at face value at maturity.

   Transferability:- OCPRS shall be transferrable, subject to the prior consent of the company.

   Dividend:- The holders of the OCPRS shall carry a cumulative dividend at the fixed rate of 6% per year, out of the profits of the company and the payment of such dividend shall have priority over any dividend rights of the equity shares.

   Voting and other rights:- (i) The preference shares shall carry rights as per the provision of section 47(2) of the Companies Act, 2013. (ii) The Preference shares shall have priority with respect to payment of dividend and repayment of capital vis-a-vis equity shares.(iii) The Preference shareholdershall not have the right of participation in surplus assets and profits, on winding up of the company, which may remain after the entire capital has been repaid.

17A Long-term borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
Secured		
Term loan from bank	**1,424.14**	1,455.42
Less : Current maturities of long-term debt *(refer note 20)*	**276.49**	104.01
Liability component of Optionally convertible redeemable preference shares *(refer note 16A (b))*	**3,122.97**	2,920.32
Total	**4,270.62**	4,271.73

Notes:

i) Term loan from HDFC bank is taken for setting up of a Packhouse, having interest rate of 7-7.95% p.a.

ii) Term loan is secured by way of mortgage on Packhouse at Nashik.

iii) Term loan is payable in 24 equated quarterly installments, commencing at the end of 4th quarter from the date of disbursement.

iv) Liability component of Optionally convertible redeemable preference shares (refer note 16A (b))

17B Short-term borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
Secured		
Working capital facility from banks (refer below note below)	**4,800.00**	6,475.00
Total	**4,800.00**	6,475.00

Details of the security and repayment terms:

Working capital demand loan from Citi bank Rs 3,500 lakhs (31 March 2020: 3,600 lakhs) carry interest rate ranging from 5.39 % to 6.01% p.a., computed on a monthly basis on the actual amount utilised, and repayable within a period of 12 months. This is secured by first pari passu charges on the entire current assets of the Company present and future.

(Currency : Indian rupees in lakhs)

Working capital demand loan from Kotak Mahindra Bank Ltd Rs 1,300 Lakhs (31 March 2020: 2,875 lakhs) carry interest rate ranging from 5.75 % to 9.00% p.a., computed on a monthly basis on the actual amount utilised, and repayable within a period of 12 months. This is secured by first pari passu charges on the entire current assets of the Company present and future.

18 Provisions

Particulars	As at 31 March 2021 Current	Non-current	As at 31 March 2020 Current	Non-current
Provision for employee benefits				
– Compensated absences	**60.92**	**159.85**	51.06	131.55
– Gratuity	**40.70**	**257.68**	10.22	215.99
Total	**101.62**	**417.53**	61.28	347.54

Note:

The provision for employee benefits includes annual leaves and vested long service leave entitlements accrued and compensation claims made by employees. For other disclosure refer note no 30 on employee benefit expenses.

19 Trade payables

Particulars	As at 31 March 2021	As at 31 March 2020
Trade payables		
Total outstanding dues of micro enterprises and small enterprises (refer note 38)	**41.66**	259.74
Total outstanding dues of creditors other than micro enterprises and small enterprises	**9,503.83**	9,097.83
Total	**9,545.49**	9,357.57

20 Other financial liabilities

Particulars	As at 31 March 2021 Current	Non-current	As at 31 March 2020 Current	Non-current
Other Financial Liabilities Measured at Amortised Cost - Current				
Interest accrued on borrowings	**8.04**	–	10.22	–
Interest accrued on micro enterprises and small enterprises	**0.10**	–	1.30	–
Trade deposit	**294.73**	–	405.75	–
Creditors for capital supplies/ services	**12.69**	–	29.64	–
Current maturities of long-term debt	**276.49**	–	104.01	–
Book overdarft	**103.03**	–	69.12	–
Others	**0.34**	–	1.87	–
Derivative financial instruments designated and effective as hedging instruments carried at fair value	**(20.39)**	–	52.64	–
Total	**675.03**	–	674.55	–

21 Other liabilities

Particulars	As at 31 March 2021 Current	Non-current	As at 31 March 2020 Current	Non-current
Advances received from customers	**1,852.84**	–	1,065.15	–
Statutory dues payable				
– Tax deducted at source	**73.44**	–	56.13	–
– Employee recoveries and employer contributions	**21.92**	–	17.94	–
– Other taxes (other than income taxes)	**0.17**	–	0.31	–
Employee benefits payables	**577.49**	–	519.28	–
Total	**2,525.86**	–	1,658.81	–

22 Revenue from operations

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) Sale of products		
– Traded Products	**24,931.08**	26,430.89
(b) Other operating revenue		
– Export incentive	**71.90**	822.91
– Interest from customers	**0.07**	0.07
– Incentive from state government	**198.93**	280.44
Total	**25,201.98**	27,534.29

Details of gross revenue from sale of product :-

Traded goods	Year ended 31 March 2021	Year ended 31 March 2020
Grapes	**12,946.68**	17,488.39
Seeds	**8,734.92**	4,720.44
Others	**3,249.47**	4,222.06
Total	**24,931.08**	26,430.89

23 Other income

Rs in Lakhs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest income on		
– Bank deposits	**5.76**	10.18
Other gains and losses		
– Gain on disposal of property, plant and equipment (net)	**6.12**	1,590.90
– Foreign currency gains (net)	**44.42**	1.55
Liabilities no longer required written back	**121.31**	–
Other non-operating income	**20.94**	105.25
Total	**198.55**	1,707.87

(Currency : Indian rupees in lakhs)

24 Changes in inventories of stock-in-trade and packing material

Particulars	**Year ended 31 March 2021**	Year ended 31 March 2020
Inventories at the end of the year:		
Stock-in-trade	**2,450.40**	2,677.57
Goods in transit	**3,305.36**	1,929.42
Biological assets other than bearer plant	**–**	41.61
Packing materials and stores and spares	**400.09**	925.67
	6,155.85	5,574.27
Inventories at the beginning of the year:		
Stock-in-trade	**2,677.57**	3,735.59
Goods in transit	**1,929.42**	4,070.02
Biological assets other than bearer plant	**41.61**	79.17
Packing materials and stores and spares	**925.67**	289.93
	5,574.27	8,174.71
Net (Increase)/decrease in inventory	**(581.58)**	2,600.44

25 Employee benefits expenses

Particulars	**Year ended 31 March 2021**	Year ended 31 March 2020
Salaries and wages, including bonus *(Refer note below)*	**2,169.61**	2,295.38
Employee stock option cost *(refer note 36)*	**113.41**	119.50
Contribution to provident and other funds (refer note 30 and 42)	**165.44**	141.37
Staff welfare expenses	**23.13**	21.40
Total	**2,471.59**	2,577.66

Note :

1 This is net of recoveries in respect of employees working in other group companies

26 Finance costs

Particulars	**Year ended 31 March 2021**	Year ended 31 March 2020
Interest on :		
Interest on term loan	**89.95**	119.98
Interest on bank overdrafts and loans (other than those from related parties)	**288.06**	418.70
Interest on loans from related parties	**207.61**	212.20
Other interest expenses	**6.63**	7.54
Total	**592.25**	758.42

27 Depreciation and amortisation expenses

Particular	**Year ended 31 March 2021**	Year ended 31 March 2020
Depreciation of property, plant and equipment (refer note 4)	**322.10**	327.99
Amortisation of intangible assets (refer note 5A)	**131.68**	101.16
Total	**453.78**	429.15

28 Other expenses

Particulars	**Year ended 31 March 2021**	Year ended 31 March 2020
Stores and tools consumed	**70.84**	100.28
Freight outward	**2,317.37**	1,546.88
Clearing and forwarding charges	**1,123.63**	1,867.34
Subcontracting, hire and service charges	**901.83**	991.87
Legal and professional expenses	**307.39**	426.03
Rent including lease rentals	**284.19**	299.74
Insurance	**179.60**	144.78
Rebate, claim and discount (net)	**234.99**	158.04
Sales promotion expenses	**182.95**	278.07
Commission on sales/contracts (net)	**137.04**	817.05
Advertisement	**7.84**	45.88
Travelling and conveyance expenses	**134.81**	345.92
Research and development expenses	**110.45**	70.81
Power and fuel	**105.23**	102.34
Postage, telephone and subscription expenses	**76.85**	77.59
Provision for doubtful trade receivables	**65.21**	47.31
Loss on account of asset written off	**131.66**	–
Bad debts	**–**	53.13
Rates and taxes	**48.52**	103.02
Business support charges	**303.26**	72.85
Assets written off	**13.78**	14.23
Directors sitting fees	**11.00**	13.70
Repairs and maintenance		
– Buildings	**8.24**	12.38
– Machinery	**2.32**	3.51
– Others	**22.31**	25.31
Auditors remuneration		
– Audit fees	**30.00**	30.00
– Other services	**5.29**	0.53
– Reimbursement of expenses	**0.94**	1.30
Export team expenses	**98.27**	102.30
Others	**434.12**	393.11
Total	**7,349.93**	8,145.27

29 Income tax expenses

Income tax recognised in profit or loss

Particulars	**Year ended 31 March 2021**	Year ended 31 March 2020
Current tax:		
In respect of current year	**–**	–
Deferred tax:		
In respect of current year origination and reversal of temporary differences	**–**	312.07
Total income tax expense on operations	**–**	312.07

(Currency : Indian rupees in lakhs)

(b) Income tax recognised in other comprehensive income

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	–	–
Effective portion of gains and loss on designated portion of hedging instrument in a cash flow hedge	–	–
Total	–	–
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	–	–
Total	–	–

Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Loss before tax	**(5,672.71)**	(1,918.87)
Tax using the Company's domestic tax rate *(refer note 1)*	**25.17%**	25.17%
Expected income tax expenses	**(1,404.07)**	(482.98)
Tax effect of:		
Current year losses for which no deferred tax asset is created	**574.15**	885.39
Amortisation of goodwill	–	(140.61)
Effect of expenses that is non-deductible in determining taxable profit	**828.64**	(481.18)
Deferred Tax not recognised	–	(315.08)
Effect of change in tax rates	–	(60.31)
Any other reconciling items	**1.29**	282.71
	1,404.07	170.91
Tax expenses as per Statement of profit and loss	–	(312.07)

Notes:

1. With Effect from Financial Year 2019-20 (Assessment Year 2020-21), the Company has opted for the concessional tax rate of 22% vide circular number 29/2019 dated 02 October 2019 of the Income Tax Act, 1961. Surcharge of 10% and cess of 4% is to be charged in addition to the base rate of 22%.

30 Employee benefits expenses

(i) Defined contribution plans:

The Company's contribution to Provident Fund and Superannuation Fund aggregating Rs. 120.10 lakhs 31 March 2021 (31 March 2020 : Rs.93.85 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee benefits expenses.

(ii) Defined benefit plans:

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India.

	Funded Plan Gratuity	
Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Expense recognised in the Statement of Profit and Loss:		
Current service cost	**33.18**	33.11
Net interest expense	**9.75**	14.31
Components of defined benefit costs reconised in profit or loss	**42.92**	47.42
1. Changes in financial assumptions	–	13.52
2. Changes in demographic assumptions	**(2.27)**	0.00
3. Experience adjustments	**(10.28)**	(45.83)
4. Actual return on plan assets less interest on plan assets	**(1.93)**	(2.53)
5. Others (transfer of Cropcare buisness)	–	–
Total	**28.45**	12.59
I. Net liability recognised in the Balance sheet		
1. Present value of defined benefit obligation	**329.20**	255.08
2. Fair value of plan assets as at 31 March	**(30.81)**	(28.88)
3. Surplus	**298.39**	226.20
4. Current portion of the above	**40.70**	10.22
5. Non current portion of the above	**257.68**	215.99
II. Change in the obligation during the year		
1. Present value of defined benefit obligation at the beginning of the year	**193.58**	289.26
2. Expenses recognised in Statement of Profit and Loss		
– Current service cost	**33.18**	33.11
– Past Service Cost	–	–
– Interest expense (income)	**9.75**	14.31
3. Recognised in other comprehensive income	–	–
Remeasurement gains/(losses)	–	–
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**(2.27)**	0
ii. Financial Assumptions	–	13.52
iii. Experience Adjustments	**(10.28)**	(45.83)
4. Benefit payments	**(14.97)**	(49.28)
5. Others (transfer of Cropcare buisness)	**120.21**	(61.50)
6. Present value of defined benefit obligation at the end of the year	**329.20**	193.59

(Currency : Indian rupees in lakhs)

Particulars	Funded Plan Gratuity Year ended 31 March 2021	Year ended 31 March 2020
III. Change in fair value of assets during the year		
1. Fair value of plan assets at the beginning of the year	**28.88**	26.81
2. Expenses recognised in Profit and Loss Account		
– Expected return on plan assets	**–**	–
3. Recognised in other comprehensive income	**–**	–
Remeasurement gains/(losses)	**–**	–
– Actual Return on plan assets in excess of the expected return	**1.93**	2.07
– Interest on plan assets	**–**	–
4. Contributions by employer (including benefit payments recoverable)	**14.97**	49.28
5. Benefit payments	**(14.97)**	(49.28)
6. Fair value of plan assets at the end of the year	**30.81**	28.88
IV. The major categories of plan assets		
Life insurance corporation fund	**30.81**	28.88
V. Actuarial assumptions		
1. Discount rate	**5.60%**	5.60%
2. Salary escalation	**8.50%**	8.50%
3. Attrition rate	**23%**	22%
4. Mortality rate	**The Indian Assured Lives Mortality (2006-08) Ult table**	The Indian Assured Lives Mortality (2006-08) Ult table

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	**Decrease in assumption**
Discount rate	**31 March 2021**	**1.00%**	**-3.79%**	**4.09%**
	31 March 2020	1.00%	-4.34%	4.72%
Salary growth rate	**31 March 2021**	**1.00%**	**3.93%**	**-3.27%**
	31 March 2020	1.00%	4.54%	-4.27%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous year.

The Company expects to contribute Rs.10 lakhs to the gratuity trusts during the next financial year.

Maturity profile of defined benefit obligation:

	As at 31 March 2021	As at 31 March 2020
Within 1 year	**71.51**	39.10
1 - 2 year	**58.45**	31.44
2 - 3 year	**86.22**	29.02
3 - 4 year	**35.26**	26.88
4 - 5 year	**30.55**	24.00
5 - 6 year	**25.16**	18.60
6 - 7 year	**28.28**	15.85
7 - 8 year	**15.81**	19.40
8 - 9 year	**15.13**	9.36
10 year and above	**54.56**	43.29

Plan assets

The fair value of Company's pension plan asset as of 31 March 2021 and 31 March 2020 by category are as follows:

	As at 31 March 2021	As at 31 March 2020
Asset category:		
Deposits with Insurance companies	**30.81**	28.88
	100%	100%

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

The weighted average duration of the defined benefit obligation as at 31 March 2021 is 3.93 years (31 March 2020 - 4.52 years)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year, an amount of Rs 42.92 lakhs (31 March 2020 : Rs. 47.42 lakhs) has been included in statement of profit or loss under the head Employee benefit expenses.

Compensated absenses :

Compensated absences for the employee benefits of Rs. 220.76 lakhs (31 March, 2020 - Rs. 182.60 lakhs) expected to be paid in exchange for the services recognised as a expenses during the year. (refer note 25)

Note No. 31 - Earnings per Share

Particulars	Year ended 31 March 2021 Per Share	Year ended 31 March 2020 Per Share
Basic and Diluted loss per share (Rs.)	**(6.49)**	(2.57)

(Currency : Indian rupees in lakhs)

Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Loss for the year attributable to owners of the Company	**(5,672.71)**	(1,918.87)
Weighted average number of equity shares for the purpose of basic earnings per share	**87,421,594**	74,548,572
Basic loss per share (Rs.)	**(6.49)**	(2.57)
Weighted average number of equity shares for the purpose of dilutive earnings per share	**–**	–
Diluted loss per share (Rs.)	**#**	#

The effect of conversion of 6% Optionally Convertible Redeemable Preference Shares into equity shares being anti-dilutive, has not been considered for the purpose of computing diluted loss per share

32 Fair value measurement

Fair valuation techniques and inputs used - recurring items

Financial assets/financial liabilities measured at fair value	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	As at 31 March 2021	As at 31 March 2020				
Financial assets						
Investments						
Investments in equity instruments at FVTOCI-unquoted	**12.87% per cent equity investment in Vayugrid Marketplace services Private Limited engaged in Pongamia Oil & Sapling - Rs NIL**	12.87% per cent equity investment in Vayugrid Marketplace services Private Limited engaged in Pongamia Oil & Sapling - Rs NIL	Level 3	Income approach - in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefit to be derived from the ownership of these investees.	Short and long-term revenue generation outlook of the entity, based on management experience.	Revenue generation by the entity would result in increase in fair value.
Financial liabilities						
Other financial liabilities						
1) Foreign currency forward contracts	**–**	–	Level 2	Discounted cash Flow. Future cash flows are estimated based on forward exchange rates(from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	–	–

Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance (investment in Vayugrid Marketplace Services Private Limited) *	**–**	–
Total gains or losses:		
– In other comprehensive income	**–**	–
Closing balance	**–**	–

* The Investment in Vayugrid Market Place Services Private Limited fully provided for prior to date of transition. Accordingly there is no movement in fair value of this investment.

Fair value of financial assets and financial liabilities that are not measured at fair value (Non-recurring)

Particulars	**As at 31 March 2021** Carrying amount	**As at 31 March 2021** Fair value (level 2)	As at 31 March 2020 Carrying amount	As at 31 March 2020 Fair value (level 2)
Financial assets				
Financial assets carried at Amortised Cost				
– Trade and other receivables	**6,291.71**	**6,291.71**	5,827.90	5,827.90

(Currency : Indian rupees in lakhs)

Particulars	As at 31 March 2021 Carrying amount	As at 31 March 2021 Fair value (level 2)	As at 31 March 2020 Carrying amount	As at 31 March 2020 Fair value (level 2)
– Investments	**9,031.83**	**9,031.83**	11,611.23	11,611.23
– Deposits and similar assets	**1,465.31**	**1,465.31**	1,236.84	1,236.84
Financial liabilities				
Financial liabilities at Amortised Cost				
– Long-term borrowings	**4,270.62**	**4,270.62**	4,271.73	4,271.73
– Short-term Bank loans	**4,800.00**	**4,800.00**	6,475.00	6,475.00
– Loans from related parties	**–**	**–**	–	–
– Deposits and similar liabilities	**675.03**	**675.03**	782.39	782.39
– Trade and other payables	**10,220.53**	**10,220.53**	10,032.12	10,032.12
Total	**19,966.17**	**19,966.17**	21,561.23	21,561.23

The carrying values of financial assets and liabilities represent their approximate fair value.

There were no transfer between level 1 and level 2 during the year.

33 Financial risk management

A) Capital management

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company manages capital risk in order to maximize shareholders' value by maintaining sound/optimal capital structure through monitoring of financial ratios, such as net debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses net debt equity ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Net debt-to-equity ratio as of 31 March 2021 and 31 March 2020

	As at 31 March 2021	As at 31 March 2020
Borrowing from banks	**4,547.12**	4,375.74
Borrowing from related party	**–**	–
Gross debt	**4,547.12**	4,375.74
Less :		
Cash and cash equivalents	**737.00**	1,070.99
Net debt (A)	**3,810.12**	3,304.74
Equity share capital	**9,417.31**	8,127.10
Other equity	**(2,881.25)**	(104.57)
Equity (B)	**6,536.06**	8,022.54
Debt ratio (A/B)	**0.58**	0.41

B) Financial risk management framework

The Company's corporate treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risk relating to the operation of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

i) CREDIT RISK

Credit risk management

Credit risk arises when a customer defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of categorising the customers based on the performance and accordingly credit limit ceiling of each category is defined. Company also takes credit insurance for business specific customers. The Company's exposure and categorisation of its customers are continuously monitored . Credit exposure is controlled by customer credit limits which are reviewed and approved. The Company also take security cheques from its domestic market customers.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The provision matrix at the end of the reporting period is as follow:-

Ageing	For the year ended 31 March 2021 Expected credit loss (%)	For the year ended 31 March 2021 Expected credit loss (Rs. In lakhs)	For the year ended 31 March 2020 Expected credit loss (%)	For the year ended 31 March 2020 Expected credit loss (Rs. In lakhs)
Within the credit period	**0.32%**	**17.80**	0.07%	2.90
0-3 month past due	**6.50%**	**7.36**	0.39%	4.39
3-6 month past due	**6.61%**	**13.62**	0.52%	1.51
6 -12 month past due	**16.32%**	**37.00**	5.87%	14.26
>1 year	**77.35%**	**726.76**	90.72%	714.26
Total		**802.54**		737.33

Age of receivables	As at 31 March 2021	As at 31 March 2020
Within the credit period	**5,608.55**	4,105.85
0-3 month past due	**113.24**	1,138.87
3-6 month past due	**206.21**	290.10
6 -12 month past due	**226.65**	243.08
>1 year	**939.59**	787.33
Total	**7,094.24**	6,565.23

(Currency : Indian rupees in lakhs)

Reconciliation of provision for doubtful Trade Receivables

Particulars	**As at 31 March 2021**	As at 31 March 2020
Balance as at beginning of the year	**737.33**	690.02
Impairment losses recognised in the year based on lifetime expected credit losses	**–**	53.13
Provision created during the year	**65.21**	47.31
Transferred on account of transfer of Business	**–**	–
Impairment losses reversed/ written back	**–**	(53.13)
Balance at end of the year	**802.54**	737.33

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The Company has pledged an aggregated carrying amount of Rs 7,094.24 lakhs (31 March 2020: Rs 6,565.23 lakhs) for bank loans.

ii) LIQUIDITY RISK

(a) Liquidity risk management

The board of directors has established an appropriate liquidity risk management framework for the management of the Company's short, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(b) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
Non-derivative financial liabilities				
As at 31 March 2021				
Borrowings	**5,076.49**	**560.00**	**587.65**	**3,122.97**
Trade payables	**9,545.49**	**–**	**–**	**–**
Other financial liabilities	**695.42**	**–**	**–**	**–**
Total	**15,317.40**	**560.00**	**587.65**	**3,122.97**
As at 31 March 2020				
Borrowings	6,475.00	840.00	511.41	2,812.48
Trade payables	9,357.57	–	–	–
Other financial liabilities	621.91	–	–	–
Total	16,454.48	840.00	511.41	2,812.48

The following table details the Company's/Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
Derivative financial instruments				
As at 31 March 2021				
Net settled:				
– Foreign exchange forward contracts	**–**	**–**	**–**	**–**
Gross settled:				
– Foreign exchange forward contracts	**20.39**	**–**	**–**	**–**
Total	**20.39**	**–**	**–**	**–**
As at 31 March 2020				
Net settled:				
– Foreign exchange forward contracts	–	–	–	–
Total	–	–	–	–
Gross settled:				
– Foreign exchange forward contracts	(52.64)	–	–	–
Total	(52.64)	–	–	–

(c) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
Non-derivative financial assets				
As at 31 March 2021				
Non-interest bearing	**8,494.02**	**–**	**–**	**9,544.90**
Fixed interest rate instruments	**–**	**–**	**–**	**–**
Total	**8,494.02**	**–**	**–**	**9,544.90**
As at 31 March 2020				
Non-interest bearing	8,135.74	–	–	11,986.61
Fixed interest rate instruments	–	–	–	–
Total	8,135.74	–	–	11,986.61

In the case of assets falling short of liabilities, banking facilities are available to honor the obligation through as cash credit, short-term borrowing/long-term borrowing and other necessary banking facilities.

The carrying amount of inventories pledged as security for working capital loan is Rs.6155.86 lakhs (31 March 2020: Rs 5,532.66 lakhs).

iii) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses

(Currency : Indian rupees in lakhs)

permitted derivatives to manage market risks . Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Forex & investment Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

a) Currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by taking forward cover that are expected to occur within a maximum 12 month period for forecasted cash flow.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	As at 31 March 2021	As at 31 March 2020
Trade receivables	USD	**2,434.49**	1,690.06
	EUR	**1,572.55**	1,658.89
	CAD	**995.42**	912.03
	GBP	**249.11**	433.67
Trade payables	USD	**838.20**	131.55
	EUR	**2.57**	211.68
	CAD	**–**	12.40
	GBP	**1.11**	41.73
Advance given	EUR	**–**	–
Advances received	USD	**112.41**	–
	EUR	**12.20**	145.26

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Particulars	Currency	As at 31 March 2021	As at 31 March 2020
Trade receivables	USD	**1,736.22**	1,690.06
	EUR	**894.09**	188.89
	CAD	**439.36**	869.49
	GBP	**249.11**	433.67
Trade payables	USD	**838.20**	131.55
	EUR	**2.57**	211.68
	CAD	**–**	12.40
	GBP	**1.11**	41.73

Note :- Forward Cover in EURO 7.99 lakhs (Rs. 678.46 lakhs), USD 9.49 lakhs (Rs. 698.28 lakhs) and CAD 9.54 (Rs. 556.06 lakhs) as at 31 March 2021 Forward cover of EURO 17.90 lakhs (Rs 1,470.00 lakhs) and CAD 0.81 lakhs (Rs 42.54 lakhs) as at 31 March 2020

b) Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts.

Period	Currency	Change in rate	Effect on profit/ (loss) before tax	Effect on pre-tax equity
As at 31 March 2021	**USD**	**5%**	**44.90**	**44.90**
	USD	**3%**	**26.94**	**26.94**
	EUR	**5%**	**44.58**	**44.58**
	EUR	**3%**	**26.75**	**26.75**
	CAD	**5%**	**21.97**	**21.97**
	CAD	**3%**	**13.18**	**13.18**
	GBP	**5%**	**12.40**	**12.40**
	GBP	**3%**	**7.44**	**7.44**
As at 31 March 2020	USD	5%	77.93	155.85
	USD	3%	46.76	46.76
	EUR	5%	7.36	(2.28)
	EUR	3%	4.41	(0.68)
	CAD	5%	42.85	85.71
	CAD	3%	25.71	25.71
	GBP	5%	19.60	39.19
	GBP	3%	11.76	11.76

c) Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Period	Currency	Increase/ decrease in basis points	Effect on profit/(loss) before tax
As at 31 March 2021	**INR**	**100**	**(50.24)**
As at 31 March 2020	INR	100	(50.55)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Hedge accounting - forwards

It is the policy of the Company to enter into forward foreign exchange contracts to cover maximum up to 80% of the expected foreign currency exposure based on estimated cash flow. Forex Committee decide the time & quantum of hedging based on outlook.

(Currency : Indian rupees in lakhs)

(i) Details of forward foreign currency contracts outstanding at the end of reporting period

Outstanding contracts	Average exchange rate	Notional value	Hedge ratio	Carrying amount included in Other Financial Assets/ (Liabilities)	Change in the fair value of hedging instrument for the period	Change in the value of hedged item used to determine hedge effectiveness
31 March 2021						
Cash flow hedges						
Sell currency						
Maturing less than 1 year						
– USD/INR	**73.38**	**696.34**	**1 : 1**	**(2.03)**	**(2.03)**	**(2.03)**
– EUR/INR	**86.10**	**678.24**	**1 : 1**	**22.47**	**22.47**	**22.47**
– CAD/INR	**58.24**	**555.50**	**1 : 1**	**(0.05)**	**(0.05)**	**(0.05)**
				20.39	**20.39**	**20.39**
31 March 2020						
Cash flow hedges						
Sell currency						
Maturing less than 1 year						
– USD/INR						
– EUR/INR	83.15	1,488.04	1 : 1	(53.21)	(53.21)	(53.21)
– CAD/INR	53.25	43.03	1 : 1	0.57	0.57	0.57
				(52.64)	(52.64)	(52.64)

(ii) Details of hedge ineffectiveness in respect of outstanding contracts

Outstanding contracts	Ineffectiveness recognisned in Profit or Loss		Effective portion recognisned in OCI	
	31 March 2021	31 March 2020	**31 March 2021**	31 March 2020
Cash flow hedges	**–**	–	30.52	(24.55)

(iii) The movement in Cash flow hedge reserve for instruments designated in a cash flow hedge is as follows:

Particulars	Exchange Rate Risk hedges	
	31 March 2021	31 March 2020
Balance as the beginning of the year		
– Gross	**(50.84)**	(5.76)
– Deferred tax	**–**	1.80
– Net	**(50.84)**	(3.96)
(Gains)/losses transferred to Profit or loss on occurrence of the forecast transaction	**7.66**	(14.23)
(Gains)/losses transferred to Profit or Loss due to cash flows no longer expected to occur	**34.85**	(8.10)
Change in fair value of effective portion of cash flow hedges	**30.52**	(24.55)
Total	**73.02**	(46.88)
Balance as the end of the year		
– Gross	**22.18**	(50.84)
– Deferred tax	**–**	–
– Net	**22.18**	(50.84)
Of the above:		
Balance relating to continuing hedges	**22.18**	(50.84)
Balance relating to hedge accounting is no longer applied	**–**	–
Total	**22.18**	(50.84)

(Currency : Indian rupees in lakhs)

34 Segment information

A. Product and services from which reportable segments derive their revenue

Information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Company reportable segments under IND AS 108 are as follows:

1) Input Business

2) Food Business

3) Other Business

The Company is in the business of agricultural related products, Input business segment comprises of trading of Crop inputs. Food business comprises of trading of agricultural related outputs.

B. Segment revenue and results

The following is an analysis of the Company's revenue and results

Particulars	Segment revenue		Segment profit (loss)	
	Year ended 31 March 2021	Year ended 31 March 2020	**Year ended 31 March 2021**	Year ended 31 March 2020
Input Business	**8,735.28**	4,724.57	**(376.27)**	(2,000.99)
Food Business	**16,466.70**	22,772.91	**(706.37)**	91.70
Other Business	**–**	36.81	**(24.66)**	(295.69)
Total	**25,201.98**	27,534.29	**(1,107.30)**	(2,204.98)
Other income	–	–	**154.13**	1,707.88
Administration cost and directors' salary	–	–	**(1,245.54)**	(950.22)
Finance cost	–	–	**(592.25)**	(757.51)
Exceptional items	–	–	**(2,881.75)**	598.03
Loss before tax	–	–	**(5,672.71)**	(1,606.80)

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales.

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs, director salary, other income as well as finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

One customer contributed to the Company's revenue in year 2019-20 more than 10% (Rs 3,298.62 Lakhs) and no other single customer contributed 10% or more to the Company's revenue in the year.

C. Segment assets and liabilities

Particulars	**As at 31 March 2021**	As at 31 March 2020
Segment assets		
Input Business	**4,823.93**	4,488.82
Food Business	**12,413.35**	11,774.54
Other Business	**123.75**	203.42
Total segment assets	**17,361.03**	16,466.78
Unallocated	**11,511.18**	14,442.46
Total assets	**28,872.21**	30,909.25
Segment liabilities		
Input Business	**2,963.06**	1,830.37
Food Business	**7,107.20**	6,526.11
Other Business	**0.27**	19.46
Total segment liabilities	**10,070.53**	8,375.95
Unallocated	**12,265.65**	14,510.76
Total liabilities	**22,336.18**	22,886.71

For the purpose of monitoring segment performance:

(i) Unallocated asset includes investment in subsidaries, current and deferred taxes, loan , cash and bank balances etc.

(ii) Unallocated liability includes borrowings, current and deferred taxes, other statutory dues etc.

D. Segment depreciation and amortisation

Particulars	**Year ended 31 March 2021**	Year ended 31 March 2020
Input Business	**211.96**	177.57
Food Business	**203.03**	204.80
Other Business	**6.19**	20.51
Unallocated	**32.61**	26.27
Total	**453.78**	429.15

E. Geographical Information:

Particulars	**Year ended 31 March 2021**		Year ended 31 March 2020	
	Domestic	**Overseas**	Domestic	Overseas
Revenue from external Customers comprising of:				
– Revenue from contract with customers	**11,778.41**	**13,152.66**	8,978.46	17,452.43
– Revenue from other sources	**270.91**	**–**	1,103.41	–
	12,049.32	**13,152.66**	10,081.86	17,452.43

*All assets are based in the domestic segment. Hence, separate disclosure not required.

(Currency : Indian rupees in lakhs)

35 Related party disclosures

A List of related parties and relationships:

Name of the related parties where control exists	**Relation**
Mahindra & Mahindra Limited	Holding Company
Mahindra Greenyard Private Limited	Subsidiary Company
Mahindra HZPC Private Limited	Subsidiary Company
Mahindra Special Services Group	Fellow Subsidiary Company
Mahindra Defence Systems	Fellow Subsidiary Company
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company
NBS International Limited	Fellow Subsidiary Company
Mahindra & Mahindra Financial services Limited	Fellow Subsidiary Company
EPC Industries Limited	Fellow Subsidiary Company
Mahindra First Choice wheels Limited	Fellow Subsidiary Company
Mahindra & Mahindra South Africa Ltd.	Fellow Subsidiary Company
Mahindra & Mahindra Limited - Powerol Division	Fellow Subsidiary Company
Origin Food Distributors & Origin Direct Asia	Subsidiary of Fellow Subsidiary Company
Mahindra Fresh Fruits Distribution Holding company (Europe) BV	Subsidiary Company
Mahindra First Choice Service Limited	Fellow Subsidiary Company
Mahindra Summit Agriscience Limited	Joint Venture (w.e.f. 12 April 2019)
Swaraj Engines Limited	Associate
MeraKisan Private Limited	Associate
Smartshift Logistics Solutions Private Limited	Joint Venture
Orizonte Business Solutions Limited	Fellow Subsidiary Company
Key Managerial Personnel	
Mr. Ashok Sharma	Managing Director and Chief Executive Officer
Mr. Meghnad Mitra	Chief Financial Officer
Mr. Feroze Baria (as per Companies Act, 2013)	Company Secretary
Dr. Pawan Goenka	Chairman
Mr. Mahohar Bhide	Director
Mr. Hardeep Singh	Director
Ms. Aruna Bhinge	Director
Mr. S. Durgashankar	Non Executive Director
Mr. Ramesh Iyer	Non Executive Director

35 Related party disclosures

B Related party transactions

(Currency : Indian rupees in lakhs)

Name of the Related Parties where control exists	Relation	Year	Transaction during the year																
			Sale of goods	Purchase of goods	Sale of property and other assets	Purchase of property and other assets	Rendering of services	Receiving of services	Reimbur-sement of expenses charged to the Company	Reimbur-sement of expenses charged by the Company	Interest on unsecured Loan / OCRP	Rent	Issue of Equity Share Capital	Issue of OCRPS-Equity Component	Inter company loan taken / Repaid	Issue of OCRPS-Liablity Component	Investment during the period	Director Sitting Fees	Remun-eration
Mahindra & Mahindra Limited	Holding Company	**31-Mar-21**	–	–	–	**163.44**	**38.83**	**47.41**	**583.03**	**369.30**	**201.56**	**90.18**	**3,998.14**	–	–	–	–	–	–
		31-Mar-20	0.67	–	1,770.58	20.34	67.23	700.95	298.28	–	212.20	136.74	4,920.24	2,122.98	–	2,797.26	–	–	–
Mahindra Greenyard Private Limited	Subsidiary Company	**31-Mar-21**	**88.44**	–	–	–	**3.50**	–	**18.22**	**1.49**	–	–	–	–	–	–	–	–	–
		31-Mar-20	172.16	7.69	0.34	–	–	–	–	6.75	–	–	–	–	–	–	–	–	–
Mahindra HZPC Private Limited	Subsidiary Company	**31-Mar-21**	–	–	–	–	**5.51**	–	–	**9.92**	–	–	–	–	–	–	**179.85**	–	–
		31-Mar-20	–	–	–	–	4.41	–	12.24	18.15	–	–	–	–	–	–	899.25	–	–
Mahindra Defence Systems	Fellow Subsidiary Company	**31-Mar-21**	–	–	–	–	–	–	–	–	**6.05**	–	–	–	**1,450**	–	–	–	–
		31-Mar-20	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company	**31-Mar-21**	–	–	–	–	–	**150.64**	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-20	–	–	–	–	–	163.25	–	–	–	–	–	–	–	–	–	–	–
NBS International Limited	Fellow Subsidiary Company	**31-Mar-21**	–	–	–	–	–	**0.79**	**6.12**	–	–	–	–	–	–	–	–	–	–
		31-Mar-20	–	–	–	–	–	0.28	–	–	–	–	–	–	–	–	–	–	–
Mahindra Summit Agriscience Limited	Joint Venture (w.e.f. 12 April 2019)	**31-Mar-21**	–	–	–	–	–	–	–	**391.76**	–	–	–	–	–	–	–	–	–
		31-Mar-20	–	–	–	–	–	–	5.17	463.23	–	–	–	–	–	–	7,686.00	–	–
Mahindra & Mahindra Financial services Limited	Fellow Subsidiary Company	**31-Mar-21**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-20	–	–	–	–	3.60	–	–	–	–	–	–	–	–	–	–	–	–
EPC Industries Limited	Fellow Subsidiary Company	**31-Mar-21**	–	–	**12.74**	–	**24.00**	–	**22.08**	**27.49**	–	–	–	–	–	–	–	–	–
		31-Mar-20	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Mahindra First Choice wheels Limited	Fellow Subsidiary Company	**31-Mar-21**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-20	–	–	1.35	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Mera Kisan Private Limited	Associate	**31-Mar-21**	**0.06**	–	–	–	–	–	–	**21.01**	–	–	–	–	–	–	**100.00**	–	–
		31-Mar-20	–	–	–	–	–	–	–	7.65	–	–	–	–	–	–	267.50	–	–
Origin Food Distributors	Subsidiary of Fellow Subsidiary Company	**31-Mar-21**	**342.89**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-20	1,078.39	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Origin Direct Asia	Subsidiary of Fellow Subsidiary Company	**31-Mar-21**	**169.83**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-20	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Orizonte Business Solutions Limited	Fellow Subsidiary Company	**31-Mar-21**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-20	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Smartshift Logistics Solutions Private Limited	Joint Venture	**31-Mar-21**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-20	–	–	–	–	–	3.34	–	–	–	–	–	–	–	–	–	–	–

35 Related party disclosures (Continued)

B Related party transactions

(Currency : Indian rupees in lakhs)

Name of the Related Parties where control exists	Relation	Year	Transaction during the year: Sale of goods	Purchase of goods	Sale of property and other assets	Purchase of property and other assets	Rendering of services	Receiving of services	Reimbur-sement of expenses charged to the Company	Reimbur-sement of expenses charged by the Company	Interest on unsecured Loan / OCRP	Rent	Issue of Equity Share Capital	Issue of OCRPS-Equity Component	Inter company loan taken / Repaid	Issue of OCRPS-Liablity Component	Investment during the period	Director Sitting Fees	Remun-eration
Dr. Pawan Goenka	Chairman	**31-Mar-21**	–	–	–	–	–	–	–	–	**0.65**	–	–	–	–	–	–	–	–
		31-Mar-20	–	–	–	–	–	–	–	–	0.32	–	–	6.83	–	9.05	–	–	–
Mr. Mahohar Bhide	Director	**31-Mar-21**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-20	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4.90	–
Mr. Hardeep Singh	Director	**31-Mar-21**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**5.80**	–
		31-Mar-20	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	6.00	–
Mr. Aruna Bhinge	Director	**31-Mar-21**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**5.20**	–
		31-Mar-20	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	2.80	–
Mr. Ramesh Iyer	Non Executive Director	**31-Mar-21**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
		31-Mar-20	–	–	–	–	–	–	–	–	–	–	0.41	–	–	–	–	–	–
Mr. Ashok Sharma	Key Managerial Personnel	**31-Mar-21**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**194.00**
		31-Mar-20	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	142.00
Mr. Meghnad Mitra	Key Managerial Personnel	**31-Mar-21**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**166.75**
		31-Mar-20	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	142.00
Mr. Feroz Baria (as per Companies Act, 2013)	Key Managerial Personnel	**31-Mar-21**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**2.76**
		31-Mar-20	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	2.64

35 Related party disclosures (Continued)

C Balances as at year end

(Currency : Indian rupees in lakhs)

			Balances as at year end				
Name of the Related Parties where control exists	**Relation**	**Year**	**Trade payables**	**Trade receivables**	**Loans & advances taken**	**Other Payable**	**Advances to vendors**
Mahindra & Mahindra Limited	Holding Company	**31-Mar-21**	**1,390.13**	**415.52**	–	–	–
		31-Mar-20	1,896.97	8.94	–	–	–
Mahindra Greenyard Private Limited	Subsidiary Company	**31-Mar-21**	**16.46**	**135.72**	–	–	–
		31-Mar-20	–	128.20	–	–	–
Mahindra HZPC Private Limited	Subsidiary Company	**31-Mar-21**	**15.41**	**25.23**	–	–	–
		31-Mar-20	15.41	9.10	–	–	–
Mahindra Defence Systems	Fellow Subsidiary Company	**31-Mar-21**	–	–	–	–	–
		31-Mar-20	–	–	–	–	–
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company	**31-Mar-21**	**2.84**	–	–	–	–
		31-Mar-20	6.88	–	–	–	–
NBS International Limited	Fellow Subsidiary Company	**31-Mar-21**	**0.06**	–	–	–	–
		31-Mar-20	0.06	–	–	–	–
Mahindra Summit Agriscience Limited	Subsidiary Company	**31-Mar-21**	**7.85**	**305.48**	–	–	–
		31-Mar-20	–	220.84	–	–	4.39
Mahindra & Mahindra Financial services Limited	Fellow Subsidiary Company	**31-Mar-21**	–	–	–	–	–
		31-Mar-20	–	–	–	–	–
EPC Industries Limited	Fellow Subsidiary Company	**31-Mar-21**	**16.44**	–	–	–	–
		31-Mar-20	–	–	–	–	–
Mahindra First Choice wheels Limited	Fellow Subsidiary Company	**31-Mar-21**	–	–	–	–	–
		31-Mar-20	–	–	–	–	–
Mera Kisan Private Limited	Associate	**31-Mar-21**	–	**15.36**	–	–	–
		31-Mar-20	–	8.15	–	–	–
Origin Food Distributors	Subsidiary of Fellow Subsidiary Company	**31-Mar-21**	–	**17.18**	–	–	–
		31-Mar-20	110.68	–	–	–	–
Origin Direct Asia	Subsidiary of Fellow Subsidiary Company	**31-Mar-21**	–	**89.93**	–	–	–
		31-Mar-20	–	3.46	–	–	–
Orizonte Business Solutions Limited	Fellow Subsidiary Company	**31-Mar-21**	–	–	–	–	–
		31-Mar-20	0.13	–	–	–	–
Smartshift Logistics Solutions Private Limited	Joint Venture	**31-Mar-21**	**0.13**	–	–	–	–
		31-Mar-20	0.28	–	–	–	–
Dr. Pawan Goenka	Chairman	**31-Mar-21**	–	–	–	**16.86**	–
		31-Mar-20	–	–	–	–	–
Mr. Mahohar Bhide	Director	**31-Mar-21**	–	–	–	–	–
		31-Mar-20	–	–	–	–	–

35 Related party disclosures (Continued)

(Currency : Indian rupees in lakhs)

C Balances as at year end

			Balances as at year end				
Name of the Related Parties where control exists	**Relation**	**Year**	**Trade payables**	**Trade receivables**	**Loans & advances taken**	**Other Payable**	**Advances to vendors**
Mr. Hardeep Singh	Director	**31-Mar-21**	–	–	–	–	–
		31-Mar-20	–	–	–	–	–
Mr. Aruna Bhinge	Director	**31-Mar-21**	–	–	–	–	–
		31-Mar-20	–	–	–	–	–
Mr. Ramesh Iyer	Non Executive Director	**31-Mar-21**	–	–	–	–	–
		31-Mar-20	–	–	–	–	–
Mr. Ashok Sharma	Key Managerial Personnel	**31-Mar-21**	–	–	–	–	–
		31-Mar-20	–	–	–	–	–
Mr. Meghnad Mitra	Key Managerial Personnel	**31-Mar-21**	–	–	–	–	–
		31-Mar-20	–	–	–	–	–
Mr. Feroz Baria (as per Companies Act, 2013)	Key Managerial Personnel	**31-Mar-21**	–	–	–	–	–
		31-Mar-20	–	–	–	–	–

(Currency : Indian rupees in lakhs)

36 Employee benefits expenses - ESOP

Share based payment

A. Employees Stock Option Scheme - 2016:

This Plan shall be termed as the MASL Employees Stock Option Scheme - 2016 ("Plan"). The Plan has been approved by a Special Resolution at a General Meeting of the Shareholders held on 24 November 2016. The Plan has been approved for Eligible Employees of Mahindra Agri Solutions Limited. The Plan has also been approved to reward eligible employees whether they are working in India or abroad or Directors of the Company (including Managing Director/ Whole Time Director(s) but excluding Independent Directors) or Directors and Employees of the Holding Company or of the Subsidiary Company(ies) or of the Subsidiaries of its Holding Company.

In respect of Employee Stock Option Scheme :

The compensation cost of stock options granted to employees is measured by the Fair Value Method.

Fair value is the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction, is recognised and amortised on straight line basis over the vesting period.

Eligibility:

Based on the criteria as may be decided by the Committee at its own discretion, including, but not limited to the date of joining of the Eligible Employee with the Company or the Group, performance evaluation, current compensation, criticality or any other criteria, KRA, future potential, such Eligible Employees, as determined by the Committee, may participate in the Plan. Employees joining the Company after the date of implementation of the Plan will be entitled to participate in the Plan, on a case to case basis and subject to such criteria as may be decided solely by the Committee.

The objective of the Plan is:

- To retain the best talent in the Industry
- To infuse a sense of entrepreneurship and ownership.

This purpose is sought to be achieved through the grant of Options to the Eligible Employees, to subscribe to the Equity Shares of the Company.

Details of the ESOP granted as per the above scheme

	Number of options	Grant date	Exercise price	Fair value of the option at Grant date
Cycle-I Equity Settled MASL Employees Stock Option Scheme - 2016	3,569,977	1 Feb 2017	47.5	24.15
Cycle-II Equity Settled MASL Employees Stock Option Scheme - 2016	285,401	1 May 2018	47.5	18.1
Cycle-III Equity Settled MASL Employees Stock Option Scheme - 2016	547,176	31 Jan 2020	10	22.87

Cycle-I Options granted under MASL Employees Stock Option Scheme - 2016 vest in 4 instalments bifurcated as 25% on the expiry of 14 months, 25% on the expiry of 26 months, 25% on the expiry of 38 months and 25% on the expiry of 50 months from the date of grant date.

Cycle-II Options granted under MASL Employees Stock Option Scheme - 2016 vest in 4 instalments bifurcated as 25% on the expiry of 23 months, 25% on the expiry of 35 months, 25% on the expiry of 47 months and 25% on the expiry of 59 months from the date of grant date.

Cycle-III Options granted under MASL Employees Stock Option Scheme - 2016 vest in 4 instalments bifurcated as 25% on the expiry of 14 months, 25% on the expiry of 26 months, 25% on the expiry of 38 months and 25% on the expiry of 50 months from the date of grant date.

The options may be exercised on any day over a period of 3 years from the date of vesting. Number of vested options exercisable is subject to a minimum of 250 or number of options vested whichever is lower.

Movement in share options

	Particulars	**Equity-settled share-based payments** Number of options	Weighted average exercise price
1	The number and weighted average exercise prices of share options outstanding at the beginning of the year;	3,390,374	47.50
2	Granted during the year	547,176	10.00
3	Forfeited during the year	–	–
4	Exercised during the year	–	–
5	Expired during the year	–	–
6	Outstanding at the end of the year	3,937,550	42.29
7	Exercisable at the end of the year	–	–

The share options outstanding at the end of the year had a weighted average exercise price of Rs 42.29, and a weighted average remaining contractual life of 3.9 years.

The fair value of the equity instruments is calculated based on Black Scholes model. The Black Scholes model requires the consideration of certain variables such as volatility, risk free rate, expected dividend yield, expected option life, market price and exercise price for the calculation of the option. These variables significantly influence the fair value and any change in these variables could significantly affect the fair value of the option.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows.

Share option programmes

	MASL Employees Stock Option Scheme - 2016	
	31 March 2021	31 March 2020
Share price at grant date	**47.50**	47.50
Exercise price	**47.50**	47.50
Expected volatility (weighted-average)	**58.3**	58.3
Expected life/option life (weighted-average)	**2.66**	2.66
Expected dividends yield	**0.00%**	0.00%
Risk-free interest rate (based on government bonds)	**6.25%**	6.25%

Employee share based payment	**For the Year 31 March 2021**	For the Year 31 March 2020
MASL Plan 2016	**99.11**	101.60
Debit to Mahindra HZPC Private Limited	**(1.84)**	(4.41)
Total	**97.27**	97.19

The amount of Rs. 1.84 lakhs (31 March 2020 : Rs 4.41 lakhs) charged to its subsidiary Mahindra HZPC Private Limited, for options issued to its employees.

ESOP scheme of parent company:

Certain employees of the Company are also covered by share option schemes offered by Parent Company, Mahindra & Mahindra Limited. The Company treats such share based payment as an equity settled share based payments arrangement. Options granted under Parent's ESOP scheme vests in 4 or 5 equal instalments on expiry of 12 months, 24 months, 36 months, 48 months and where applicable 60 months from the date of grant. The options may be exercised subject to condition of minimum number of option vesting, on any day over a period of four or five years, as the case may be from the date of vesting. The parent Company charges the subsidiary for the equity it provides

(Currency : Indian rupees in lakhs)

to the employees of the subsidiary over the vesting period. The charge is based on fair value of options calculated using Black and Scholes Option Pricing Model. The fair value charge in FY 2020-21 Rs. 16.14 Lakhs (FY 19-20 of Rs 22.31 Lakhs)is recognised as share based payment expenses under Employee Benefit Expenses.

B. Long-term Incentive Plan (LTI):

This Plan shall be termed as the MASL Long Term Incentive Plan (LTI) Bonus Grants for Business Leaders. The Plan has been approved by Board of Director in its meeting held on 2 May 2017. The Plan has been approved for Eligible Employees whether they are working in India or abroad as mentioned in the Plan.

In respect of Bonus Grants for Business Leaders Scheme :

The compensation cost of stock options granted to employees is measured by the Fair Value Method.

Fair value is the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction, is recognised and amortised on straight line basis over the vesting period.

Eligibility:

Defined Business leaders as stated in the plan will be eligible for bonus grant. Actual vesting can be between 0 to 2x of grant based on business leaders performance. Performance of each Business shall be assessed based on the target (Revenue, PBT and ROC factors) on a cumulative basis from F18 to F20. Bonus grant vesting will be happen on achieving the qualifying target. Qualifying target is based on 80% of revenue budget and stretch level is at 130% of revenue budget as set in the plan.

The objective of the Plan is:

– To retain the best talent in the Industry

– To infuse a sense of entrepreneurship and ownership.

This purpose is sought to be achieved through the grant of Additonal Options to the eligible Business Leaders, to subscribe to the Equity Shares of the Company based on certain business performance parameters.

Details of the ESOP granted as per the above scheme

	Number of options	Grant date	Exercise price	Fair value at grant date
MASL Long Term Incentive Plan (LTI) Bonus Grants for Business Leaders	191,824	2 May 2017	47.5	105.4

Options granted under MASL Long-term Incentive Plan (LTI) Bonus Grants for Business Leaders will be vested post 12 months of F20 assessment i.e. 31 March 2021.

Movement in share options

	Particulars	MASL Long-term Incentive Plan (LTI) Bonus Grants for Business Leaders: Number of options	Weighted average exercise price
1	The number and weighted average exercise prices of share options outstanding at the beginning of the year;	191,824	47.50
2	Granted during the year	–	–
3	Forfeited during the year	–	–
4	Exercised during the year	–	–
5	Expired during the year	–	–
6	Outstanding at the end of the year	191,824	47.50
7	Exercisable at the end of the year	–	–

The fair value of the equity instruments is calculated based on Black Scholes model. The Black Scholes model requires the consideration of certain variables such as volatility, risk free rate, expected dividend yield, expected option life, market price and exercise price for the calculation of the option. These variables significantly influence the fair value and any change in these variables could significantly affect the fair value of the option.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows.

Share option programmes

	MASL Long-term Incentive Plan (LTI) Bonus Grants for Business Leaders
Share price at grant date	**132.69**
Exercise price	**47.50**
Expected volatility (weighted-average)	**55.57%**
Expected life/Option Life (weighted-average)	**5.42**
Expected dividends yield	**0.00%**
Risk-free interest rate (based on government bonds)	**6.99%**

We have not considered any provision for above scheme because based on Actual performance of F-18, Board approved budget of F-19 and projection for F-20, it evident that basic eligibility criterion and performance condition of Scheme for grant of options are not going to trigger in any business.

37 Capital commitments

Commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31 March 2021 is Rs NIL (31 March 2020 is Rs 35.24 lakhs).

38 Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Total outstanding dues of Micro, Small and medium enterprises, which are outstanding for more than the stipulated period are given below:

Sr. No.	Particulars	As at 31 March 2021	As at 31 March 2020
I	Principal amount remaining unpaid to any supplier at the end of the accounting year	**41.66**	259.74
II	Interest due thereon remaining unpaid to any supplier at the end of the accounting year	**0.10**	2.21
III	the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	**0.39**	14.24
IV	the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	**0.10**	2.21
V	Amount of interest accrued and remaining unpaid as at the year end	**0.10**	2.21
VI	the amount of interest accrued and remaining unpaid at the end of each accounting year	**0.10**	–

(Currency : Indian rupees in lakhs)

Sr. No.	Particulars	As at 31 March 2021	As at 31 March 2020
VII	Amount of interest written back during the period as the same is not payable	**NIL**	NIL
VIII	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**NIL**	NIL

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

39 Research and development expenditure:

Sr. No.	Particulars	As at 31 March 2021	As at 31 March 2020
	In recognised Research and development units		
(i)	Debited to the Statement of profit and loss account other than depreciation and amortisation	**655.53**	580.38
(ii)	Depreciation and amortisation	**71.54**	46.40
(iii)	Capital expenditure	**101.24**	3.68
	Total	**828.30**	630.46

The above figures include the amounts based on separate accounts for the Research and Developments ("R&D") Centre recognised by the Department of Scientific & Industrial Research ("DSIR"), Ministry of Science and Technology for in-house research (consonance with the DSIR guidelines for in-house R & D Centre will be evaluated at the time of filing the return with DSIR).

40 Disclosure pursuant to Section 186 of the Companies Act, 2013

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

Investments in equity shares

Sr. No.	Name of the entity	Year	As at 1 April 2020	Investment made during the year	Investment sold during the year	As at 31 March 2021
1	Mahindra Greenyard Private Limited	**31-Mar-21**	**625.80**	**–**	**–**	**625.80**
		31-Mar-20	625.80	–	–	625.80
2	Mahindra HZPC Private Limited	**31-Mar-21**	**2,511.30**	**179.85**	**–**	**2,691.15**
		31-Mar-20	1,612.05	899.25	–	2,511.30
3	Mahindra Fresh Fruits Distribution Holding Company Europe BV	**31-Mar-21**	**7.67**	**–**	**–**	**7.67**
		31-Mar-20	7.67	–	–	7.67
4	Mera Kisan Private Limited	**31-Mar-21**	**50.00**	**–**	**–**	**50.00**
		31-Mar-20	50.00	–	–	50.00

Investments in optionaly convertible preference shares

Sr. No.	Name of the entity	Year	As at 1 April 2020	Investment made during the year	Investment sold during the year	As at 31 March 2021
1	Mera Kisan Private Limited	**31-Mar-21**	**688.00**	**72.50**	**–**	**760.50**
		31-Mar-20	443.00	245.00	–	688.00

Investments in Optionally redeemable cumulative preference share

Sr. No.	Name of the entity	Year	As at 1 April 2020	Investment made during the year	Investment sold during the year	As at 31 March 2021
1	Mera Kisan Private Limited	**31-Mar-21**	**–**	**50.00**	**–**	**50.00**
		31-Mar-20	–	–	–	–

Investments in warrants

Sr. No.	Name of the entity	Year	As at 1 April 2020	Investment made during the year	Investment sold during the year	As at 31 March 2021
1	Mera Kisan Private Limited	**31-Mar-21**	**41.86**	**–**	**–**	**41.86**
		31-Mar-20	41.86	–	–	41.86

Investments in Joint Ventures

Sr. No.	Name of the entity	Year	As at 1 April 2020	Investment made during the year	Investment sold during the year	As at 31 March 2021
1	Mahindra Summit Agriscience Limited	**31-Mar-21**	**7,686.60**	**–**	**–**	**7,686.60**
		31-Mar-20	–	7,686.60	–	7,686.60

(Currency : Indian rupees in lakhs)

41 Exceptional items

The Company classifies items of income and expense within profit or loss from ordinary activities as exceptional items when they are of such size, nature or incidence that their disclosure is relevant to explain the performance for the period.

Exceptional Items (net) recognised in profit or loss

Particulars	31 March 2021	31 March 2020
Impairment of certain investments #	(2,881.75)	–
Gain of transfer of certain investments ##	–	598.03

The Company has long-term investments in subsidiaries, associates and joint ventures which are measured at cost less impairment or at Fair value through other comprehensive income. The management assesses the performance of these entities including the future projections and relevant economic and market conditions in which they operate to identify if there is any indicator of impairment in the carrying value of the investments. In case indicators of impairment exist, the impairment loss is measured by estimating the recoverable amounts based on the higher of (i) 'fair value less cost of disposal' determined using market price information, where available, and (ii) 'value-in-use' estimates determined using discounted cash flow projections, where available.

The fair value less costs of disposal is determined using the market approach and is categorised as Level 1 in the fair value hierarchy. The future cash flow projections are specific to the entity based on its business plan and may not be the same as those of market participants. The future cash flows consider key assumptions such as volume projections, margins, terminal growth rates, etc. with due consideration for the potential risks given the current economic environment in which the entity operates. The discount rates used are pre-tax rates based on weighted average cost of capital and reflects market's assessment of the risks specific to the asset as well as time value of money. The recoverable amount estimates are based on judgments, estimates, assumptions and market data as on reporting date and ignore subsequent changes in the economic and market conditions.

During the year ended 31 March 2021, the performance of certain subsidiaries and associates along with the relevant economic and market indicators including the impact of uncertainties arose from Covid-19 resulted in indicators of impairment in respect of certain entities. Accordingly, the Company determined the recoverable amounts for these investments and recorded a provision for impairment of Rs. 2,881.75 lakhs (31 March 2019 : Rs. Nil lakhs) for the year ended 31 March 2021. The value-in-use calculation use discount rates ranging from 19% - 20% and the terminal growth rates ranging from 4% - 5%.

Gain on Slump sale of Cropcare business

During the financial year 2018-19, the Company had entered into a business transfer agreement (BTA) dated 12 October 2018 between Mahindra Agri Solutions Limited ("the Company" or MASL) and Mahindra Summit Agriscience Limited ("MSAL"). Pursuant to this agreement, Cropcare business of the Company had been transferred to MSAL on slump sale basis for fully paid equity shares of MSAL valued at Rs 12,810 lakhs and acquired 100% shareholding in MSAL. The Company had recorded a gain of Rs 4,909.31 Lakhs on this transaction as an exceptional item for the year ended 31 March 2019.

Subsequent to the execution of the above slump sale transaction, in April 2019 30% shareholding of MSAL was sold to the Summito corporation and 10% shareholding of MSAL to Summit Agro International Ltd.

The Company has recorded a gain of Rs 598.03 lakhs on this transaction as an exceptional item for the year ended 31 March 2020.

42 Contingent liabilities

The Company is involved in a number of appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the course of conduct of the Company's businesses. Some of these proceedings in respect of matters under litigation are in early stages, and in some other cases, the claims are indeterminate. A summary of claims asserted on the Company in respect of these cases have been summarised below.

A. Tax contingencies

Amounts in respect of claims asserted by various revenue authorities on the Company, in respect of taxes, which are in dispute, have been tabulated below:

Nature of Tax	31 March 2021	31 March 2020
Value Added Tax	60.56	40.80
Sales Tax	67.81	11.66
Total	128.37	52.46

The management believes that the claims made are untenable and is contesting them. As of the reporting date, the management is unable to determine the ultimate outcome of above matters. However, in the event the revenue authorities succeed with enforcement of their assessments, the Company may be required to pay some or all of the asserted claims and the consequential interest and penalties, which would reduce net income and could have a material adverse effect on net income in the respective reported period.

B. In February 2019, the Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company has made a provision for provident fund contribution from the date of the Supreme Court order.

43 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013 revising Division I, II and III of Schedule III and are applicable from April 1, 2021. The amendments primarily relate to

a) Change in existing presentation requirements for certain items in Balance sheet, for eg. lease liabilities, security deposits, current maturities of long term borrowings, effect of prior period errors on Equity Share capital

b) Additional disclosure requirements in specified formats, for eg. ageing of trade receivables, trade payables, capital work in progress, intangible assets, shareholding of promoters, etc.

c) Disclosure if funds have been used other than for the specific purpose for which it was borrowed from banks and financial institutions.

d) Additional Regulatory Information, for eg.,compliance with layers of companies, title deeds of immovable properties, financial ratios, loans and advances to key managerial personnel, etc.

e) Disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency.

(Currency : Indian rupees in lakhs)

The amendments are extensive and the Company is evaluating the same.

44 Impact of Covid-19

The country was in a crisis situation due to COVID-19, which had been declared as pandemic by World Health Organization. The countrywide lockdown was declared by Govt of India covered a part of financial year ended 31 March 2021. However, the Government of India has made certain allowances for movement of agricultural inputs during this period being essential item for agriculture. Based on the operations for the financial year ended 31 March 2021, the Company believes that, there is no significant impact of COVID-19 pandemic on the financial position and performance of the Company for the financial year ended 31 March 2021.

45 Disclosure on Specified Bank Notes (SBNs)

The disclosures in the financial statements regarding holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

46 The figures for the previous year have been regrouped/reclassified to correspond with the current year's classification/disclosures that include changes consequent to the issuance of "Guidance Note on Division II - Ind AS Schedule III to the companies Act 2013".

47 Other matters

Information with regard to other matters specified in Schedule III to the Act is either nil or not applicable to the Company for the year.

In terms of our report attached.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No : 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
Date: 28 April 2021

For and on behalf of Board of Directors
Mahindra Agri Solutions Limited
CIN - U01400MH2000PLC125781

Ramesh Iyer
Director
DIN: 00220759

Ashok Sharma
Managing Director and Chief Executive Officer
DIN: 02766679

Feroze Baria
Company Secretary
Membership No.: 11357

Meghnad Mitra
Chief Financial Officer
Membership No.: 54732

Mumbai
Date: 28 April 2021

Delhi
Date: 28 April 2021

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5
of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries

Part "A": Subsidiaries

Rs in lakhs

S N	Particulars	Details	Details	Details	Details	Details
1.	Name of the subsidiary	Mahindra Greenyard Private Limited	MHZPC Private Limited	Mahindra Fresh Fruits Distributions Holding Company (Europe) B.V	Mahindra Summit Agriscience Ltd.	MeraKisan Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March, 2021 Same as Holding Company	31st March, 2021 Same as Holding Company	31st October, 2020 Different from Holding Company	31st March, 2021 Same as Holding Company	31st March, 2021 Same as Holding Company
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR in Lacs. Not Applicable	INR in Lacs. Not Applicable	EURO in Lacs. Not Applicable	INR in Lacs. Not Applicable	INR in Lacs. Not Applicable
4.	Share capital	Rs. 1,043.00	Rs.4,489.00	Euro 0.10	Rs 12,811.00	Rs. 156.54
5.	Reserves & surplus	(-) **1,106.16**	(-) Rs.4309.10	(-) Euro 1.06	(-) Rs 2,391.78	(-) Rs. 941.91
6.	Total assets	Rs. 175.62	Rs. 5052.28	Euro 43.27	Rs 20091.90	Rs. 173.22
7.	Total Liabilities	Rs. 238.78	Rs. 4872.38	Euro 44.23	Rs 9,672.68	Rs. 958.59
8.	Investments	Nil	Nil	Nil	Nil	Nil
9.	Turnover	Rs. 6774.92	Rs. 4433.23	Nil	Rs 17527.66	Rs. 938.52
10.	Profit before taxation	Rs. 196.46	(-) Rs. 138.82	(-) Euro 0.73	Rs 31.08	(-) Rs. 274.78
11.	Provision for taxation	Nil	Nil	Nil	Nil	Nil
12.	Profit after taxation	Rs. 196.46	(-) Rs. 138.82	(-) Euro 0.73	Rs 79.70	(-) Rs. 274.78
13.	Proposed Dividend	Nil	Nil	Nil	Nil	Nil
14.	% of shareholding	100%	59.95%	100%	60%	31.94%

MASL holds 78.37% in MKPL as on 31st March 2021 after considering the voting rights of OCRPS.

Additional Information:

1) Names of subsidiaries which are yet to commence operations: Nil

2) Names of subsidiaries which have been liquidated or sold during the year: Nil

In terms of our report attached.

For **B S R & Co. Ltd.**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

For and on behalf of Board of Directors
Mahindra Agri Solutions Limited
CIN - U01400MH2000PLC125781

Ramesh Iyer
Director
DIN: 00220759

Ashok Sharma
Managing Director & Chief Executive Officer
DIN: 02766679

Feroz Baria
Company Secretary

Meghnad Mitra
Chief Financial Officer

FORM AOC-1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014
Statement Containing salient features of the financial statements of subsidiaries

Part A - Subsidiaries (as per section 2(87)) of companies Act, 2013

Rupees Lakhs

S No	Name of Subsidiary	The date since when subsidiary was acquired (DD/MM/YYYY)	Reporting Currency	Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Gross Turnover	Profit/ (Loss) before Tax	Provision for Tax	Profit/ (Loss) after Tax	Proposed Dividend and Tax thereon	Proportion of ownership interest @	Proportion of voting power where different
1	OFD Holding BV	2/22/2017	Euro	86.13	27.04	4,019.63	140.28	658.84	4,565.22	21.53	(12.57)	1.32	(11.25)	–	81.93%	83.09%
2	Origin Direct Asia Ltd.	2/22/2017	USD	73.59	0.95	0.56	1,280.24	1,278.74		8,180.71	366.83	3.70	363.14	–	49.16%	60.00%
3	Origin Fruit Direct B.V.	2/22/2017	Euro	86.13	11.73	4,553.49	11,972.07	7,407.09		48,827.96	(317.31)	79.29	(238.02)	–	81.93%	100.00%
4	Origin Fruit Services South America SpA	2/22/2017	CLP	0.10	0.96	(91.37)	246.45	336.86		358.53	6.84	–	6.84	–	81.93%	100.00%
5	Origin Direct Asia (Shanghai) Trading Co. Ltd.	2/22/2017	RMB	11.21	103.79	(1,260.86)	408.05	1,565.12		2,204.55	(65.94)	–	(65.94)	–	81.93%	100.00%

In terms of our report attached.

For **B S R & Co. Ltd.**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Ramesh Iyer
Director
DIN: 00220759

Feroz Baria
Company Secretary

For and on behalf of Board of Directors
Mahindra Agri Solutions Limited
CIN - U01400MH2000PLC125781

Ashok Sharma
Managing Director & Chief Executive Officer
DIN: 02766679

Meghnad Mitra
Chief Financial Officer

FORM AOC-1

Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014
Statement Containing salient features of the financial statements of subsidiaries

Part B - Details of Associates/Joint ventures (as per section 2(6) of the companies Act, 2013)

Rupees Lakhs

Name of Associates	Reporting Currency	The date since when Associate was acquired (DD/MM/YYYY)	Audited Balance Sheet Date	No. of Equity shares held	Exchange Rate	% of Holding	Cost of Investments (Equity Shares)	Networth as per Latest Audited Balance sheet	Share of Networth attributable to Shareholding as per latest audited Balance Sheet	Profit as per latest audited P&L	Profit / (Loss) for the year	
											Considered in Consolidation	Not considered in consolidation
HDG-Asia Ltd	USD	2/22/2017	10/31/2019	5000	73.59	50%	103.03	6.80	3.40	12.97	6.49	6.49

In terms of our report attached.

For **B S R & Co. Ltd.**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Ramesh Iyer
Director
DIN: 00220759

Feroz Baria
Company Secretary

For and on behalf of Board of Directors
Mahindra Agri Solutions Limited
CIN - U01400MH2000PLC125781

Ashok Sharma
Managing Director & Chief Executive Officer
DIN: 02766679

Meghnad Mitra
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA SUMMIT AGRISCIENCE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra Summit Agriscience Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Director report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
    d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
    e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

    (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    i. The Company does not have any pending litigations which would impact its financial position.
    ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021.
    iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 were not applicable since the Company was incorporated on 9 October 2018.

    (C) With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959
ICAI UDIN: 21113959AAAACJ4866

Mumbai
26 April 2021

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2021

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a programme of physical verification of its fixed assets by which all fixed assets are verified once in three years, pursuant to which the fixed assets were physically verified in the financial year ended 31 March 2020. No material discrepancies were noticed on such verification. All discrepancies have been dealt with in the books of account.

(c) In our opinion and according to the information and explanations given to us and on the basis of examination of records of the Company, the title deeds of immovable properties which are freehold land and freehold building as disclosed in Note 4 to the financial statements are held in the name of the Company.

ii. The inventory, except for goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. In respect of stocks lying with third parties at the year-end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.

iv. According to the information and explanations given to us, the Company has not granted any loan or made any investment or given any guarantee or provided any security under Section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

v. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year in terms of the provisions of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

vi. In our opinion, and according to the information and explanations given to us, the maintenance of cost records under section 148 (1) of the Act is not applicable to the Company under Companies (Cost Record and Audit) Rules, 2014.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Profession Tax and other material statutory dues have generally been regularly deposited with the appropriate authorities. As explained to us, the Company did not have any dues on account of Duty of Customs, Sales Tax, Excise Duty, Value added Tax and cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Profession Tax and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Service Tax as at 31 March 2021, which have not been deposited with the appropriate authorities on account of any dispute.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loan or borrowing to the bank. The Company has not taken any loans or borrowings from any financial institution or government nor has issues any debenture during the year.

ix. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and has not obtained any term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any material instances of fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi

Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us by the management, the Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act, where applicable and the details of such related party transaction have been disclosed in the financial statements as required by Ind AS 24 Related Party Disclosures specified under Section 133 of the Act. The Company does not fall under the definition of a listed company or other class of companies which is required to constitute an audit committee under Section 177 of the Act and therefore the said Section is not applicable to the Company.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959
ICAI UDIN: 21113959AAAACJ4866

Mumbai
26 April 2021

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA SUMMIT AGRISCIENCE LIMITED FOR THE YEAR ENDED 31 MARCH 2021

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Summit Agriscience Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959
ICAI UDIN: 21113959AAAACJ4866

Mumbai
26 April 2021

BALANCE SHEET AS AT 31 MARCH 2021

(Currency: Indian Rupees in lakhs)

	Particulars	Note No.	As at 31 March 21	As at 31 March 20
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, plant and equipment	4	**1,740.20**	1,680.83
	(b) Goodwill	30	**4,185.21**	4,185.21
	(c) Other intangible assets	5A	**456.30**	501.66
	(d) Intangible assets under development	5B	**163.71**	–
	(e) Financial assets			
	(i) Other financial assets	6	**1.84**	15.79
	(f) Current tax assets (net)	13A	**5.22**	1.27
	(g) Other non-current assets	7	**–**	1.64
	SUB-TOTAL		**6,552.48**	6,386.41
	CURRENT ASSETS			
	(a) Inventories	8	**4,950.37**	3,243.67
	(b) Financial assets			
	(i) Trade receivables	9	**6,783.85**	7,771.98
	(ii) Cash and cash equivalents	10A	**35.53**	631.00
	(iii) Bank balances other than (ii) above	10B	**–**	0.58
	(iv) Other financial assets	6	**10.59**	14.57
	(c) Other current assets	7	**1,759.08**	965.35
	SUB-TOTAL		**13,539.42**	12,627.14
	TOTAL ASSETS		**20,091.90**	19,013.55
II	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	(a) Equity share capital	11A	**12,811.00**	12,811.00
	(b) Other equity	11B	**(2,391.78)**	(2,502.05)
	SUB-TOTAL		**10,419.22**	10,308.95
	LIABILITIES			
	2 NON-CURRENT LIABILITIES			
	(a) Provisions	12	**96.29**	149.78
	(b) Deferred tax liabilities (net)	13B	**–**	48.62
	SUB-TOTAL		**96.29**	198.40
	3 CURRENT LIABILITIES			
	(a) Financial liabilities			
	(i) Borrowings	14	**815.08**	2,000.00
	(ii) Trade payables	15		
	Total outstanding dues of micro enterprises and small enterprises		**716.10**	480.29
	Total outstanding dues of creditors other than micro enterprises and small enterprises		**5,978.52**	4,524.52
	(iii) Other financial liabilities	16	**298.13**	283.56
	(b) Provisions	12	**69.37**	67.74
	(c) Other current liabilities	17	**1,699.19**	1,150.08
	SUB-TOTAL		**9,576.39**	8,506.18
	TOTAL EQUITY AND LIABILITY		**20,091.90**	19,013.55

The accompanying notes 1 to 36 forms integral part of financial statements

In terms of our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No : 101248W/W-100022

For and on behalf of Board of Directors
Mahindra Summit Agriscience Limited
CIN - U01400MH2018PLC315558

Jayesh T Thakkar
Partner
Membership No:113959

Place : Mumbai
Date : 26th April 2021

Sandeep Gadre	**Ashok Sharma**	**Kuldeep Singh**	**Anwaya Kadu**
Whole Time Director & CEO	Director	Chief Financial Officer	Company Secretary

Place : Mumbai
Date : 26th April 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

(Currency: Indian Rupees in lakhs)

	Particulars	Note No.	**Year ended 31 March 2021**	Year ended 31 March 2020
I	**Income**			
	Revenue from operations	*18*	**17,527.66**	11,276.53
	Other income	*19*	**111.91**	157.40
	Total Income (I)		**17,639.57**	11,433.93
II	**EXPENSES**			
	Cost of materials consumed	*20A*	**8,444.40**	2,699.53
	Purchases of stock-in-trade		**4,192.82**	4,911.71
	Changes in stock of finished goods	*20B*	**(359.17)**	950.60
	Employee benefit expense	*21*	**2,016.63**	1,992.56
	Finance costs	*22*	**101.98**	203.92
	Depreciation and amortisation expense	*23*	**161.12**	151.17
	Other expenses	*24*	**3,050.72**	2,831.13
	Total Expenses (II)		**17,608.50**	13,740.61
III	**Profit / (loss) before tax (I-II)**		**31.08**	(2,306.68)
IV	**Tax expenses**	25		
	Current tax		**–**	–
	Deferred tax		**(48.62)**	–
	Total Tax Expenses		**(48.62)**	–
V	**Profit / (loss) after tax for the year**		**79.70**	(2,306.68)
VI	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans		**(30.57)**	2.95
	(ii) Income tax relating to defined benefit plans that will not be reclassified to profit or loss		**–**	–
	Total other comprehensive income		**(30.57)**	2.95
VII	**Total comprehensive Profit / (loss) for the year (V-VI)**		**49.12**	(2,303.73)
	Earnings / (loss) per equity share: Basic (in Rs.)	26	**0.06**	(1.85)

The accompanying notes 1 to 36 forms integral part of financial statements

In terms of our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No : 101248W/W-100022

For and on behalf of Board of Directors
Mahindra Summit Agriscience Limited
CIN - U01400MH2018PLC315558

Jayesh T Thakkar
Partner
Membership No:113959

Sandeep Gadre
Whole Time Director & CEO

Ashok Sharma
Director

Kuldeep Singh
Chief Financial Officer

Anwaya Kadu
Company Secretary

Place : Mumbai
Date : 26th April 2021

Place : Mumbai
Date : 26th April 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Cash flows from operating activities		
Profit / (loss) before tax	**31.08**	(2,306.68)
Adjustments for:		
Finance costs	**101.98**	203.92
Interest income recognised in profit or loss	**(1.04)**	(6.70)
Provision for doubtful debts	**230.56**	122.29
Bad debts	**132.91**	–
Provision for doubtful debts written back	–	**(113.95)**
Write back of advance from customers	**(13.07)**	–
Depreciation and amortisation expense	**161.12**	**151.17**
Profit on sale of property, plant and equipment (net)	**(2.37)**	–
	641.17	(1,949.95)
Movements in working capital:		
Decrease in trade and other receivables	**624.65**	457.09
(Increase) / decrease in inventories	**(1,706.71)**	883.52
(Increase) in other assets	**(774.16)**	(262.26)
Increase/ (decrease) in trade and other payables	**2,265.27**	(364.88)
	409.05	713.48
Cash generated from / (used in) operating activities	**1,050.22**	(1,236.48)
Income taxes paid	**(3.94)**	(1.27)
Net cash generated from / (used in) operating activities (A)	**1,046.28**	(1,237.75)
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment	**(336.47)**	(25.96)
Fixed deposits matured	**0.58**	–
Interest income received from fixed deposits	**1.04**	–
Net cash (used in) investing activities (B)	**(334.85)**	(25.96)
Cash flows from financing activities		
Proceeds from Short-term borrowings	**815.08**	4,000.00
Repayment of Short-term borrowings	**(2,000.00)**	(2,000.00)
Proceeds from Intercompany borrowings	**1,500.00**	–
Repayment of Intercompany borrowings	**(1,500.00)**	–
Interest paid	**(121.98)**	(106.04)
Net cash flow (used in) / generated from financing activities (C)	**(1,306.90)**	1,893.96
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(595.47)**	630.26
Cash and cash equivalents at the beginning of the year	**631.00**	0.74
Cash and cash equivalents at the end of the year (refer note 10)	**35.53**	631.00

Notes :

1 The above Cash Flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (Ind AS) 7 - "Statement of Cash Flows" notified under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015.

2 **Components of cash and cash equivalents**

(Currency: Indian Rupees in lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Balance with banks		
– In current accounts	**35.53**	631.00
	35.53	631.00

3 **The movement of borrowings as per Ind AS 7 is as follows:**

	Year ended 31 March 2021	Year ended 31 March 2020
Opening balances		
Short-term borrowing	**2,000.00**	–
Movements		
Short-term borrowing	**(1,184.92)**	2,000.00
Closing balances		
Short-term borrowing	**815.08**	2,000.00

The accompanying notes 1 to 36 forms integral part of financial statements

In terms of our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No : 101248W/W-100022

For and on behalf of Board of Directors
Mahindra Summit Agriscience Limited
CIN - U01400MH2018PLC315558

Jayesh T Thakkar
Partner
Membership No:113959

Sandeep Gadre
Whole Time Director & CEO

Ashok Sharma
Director

Kuldeep Singh
Chief Financial Officer

Anwaya Kadu
Company Secretary

Place : Mumbai
Date : 26th April 2021

Place : Mumbai
Date : 26th April 2021

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2021

(a) Equity share capital

(Currency: Indian Rupees in lakhs)

Equity share capital	Amount
As at 1 April 2019	1.00
Changes in equity share capital during the year	12,810.00
As at 31 March 2020	12,811.00
Issued equity share capital during the year	–
As at 31 March 2021	**12,811.00**

(b) Other equity

Particulars	Share Application Money	Retained earnings	Total
As at 1 April 2019	12,810.00	(192.42)	12,617.58
Other comprehensive income / (loss)	–	(2.95)	(2.95)
Loss for the year	–	(2,306.68)	(2,306.68)
Share application money allotted during the year	(12,810.00)	–	(12,810.00)
As at 31 March 2020	–	(2,502.05)	(2,502.05)
Profit for the year	–	79.70	79.70
Other comprehensive income / (loss)	–	30.57	30.57
Total	**–**	**(2,391.78)**	**(2,391.78)**

In terms of our report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No : 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No:113959

Place : Mumbai
Date : 26th April 2021

For and on behalf of Board of Directors
Mahindra Summit Agriscience Limited
CIN - U01400MH2018PLC315558

Sandeep Gadre	**Ashok Sharma**	**Kuldeep Singh**	**Anwaya Kadu**
Whole Time Director & CEO	Director	Chief Financial Officer	Company Secretary

Place : Mumbai
Date : 26th April 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CURRENCY: INDIAN RUPEES IN LAKHS)

1. Corporate information

Mahindra Summit Agriscience Limited ("the Company") a Public Limited Company domiciled in India and incorporated on 9 October 2018 under the provisions of the Companies Act, 1956 (CIN : U01400MH2018PLC315558).

The Company is primarily engaged in the business of manufacture and marketing of Agri Inputs. The Company has its manufacturing facilities in India and sells in India. Mahindra Agri Solutions Limited owns 60% of the Company's equity share capital as at 31 March 2021.

The financial statements for the year ended 31 March 2021 were approved by the Board of Directors and authorised for issue on 26 April 2021.

2. Statement of compliance and basis of preparation and presentation

2.1 Basis of preparation and presentation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All values are rounded to the nearest lakhs.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments and agricultural produce that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.3 Measurement of fair value

All assets and liabilities for which fair value is measured or disclosed in the Standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.4 Functional and presentation currency

The financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest Rupee in lakhs, unless otherwise indicated.

2.5 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

i. Critical Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Discount rate used to determine the carrying amount of the Company's employee defined benefit obligation

In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

ii. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of property, plant and equipment

As described in Note 3.6, the Company reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. During the current financial year, the management has reassessed the useful lives of certain property, plant and equipment and the impact of the change is not material for the year. There were no changes in residual values of the property, plant and equipment.

Allowances for doubtful debts

The Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

Allowances for inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

Liability for sales return

In making judgment for liability for sales return, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in Ind AS 115 and in particular, whether the Company had transferred to the buyer the significant risk and rewards of ownership of the goods. Following the detailed quantification of the Company's liability towards sales return, the management is satisfied that significant risk and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate liability for sales return. Accruals for estimated product returns, which are based on historical experience of actual sales returns and adjustment on account of current market scenario is considered by Company to be reliable estimate of future sales returns.

Goodwill impairment

In making judgment for liability for sales return, the management considered the detailed criteria for the

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represent the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long-term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

Taxes

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. The assessment of probability involves estimation of a number of factors including future taxable income.

Defined benefit plans (gratuity benefits)

A liability in respect of defined benefit plans is recognised in the balance sheet and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the plan's assets. The present value of the defined benefit obligation is based on expected future payments at the reporting date, calculated annually by independent actuaries. Consideration is given to expected future salary levels, experience of employee departures and periods of service.

3. Significant accounting policies

3.1 Revenue recognition

The Company has applied Ind AS 115 Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to receive in exchange for those products or services.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The accounting policies for specific revenues streams of the Company is summarised below:

Sale of goods:

Revenue from the sale of goods is recognised upon transfer of control of promised products to customers in an amount that reflects the consideration expected to receive in exchange for those products, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the control of promised products to customers;
- the Company has identified the contract with customer and performance obligation in the contract.
- the transaction price can be measured reliably;
- it is expected that the consideration associated with the transaction will flow to the Company; and revenue is recognised when the company satisfy the performance obligation

3.2 Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective rate applicable. The effective interest rate is the rate that exactly discounts estimated future cash receipts.

3.3 Employee benefits expenses

Employee benefits consist of contribution to provident fund, superannuation fund, gratuity fund, compensated absences, supplemental pay and director pension liability

Post-employment benefit plans

Defined Contribution plans:

Payments to defined contribution retirement benefit scheme for eligible employees in the form of superannuation fund are charged as an expense as they fall due. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made.

Defined benefit plans:

The Company operates a defined benefit plan – gratuity fund.

The liability recognised in the balance sheet in respect of its defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds that have tenure approximating the tenures of the related liability.

The interest income / (expense) are calculated by applying the discount rate to the net defined benefit liability. The net interest income / (expense) on the net defined benefit liability or asset is recognised in the Statement of Profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Short-term employee benefit

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

3.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.5 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3.6 Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the Balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment if any.

Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset classes based on the Company's expected usage pattern supported by technical assessment. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(a) Certain items of Plant and Equipment – 1 to 15 years

(b) Buildings (Roads) – 15 years

(c) Vehicles – 5 years

3.8 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Goodwill arising on acquisition of business represents excess of purchase consideration over the book value of net assets acquired based on a valuation conducted by an independent firm of Chartered Accountants and will be tested for Impairment annually as per Ind AS 36.

Intangible assets under development

The Company expenses costs incurred during research phase to profit or loss in the year in which they are incurred. Development phase expenses are initially recognised as intangible assets under development until the development phase is complete, upon which the amount is capitalised as intangible asset. Intangible assets under development are carried at cost, comprising direct cost and related incidental expenses less impairment losses if any.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

Computer software	3 years and 5 years
Non-compete fees	5 years

3.9 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of the value in use or fair value less cost to sell, of the asset or cash- generating unit, as the case may be, is estimated and impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash- generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) earlier.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

3.10 Inventories

Inventories are valued at lower of cost (on weighted average basis) and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to their present location and condition, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.11 Accounting of Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised, when there is a present legal or constructive obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where the effect is material, the provision is discounted to net present value using an appropriate current market based pre- tax discount rate and the unwinding of the discount is included in finance costs.

Contingent liabilities are recognised only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable.

3.12 Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification and subsequent measurement

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on their respective classification.

On initial recognition, a financial asset is classified as - measured at :

- Amortised cost; or
- Fair Value through Other Comprehensive Income (FVTOCI) - equity investment; or
- Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL. This includes all derivative financial assets unless designated as effective hedge instruments which are accounted as per hedge accounting requirements discussed below.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment expenses are recognised in profit or loss. Any gain and loss on derecognition is also recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVTOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves

The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments as at FVTOCI as the Company believes that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in profit or loss. Dividend income received on such equity investments are recognised in profit or loss.

Equity investments that are not designated to be measured at FVTOCI are designated to be measured at FVTPL. Subsequent changes in fair value are recognised in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative (that does not meet hedge accounting requirements) or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for the amount it may have to pay.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised and the proceeds received are recognised as a collateralised borrowing.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Company applies the expected credit loss (ECL) model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3.13 Foreign exchange transactions and translation

Transactions in foreign currencies i.e. other than the Company's functional currency of Indian Rupees are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the functional currency using exchange rates prevailing at the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer policy on Derivative Financial Instruments).

3.14 Cost recognition

Costs and expenses are recognised when incurred and have been classified according to their primary nature.

The costs of the Company are broadly categorised in employee benefit expenses, depreciation and amortisation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses majorly include fees to external consultants, cost running its facilities, travel expenses, communication costs and other expenses. Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, bank charges, freight etc.

3.15 Earnings per share

The basic earnings per share ('EPS ') is computed by dividing the net profit attributable to equity shareholders for the period, by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive (potential) equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

3.16 Lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee:

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in the statement of financial position.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease.

3.17 Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

4 Property, plant and equipment

(Currency: Indian Rupees in lakhs)

Carrying Amount of:	**As at 31 March 2021**	**As at 31 March 2020**
Freehold land	352.00	352.00
Building	687.39	712.45
Plant and equipment	494.04	499.04
Computer equipment	6.66	5.68
Office equipment	11.73	4.06
Furniture and Fixtures	17.68	20.77
Vehicles	170.69	86.83
	1,740.20	1,680.83

Description of assets	Freehold land	Buildings	Plant and equipment	Computer equipment	Office equipment	Furniture and fixtures	Vehicles	Total
I. Gross block								
As at 1 April 2019	352.00	737.27	543.39	5.52	5.18	24.37	96.52	1,764.25
Additions for the year	–	0.61	4.40	1.89	0.20	–	28.31	35.41
Disposal for the year	–	–	–	–	(0.09)	–	(14.27)	(14.35)
Balance as at 31 March 2020	352.00	737.88	547.78	7.41	5.29	24.37	110.56	1,785.30
Additions for the year	–	–	51.04	3.09	10.19	–	111.37	175.69
Disposal for the year	–	–	–	–	–	–	(0.56)	(0.56)
Balance as at 31 March 2021	**352.00**	**737.88**	**598.83**	**10.50**	**15.48**	**24.37**	**221.38**	**1,960.43**
II. Accumulated depreciation and impairment								
As at 1 April 2019	–	0.37	0.29	0.00	0.00	0.01	0.05	0.73
Depreciation expense for the year	–	25.05	48.46	1.73	1.30	3.59	25.60	105.73
Disposal for the year	**–**	**–**	**–**	**–**	**(0.07)**	**–**	**(1.92)**	**(1.99)**
Balance as at 31 March 2020	**–**	**25.42**	**48.75**	**1.73**	**1.23**	**3.60**	**23.73**	**104.46**
Depreciation expense for the year	–	25.06	56.04	2.11	2.52	3.09	26.95	115.77
Disposal for the period	–	–	–	–	–	–	–	–
Balance as at 31 March 2021	**–**	**50.48**	**104.79**	**3.84**	**3.75**	**6.69**	**50.68**	**220.24**
III. Net block 31 March 2021	**352.00**	**687.39**	**494.04**	**6.66**	**11.73**	**17.68**	**170.69**	**1,740.20**
IV. Net block 31 March 2020	**352.00**	**712.45**	**499.04**	**5.68**	**4.06**	**20.77**	**86.83**	**1,680.83**

5A Other intangible assets

Carrying amount of:-	As at 31 March 2021	As at 31 March 2020
Computer software	**1.88**	3.92
Brand value	**451.96**	494.43
Intangible development	**2.47**	3.31
	456.30	501.66

Description of assets	Computer software	Brand value	Intangible development	Total
Intangible assets				
I. Gross block				
As at 1 April 2019	**5.96**	**536.99**	**4.16**	**547.11**
Additions for the year	–	–	–	–
Disposal for the year	–	–	–	–
Balance as at 31 March 2020	**5.96**	**536.99**	**4.16**	**547.11**
Additions for the year	–	–	–	–
Disposal for the year	–	–	–	–
Balance as at 31 March 2021	**5.96**	**536.99**	**4.16**	**547.11**

Description of assets	Computer software	Brand value	Intangible development	Total
II. Accumulated amortisation and impairment				
As at 1 April 2019	–	0.02	–	0.02
Amortisation expense for the year	2.04	42.55	0.85	45.44
Disposal for the year	–	–	–	–
Balance as at 31 March 2020	2.04	42.57	0.85	45.46
Amortisation expense for the year	2.04	42.46	0.85	45.35
Disposal for the year	–	–	–	–
Balance as at 31 March 2021	**4.08**	**85.03**	**1.69**	**90.81**
III. Net block 31 March 2021	**1.88**	**451.96**	**2.47**	**456.30**
IV. Net block 31 March 2020	3.92	494.42	3.31	501.65

5B Intangible assets under development

Carrying amount of:-	As at 31 March 2021	As at 31 March 2020
Intangible assets under development	**163.71**	–
Total	**163.71**	–

6 Other financial assets

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	Non-current	Current	Non-current
Financial assets at amortised cost :				
Security deposit	**10.59**	1.84	14.53	15.79
Interest accrued on fixed deposits with bank	**–**	–	0.04	–
	10.59	**1.84**	14.57	15.79

7 Other current and Non-current assets

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	Non-current	Current	Non-current
Balances with Government authorities (other than income taxes)	**932.52**	**–**	753.93	–
Advances to employees	**15.01**	**–**	31.53	–
Advances for capital expenditure	**120.00**	**–**	–	–
Advance to vendors				
Considered good	**677.50**	**–**	154.35	–
Considered doubtful	**166.63**	**–**	144.20	–
Provision for doubtful advance	**(166.63)**	**–**	(144.20)	–
Prepaid expesnes	**14.05**	**–**	25.54	1.64
	1,759.08	**–**	965.35	1.64

Notes:

The Company has provided for doubtful advances as at 31 March 2021 Rs 166.63 lakhs (31 March 2020 Rs. 144.20 lakhs)

8 Inventories (at lower of cost and net realisable value)

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2021	At 31 March 2020
Raw materials	**1,665.01**	371.37
Finished goods	**1,452.72**	133.62
Stock-in-trade	**1,587.33**	2,392.74
Packing materials	**188.08**	134.18
Stock-in-transit *	**57.23**	211.75
	4,950.37	3,243.67

Notes:

(i) * It represents inter unit transfer of stock inventories

(ii) The cost of inventories recognised as an expense includes Rs. 42.08 lakhs (31 March 2020 Rs. 222.80 lakhs) in respect of adjustment of inventories to net realisable value/slow moving, and has been reduced by Rs. NIL lakhs (31 March 2020 Rs. 151.23 lakhs) in respect of reversal of such write-downs.

(iii) The carrying amount of inventories pledged as security for Working capital demand loan / Cash credit facility from bank is secured by first paripassu charge on inventories (including Raw Material, Finished goods, Stock-in-trade, Packing Materials and Stock-in-transit), and book debts (refer note 14).

(iv) The mode of valuation of inventories has been stated in note 3.10

9 Trade receivables

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2021	At 31 March 2020
Secured - considered good	**–**	–
Unsecured - considered good	**6,783.85**	7,771.98
Credit impaired	**2,070.96**	1,840.39
Less :- Loss allowance for expected credit losses	**(2,070.96)**	(1,840.39)
	6,783.85	7,771.98

(i) Notes:

Particulars	As at 31 March 2021	At 31 March 2020
Of the above, trade receivables from:		
- Related parties	**0.66**	–
- Others	**6,783.19**	7,771.98
	6,783.85	7,771.98

(ii) Movement in the expected credit loss allowance

Particulars	As at 31 March 2021	At 31 March 2020
Balance at the beginning of the year	**1,840.39**	1,954.22
Less: Reversal of provision	**–**	(669.13)
Add: provision made during the year	**230.56**	555.30
Balance at the end of the year	**2 ,070.96**	1,840.39

(iii) The carrying amount of inventories pledged as security for Working capital demand loan / Cash credit facility from bank is secured by first paripassu charge on inventories (including Raw Material, Finished goods, Stock-in-trade, Packing Materials and Stock-in-transit), and book debts (refer note 14).

(iv) The Company does not normally enforce interest on overdue debts. However, interest on overdue debts is charged on discretionary basis in respect of certain parties.

(v) The credit period ranges from 90 days to 120 days.

10 Cash and cash equivalents

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2021	At 31 March 2020
Cash and bank balance		
10A. Cash and cash equivalents		
Balances with banks in current accounts	**35.53**	631.00
Total cash and cash equivalents	**35.53**	631.00
10B. Other bank balances		
Bank deposits as margin money against bank guarantees - original maturity more than 3 months and less than 12 months	**–**	0.58
Total other bank balances	**–**	0.58
	35.53	631.57

Reconciliation of cash and cash equivalents

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2021	At 31 March 2020
Total cash and cash equivalents as per Balance Sheet	**35.53**	631.00
Total cash and cash equivalents as per Statement of cash flow	**35.53**	631.00

11A Equity share capital

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2021		At 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Authorised share capital:				
Equity shares of Rs 10 each with voting rights	**130,000,000**	**13,000.00**	130,000,000	13,000.00
Issued, subscribed and fully paid:				
Equity shares of Rs 10 each with voting rights	**128,100,000**	**12,811.00**	128,100,000	12,811.00
	128,100,000	**12,811.00**	128,110,000.00	12,811.00

A) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Particulars	Opening balance	Rights issue	Fresh issues	Closing balance
Equity Shares				
As at 31 March 2021				
No. of Shares	**128,100,000**	–	–	**128,100,000**
Amount	**12,811**	–	–	**12,811**
As at 31 March 2020				
No. of Shares	10,000	–	128,100,000	128,110,000
Amount	1	–	12,810	12,811

B) Rights, preferences and restrictions attached to equity shares

The Company has issued one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

C) Details of shares held by the Holding Company

(Currency: Indian Rupees in lakhs)

Particulars	No. of shares
As at 31 March 2020	
the Holding Company	76,866,000
Others	51,244,000
Total	128,110,000
As at 31 March 2021	
the Holding Company	**76,866,000**
Others	**51,244,000**
Total	**128,110,000**

D) Details of shares held by each shareholder holding more than 5% shares:

(Currency: Indian Rupees in lakhs)

Class of shares / Name of shareholder	As at 31 March 2021		At 31 March 2020	
	Number of fully paid equity shares	% holding in that class of shares	Number of fully paid equity shares	% holding in that class of shares
Equity shares with voting rights	–	–	–	–
Mahindra Agri Solutions Limited	**76,866,000**	**60.00%**	76,866,000	60.00%
Sumitomo Corporation	**38,433,000**	**30.00%**	38,433,000	30.00%
Summit Agro International Limited	**12,811,000**	**10.00%**	12,811,000	10.00%

11B Other equity

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2021	At 31 March 2020
Retained earnings	**(2,391.78)**	(2,502.05)
	(2,391.78)	(2,502.05)

The description of the nature and purpose of each reserve within equity is as follows:

a) Retained earnings are the accumulated profits earned by the Company till date, less transfer to general reserves, dividend (including dividend distribution tax) and other distributions made to the shareholders.

12 Provisions

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2021		At 31 March 2020	
	Current	Non-current	Current	Non-current
Provision for employee benefits (refer note 32)	–	–	–	–
- Compensated absences	**33.57**	**42.72**	37.77	74.84
- Gratuity	**35.80**	**53.57**	29.97	74.94
Total	**69.37**	**96.29**	67.74	149.78

Note:

The provision for employee benefits includes annual leaves and vested long service leave entitlements accrued and compensation claims made by employees. For other disclosure refer note 31 on Defined benefit and contribution.

13A Current tax assets (net)

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current tax assets		
Tax refund receivables	**1.20**	0.74
TDS receivable	**4.02**	0.53
	5.22	1.27

13B Deferred tax liabilities (net)

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred tax assets	**1,422.95**	–
Deferred tax liability	**(97.58)**	(48.62)
Deferred tax (net) #	**–**	(48.62)

					31 March 2021		
Particulars	Net balance 1 April 2020	Recognised in profit or loss	Recognised in OCI	Recognised in equity	Net	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities) Business losses							
Property, plant and equipment	(73.11)	**(24.47)**	–	–	**(97.58)**	–	**(97.58)**
Carried forward business loss	993.86	**(133.87)**	–	–	**859.99**	**859.99**	–
Employee benefits	54.75	**(13.05)**	–	–	**41.70**	**41.70**	–
Provision for doubtful debts	463.23	**58.03**	–	–	**521.26**	**521.26**	–
Deferred tax assets (net) #	1,438.72	**(113.36)**	–	–	**1,325.36**	**1,422.95**	**(97.58)**

Particulars	Net balance 1 April 2019	Recognised in profit or loss	Recognised in OCI	Recognised in equity	31 March 2020 Net	Deferred tax asset	Deferred tax liability
Deferred tax assets/ (liabilities) Business losses							
Property, plant and equipment	(48.62)	(24.49)	–	–	(73.11)	–	(73.11)
Carried forward business loss	–	993.86	–	–	993.86	993.86	–
Employee benefits	–	54.75	–	–	54.75	54.75	–
Provision for doubtful debts	–	463.23	–	–	463.23	463.23	–
Deferred tax assets (net) #	(48.62)	1,487.34	–	–	1,438.72	1,511.84	(73.11)

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered. Any changes in future taxable income would impact the recoverability of deferred tax assets.

 # Unrecognised deferred tax assets

Deferred tax assets (DTA) have not been recognised, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom:

Deferred tax assets for the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

14 Short-term borrowings

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2021	As 31 March 2020
Working capital loan (refer note below)	**500.00**	2,000.00
Cash credit (refer note below)	**315.08**	–
	815.08	2,000.00

Notes:

i) Working capital demand loan / Cash credit facility from Kotak Mahindra Bank is secured by first paripassu charge on inventories (including raw material, finished goods and stock in trade) and book debts.

ii) Loan carried interest rate of 6.95% p.a. for Working capital demand loan and 7.00% for Cash credit. The loan shall be due for repayment on or before the last day of the month for which the underlying receivables it is due and recoverable.

iii) Repayment terms for working capital demand loan is 180 days and for cash credit on demand.

15 Trade payables

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2021	As 31 March 2020
Trade payables		
Total outstanding dues of micro enterprises and small enterprises (refer note 31)	**716.10**	480.29
Total outstanding dues of creditors other than micro enterprises and small enterprises	**5,978.52**	4,524.52
	6,694.62	5,004.81

16 Other financial liabilities

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2021	As 31 March 2020
Other financial liabilities measured at amortised cost – Current		
Interest accrued on dues to micro enterprises and small enterprises	**27.58**	101.60
Interest accured on working capital loan	**–**	20.00
Trade deposit	**270.54**	157.90
Others	**–**	4.06
	298.13	283.56

17 Other current liabilities

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2021	As 31 March 2020
Advances received from customers	**1,388.09**	770.05
Payable to employees	**247.69**	314.33
Statutory remittances		
- Tax deducted at source	**29.71**	42.88
- Goods and service tax	**19.84**	0.16
- Provident fund	**13.06**	12.95
- Professional Tax	**0.79**	0.47
Others	**–**	9.24
	1,699.19	1,150.08

18 Revenue from operations

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Sale of products :-		
Finished goods	**10,149.54**	4,621.60
Traded goods	**7,378.12**	6,650.60
Other operating revenue	**–**	4.33
	17,527.66	11,276.53

19 Other income

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest income on :-		
Fixed deposits	**1.04**	–
Delayed payment from customers	**83.20**	6.70
Gain on disposal of property, plant and equipment (Net)	**2.37**	2.83
Sundry balances written back	–	17.50
Write back of advance from customers	**13.07**	13.49
Provision for doubtful debts written back	–	113.95
Other income	**12.22**	2.93
	111.91	157.40

20A Cost of materials consumed

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Inventories at the beginning of the year	**505.55**	376.86
Add:- Purchases	**9,791.94**	2,828.22
	10,297.49	3,205.08
Less: Inventories at end of year	**1,853.09**	505.55
Cost of materials consumed	**8,444.40**	2,699.53

20B Changes in inventories of finished goods and stock-in-trade

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Inventories at the end of the year:		
Finished goods	**1,452.72**	133.62
Stock-in-trade	**1,587.33**	2,392.74
Goods in transit	**57.23**	211.75
	3,097.28	2,738.11
Inventories at the beginning of the year:		
Finished goods	**133.62**	154.27
Stock-in-trade	**2,392.74**	3,534.45
Goods in transit	**211.75**	–
	2,738.11	3,688.71
Net (increase)/decrease	**(359.17)**	950.60

21 Employee benefits expense*

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Salaries and wages, including bonus	**1,905.49**	1,888.19
Contribution to provident and other funds (refer note 32)	**99.55**	96.91
Staff welfare expenses	**11.59**	7.46
	2,016.63	1,992.56

* This includes recoveries of Rs 267.77 lakhs as at 31 March 2021 (31 March 2020 Rs 311.59 lakhs) in respect of employees charged by other group companies.

22 Finance cost

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest expense on:-		
- Cash credit	**25.91**	–
- Working capital demand loan	**37.57**	112.42
- Inter company loan	**23.10**	–
- Delayed payment to micro enterprises and small enterprises (refer note 31)	**15.41**	91.50
	101.98	203.92

23 Depreciation and amortisation expense

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation of property, plant and equipment (refer note 4)	**115.77**	105.73
Amortisation of intangible assets (refer note 5)	**45.35**	45.44
	161.12	151.17

24 Other expenses

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Rent including lease rentals	**84.02**	99.84
Freight outward	**662.41**	382.60
Sales promotion expenses	**536.66**	495.99
Commission on sales	**33.03**	59.11
Travelling and conveyance expenses	**403.25**	529.49
Business support charges from group companies	**172.41**	249.49

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Legal and other professional costs	**169.57**	315.36
Subcontracting, hire and service charges	**196.37**	167.27
Clearing and forwarding charges	**197.10**	163.69
Insurance	**37.81**	33.27
Printing and stationary	**22.90**	32.76
Rates and taxes	**3.74**	28.96
Repairs and maintenance		
Plant and machinery	**1.35**	2.85
Others	**40.50**	18.58
Net loss on foreign currency transactions and translation	**3.55**	24.67
Bad debts	**132.91**	122.29
Provision for doubtful debts	**230.56**	–
Telephone charges	**14.89**	19.78
Power and fuel	**21.17**	18.72
Auditors remuneration		
As Auditors		
Audit fees	**15.00**	15.04
For other services	**1.60**	4.57
For reimbursement of expenses	–	–
Miscellaneous expenses	**69.93**	46.80
	3,050.72	2,831.13

25 Tax expenses

(a) Income tax recognised in profit or loss

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Current tax:		
In respect of current year	–	–
Deferred tax:		
Attributable to the origination and reversal of temporary differences	**(48.62)**	–
Total income tax recognised in profit or loss	**(48.62)**	–

(b) Income tax recognised in other comprehensive income

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	–	–
	–	–

Reconciliation of effective tax rate

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Profit /(loss) before tax	**31.08**	(2,306.68)
Tax using the Company's domestic tax rate	**25.17%**	25.17%
Expected income tax expenses	**7.82**	(580.59)
Tax effect of:		
Current year losses for which no deferred tax asset is created	–	834.24
Amorisation of goodwill	–	(210.68)
Unrecognised temporary differences	**46.40**	–
Recogntion of previously unrecognised tax losses	**(34.61)**	–
Non deductibe expenses	**4.00**	–
Others	**(23.62)**	(42.97)
Tax expenses as per Statement of profit and loss	**(7.82)**	580.59

Notes:

With Effect from Financial Year 2019-20 (Assessment Year 2020-21), the Company has opted for the concessional tax rate of 22% vide circular number 29/2019 dated 02 October 2019 of the Income Tax Act, 1961. Surcharge of 10% and cess of 4% is to be charged in addition to the base rate of 22%.

26 Earnings per share

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Basic earnings / (loss) per share (Rs.)	**0.06**	(1.85)

Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Profit / (loss) for the year attributable to owners of the Company	**79.70**	(2,306.68)
Weighted average number of equity shares for the purpose of basic earnings per share	**128,100,000**	124,600,411
Basic earning/(loss) per share (Rs)	**0.06**	(1.85)

Note:

1. Weighted average number of shares is the number of equity shares outstanding at the beginning of the period adjusted by the number of equity shares issued during period, multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

27 Related party disclosures

A. List of related parties and relationships:

Name of the Related Parties	Relationship
Name of the Related Parties where control exists	
Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Agri Solutions Limited	Co-venturer
Sumitomo Corporation	Co-venturer
Summit Agro International Limited	Co-venturer
Mahindra Integrated Business Solutions Private Limited	Fellow Subsidiary Company
Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary Company
Sumisho Agro India Private Limited	Fellow Subsidiary Company
NBS Interanational Limited	Fellow Subsidiary Company
Swaraj Engines Limited	Fellow Subsidiary Company
Bristlecone India Limited	Fellow Subsidiary Company

Name of the Related Parties	Relationship
Mahindra Defense Limited	Fellow Subsidiary Company
Mahindra Engineering & Chemical Limited	Fellow Subsidiary Company
Mahindra First Choice Wheels Limited	Fellow Subsidiary Company
Mahindra EPC Irrigaton Limited	Fellow Subsidiary Company
Key Managerial Personnel	
Mr. Ashok Hiralal Sharma	Non Executive Director
Mr. Sandeep Bhargav Gadre	Chief Executive Officer and Whole Time Director
MS. Manaswini Goel	Non Executive Director
Mr. Kazuma Suzuki	Non Executive Director
Mr. Kiyotaka Masuda	Non Executive Director
Ms.Anwaya Sachin Kadu	Company Secretary
Mr. Gajanan Madhukar Chinchwadkar	Chief Financial Officer (upto 30 June 2020)
Mr. Kuldeep Singh	Chief Financial Officer (w.e.f. 24 July 2020)

B. Related party transactions and balances

			Transaction during the year								Closing balances	
Name of the related parties where control exists	**Relation**	**Year**	**Sale of goods**	**Purchase of goods**	**Purchase of property and other assets**	**Reimbursement of expenses charged to the Company**	**Inter-company loan taken/ Repaid**	**Interest on un-secured Loan**	**Rent**	**Managerial Remune-ration**	**Trade payables**	**Trade receivables**
Mahindra Agri Solutions Limited	Co-venturer	**31-Mar-21**	–	–	–	**189.37**	–	–	–	–	**297.63**	–
		31-Mar-20	–	–	–	623.20	–	–	–	–	225.23	–
Mahindra & Mahindra Financial Services Limited	Fellow subsidiary company	**31-Mar-21**	–	–	–	–	–	–	–	–	–	–
		31-Mar-20	–	–	–	9.44	–	–	–	–	–	–
Mahindra & Mahindra Limited	Ultimate Holding Company	**31-Mar-21**	–	–	**137.09**	**75.51**	–	–	**75.01**	–	**97.53**	–
		31-Mar-20	–	–	29.61	337.66	–	–	75.01	–	387.53	–
Mahindra Integrated Business Solutions Private Limited	Fellow subsidiary company	**31-Mar-21**	–	–	–	**133.48**	–	–	–	–	**1.01**	–
		31-Mar-20	–	–	–	52.06	–	–	–	–	1.94	–
Sumisho Agro India Private Limited	Fellow subsidiary company	**31-Mar-21**	–	**1,169.52**	–	–	–	–	–	–	**13.58**	–
		31-Mar-20	–	303.57	–	–	–	–	–	–	–	–
NBS International Limited	Fellow subsidiary company	**31-Mar-21**	–	–	–	**0.08**	–	–	–	–	**0.08**	–
		31-Mar-20	–	–	–	1.70	–	–	–	–	1.68	–
Swaraj Enginees Limited	Fellow subsidiary company	**31-Mar-21**	–	–	–	**1.34**	–	–	–	–	**0.21**	–
		31-Mar-20	–	–	–	1.30	–	–	–	–	0.20	–
Bristlecone India Limited	Fellow subsidiary company	**31-Mar-21**	–	–	–	**10.26**	–	–	–	–	–	
		31-Mar-20	–	–	–	12.10	–	–	–	–	11.08	–
Mahindra Defense Systems Limited	Fellow subsidiary company	**31-Mar-21**	–	–	–	–	**1,500.00**	**23.10**	–	–	–	–
		31-Mar-20	–	–	–	–	–	–	–	–	–	–
Mahindra Engineering & Chemical Limited	Fellow subsidiary company	**31-Mar-21**	–	–	–	**0.39**	–	–	–	–	–	–
		31-Mar-20	–	–	–	–	–	–	–	–	–	–
Mahindra First Choice Wheels Limited	Fellow subsidiary company	**31-Mar-21**	**2.69**	–	–	–	–	–	–	–	–	–
		31-Mar-20	–	–	–	–	–	–	–	–	–	–
Mahindra EPC Irrigaton Limited	Fellow subsidiary company	**31-Mar-21**	**0.66**	–	–	–	–	–	–	–	–	**0.66**
		31-Mar-20	–	–	–	–	–	–	–	–	–	–
Mr. Kiyotaka Masuda	Director	**31-Mar-21**	–	–	–	–	–	–	–	**65.15**	–	–
		31-Mar-20	–	–	–	–	–	–	–	65.15	–	–

28 Fair value

The management assessed that loans, cash and cash equivalents, trade receivables, borrowings, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair Valuation measurement hierarchy

The following table shows the carrying amounts and fair values of financial assets and liabilities including their levels of fair value hierarchy:

(Currency: Indian Rupees in lakhs)

		As at 31 March 2021			
Particulars	**Level of hierarchy**	**fair value through profit and loss (FVTPL)**	**Fair value through other comprehensive income (FVOCI)**	**Assets/ liabilities at amortised cost method**	**Carrying amount**
Financial assets					
Non-current					
Other financial assets	**2**	–	–	**1.84**	1.84
Current					
Trade receivables	**2**	–	–	**6,783.85**	6,783.85
Cash and cash equivalents	**2**	–	–	**35.53**	35.53
Bank balances other than above	**2**	–	–	–	–
Other financial assets	**2**	–	–	**10.59**	10.59
Total		–	–	**6,831.82**	**6,831.82**
Financial liabilities					
Current					
Borrowings	**2**	–	–	**815.08**	815.08
Trade payables	**2**	–	–	**6,694.62**	6,694.62
Other financial liabilities	**2**	–	–	**298.13**	298.13
Total		–	–	**7,807.82**	**7,807.82**

(Currency: Indian Rupees in lakhs)

		As at 31 March 2020			
Particulars	Level of hierarchy	fair value through profit and loss (FVTPL)	Fair value through other comprehensive income (FVOCI)	Assets/ liabilities at amortised cost method	Carrying amount
Financial assets					
Non-current					
Other financial assets	2	–	–	15.79	15.79
Current					
Trade receivables	2	–	–	7,771.98	7,771.98
Cash and cash equivalents	2	–	–	631.00	631.00
Bank balances other than above	2	–	–	0.58	0.58
Other financial assets	2	–	–	14.57	14.57
Total		–	–	8,433.91	8,433.91
Financial liabilities					
Current					
Borrowings	2	–	–	2,000.00	2,000.00
Trade payables	2	–	–	5,004.81	5,004.81
Other financial liabilities	2	–	–	283.56	283.56
Total		–	–	7,288.38	7,288.38

Note:

There are no transfer between level 1 and level 2 during the year.

29 Financial risk management

A. Capital management

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company manages capital risk in order to maximize shareholders' value by maintaining sound/optimal capital structure through monitoring of financial ratios, such as net debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses net debt equity ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

The Company's Net debt-to-equity ratio as at 31 March 2021 and 31 March 2020 is as follows:

(Currency: Indian Rupees in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Borrowing from bank	**815.08**	2,000.00
Gross debt (A)	**815.08**	2,000.00
Less :		
Cash and cash equivalents	**35.53**	631.57
Net debt (A)	**779.55**	1,368.43
Equity share capital	**12,811.00**	12,811.00
Other equity	**(2,391.78)**	(2,502.05)
Equity (B)	**10,419.22**	10,308.95
Debt ratio (A / B)	**7%**	19%

B. Financial risk management framework

The Company's corporate treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risk relating to the operation of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk

The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivatives financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company does not enter into or trade financial instrument, including derivative financial instruments, for speculative purposes.

i) CREDIT RISK

Credit risk management

Credit risk arises when a customer defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of categorising the customers based on the performance and accordingly credit limit ceiling of each category is defined. Company also takes credit insurance for business specific customers. The Company's exposure and categorisation of its customers are continuously monitored . Credit exposure is controlled by customer credit limits which are reviewed and approved. The company also take security cheques from its domestic market customers.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The provision matrix at the end of the reporting period is as follow:-

(Currency: Indian Rupees in lakhs)

	As at 31 March 2021		As at 31 March 2020	
Ageing	Expected credit loss (%)	Expected credit loss	Expected credit loss (%)	Expected credit loss
Within the credit period	**0.90%**	**38.32**	1.03%	43.06
0-3 month past due	**3.66%**	**65.05**	2.48%	52.80
3-6 month past due	**6.52%**	**47.06**	6.42%	70.63
6 -12 month past due	**29.20%**	**43.04**	27.90%	157.58
>1 year	**95.35%**	**1,877.49**	91.96%	1,516.33
Total		**2,070.96**		1,840.39

Credit risk management

Age of receivables	As at 31 March 2021	As at 31 March 2020
Within the credit period	**4,239.60**	4,171.37
0-3 month past due	**1,776.65**	2,127.02
3-6 month past due	**722.08**	1,100.00
6 -12 month past due	**147.39**	564.69
>1 year	**1,969.09**	1,648.95
Total	**8,854.81**	9,612.03

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

ii) LIQUIDITY RISK

(a) Liquidity risk management

The board of directors has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(b) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(Currency: Indian Rupees in lakhs)

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
As at 31 March 2021				
Short-term borrowings	**815.08**	–	–	–
Trade payables	**6,694.62**	–	–	–
Other financial liabilities	**298.13**	–	–	–
Total	**7,807.82**	–	–	–
As at 31 March 2020				
Short-term borrowings	–	–	–	–
Trade Payables	5,004.81	–	–	5,004.81
Other Financial Liabilities	283.56	–	–	283.56
Total	**5,288.38**	–	–	**5,288.38**

(c) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Currency: Indian Rupees in lakhs)

Particulars	Less than 1 Year	1–3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
As at 31 March 2021				
Non-interest bearing	**6,829.98**	–	–	–
Fixed interest rate instruments	–	–	–	–
Total	**6,829.98**	–	–	–
As at 31 March 2020				
Non-interest bearing	8,417.54	–	–	8,417.54
Fixed interest rate instruments	0.58	–	–	–
Total	8,418.12	–	–	8,417.54

In the case of assets falling short of liabilities, banking facilities are available to honor the obligation through as cash credit, short term borrowing / long term borrowing and other necessary banking facilities.

iii) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses permitted derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Forex and investment Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

a) Currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by taking forward cover that are expected to occur within a maximum 12 month period for forecasted cash flow.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

(Currency: Indian Rupees in lakhs)

Particulars	Currency	As at 31 March 2021	As at 31 March 2020
Trade payables	USD	**4.22**	2.94

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

(Currency: Indian Rupees in lakhs)

Particulars	Currency	As at 31 March 2021	As at 31 March 2020
Trade payables	USD	**4.22**	2.94

b) Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts.

(Currency: Indian Rupees in lakhs)

Period	Currency	Change in rate	Effect on loss before tax	Effect on pre-tax equity
As at 31 March 2021	**USD**	**5%**	**(0.21)**	**(0.21)**
	USD	**3%**	**(0.13)**	**(0.13)**
As at 31 March 2020	USD	5%	(0.15)	(0.15)
	USD	3%	0.90	0.90

c) Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The Company does not have any derivative or non-derivative instrument which may have an impact due to changes in interest rates.

30 Business combination

The Company had entered into a Business Transfer Agreement on 12 October 2018 with its holding company, Mahindra Agri Solutions Limited (MASL), whereby the entire asset and liability of Cropcare business has been transferred to the Company on slump sale basis with appointed date of 29 March 2019. The Company has paid Rs 12,810 lakhs as sale consideration based on the fair valuation report of an independent valuation firm.

The above transaction has been accounted as a Business Combination under a transitory common control accordingly transaction has been accounted using acquisition accounting.

(a) Payment of consideration

(Currency: Indian Rupees in lakhs)

Particulars	Amount
Share application money	**12,810**

(b) Assets acquired and liabilities recognised at the date of acquisition i.e. 29 March 2019

(Currency: Indian Rupees in lakhs)

Particulars	Amount
ASSETS	
NON-CURRENT ASSETS	
Property, plant and equipment	**1,763.50**
Other intangible assets	**547.12**
Other financial assets	**15.79**
	2,326.41
CURRENT ASSETS	
Inventories	**3,683.00**
Trade receivables	**7,628.37**
Other current assets	**885.73**
	12,197.10
TOTAL ASSETS	**14,523.51**
LIABILITIES	
Financial Liabilities	
Trade payables	**4,971.94**
Other financial liabilities	**172.59**
Provisions	**240.20**
Other current liabilities	**514.00**
TOTAL LIABILITY	**5,898.72**
Net Asset Aquired	**8,624.79**

(c) Goodwill arising on acquisition of Cropcare business

Goodwill arose in acquisition of Cropcare business is paid for benefit expected synergies, revenue growth and future market development. The goodwill on acquisition has been shown separately under Non-current assets.

(Currency: Indian Rupees in lakhs)

Particulars	Amount
Share application money	**12,810.00**
Less:- Fair value of net asset acquired	**8,624.79**
Goodwill arising on acquisition of Cropcare business	**4,185.21**

31 Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Trade payable includes amount payable to Micro, Small and Medium Enterprises as follows:

(Currency: Indian Rupees in lakhs)

Sr. No.	Particulars	As at 31 March 2020	As at 31 March 2019
I	Principal amount remaining unpaid to any supplier at the end of the accounting year	**716.10**	480.29
II	Interest due thereon remaining unpaid to any supplier at the end of the accounting year	**27.58**	101.60
III	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	–	–
IV	The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	**12.18**	90.03
V	Amount of interest accrued and remaining unpaid as at the year end	**15.41**	11.57
VI	The amount of interest accrued and remaining unpaid at the end of each accounting year	**12.18**	90.03
VII	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**NIL**	NIL

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

32 Employee benefits expenses

(i) Defined contribution plans:

The Company's contribution to Provident Fund and Pension scheme aggregating to Rs. 71.23 lakhs 31 March 2021 (31 March 2020 : Rs. 70.83 lakhs) has been recognised in the Statement of Profit and Loss under the head Employee benefits expense.

(ii) Defined benefit plans:

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India.

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
1. Discount rate	**5.60%**	5.60%
2. Salary escalation	**8.50%**	8.50%
3. Attrition rate	**22%**	22%
4. Mortality rate*	**The Indian Assured Lives Mortality (2006-08) Ult table**	The Indian Assured Lives Mortality (2006-08) Ult table
3. Attrition rate	**18%**	18%

* Based on Indian standard mortality table with modification to reflect expected changes in mortality.

Amount recognised in the Standalone Statement of Profit and Loss in respect of these defined benefit plans are as follows

(Currency: Indian Rupees in lakhs)

Particulars	Gratuity Year ended 31 March 2021	Year ended 31 March 2020
Service Cost:		
Current service cost	**24.22**	21.38
Net interest expense	**5.04**	5.88
Components of defined benefit costs reconised in profit or loss	**29.26**	27.26
Remeasurement on the net defined benefit liability:		
1. Changes in financial assumptions	**–**	**7.08**
2. Changes in demographic assumptions	**(13.06)**	**(0.00)**
3. Experience adjustments	**(17.52)**	**(4.12)**
4. Actual return on plan assets less interest on plan assets	**–**	**–**
Components of defined benefit costs recognised in Other Comprehensive Income	**(30.57)**	2.95
Total	**(1.32)**	30.21

The current service cost and the net interest expenses for the year are included in the Employee benefits expense line item in the Statement of Profit and Loss. The remeasurement of the net defined benefit liability/asset is included in Other Comprehensive Income

The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

(Currency: Indian Rupees in lakhs)

	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
I.	**Net liability recognised in the Balance sheet**		
1.	Present value of defined benefit obligation	**89.37**	104.91
4.	Current portion of the above	**35.80**	29.97
5.	Non current portion of the above	**53.57**	74.94
II.	**Change in the obligation during the year**		
1.	Present value of defined benefit obligation at the beginning of the year	**104.91**	–
2.	Expenses recognised in Profit and Loss Account		
	- Current service cost	**24.22**	21.38
	- Interest expense (income)	**5.04**	5.88
3.	Recognised in other comprehensive income		
	Remeasurement gains/(losses):		
-	Actuarial Gain (Loss) arising from:		
i.	Demographic Assumptions	**(13.06)**	–
ii.	Financial Assumptions	–	7.08
iii.	Experience Adjustments	**(17.52)**	(4.12)
4.	Benefit payments	**(14.23)**	(20.21)
5.	Others : Impact of liability assumed (transfer from Mahindra Agri Solutions Limited)	–	94.90
6.	**Present value of defined benefit obligation at the end of the year**	**89.37**	104.91

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(Currency: Indian Rupees in lakhs)

Principal assumption		Changes in assumption	Impact on defined benefit obligation Increase in assumption	Decrease in assumption
Discount rate	**31 March 2021**	**1.00%**	**-2.64%**	**2.80%**
	31 March 2020	1.00%	-4.20%	4.58%
Salary growth rate	**31 March 2021**	**1.00%**	**2.70%**	**-2.59%**
	31 March 2020	1.00%	4.41%	-4.13%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous year.

The Company expects to contribute Rs Nil to the gratuity trusts during the next financial year.

Maturity profile of defined benefit obligation:

(Currency: Indian Rupees in lakhs)

	As at 31 March 2021	As at 31 March 2020
Within 1 year	**35.80**	29.97
1 - 2 year	**15.43**	16.49
2 - 3 year	**13.42**	11.94
3 - 4 year	**11.69**	11.72
4 - 5 year	**8.68**	10.96
5 - 6 year	**6.73**	9.40
6 - 7 year	**4.26**	8.99
7 - 8 year	**3.18**	7.00
8 - 9 year	**2.00**	6.33
10 year and above	**4.47**	25.84

The weighted average duration of the defined benefit obligation as at 31 March 2021 is 2.71 years (31 March 2020 - 4.38 years)

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year, an amount of Rs 29.96 lakhs (31 March 2020 : Rs. 27.26 lakhs) has been included in statement of profit and loss under the head Employee benefit expenses.

Compensated absenses :

Compensated absences for the employee benefits of Rs. 76.30 lacs (31 March 2020 - Rs 112.61 lacs) expected to be paid in exchange for the services recognised as a expenses during the year.

33 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs (""MCA"") through a notification, amended Schedule III of the Companies Act, 2013 revising Division I, II and III of Schedule III and are applicable from April 1, 2021. The amendments primarily relate to

a) Change in existing presentation requirements for certain items in Balance sheet, for eg. lease liabilities, security deposits, current maturities of long term borrowings, effect of prior period errors on Equity Share capital

b) Additional disclosure requirements in specified formats, for eg. ageing of trade receivables, trade payables, capital work in progress, intangible assets, shareholding of promoters, etc.

c) Disclosure if funds have been used other than for the specific purpose for which it was borrowed from banks and financial institutions.

d) Additional Regulatory Information, for eg.,compliance with layers of companies, title deeds of immovable properties, financial ratios, loans and advances to key managerial personnel, etc.

e) Disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency. The amendments are extensive and the Company is evaluating the same.

34 Impact of Covid-19

The country was in a crisis situation due to COVID-19, which had been declared as pandemic by World Health Organization. The countrywide lockdown was declared by Govt of India covered a part of financial year ended 31 March 2021. However, the Government of India has made certain allowances for movement of agricultural inputs during this period being essential item for agriculture. Based on the operations for the financial year ended 31 March 2021, the Company believes that, there is no significant impact of COVID-19 pandemic on the financial position and performance of the Company for the financial year ended 31 March 2021.

35 Segment reporting

The Company is engaged in the business of production and trading of Crop inputs, which is the primary business segment and has only domestic sales. The Company has only one reportable business segment, which is production and trading of Crop inputs and only one reportable geographical segment. Accordingly, these financial statements are not reflective of the information required under Ind AS 108.

36 Other matters

Information with regard to other matters specified in Schedule III to the Act is either nil or not applicable to the Company for the year.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No : 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No:113959

Place : Mumbai
Date : 26th April 2021

For and on behalf of Board of Directors
Mahindra Summit Agriscience Limited
CIN - U01400MH2018PLC315558

Sandeep Gadre	**Ashok Sharma**	**Kuldeep Singh**	**Anwaya Kadu**
Whole Time Director & CEO	Director	Chief Financial Officer	Company Secretary

Place : Mumbai
Date : 26th April 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MERAKISAN PRIVATE LIMITED

Report on the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS financial statements of MeraKisan Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2021, and its loss and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

4. The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is included in the Director's report, but does not include the financial statements and our auditor's report thereon.
5. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
6. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated
7. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Ind AS Financial Statements

8. The Company's Board of Directors is responsible for the matters in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act.
9. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
11. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

12. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
    a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

14. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory Requirements

16. As required by the Companies (Auditor's Report) Order,2016, issued by the Central Government of India in term of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

17. As required by section 143(3) of the Act, we report that:
    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
    c) the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income),the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
    d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
    e) On the basis of written representations received from the directors as on March 31, 2021, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of Section 164(2) of the Act.
    f) Section 143(3)(i) mandates the auditor to comment on whether the Company has an adequate internal financial control over financial reporting of the Company and the operating effectiveness of such controls. In terms of paragraph 5 of Ministry of Corporate Affairs notification number G.S.R. 583 (E) dated 13th June, 2017, as amended by circular dated 13th July, 2017, exemption has been provided to private limited companies fulfilling certain criteria mentioned in the notification, from the applicability of the requirement of reporting in terms of Section 143(3)(i). As the Company meets the relevant criteria specified in the said notification for the financial year ended as on March 31, 2020, the requirement of Section 143(3)(i) is not applicable to the Company and accordingly no report has been made under the said clause;
    g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended) in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company does not have any pending litigations which would impact its financial position.
        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN: 21111212AAAAPK3694
Mumbai,
April 22, 2021

ANNEXURE "A" TO THE AUDITOR'S REPORT

Referred to in paragraph 12 of our report of even date on the accounts of Members of MeraKisan Private Limited for the year ended March 31, 2021

1) i) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and investment properties.

ii) The property, plant and equipment and investment properties are physically verified by the Company once in two years. The physical verification of property, plant and equipment and investment properties was conducted in the previous financial year and accordingly no physical verification is required to be carried out in the current year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment and investment properties.

iii) According to the information and explanations given to us, the Company has no immoveable properties registered in its name. Accordingly, the reporting under Clause 3(i)(c) of the Order is not applicable to the Company.

2) According to the information and explanations given to us, the inventory comprising of traded goods, packing materials has been physically verified at reasonable intervals by the management during the year. In our opinion, coverage and procedure of such verification is appropriate and no material discrepancies for each class of inventory were noticed on such verification between the physical inventory and the book records.

3) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting under Clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.

4) According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

5) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

6) The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the Company.

7) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, the amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and Services tax, Provident Fund, Employees' State Insurance, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. The amounts deducted/accrued in the books of account in respect of undisputed statutory dues of Income-tax have generally been regularly deposited during the year by the Company with the appropriate authorities, though there have been slight delays in a few cases. According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed statutory dues payable in respect of Sales tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no arrears of undisputed statutory dues in respect of Goods and Services tax, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues as on the last day of the year for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no statutory dues in respect of Goods and Services Tax, Sales tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax as at March 31, 2021, which have not been deposited with the appropriate authorities on account of any dispute.

8) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not defaulted in the repayment of loans or borrowings to banks and debenture holders. The Company has not taken any loans or borrowings from financial institutions and Government.

9) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the reporting under Clause 3(ix) of the Order is not applicable to the Company.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

11) The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, the reporting under Clause 3(xi) of the Order is not applicable to the Company. Also refer paragraph 2(h) of Independent Auditors' Report.

12) According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

13) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures or Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the reporting under Clause 3(xiii) of the Order is not applicable to the company.

14) The Company According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting under Clause 3(xiv) of the Order is not applicable to the Company.

15) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them during the year and hence the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.

16) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi) of the Order is not applicable to the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN: 21111212AAAAPK3694

Mumbai,
April 22, 2021

BALANCE SHEET AS AT 31 MARCH 2021

Figures in Rupees

	Particulars	Note No.	As at 31 March 2021	As at 31 March 2020
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	3a	**2,625,005**	3,519,292
	(b) Intangible Assets	3b	**1,553,907**	1,415,392
	(c) Deferred Tax Assets (Net)	4	**125,724**	125,724
	(d) Other Non-current Assets	5	**790,069**	939,600
	SUB-TOTAL		**5,094,704**	6,000,008
	CURRENT ASSETS			
	(a) Inventories	6	**2,640,521**	3,103,131
	(b) Financial Assets			
	(i) Trade Receivables	7	**6,319,393**	14,479,584
	(ii) Cash and Cash Equivalents	8	**18,683**	7,441,932
	(c) Other Current Assets	5	**3,249,417**	3,562,862
	SUB-TOTAL		**12,228,014**	28,587,509
	TOTAL ASSETS		**17,322,718**	34,587,517
II	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	(a) Equity Share Capital	9	**15,654,520**	15,654,520
	(b) Other equity	10	**(94,191,291)**	(69,828,453)
	SUB-TOTAL		**(78,536,771)**	(54,173,933)
	LIABILITIES			
	2 NON-CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Borrowings	11	**54,552,180**	41,493,226
	SUB-TOTAL		**54,552,180**	41,493,226
	3 CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Borrowing	11a	**11,281,226**	20,702,647
	(ii) Trade Payables	12	**14,998,119**	19,359,617
	(b) Provisions	13	**986,004**	2,854,560
	(c) Other Current Liabilities	14	**14,041,960**	4,351,400
	SUB-TOTAL		**41,307,309**	47,268,224
	TOTAL		**17,322,718**	34,587,517

The accompanying notes 1 to 25 are an integral part of the Financial Statements

As per Report of even date

For B.K.Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : 22nd April 2021

For and on behalf of the Board of Directors of MeraKisan Private Limited

Ashok Sharma	**Prashant Patil**	**Sagarmal Agrawal**
Director	Director	Finance Controller
DIN - 02766679	DIN - 07560367	

Place : Mumbai
Date : 22nd April 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

Figures in Rupees

	Particulars	Note No.	**For the year ended 31 March 2021**	As at 31 March 2020
	Continuing Operations			
I	Revenue from operations	15	**93,852,075**	121,853,459
II	Other Income	16	**1,681,307**	-
III	**Total Revenue (I + II)**		**95,533,382**	121,853,459
IV	**Expenses**			
	(a) Purchases of Stock-in-trade		**82,036,765**	110,256,918
	(b) Changes in stock of finished goods, work-in-progress and stock-in-trade	17	**462,610**	(115,651)
	(c) Employee benefit expense	18	**10,275,737**	13,118,520
	(d) Finance costs	19	**5,467,850**	4,073,984
	(e) Depreciation and amortisation expense	20	**1,173,411**	1,083,512
	(f) Other expenses	21	**23,594,991**	33,515,226
	Total Expenses (IV)		**123,011,364**	161,932,509
V	**Profit/(loss) before exceptional items and tax (III - IV)**		**(27,477,982)**	(40,079,050)
VI	**Profit/(loss) before tax**		**(27,477,982)**	(40,079,050)
VII	**Tax Expense**			
	(1) Current tax		**–**	–
	(2) Deferred tax	4	**–**	–
	Total tax expense		**–**	–
VIII	**Profit/(loss) after tax from continuing operations (VI - VII)**		**(27,477,982)**	(40,079,050)
IX	**Profit/(loss) for the period**		**(27,477,982)**	(40,079,050)
X	**Earnings per equity share (for continuing operation):**			
	(1) Basic	22	**(17.55)**	(26.53)
	(2) Diluted	22	**(3.09)**	(5.83)

The accompanying notes 1 to 25 are an integral part of the Financial Statements

As per Report of even date

For B.K.Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : 22nd April 2021

For and on behalf of the Board of Directors of MeraKisan Private Limited

Ashok Sharma
Director
DIN - 02766679

Prashant Patil
Director
DIN - 07560367

Sagarmal Agrawal
Finance Controller

Place : Mumbai
Date : 22nd April 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

A. Equity share capital

	Rupees
As at 31 March 2020	15,654,520
Changes in equity share capital during the year	–
As at 31 March 2021	15,654,520

For the year 2021
B. Other Equity

Figures in Rupees

			Reserves and Surplus				
Particulars	**Equity component of compound financial instruments 0.01% OCPS**	**Equity component of compound financial instruments 6% OCCRPS**	**Security Premium**	*** Capital Reserve**	**Other Reserve (specify nature)**	**Retained Earnings**	**Total**
As at 31 March 2019	19,913,436	–		(10,073,040)	(1,669,926)	(53,638,913)	(45,468,443)
Profit/(Loss) for the period						(40,079,050)	(40,079,050)
Total Comprehensive Income for the year	–	–	–	–	–	–	–
Transfers to Reserves	–	–	–	–	–	–	–
Transfers from retained earnings	–	–	–	–	–	–	–
Any other changes (to be specified)	12,300,518		3,418,520	–	–	–	15,719,038
As at 31 March 2020	**32,213,954**	**–**	**3,418,520**	**(10,073,040)**	**(1,669,926)**	**(93,717,962)**	**(69,828,454)**
Profit/(Loss) for the period						(27,477,982)	(27,477,982)
Total Comprehensive Income for the year	–	–	–	–	–	–	–
Transfers to Reserves	–	–	–	–	–	–	–
Transfers from retained earnings	–	–	–	–	–	–	–
Any other changes (to be specified)	2,337,142	778,003	–	–	–	–	3,115,145
As at 31 March 2021	**34,551,096**	**778,003**	**3,418,520**	**(10,073,040)**	**(1,669,926)**	**(121,195,944)**	**(94,191,291)**

Note

* Capital Reserve includes the difference between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor.

Optionally convertible preference shares (0.01% OCPS): The Board Of Directors of the Company at their meeting held on 8th September, 2016 had resolved to create, offer, issue on right basis up to 76,50,000 unpaid warrants, convertible into OCPS and then in turn convertible into Equity share, pursuant to the provisions of the Companies Act 2013, Each warrant is convertible into one Optionally Convertible Preference Share ("OCPS") issued at par at Rs 10/- (Rupees Ten Only) each. Each OCPS is further convertible into one Equity Share of Rs. 10/- (Rupees Ten Only) each. The said unpaid warrants were allotted on 28th September, 2016.

During the year, 7,25,000 (2,25,000 and 5,00,000 OCPS on 28th April, 2020 and 19th October, 2020 respectively) warrants were converted into OCPS. As on 31.03.2021, 76,05,000 OCPS were allotted to MASL upon conversion of equal number of warrants. The balance warrants 45000 has been lapsed.

OCPS shall be redeemable at any time after 1 April 2020 (the "Conversion Period Commencement Date") at the option of the holders of the OCPS (MASL) at Rs. 10.5 (Rupees Ten and a Half) each.

The OCPS can be converted into equivalent number of Equity shares at any time from the Conversion Period Commencement Date until 28th September, 2022 on the basis of a ratio of 1 Equity Share: 1 OCPS. Without prejudice to MASL's right to conversion into equity shares or their right to redeem part or all OCPS, the OCPS shall be compulsorily redeemed at Rs. 10.5 (Rupees Ten and a Half) each at the expiry of 10 (Ten) years from the Closing date or at the expiry of the maximum period permitted under the Applicable Law, whichever is sooner.

Equity component of compound financial instruments includes equity component of such 76,05,000 Optionally Convertible Preference Shares derived as per the requirements of Paras 28 & 29 and of IND As 32 "Financial Instruments Presentation"

The Board Of Directors of the Company issued 5,00,000 6% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of Rs. 10/- each aggregating Rs. 50,00,000/- on Rights Basis to the existing Equity Shareholder that is the Mahindra Agri Solutions Ltd. through circular resolution on 18th March, 2021. Such OCCRPS are convertible into Equity share at the option of share holder at fair market value on date of conversion.

OCCRPS will be redeemable after 10 years from the date of allotment and redemption will be at face value.

Equity component of compound financial instruments includes equity component of such 5,00,000 Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) derived as per the requirements of Paras 28 & 29 and of IND As 32 "Financial Instruments Presentation"

As per Report of even date

For B.K.Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : 22nd April 2021

For and on behalf of the Board of Directors of
MeraKisan Private Limited

Ashok Sharma	**Prashant Patil**	**Sagarmal Agrawal**
Director	Director	Finance Controller
DIN - 02766679	DIN - 07560367	

Place : Mumbai
Date : 22nd April 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

Figures in Rupees

	Particulars	Note No.	**Year ended 31 March 2021**	Year ended 31 March 2020
I	**Cash flows from operating activities**			
	Profit before tax for the year	PL	**(27,477,982)**	(40,079,050)
	Adjustments for:			
	Finance costs of OCPS recognised in profit or loss	19	**3,924,099**	2,650,943
	Depreciation and amortisation of non-current assets	3a	**1,173,411**	1,083,512
			(22,380,472)	(36,344,595)
	Movements in working capital:			
	(Increase)/decrease in trade and other receivables	7	**8,160,191**	(4,354,746)
	(Increase)/decrease in inventories	6	**462,610**	(115,651)
	(Increase)/decrease in other non current assets	5	**149,532**	(176,600)
	(Increase)/decrease in other Current assets	5	**313,446**	(1,705,726)
	Increase/(decrease) in trade and other payables	12	**(4,361,498)**	10,897,415
	Increase/(decrease) in Provisions	13	**(1,868,556)**	487,831
	(Decrease)/increase in other liabilities	14	**9,690,558**	3,358,691
	Cash generated from operations		**12,546,282**	8,391,214
	Net cash generated by operating activities		**(9,834,190)**	(27,953,381)
II	**Cash flows from investing activities**			
	Payments for property, plant and equipment	3a	**(417,639)**	(2,373,379)
	Net cash (used in)/generated by investing activities		**(417,639)**	(2,373,379)
III	**Cash flows from financing activities**			
	Proceeds from issue of equity instruments of the Company	10	**–**	4,000,000
	Proceeds from issue of OCPS & OCCRPS	10	**12,250,000**	24,500,000
	Borrowings from Bank	11a	**(9,421,421)**	9,251,417
	Net cash used in financing activities		**2,828,579**	37,751,417
	Net increase in cash and cash equivalents		**(7,423,250)**	7,424,657
	Cash and cash equivalents at the beginning of the year		**7,441,932**	17,275
	Cash and cash equivalents at the end of the year		**18,683**	7,441,932

The accompanying notes 1 to 25 are an integral part of the Financial Statements

As per Report of even date

For B.K.Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : 22nd April 2021

For and on behalf of the Board of Directors of MeraKisan Private Limited

Ashok Sharma
Director
DIN - 02766679

Prashant Patil
Director
DIN - 07560367

Sagarmal Agrawal
Finance Controller

Place : Mumbai
Date : 22nd April 2021

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. Corporate Information

Merakisan Private Limited ("the company") a private limited company domiciled in India and incorporated as on 13 July 2016 under provision of Companies Act, 2013, (CIN: U51909MH2016PTC283578)

The Company was incorporated to carry on the business of procuring agricultural produce like grocery items cereals, fruits and vegetables from the farmers and selling to customers, facilitated by a digital technology platform. Company have now focusing on organic products.

2. Significant accounting policies

2.1 Use of estimate –

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of goodwill, impairment of investments and assets, useful lives of property, plant and equipment, valuation of deferred tax assets and provisions and contingent liabilities. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialize.

2.2 Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

2.3 Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which the reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

2.4 Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period.

2.5 Statement of compliance

The financial statements have been prepared in accordance with Ind AS's notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

2.6 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.7 Going Concern

During the current year the Company has continued to incur losses and as at the yearend it's net-worth is substantially eroded with the accumulated losses aggregating to 1211.95 Lakhs. However, the Company is able to operate uninterruptedly with the continued support from the Parent company with infusion of funds by way of Optionally Convertible Preference Shares. Also, based on the future business plans and the turnaround strategy adopted, in the opinion of the management, the Company will be able to generate profits in the future in excess of its accumulated losses and continue to operate as a going concern.

The principal accounting policies are set out below.

2.8 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the company, liabilities incurred by the company to the former owners of the acquiree and the equity interests issued by the company in exchange of control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Business combination/s involving entities or businesses under common control has been accounted for using the pooling of interests method.

The pooling of interest method is considered to involve the following:

(i) The assets and liabilities of the combining entities are reflected at their carrying values.

(ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

The consideration for the business combination may consist of securities, cash or other assets. Securities shall be recorded at nominal value. In determining the value of the consideration, assets other than cash shall be considered at their fair values.

The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee. Alternatively, it is transferred to General Reserve, if any.

The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves with disclosure of its nature and purpose in the notes.

2.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

2.9.1. Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.10 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.10.1 The Company as lessee

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.11 Employee benefits

2.11.1 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.12.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.12.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.13 Property, plant and equipment

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

All Property, plant and equipments are stated at cost less depreciation. Costs comprise purchase price and any attributable costs of bringing the asset to its working condition for its intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

2.14 Intangible assets

2.14.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.14.2 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.14.3 Derecognising of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognising of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.15 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2.16 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.18 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2.19 Financial instruments

Financial assets and financial liabilities are recognised when a company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.20 Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings Per Share. Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

2.21 Cash flow statement

The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cash flows by operating, investing and financing activities of the Company.

2.22 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

2.22.1 Classification of financial assets

The company has not debt instruments. All other financial assets are subsequently measured at fair value.

For the impairment policy on financial assets measured at amortised cost.

2.22.2 Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example,prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

2.22.3 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.23 Current vs non current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

– It is expected to be settled in normal operating cycle

– It is held primarily for the purpose of trading

– It is due to be settled within twelve months after the reporting period, or

– There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

The Company has identified twelve months as its operating cycle.

2.24 Financial liabilities and equity instruments

2.24.1 Classification as debt or equity

Debt and equity instruments issued by a company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.24.2 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

2.24.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.25 Significant accounting estimates

The Company used certain significant accounting estimates which have been disclosed in the financial statements.

These includes valuation of inventory, fair valuation of financial and non-financial assets and liabilities, testing of impairment of assets, going concern assessment etc. requiring significant management judgement in estimating the same. Considering the continuing COVID-19 pandemic, the results in upcoming period may significantly vary and may affect the recoverability of assets and settlement of liabilities.

The Company, based on internal & external sources of information including market research, economic forecast and other information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2021 as at the date of approval of these financial statements.

Note No. 3a - Property, Plant and Equipment

Figures in Rupees

Description of Assets	Office Equipment	Furniture and Fixtures	Lease Improvement	Computers and EDP Equipment	Cold Storage	Mobile	Vehicle	Total
Balance as at 31 March 2019	**1,250,924**	**801,956**	**283,810**	**868,270**	**267,501**	**13,090**	**534,354**	**4,019,905**
Additions	668,522	102,922	253,509	200,058	63,891	5,300	–	1,294,202
Disposals	–	–	–	–	–	–	–	–
Balance as at 31 March 2020	**1,919,446**	**904,878**	**537,319**	**1,068,328**	**331,392**	**18,390**	**534,354**	**5,314,107**
Additions	79,239	–	–	–	–	–	–	79,239
Disposals	–	–	–	–	–	–	–	–
Balance as at 31 March 2021	**1,998,685**	**904,878**	**537,319**	**1,068,328**	**331,392**	**18,390**	**534,354**	**5,393,346**
II. Accumulated depreciation and impairment								
Balance as at 31 March 2019	257,633	91,184	68,513	301,853	49,620	2,943	93,978	865,725
Depreciation expense for the year	291,061	82,718	132,099	319,676	28,625	2,193	72,718	929,090
Eliminated on disposal of assets	–	–	–	–	–	–	–	–
Balance as at 31 March 2020	**548,693**	**173,902**	**200,612**	**621,529**	**78,246**	**5,136**	**166,697**	**1,794,815**
Depreciation expense for the year	372,661	85,728	169,685	239,246	31,396	2,490	72,321	973,526
Eliminated on disposal of assets	–	–	–	–	–	–	–	–
Balance as at 31 March 2021	**921,354**	**259,630**	**370,297**	**860,775**	**109,641**	**7,626**	**239,018**	**2,768,341**
III. Net carrying amount (I-II)								
As on 31st March 2019	993,291	710,772	215,297	566,417	217,881	10,147	440,376	3,154,180
As on 31st March 2020	1,370,752	730,976	336,707	446,799	253,146	13,254	367,657	3,519,292
As on 31st March 2021	1,077,331	645,248	167,022	207,553	221,751	10,764	295,336	2,625,005

Note No. 3b - Intangible Assets

Figures in Rupees

Description of Assets	Trademark	Business Rights	Total
I. Gross Carrying Amount			
Balance as at 31 March 2019	**527,250**	**–**	**527,250**
Additions	–	1,079,177	1,079,177
Disposals		–	–
Balance as at 31 March 2020	**527,250**	**1,079,177**	**1,606,427**
Additions		338,400	338,400
Disposals	–	–	–
Balance as at 31 March 2021	**527,250**	**1,417,577**	**1,944,827**
II. Accumulated depreciation and impairment			
Balance as at 31 March 2019	**36,614**		**36,614**
Depreciation expense for the year	65,944	88,478	154,422
Eliminated on disposal of assets	–		–
Balance as at 31 March 2020	**102,558**	**88,478**	**191,035**
Depreciation expense for the year	65,584	134,301	199,885
Eliminated on disposal of assets	–	–	–
Balance as at 31 March 2021	**168,141**	**222,779**	**390,920**
III. Net carrying amount (I-II)			
As on 31st March 2019	490,636	–	490,636
As on 31st March 2020	424,692	990,699	1,415,392
As on 31st March 2021	359,109	1,194,798	1,553,907

Note No. 4: Current Tax and Deferred Tax

Figures in Rupees

Particulars	**For the Year ended 31 March 2021** Opening Balance	Recognised in profit and Loss	Closing Balance	For the Year ended 31 March 2020 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities						
Property, Plant and Equipment	**7,313**	**–**	**7,313**	7,313	–	7,313
	7,313	**–**	**7,313**	7,313	–	7,313
Tax effect of items constituting deferred tax assets						
Other Temporary Differences (Preliminary Expenses)	**119,445**	**–**	**119,445**	119,445	–	119,445
Interest on Debt Component of OCPS	**8,839**	**–**	**8,839**	8,839	–	8,839
Other Temporary Differences (Operating Lease Expenses)	**4,753**	**–**	**4,753**	4,753	–	4,753
	133,037	**–**	**133,037**	133,037	–	133,037
Net Tax Asset (Liabilities)	**(125,724)**	**–**	**(125,724)**	(125,724)	–	(125,724)

Note No. 5 - Other current and non current assets

Figures in Rupees

Particulars	**As at 31 March 2021** Current	Non-Current	As at 31 March 2020 Current	Non- Current
(a) Advances other than capital advances				
(i) Security Deposits	**–**	**790,068**	–	939,600
(ii) Balances with government authorities (other than income taxes)	**2,397,108**	**–**	1,663,735	–
(iii) Other advances	**337,299**	**–**	460,721	–
(iv) Advance to Creditors	**369,765**	**–**	1,239,474	–
(c) Pre-paid Expenses	**145,244**	**–**	198,932	–
Total	**3,249,416**	**790,068**	3,562,862	939,600

Note No. 6 - Inventories

Figures in Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Stock-in-trade of goods acquired for trading	**2,267,923**	2,838,293
Packing Material	**372,598**	264,838
Total Inventories (at lower of cost and net realisable value)	**2,640,521**	3,103,131

Note No. 7 - Trade receivables

Figures in Rupees

	As at 31 March 2021		As at 31 March 2020	
Particulars	**Current**	**Non Current**	Current	Non Current
Trade receivables				
(a) Secured, considered good				
(b) Unsecured, considered good	**13,666,722**	**–**	19,345,766	–
(c) Doubtful				
Less: Allowance for Credit Losses	**(7,347,329)**	**–**	(4,866,181)	–
TOTAL	**6 ,319,393**	**–**	14,479,585	–
Of the above, trade receivables from:				
– Related Parties	**–**		–	
– Others	**6,319,393**	**–**	14,479,585	–
Total	**6,319,393**	**–**	14,479,585	–

Note No. 8 - Cash and Bank Balances

Figures in Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Cash and cash equivalents		
Balances with banks	**18,683**	7,441,932
Cash on hand	**–**	–
Total Cash and cash equivalent	**18,683**	7,441,932

Note No. 9 - Equity Share Capital

Figures in Rupees

	As at 31 March 2021		As at 31 March 2020	
Particulars	**No. of shares**	**Amount**	No. of shares	Amount
Authorised:				
Equity shares of Rs. 10 each with voting rights	**1,807,400**	**18,074,000**	4,007,400	40,074,000
Equity shares of 10 each with differential voting rights	**–**	**–**	–	–
Preference shares of Rs. 10 each	**12,350,000**	**123,500,000**	10,150,000	101,500,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**1,565,452**	**15,654,520**	1,565,452	15,654,520
Equity shares of Rs. 10 each with differential voting rights	**–**	**–**	–	–
Preference shares of Rs. 10 each (0.01%)	**7,605,000**	**76,050,000**	6,880,000	68,800,000
Preference shares of Rs. 10 each (6%)	**500,000**	**5,000,000**	–	–
Total	**9,670,452**	**96,704,520**	8,445,452	84,454,520

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Figures in Rupees

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes (give details)	Closing Balance
(a) Equity Shares with Voting rights						
Year Ended 31 March 2021						
No. of Shares	1,565,452	–	–	–	–	1,565,452
Amount	15,654,520	–	–	–	–	15,654,520
Year Ended 31 March 2020						
No. of Shares	1,507,304	58,148	–	–	–	1,565,452
Amount	15,073,040	581,480	–	–	–	15,654,520
(b) Preference Shares OCPS 0.01%						
Year Ended 31 March 2021						
No. of Shares	6,880,000	725,000.0	–	–	–	7,605,000
Amount	68,800,000	7,250,000	–	–	–	76,050,000
Year Ended 31 March 2020						
No. of Shares	4,430,000	2,450,000	–	–	–	6,880,000
Amount	44,300,000	24,500,000	–	–	–	68,800,000
(c) Preference Shares OCCPRS 6%						
Year Ended 31 March 2021						
No. of Shares 6%	–	500,000	–	–	–	500,000
Amount	–	5,000,000	–	–	–	5,000,000
Year Ended 31 March 2020						
No. of Shares	–	–	–	–	–	–
Amount	–	–	–	–	–	–

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ Name of shareholder	As at 31 March 2021 Number of shares held	% holding in that class of shares	As at 31 March 2020 Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Prashant V. Patil	**1,007,304**	**64.35%**	1,007,304	64.35%
Mahindra Agri Solutions Limited	**500,000**	**31.94%**	500,000	31.94%
Other	**58,148**	**3.71%**	58,148	3.71%
Equity shares with differential voting rights				
Shareholder 1				
Optionally Convertible Preference Shares				
Mahindra Agri Solutions Limited				
0.01% Optionally convertible preference shares	**7,605,000**	**100.00%**	6,880,000	100.00%
6% Optionally convertible cumulative redeemable preference shares	**500,000**	**100.00%**	–	100.00%

(iii) As at 31 March 2021 shares were reserved for issuance as follows:

Particulars	No. of shares As at 31 March 2021
a. Outstanding employee stock options granted/ available for grant.	–
b. Outstanding share warrants	–
c. Convertible securities [convertible bonds/ debentures]	–

(iv) As at 31 March 2021 preference shares were reserved for issuance as follows:

Particulars	No. of shares As at 31 March 2021
a. Outstanding employee stock options granted/ available for grant.	–
b. Outstanding share warrants	–
c. Convertible securities [convertible bonds/ debentures]	–

Company entered into Share Subscription and Investment Agreement dated 11 March 2020 with one of its shareholder Ajinkya Rahane (‘AR’), who is currently holding 58148 equity shares. In terms of the agreement, company will be issuing 2,18,055 equity shares of Rs. 10 each at fair market value of Rs. 68.79. The said equity shares will be issued in 3 trances (72,685 equity shares per tranche). First tranche due on 1 May 2021, second tranche due on 1 May 2022 and third on 1 May 2023. The shares will be issued at fair market value which is Rs. 68.79 per equity shares. The equity shares will be issued for a consideration other than cash.

Note No. 10. Other Equity

Statement Of Changes In Equity for the year ended 31 March 2021

A. Equity share capital

	Rupees
As at 31 March 2020	15,654,520
Changes in equity share capital during the year	–
As at 31 March 2021	**15,654,520**

For the year 2021
B. Other Equity

Figures in Rupees

Particulars	Equity component of compound financial instruments 0.01% OCPS	Equity component of compound financial instruments 6% OCCRPS	Reserves and Surplus: Security Premium	* Capital Reserve	Other Reserve (specify nature)	Retained Earnings	Total
As at 31 March 2019	19,913,436	–	–	(10,073,040)	(1,669,926)	(53,638,913)	(45,468,443)
Profit/(Loss) for the period	–	–	–	–	–	(40,079,050)	(40,079,050)
Total Comprehensive Income for the year	–	–	–	–	–	–	–
Transfers to Reserves	–	–	–	–	–	–	–
Transfers from retained earnings	–	–	–	–	–	–	–
Any other changes (to be specified)	12,300,518	–	3,418,520	–	–	–	15,719,038
As at 31 March 2020	**32,213,954**	**–**	**3,418,520**	**(10,073,040)**	**(1,669,926)**	**(93,717,962)**	**(69,828,454)**
Profit/(Loss) for the period						(27,477,982)	(27,477,982)
Total Comprehensive Income for the year	–	–	–	–	–	–	–
Transfers to Reserves	–	–	–	–	–	–	–
Transfers from retained earnings	–	–	–	–	–	–	–
Any other changes (to be specified)	2,337,142	778,003	–	–	–	–	3,115,145
As at 31 March 2021	**34,551,096**	**778,003**	**3,418,520**	**(10,073,040)**	**(1,669,926)**	**(121,195,944)**	**(94,191,291)**

Note

* Capital Reserve includes the difference between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor.

Optionally convertible preference shares (0.01% OCPS): The Board Of Directors of the Company at their meeting held on 8th September, 2016 had resolved to create, offer, issue on right basis up to 76,50,000 unpaid warrants, convertible into OCPS and then in turn convertible into Equity share, pursuant to the provisions of the Companies Act 2013, Each warrant is convertible into one Optionally Convertible Preference Share ("OCPS") issued at par at Rs 10/- (Rupees Ten Only) each. Each OCPS is further convertible into one Equity Share of Rs 10/- (Rupees Ten Only) each. The said unpaid warrants were allotted on 28th September, 2016.

During the year, 7,25,000 (2,25,000 and 5,00,000 OCPS on 28th April, 2020 and 19th October, 2020 respectively) warrants were converted into OCPS. As on 31.03.2021, 76,05,000 OCPS were allotted to MASL upon conversion of equal number of warrants. The balance warrants 45000 has been lapsed.

OCPS shall be redeemable at any time after 1 April 2020 (the "Conversion Period Commencement Date") at the option of the holders of the OCPS (MASL) at Rs. 10.5 (Rupees Ten and a Half) each.

The OCPS can be converted into equivalent number of Equity shares at any time from the Conversion Period Commencement Date until 28th September, 2022 on the basis of a ratio of 1 Equity Share: 1 OCPS. Without prejudice to MASL's right to conversion into equity shares or their right to redeem part or all OCPS, the OCPS shall be compulsorily redeemed at Rs. 10.5 (Rupees Ten and a Half) each at the expiry of 10 (Ten) years from the Closing date or at the expiry of the maximum period permitted under the Applicable Law, whichever is sooner.

Equity component of compound financial instruments includes equity component of such 76,05,000 Optionally Convertible Preference Shares derived as per the requirements of Paras 28 & 29 and of IND As 32 "Financial Instruments Presentation"

The Board Of Directors of the Company issued 5,00,000 6% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) of Rs. 10/- each aggregating Rs. 50,00,000/- on Rights Basis to the existing Equity Shareholder that is the Mahindra Agri Solutions Ltd. through circular resolution on 18th March, 2021. Such OCCRPS are convertible into Equity share at the option of share holder at fair market value on date of conversion.

OCCRPS will be redeemable after 10 years from the date of allotment and redemption will be at face value.

Equity component of compound financial instruments includes equity component of such 5,00,000 Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS) derived as per the requirements of Paras 28 & 29 and of IND As 32 "Financial Instruments Presentation"

Note No. 11 - Non Current Borrowings

Figures in Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Borrowings*		
- 0.01% Optionally convertible preference shares(OCPS)	**41,498,904**	36,586,046
- 6% Optionally convertible cumulative redeemable preference shares (OCCRPS)	**4,221,997**	–
Interest component		
0.01% Optionally convertible preference shares(OCPS)	**8,821,657**	4,907,180
6% Optionally convertible cumulative redeemable preference shares (OCCRPS)	**9,622**	–
(*Refers debt component of preference shares)		
Total Borrowings	**54,552,180**	41,493,226

Note No. 11a - Current Borrowings

Figures in Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Borrowings		
Borrowings From Bank	**11,281,226**	20,702,647
Total Borrowings	**11,281,226**	20,702,647

Note No. 12 - Trade Payables

Figures in Rupees

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	**Non-Current**	Current	Non-Current
Trade payable - Micro and small enterprises	–	–	–	–
Trade payable - Other than micro and small enterprises	**14,998,119**	–	19,359,617	
Total trade payables	**14,998,119**	–	19,359,617	–

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business

Note No. 13 - Provisions

Figures in Rupees

	Particulars	As at 31 March 2021		As at 31 March 2020	
		Current	**Non-Current**	Current	Non-Current
(a)	Provision for employee benefits				
(1)	Provision for Gratuity	**610,458**	–	480,790	–
(2)	Provision for compensated absences	**375,546**	–	647,700	
(3)	Provision For Performance Pay	–	–	1,726,070	–
(b)	Provision For Expenses	–	–	–	–
Total		**986,004**	–	2,854,560	–

Note No. 14 - Other Liabilities

Figures in Rupees

	Particulars	As at 31 March 2021		As at 31 March 2020	
		Current	**Non-Current**	Current	Non-Current
a.	Advances received from customers	**13,308,023**	–	1,203,157	–
b.	Payments to Employees	**534,550**	–	375,069	–
c.	Employee Reimbursements	–	–	36,691	–
d.	Statutory dues	–		–	
	- taxes payable (other than income taxes)	**44,013**	–	262,053	–
	- Employee Recoveries and Employer Contributions	**55,063**	–	107,935	–
e.	OCPS Issues subscribed and Paid up	–	–	–	–
f.	Share Application Money -OCPS	–	–	2,250,000	–
g	Other Liabilities	**100,311**	–	116,495	–
TOTAL OTHER LIABILITIES		**14,041,960**	–	4,351,400	–

In FY 2019-20 application money received towards the conversion of 2,25,000 warrants to OCPS, the said warrants have been converted into equivalent number of OCPS in FY 2020-21. OCPS shall be redeemable at the option of the holders of the OCPS(MASL) at RS 10.5 (Rupees Ten and a Half) each. The OCPS can be converted into equivalent number of Equity shares at any time on or before 28th September, 2022. Without prejudice to MASL's right to conversion into equity shares or their right to redeem part or all OCPS, the OCPS shall be compulsorily redeemed at Rs. 10.5 (Rupees Ten and a Half) each at the expiry of 10 (Ten) years from the Closing date or at the expiry of the maximum period permitted under the Applicable Law, whichever is sooner

Note No. 15 - Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

Figures in Rupees

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(a)	Revenue from sale of products	**93,852,075**	121,847,189
(b)	Other operating revenue	–	6,270
	Total Revenue from Operations	**93,852,075**	121,853,459

Note No. 16 - Other Misc Income

The following is an analysis of the company's revenue for the year from other misc income

Figures in Rupees

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(a)	Misc write back	**1,669,949**	–
(b)	Foreign Exchange gain	**11,358**	–
	Total Revenue from Operations	**1,681,307**	–

Note No. 17 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Figures in Rupees

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Inventories at the end of the year:		
Traded Goods-Grocery Material	**2,267,923**	2,838,293
Packing Material	**372,598**	264,838
	2,640,521	3,103,131
Inventories at the beginning of the year:		
Traded Goods	**3,103,131**	2,987,480
	3,103,131	2,987,480
Net (increase)/decrease	**462,610**	(115,651)

Note No. 18 - Employee Benefits Expense

Figures in Rupees

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(a)	Salaries and wages, including bonus	**10,288,576**	12,321,553
(b)	Contribution for Gratuity, Leave encashment	**(142,486)**	381,761
(c)	Staff welfare expenses	**129,647**	415,206
	Total Employee Benefit Expense	**10,275,737**	13,118,520

Note No. 19 - Finance Cost

Figures in Rupees

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(a)	0.01% Optionally convertible preference shares Interest	**3,914,477**	2,650,943
(b)	6% Optionally convertible cumulative	**9,622**	–
(c)	Interest on bank borrowings	**1,481,458**	1,411,372
(c)	Bank Charges	**62,293**	11,669
	Total finance costs	**5,467,850**	4,073,984

Note No. 20 - Depreciation and Amortisation expenses

Figures in Rupees

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation on property,plant and equipment	**973,526**	929,090
Amortisation on Intangible assets	**199,885**	154,422
Total	**1,173,411**	1,083,512

Note No. 21 - Other Expenses

Figures in Rupees

	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(a)	Administrative Expenses	**774,009**	1,011,690
(b)	Advertisement & Sales Promotion	**3,622,405**	4,581,545
(c)	Legal and other professional costs	**1,921,088**	2,347,131
(d)	Insurance	**121,927**	203,437
(e)	Power & Fuel	**132,371**	183,160
(f)	Printing and Stationery Expenses	**173,833**	256,938
(g)	Rent including lease rentals	**2,069,868**	1,725,088
(h)	Rates and taxes	**188,628**	857,029
(i)	Repairs and maintenance - Others	**239,133**	390,112
(j)	Repairs & Maintenance - Vehicle	**27,951**	20,290
(k)	Travelling and Conveyance Expenses	**332,032**	2,665,198
(l)	Foreign Travelling	–	209,151
(m)	Provision for Doubtful Debts	**2,518,194**	2,616,661
(n)	Provision for Creditors Advances	**747,941**	–
(o)	Provision for Loans & Advances	**39,716**	–
(p)	Freight outward & Inward	**3,057,061**	4,851,630
(q)	Loading & Unloading	**270,019**	140,816
(r)	Subcontracting, Hire and Service Charges	**7,166,170**	10,416,675
(s)	Interest on TDS	**4,145**	183
(t)	Brokrage	**38,500**	42,979
(u)	Payment to Auditors	**150,000**	125,000
(v)	Other Miscellaneous Expenses	–	870,513
	Total Other Expenses	**23,594,991**	33,515,226

Note No. 21.1 - Payment to Auditors

Figures in Rupees

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Statutory audit fees	**150,000.00**	125,000.00
Total	**150,000.00**	125,000.00

Note No. 22 - Earnings per Share

Figures in Rupees

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
	Per Share	Per Share
Basic Earnings per share		
From continuing operations	**(17.55)**	(26.53)
From discontinuing operations		
Total basic earnings per share	**(17.55)**	(26.53)
Diluted Earnings per share		
From continuing operations	**(3.09)**	(5.83)
From discontinuing operations		
Total diluted earnings per share	**(3.09)**	(5.83)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Figures in Rupees

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit/(loss) for the year attributable to owners of the Company	**(27,477,982)**	(40,079,050)
Less: Preference dividend and tax thereon	–	–
Profit/(loss) for the year used in the calculation of basic earnings per share	**(27,477,982)**	(40,079,050)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	–	–
Profits used in the calculation of basic earnings per share from continuing operations	**(27,477,982)**	(40,079,050)
Weighted average number of equity shares	**1,565,452**	1,510,640
Earnings per share from continuing operations - Basic	**(17.55)**	(26.53)

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

Figures in Rupees

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit/(loss) for the year used in the calculation of basic earnings per share	**(27,477,982)**	(40,079,050)
Add: Interest expense and exchange fluctuation on convertible bonds (net) - adjusted for attributable taxes	–	–
Profit/(loss) for the year used in the calculation of diluted earnings per share	**(27,477,982)**	(40,079,050)
Profit for the year on discontinued operations used in the calculation of diluted earnings per share from discontinued operations	–	–
Profits used in the calculation of diluted earnings per share from continuing operations	**(27,477,982)**	(40,079,050)

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Figures in Rupees

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Weighted average number of equity shares used in the calculation of Basic EPS	**1,565,452**	1,510,640
Add: Effect of Warrants,	–	–
ESOPs	–	–
Convertible bonds	–	–
OCPS Issued	**8,105,000**	6,880,000
Weighted average number of equity shares (Including OCPS) used in the calculation of Diluted EPS	**8,897,644**	6,870,832

Note: The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year.

Note: An entity shall disclose the list of Instruments (including contingently issuable shares) that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are antidilutive for the period(s) presented.

Note: An entity shall disclose a description of ordinary share transactions or potential ordinary share transactions, other than those accounted for in accordance with paragraph 64, that occur after the reporting period and that would have changed significantly the number of ordinary shares or potential ordinary shares outstanding at the end of the period if those transactions had occurred before the end of the reporting period.

Financial instruments and other contracts generating potential ordinary shares may incorporate terms and conditions that affect the measurement of basic and diluted earnings per share. These terms and conditions may determine whether any potential ordinary shares are dilutive and, if so, the effect on the weighted average number of shares outstanding and any consequent adjustments to profit or loss attributable to ordinary equity holders. The disclosure of the terms and conditions of such financial instruments and other contracts is encouraged, if not otherwise required.

Note No. 23 - Leases

Figures in Rupees

Particulars	For the year ended 31 March 21	For the year ended 31 March 20
Details of leasing arrangements		
Operating Lease		
The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 3 years from Sept 16 to Aug 19 and may be renewed based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 10 % every 12 months.		
<Where relevant, state restrictions imposed by lease arrangements, such as those concerning dividends, additional debt, and further leasing etc.>		
Future Non-Cancellable minimum lease commitments		
not later than one year	–	–
later than one year and not later than five years	–	–
later than five years		
Expenses recognised in the Statement of Profit and Loss		
Minimum Lease Payments	**2,069,868**	1,725,088
Sub-lease payments		
Contingent rents (state basis)		
Future minimum sublease payments expected to be received under non-cancellable subleases		
Sublease payments received/receivable recognised in the Statement of Profit and Loss		

Figures in Rupees

Particulars	For the year ended 31 March 21	For the year ended 31 March 20
Liabilities in respect of Operating Leases		
Onerous Lease contracts		
Current	–	–
Non-Current		
Lease Incentives		
Current		
Non-Current		

Note No. 24 - Previous year's figures have been re-grouped/re-arranged wherever necessary

Note No. 25 - Related Party Transactions

Entities having joint control/ significant influence over Company	Mahindra & Mahindra Limited
Name of Fellow Subsidiary	Mahindra Greenyard Private Limited (formarly known as Mahindra Univeg Private Limited)
Entities having joint control/ significant influence over Company	Mahindra Agri Solutions Limited
Name of Fellow Subsidiary	Mahindra Integrated Business Solutions Limited
Name of Fellow Subsidiary	Mahindra Emarket Limited
KMP	Prashant V Patil

Note: Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

Details of transaction between the Company and its related parties are disclosed below:

Figures in Rupees

Nature of transactions with Related Parties	For the year ended	Parent Company	Entities having joint control/ significant influence over Company	Subsidiaries	Fellow subsidiaries	Joint ventures	KMP of the Company and KMP of parent Company	Other related parties
Sale of goods	31-Mar-21		–		–		–	
	31-Mar-20		54,324		–		8,413	
Purchase of goods	31-Mar-21		6,400		308,592			
	31-Mar-20		–		–		–	
Purchase of property and other assets	31-Mar-21		–		–		–	
	31-Mar-20		9,082		–		–	
Receiving of services	31-Mar-21		2,408,092		37,000		–	
	31-Mar-20		1,018,198		36,000		–	
Reimbursement of expenses	31-Mar-21		–		–		207,259	
	31-Mar-20		–		–		1,202,695	
Remuneration	31-Mar-21		–		–		6,160,000	
	31-Mar-20		–		–		7,700,000	

Figures in Rupees

Nature of Balances with Related Parties	Balance as on	Parent Company	Entities having joint control/ significant influence over Company	Subsidiaries	Fellow subsidiaries	Joint ventures	KMP of the Company and KMP of parent Company	Other related parties
Trade payables	31-Mar-21		–		–		7,160	
	31-Mar-20		–		304,100		35,439	
Trade Receivable	31-Mar-21		–		–		–	
	31-Mar-20		–		–		–	
Other balances	31-Mar-21		2,329,376		3,495		–	
	31-Mar-20		1,268,261		3,546		212,589	

Compensation of key managerial personnel

The remuneration of directors and other members of key managerial personnel during the year was as follows:

Particulars	Year ended 31/12/2021	Year ended 31/03/2020
Short-term employee benefits	**6,160,000**	7,700,000
Post-employment benefits	–	–
Other long-term benefits	–	–
Termination benefits	–	–
Share-based payment	–	–

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Note: Above disclosure is not required for the transactions/ balances with governments and an entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting company and the that entity.

However following disclosures shall be provided:

(a) name of the government and the nature of its relationship with the reporting company;

(b) (i) the nature and amount of each individually significant transaction; and

(b) (ii) for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent.

Note No. 26 - Provident Fund-In February 2019, the Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company has made a provision for provident fund contribution from the date of the Supreme Court order.

As per Report of even date

For B.K.Khare & Co.
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : 22nd April 2021

For and on behalf of the Board of Directors of
MeraKisan Private Limited

Ashok Sharma	**Prashant Patil**	**Sagarmal Agrawal**
Director	Director	Finance Controller
DIN - 02766679	DIN - 07560367	

Place : Mumbai
Date : 22nd April 2021

INDEPENDENT AUDITOR'S REPORT

To The Members of Mahindra EPC Irrigation Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Mahindra EPC Irrigation Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the (Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and its profit total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. We have determined that there are no key audit matters to be communicated in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the financial highlights, management discussion & analysis, Board report and related annexure there to corporate governance, but does not include the standalone financial statements, consolidated financial statements and our auditor's report thereon.

- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117364W)

Kedar Raje
Partner
(Membership Number: 102637)
UDIN: 21102637AAAABU1236

Date: 11 May 2021
Place:- Nashik

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra EPC Irrigation Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117364W)

Kedar Raje
Partner
(Membership Number: 102637)
UDIN: 21102637AAAABU1236

Date: 11 May 2021
Place: Nashik

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under `Report on Other Legal and Regulatory Requirements’ section of our report of even date)

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Company has a programme of verification of property, plant and equipment to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of buildings whose title deeds have been pledged as security for loans availed from banks are held in the name of the Company based on the confirmation directly received by us from the bank. In respect of immovable properties of land that have been taken on lease and disclosed as prepaid asset in the Ind AS financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

ii. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals except stock lying with third parties for which confirmations have been obtained and no material discrepancies were noticed on physical verification.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.

iv. The Company has not granted any loans, made investments or provided guarantees to which the provisions of Sections 185 and 186 of the Act apply, and hence reporting under clause (iv) of CARO 2016 is not applicable.

v. According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

vi. The maintenance of cost records has been prescribed by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under Section 148(1) of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees’ state insurance, income-tax, goods and services tax, customs duty, cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, goods and services tax, customs duty, cess and other material statutory dues in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

(c) Details of dues of income-tax, goods and services tax, sales-tax, service tax, customs duty, excise duty, and value added tax which have not been deposited as on 31 March 2021 on account of disputes are given below:

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount unpaid (Rs. in lakhs)
Central Excise Act, 1944	Excise Duty	Commissioner of Central Excise	FY 1996-97	174.33
		Commissioner of Central Excise	FY 1997-98	37.21
Madhya Pradesh Vat Act, 2002	Sales Tax	Addtl CCT/APP DC/DCAPP DC Bhopal	FY 2014-15	424.09
Chhattisgarh VAT Act, 2003	Sales Tax	Deputy Commissioner of Commercial Tax, Raipur	FY 2014-15	11.41
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	FY 2016-17	140.50
		Commissioner of Income Tax (Appeals)	FY 2011-12	193.94
		Commissioner of Income Tax (Appeals)	FY 2017-18	48.46
Tamil Nadu VAT Act, 2006	Sales Tax	State Tax Officer	FY 2016-17	13.62
	Sales Tax	State Tax Officer	FY 2017-18	5.13

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks and government. The Company has not borrowed from financial institutions and has not issued any debentures.

ix. The Company has not raised moneys by way of initial public offer or further public offer (Including debt instruments) or term loans and hence reporting under clause (ix) of CARO 2016 is not applicable.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of CARO 2016 is not applicable.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements etc. as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence, provisions of Section 192 of the Act are not applicable.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117364W)

Kedar Raje
Partner
(Membership Number: 102637)
UDIN: 21102637AAAABU1236

Date: 11 May 2021
Place: Nashik

CEO AND CFO CERTIFICATION

We, the undersigned in our respective capacities as Chief Executive Officer and Chief Financial Officer, to the best of our knowledge and belief certify that:

A) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2021 and that to the best of our knowledge and belief, We confirm that:

   1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2021 are fraudulent, illegal or violative of the Company's code of conduct/ethics.

C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, over financial reporting, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D) We have indicated to the Auditors and the Audit Committee that:

   1) there has not been any significant change in internal control over financial reporting during the year under reference;

   2) there has not been any significant change in the accounting policies during the year requiring the disclosure in the notes to the financial statements; and

   3) We are not aware of any instance during the year of significant fraud with involvement therein of the Management or any employee having a significant role in the Company's internal control system over financial reporting.

Sunetra Ganesan	**Abhijit Page**
Chief Financial Officer	Chief Executive Officer

Nashik, 11th May, 2021

STANDALONE BALANCE SHEET AS AT MARCH 31, 2021

Rs. in Lakhs

	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
	ASSETS			
I	**NON-CURRENT ASSETS**			
	(a) Property, Plant and Equipment	2A	2,252.16	2,434.92
	(b) Right of Use Assets	2B	299.18	311.33
	(c) Capital Work-in-Progress		29.82	10.04
	(d) Other Intangible Assets	3	9.65	11.27
	(e) Financial Assets			
	(i) Investments	4	180.00	180.00
	(ii) Trade Receivables	5	3,279.20	3,510.40
	(iii) Other Financial Assets	6	59.29	67.77
	(f) Income Tax Assets (Net)		152.21	55.14
	(g) Deferred Tax Assets (Net)	7	578.76	531.10
	(h) Other Non-Current Assets	8	228.50	234.20
	Total Non-Current Assets		7,068.77	7,346.17
II	**CURRENT ASSETS**			
	(a) Inventories	9	3,429.08	3,587.63
	(b) Financial Assets			
	(i) Trade Receivables	5	13,960.94	12,868.38
	(ii) Cash and Cash Equivalents	10	442.09	1,110.80
	(iii) Bank Balances other than (ii) above	10	163.46	172.87
	(iv) Other Financial Assets	6	276.21	133.76
	(c) Other Current Assets	8	1,481.83	1,173.39
	Total Current Assets		19,753.61	19,046.83
III	**Total Assets (I + II)**		26,822.38	26,393.00
	EQUITY AND LIABILITIES			
IV	**EQUITY**			
	(a) Equity Share Capital	11A	2,784.15	2,778.37
	(b) Other Equity	11B	15,887.23	14,288.40
	Total Equity		18,671.38	17,066.77
	LIABILITIES			
V	**NON-CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Lease Liabilities	26	–	2.99
	(b) Provisions	14	39.68	36.99
	Total Non-Current Liabilities		39.68	39.98
VI	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	13	–	1,300.00
	(ii) Lease Liabilities	26	2.64	7.94
	(iii) Trade Payables	15		
	a) total outstanding dues of micro and small enterprises		383.34	234.56
	b) total outstanding dues of creditors other than micro and small enterprises		6,280.27	6,319.94
	(iv) Other Financial Liabilities	12	672.24	712.22
	(b) Provisions	14	325.23	315.13
	(c) Current Tax Liabilities (Net)		–	71.18
	(d) Other Current Liabilities	16	447.60	325.28
	Total Current Liabilities		8,111.32	9,286.25
VII	**Total Liabilities (V+VI)**		8,151.00	9,326.23
VIII	**Total Equity and Liabilities (IV+VII)**		26,822.38	26,393.00
	See accompanying notes to the financial statements.	1-34		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Kedar Raje
Partner

Place: Nashik
Date: May 11, 2021

For and on behalf of the Board of Directors

Ashok Sharma
Managing Director
DIN-2766679
Place: Mumbai

Anand Daga
Director
DIN-696171
Place: Nashik

Abhijit Page
Chief Executive Officer
Place: Nashik

Sunetra Ganesan
Chief Financial Officer
Place: Nashik

R. V. Nawghare
Company Secretary
Place: Nashik

Date: May 11, 2021

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Rs. in Lakhs

	Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
I	Revenue from Operations	17	25,422.21	28,395.86
II	**Other Income**	18	308.69	132.71
III	**Total Income (I + II)**		25,730.90	28,528.57
IV	**EXPENSES**			
	(a) Cost of materials consumed	19(a)	13,057.92	13,651.62
	(b) Purchases of Stock-in-trade	19(b)	0.09	7.31
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	19(c)	246.34	(225.25)
	(d) Employee benefit expense	20	2,749.92	2,649.35
	(e) Finance costs	21	65.36	197.91
	(f) Depreciation, amortisation and impairment expense	2A,2B,3	309.12	380.11
	(g) Other expenses	22	6,771.54	8,627.52
	Total Expenses (IV)		23,200.29	25,288.57
V	**Profit before tax (III - IV)**		2,530.61	3,240.00
VI	**Tax Expense**			
	(1) Current tax	7	673.89	1,055.30
	(2) Deferred tax	7	(41.62)	(160.30)
	(3) Short/(Excess) provision for tax relating to prior years		(21.12)	16.35
	Total tax expense (VI)		611.15	911.35
VII	**Profit after tax for the year from continuing operations (V - VI)**		1,919.46	2,328.65
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit plans		(23.98)	(0.50)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		6.04	0.14
	Total Other comprehensive (loss) for the year		(17.94)	(0.36)
IX	**Profit for the year attributable to owners of the Company (VII+VIII)**		1,901.52	2,328.29
X	**Earnings per equity share**			
	(1) Basic (Face value Rs.10 per share)	23	6.89	8.38
	(2) Diluted	23	6.86	8.35
	See accompanying notes to the financial statements	1-34		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Kedar Raje
Partner

Place: Nashik
Date: May 11, 2021

For and on behalf of the Board of Directors

Ashok Sharma
Managing Director
DIN-2766679
Place: Mumbai

Anand Daga
Director
DIN-696171
Place: Nashik

Abhijit Page
Chief Executive Officer
Place: Nashik

Sunetra Ganesan
Chief Financial Officer
Place: Nashik

R. V. Nawghare
Company Secretary
Place: Nashik

Date: May 11, 2021

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax for the year	**2,530.61**	3,240.00
Adjustments for:		
Finance costs recognised in profit or loss	**65.36**	197.91
Interest Income recognised in profit or loss	**(20.98)**	(13.75)
Profit on sale of current investments	**–**	(5.94)
Liabilities no longer required written back	**116.67)**	(47.98)
(Profit)/Loss on disposal of property, plant and equipment	**(1.56)**	4.70
Impairment Loss recognised on financial assets	**61.90**	536.99
Bad trade and other receivables, loans and advances written off	**197.69**	71.18
Depreciation and amortisation expense	**309.12**	380.11
Expense recognised in respect of equity-settled share-based payments	**32.29**	55.49
	3,057.76	4,418.71
Movements in working capital:		
(Increase) in trade receivables	**(1,120.95)**	(2,242.67)
(Increase)/Decrease in inventories	**158.55**	(973.81)
Decrease in other Non current assets	**2.12**	8.84
(Increase) in other current assets	**(451.01)**	(439.97)
Increase in trade payables	**128.66**	1,350.98
Increase/(Decrease) in provisions	**(10.69)**	43.46
Increase) in other current liabilities	**157.40**	17.74
	(1,135.92)	(2,235.43)
Cash generated from operations	**1,921.84**	2,183.28
Income taxes paid (net)	**(821.16)**	(1,219.49)
Net cash generated from operating activities	**1,100.68**	963.79
Cash flows from investing activities		
Payments to acquire property, plant and equipment and other Intangible assets	**(138.36)**	(310.47)
Proceeds from sale of plant and equipment and other Intangible assets	**2.25**	0.37
Interest received	**21.10**	14.73
Purchase of Current Investment	**–**	(2,050.00)
Sale of Current Investment	**–**	2,055.94
Bank balance not considered as cash and cash equivalents matured (net)	**9.41**	78.96
Net cash used in investing activities	**(105.60)**	(210.47)
Cash flows from financing activities		
Proceeds from issue of equity instruments	**5.78**	3.59
Share application money received/(refunded)	**(1.60)**	1.60
Proceeds from borrowings	**300.00**	1,300.00
Repayment of borrowings	**(1,600.00)**	(342.14)
Interest paid	**(29.79)**	(270.41)
Dividend paid for Equity shares (Including tax thereon)	**(333.38)**	(329.13)
Repayment of lease liability	**(4.80)**	(46.56)
Net cash (used in)/generated from financing activities	**(1,663.79)**	**316.95**
Net increase/(decrease) in cash and cash equivalents	**(668.71)**	**1,070.27**
Cash and cash equivalents at the beginning of the year	**1,110.80**	**40.53**
Cash and cash equivalents at the end of the period	**442.09**	**1,110.80**
Components of cash and cash equivalents		
Cash	**0.18**	0.27
With Banks - on Current account/Balance in Cash Credit Accounts	**441.91**	1,110.53
	442.09	1,110.80

See accompanying notes to the financial statements 1-34

Note:

The above Cash Flow Statement has been prepared under the Indirect Method set out in 'Ind AS 7- Statement of Cash Flow

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Regn. No.117364W)

Kedar Raje
Partner

Place: Nashik
Date: May 11, 2021

For and on behalf of the Board of Directors

Ashok Sharma
Managing Director
DIN-2766679
Place: Mumbai

Anand Daga
Director
DIN-696171
Place: Nashik

Abhijit Page
Chief Executive Officer
Place: Nashik

Sunetra Ganesan
Chief Financial Officer
Place: Nashik

R. V. Nawghare
Company Secretary
Place: Nashik

Date: May 11, 2021

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

Rs. in Lakhs

A.	**Equity share capital**	
	As at March 31, 2019	2,774.59
	Changes in equity share capital during the year	
	Issue of equity shares under employee share option plan (Refer note 20)	3.59
	As at March 31, 2020	2,778.18
	Changes in equity share capital during the year	
	Issue of equity shares under employee share option plan (Refer note 20)	5.78
	As at March 31, 2021	**2,783.96**
B.	**Forfeited shares**	
	As at March 31, 2019	0.19
	Changes during the year	–
	As at March 31, 2020	0.19
	Changes during the year	–
	As at March 31, 2021	**0.19**

C. **Other Equity**

Particulars	Reserves and Surplus						
	Capital Reserve	**Securities Premium**	**General Reserve**	**Share based payments (ESOP)**	**Share Application Money Pending Allotment**	**Retained earnings**	**Total**
Balances as at March 31, 2019	40.00	9,315.30	425.44	88.82	–	2,367.95	12,237.51
Profit for the year	–	–	–	–	–	2,328.65	2,328.65
Dividend paid for Equity Shares (including tax thereon)	–	–	–	–	–	(334.49)	(334.49)
Issue of Shares towards ESOP	–	51.76	–	(51.76)	–	–	–
Recognition of Share based payments	–	–	–	55.49	–	–	55.49
Share Application money received	–	–	–	–	1.60	–	1.60
Other Comprehensive loss for the year (net of tax)	–	–	–	–	–	(0.36)	(0.36)
Balances as at March 31, 2020	40.00	9,367.06	425.44	92.55	1.60	4,361.75	14,288.40
Profit for the year	–	–	–	–	–	1,919.46	1,919.46
Dividend paid for Equity Shares (including tax thereon)	–	–	–	–	–	(333.38)	(333.38)
Issue of Shares towards ESOP	–	61.24	–	(61.24)	–	–	–
Recognition of Share based payments	–	–	–	32.29	–	–	32.29
Share Application money refunded	–	–	–	–	(1.60)	–	(1.60)
Other Comprehensive loss for the year (net of tax)	–	–	–	–	–	(17.94)	(17.94)
Balances as at March 31, 2021	**40.00**	**9,428.30**	**425.44**	**63.60**	**–**	**5,929.89**	**15,887.23**

Remeasurement loss (net) on defined benefit plans Rs. 17.94 lakhs (March 31, 2020 loss (net) Rs. 0.36 lakhs) is recognised as part of retained earnings. For nature of reserves refer note no. 11 B

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Kedar Raje
Partner

Place: Nashik
Date: May 11, 2021

For and on behalf of the Board of Directors

Ashok Sharma
Managing Director
DIN-2766679
Place: Mumbai

Anand Daga
Director
DIN-696171
Place: Nashik

Abhijit Page
Chief Executive Officer
Place: Nashik

Sunetra Ganesan
Chief Financial Officer
Place: Nashik

R. V. Nawghare
Company Secretary
Place: Nashik

Date: May 11, 2021

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

NOTE NO. 1 - GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Corporate Information

Mahindra EPC Irrigation Limited (Formerly known as EPC Industrie Limited) is a Public Limited Company listed on the Bombay Stock Exchange Limited and National Stock Exchange. It was incorporated on November 28, 1981 under the Companies Act, 1956. It is engaged in the business of Micro Irrigation Systems such as Drip and Sprinklers, Agricultural Pumps, Greenhouses and Land Scape Products. The Company is a subsidiary of Mahindra and Mahindra Limited.

The Company is operating its manufacturing facilities within the guidelines set by the respective states. Based on immediate assessment and on the basis of available information of the impact of COVID-19 on the operations of the Company, and ongoing discussions with customers, vendors and related service providers, the Company is hopeful of serving customer orders, obtaining supply of raw materials and logistics services. Based on the assessment considering the internal and external sources of information including economic forecasts, the Company expects the carrying amounts of assets including trade receivables and inventories to be recoverable. However, the actual impact of COVID-19 may be different from the estimates as at the date of approval of these standalone financial results and the Company will continue to closely monitor the developments.

B. Statement of compliance

The standalone financial statements have been prepared in accordance with IND AS's notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

C. Basis of preparation and presentation

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

D. Functional and presentation currency

These financial statements are presented in Indian Rupees ('Rupees') which is also the Company's functional currency. All amounts are rounded-off to the nearest rupee in lakhs (two decimals), unless otherwise indicated.

E. Recent Accounting Standards

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards.

The MCA notification for schedule 3 - On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

F. Property, Plant and equipment:

Property, Plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Cost includes cost of acquisition or construction and is stated at historical cost.

Depreciation on all property, plant and equipment, is provided on Straight Line Method as per the estimated useful life. Leasehold Assets are depreciated over the shorter of the lease term and their useful lives. Depreciation on additions to assets or on sale / disposal of assets is calculated from the date of such addition or up to the date of such sale / disposal as the case may be.

Property, Plant and equipment retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

Estimated useful life of the assets are as follows:

Assets	**Useful life**
Buildings	
Factory Building	30 Years
Office Building	60 Years
Extrusion Machines	19 Years
Other Machineries	15 Years
Electrical Installations, factory Equipments, furniture	10 Years
Moulds and Dies	6 Years
Office Equipment	5 Years
Computers	3 Years
Vehicles - Cars	8 Years
Vehicles - Cars (For employee use)	3 Years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on prospective basis.

G. Intangible Assets:

Intangible assets are recognised only when economic benefit attributable to the assets will flow to the enterprise and cost can be measured reliably. They are being amortised over the estimated useful life of 36 months.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the statement of profit or loss when the asset is derecognised.

H. Impairment of Assets:

The carrying value of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss of the amount. They are arrived at cost less accumulated amortisation and accumulated impairment losses.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

I. Inventories:

Inventories comprise of raw materials, work in progress, finished goods and stock in trade, are valued at costs of purchase, conversion and other costs incurred if any in bringing the inventories to their present location and condition. Inventories are stated at lower of cost and net realisable value.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost is determined on the basis of the weighted average method.

J. Foreign Exchange Transactions:

In preparing the financial statements transactions in other than the company's functional currency are recorded at the exchange rates prevailing on the date of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense, as the case may be. Non - Monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

K. Revenue recognition:

Revenue from contracts with customer

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax.

The Company recognises revenue from the following major sources:

a) Sale of Products; and

b) Sale of services.

a) Sale of Products

The company sells Micro irrigation systems (MIS) both to the Open market and Project market. Sales-related warranties associated with MIS cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Company accounts for warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets (refer note no. 14).

For sales of MIS to open market, revenue is recognised when control of the good has transferred, being when the goods have been delivered to the dealer based on the terms and conditions in his agreement. Following delivery, the dealer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

For sales of MIS to project market, revenue is recognised when control of the good has transferred, being when the goods have been installed at the farmers' place as per the approved design and acknowledged by the farmer. Following which farmer has full control of the MIS.

A receivable is recognised by the Company when the goods are delivered to the distributor /MIS installation acknowledged by the farmer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

b) Sale of Services

Revenue relating to the services is recognised at a point in time.

L. Other income:

Dividend income from investments is recognised in statement of profit and loss when the shareholders right to receive payment has been established.

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable. The effective interest method is a method of calculating the amortised cost of the financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets, to that asset's net carrying amount on initial recognition.

M. Government Grants:

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in the statement profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to statement of profit or loss on a systematic and rational basis over the useful lives of the related assets.

N. Employee benefits:

a) Short term and other long term employee benefits

A liability is recognised for benefits accruing to employees in respected of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that services. Liabilities recognised in respect of other long -term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees upto the reporting date.

b) Post-employment benefits

(i) Defined contribution plans

The Company's contribution to provident fund, employee state insurance scheme and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made and when services are rendered by the employee.

(ii) Defined benefit plans

The employees' gratuity fund scheme, managed by Life Insurance Corporation (LIC) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation carried out as at the end of each financial year using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities, of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in the statement of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

(iii) Share based payment

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 20.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate with a corresponding adjustment to the equity-settled employee benefits reserve.

O. Lease Policy:

The Company assesses whether a contract is, or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the commencement date of the lease, the Company recognise a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is lessee, except for short-term leases (leases with a term of twelve months or less), leases of low value assets and, for contract where the lessee and lessor has right to terminate a lease without permission from the other party with no more than an insignificant penalty. The lease expense of such short-term leases, low value assets leases and cancellable leases, are recognised as an operating expense on a straight-line basis over the term of the lease.

At commencement date, lease liability is measure at the present value of the lease payments to be paid during non-cancellable period of the contract, discounted using the incremental borrowing rate. The right-of-use assets is initially recognised at the amount of the initial measurement of the corresponding lease liability, lease payments made at or before commencement date less any lease incentives received and any initial direct costs.

Subsequently the right-of-use asset is measured at cost less accumulated depreciation and any impairment losses. Lease liability is subsequently measure by increasing the carrying amount to reflect interest on the lease liability (using effective interest rate method) and reducing the carrying amount to reflect the lease payments made. The right-of-use asset and lease liability are also adjusted to reflect any lease modifications or revised in-substance fixed lease payments.

As a lessor:

Income from operating leases where the Company is a lessor is recognised as income on a straight-line basis over the lease term.

P. Borrowing Costs:

All borrowing costs are charged to the Statement of Profit and Loss except, borrowing costs that are attributable to the acquisition or construction of qualifying assets which are those that necessarily take a substantial period of time to get ready for their intended use or sale, which are capitalised as part of the cost of such assets.

Q. Product Warranty:

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale. The estimates for accounting of warranties are discounted when required and are reviewed and revisions are made as required by the management of the company.

R. Taxes on income:

- **Current Tax**

  Income Taxes are accounted for in accordance with IND AS-12. Tax expenses comprise both current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act 1961, and other applicable tax laws.

- **Deferred Tax**

  Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

  The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

  Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

S. Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liabilities and assets are not recognised but are disclosed in the notes.

T. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified by the company. The CODM operation of the company reviews the operation of the company as Precision Farming Products & Services.

U. Investment in Joint Venture

The company accounts for its investments in Joint Venture at cost less accumulated impairment, if any.

V. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification and subsequent measurement

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets:

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost:

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the ‘Finance costs’ line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

W. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company’s accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on going basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

- useful life of property, plant and equipment and intangible assets
- estimation of defined benefit obligation (Refer Note 28)
- provision for warranty claims (Refer Note 14)
- income taxes - current and deferred taxes (Refer Note 7)
- impairment of trade receivables (Refer Note 5)
- impairment of investments

Detailed information about each of these estimates and judgements that have a significant risk of resulting in material adjustment within the next financial year is included in relevant notes for the above items.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Notes to the standalone financial statements for the year ended March 31, 2021 (Contd.)

NOTE NO. 2A - PROPERTY, PLANT AND EQUIPMENT

Rs. in Lakhs

	Description of Assets	Buildings	Plant and Equipment	Electrical Installations	Factory Equipments	Moulds and Dies	Office Equipment	Furniture and Fixtures	Computers	Vehicles	Total
I.	**Gross Carrying Amount**										
	Balance as at March 31, 2020	**973.39**	**4,132.69**	**150.04**	**185.74**	**1,131.11**	**49.52**	**111.37**	**140.91**	**175.66**	**7,050.43**
	Additions	5.14	33.22	11.30	0.82	–	12.31	2.38	6.67	42.12	113.96
	Disposals						1.17		1.07	7.38	9.62
	Balance as at March 31, 2021	**978.53**	**4,165.91**	**161.34**	**186.56**	**1,131.11**	**60.66**	**113.75**	**146.51**	**210.40**	**7,154.77**
II.	**Accumulated depreciation**										
	Balance as at March 31, 2020	**637.95**	**2,396.23**	**134.82**	**106.50**	**1,007.45**	**31.80**	**80.51**	**120.32**	**99.93**	**4,615.51**
	Depreciation expense for the year	35.06	175.67	7.03	10.80	24.47	5.33	5.70	8.18	23.79	296.03
	Eliminated on disposal of assets						0.90		1.01	7.02	8.93
	Balance as at March 31, 2021	**673.01**	**2,571.90**	**141.85**	**117.30**	**1,031.92**	**36.23**	**86.21**	**127.49**	**116.70**	**4,902.61**
III.	**Net carrying amount (I-II)**	**305.52**	**1,594.01**	**19.49**	**69.26**	**99.19**	**24.43**	**27.54**	**19.02**	**93.70**	**2,252.16**

I.	**Gross Carrying Amount**										
	Balance as at March 31, 2019	**962.96**	**3,941.88**	**151.23**	**136.51**	**1,150.21**	**38.53**	**110.77**	**129.42**	**150.67**	**6,772.18**
	Additions	10.43	208.13	–	62.27	0.35	10.99	0.60	14.03	24.99	331.79
	Disposals	–	17.32	1.19	13.04	19.45	–	–	2.54	–	53.54
	Balance as at March 31, 2020	973.39	4,132.69	150.04	185.74	1,131.11	49.52	111.37	140.91	175.66	7,050.43
II.	**Accumulated depreciation**										
	Balance as at March 31, 2019	**603.69**	**2,225.56**	**128.35**	**111.40**	**987.76**	**28.58**	**74.59**	**114.70**	**76.73**	**4,351.36**
	Depreciation expense for the year	34.26	185.75	7.61	6.66	38.21	3.22	5.92	7.78	23.20	312.61
	Eliminated on disposal of assets	–	15.08	1.14	11.56	18.52	–	–	2.16	–	48.46
	Balance as at March 31, 2020	637.95	2,396.23	134.82	106.50	1,007.45	31.80	80.51	120.32	99.93	4,615.51
III.	**Net carrying amount (I-II)**	**335.44**	**1,736.46**	**15.22**	**79.24**	**123.66**	**17.72**	**30.86**	**20.59**	**75.73**	**2,434.92**

NOTE NO. 2B - RIGHT OF USE ASSETS (REFER NOTE 26)

	Description of Assets	Lease Hold Land	Buildings	Total
I.	**Gross Carrying Amount**			
	Balance as at March 31, 2020	**305.33**	**55.21**	**360.55**
	Additions	—	—	—
	Disposals	—	7.44	7.44
	Balance as at March 31, 2021	**305.33**	**47.77**	**353.11**
II.	**Accumulated depreciation**			
	Balance as at March 31, 2020	**4.26**	**44.97**	**49.22**
	Depreciation expense for the year	4.26	4.03	8.28
	Disposals	—	3.57	3.57
	Balance as at March 31, 2021	**8.52**	**45.43**	**53.93**
III.	**Net carrying amount (I-II)**	**296.81**	**2.34**	**299.18**

I.	**Gross Carrying Amount**			
	Balance as at March 31, 2019	**—**	**—**	**—**
	Impact of adoption of Ind AS 116 (Refer Note 26)	305.33	55.21	360.55
	Additions	—	—	—
	Disposals	—	—	—
	Balance as at March 31, 2020	**305.33**	**55.21**	**360.55**
II.	**Accumulated depreciation**			
	Balance as at March 31, 2019	**—**	**—**	**—**
	Depreciation expense for the year	4.26	44.97	49.22
	Disposals	—	—	—
	Balance as at March 31, 2020	**4.26**	**44.97**	**49.22**
III.	**Net carrying amount (I-II)**	**301.07**	**10.24**	**311.33**

NOTE NO. 3 - OTHER INTANGIBLE ASSETS

Rs. in Lakhs

	Description of Assets	Computer Software	Total
I.	**Gross Carrying Amount**		
	Balance as at March 31, 2020	214.66	214.66
	Additions	3.19	3.19
	Disposals	–	–
	Balance as at March 31, 2021	**217.85**	**217.85**
II.	**Accumulated amortisation**		
	Balance as at March 31, 2020	203.39	203.39
	Amortisation expense for the year	4.81	4.81
	Eliminated on disposal of assets	–	–
	Balance as at March 31, 2021	**208.20**	**208.20**
III.	**Net carrying amount (I-II)**	**9.65**	**9.65**

Rs. in Lakhs

	Description of Assets	Computer Software	Total
I.	**Gross Carrying Amount**		
	Balance as at March 31, 2019	208.48	208.48
	Additions	6.18	6.18
	Disposals	–	–
	Balance as at March 31, 2020	**214.66**	**214.66**
II.	**Accumulated amortisation**		
	Balance as at March 31, 2019	185.11	185.11
	Amortisation expense for the year	18.28	18.28
	Eliminated on disposal of assets	–	–
	Balance as at March 31, 2020	**203.39**	**203.39**
III.	**Net carrying amount (I-II)**	**11.27**	**11.27**

NOTE NO. 4 - INVESTMENTS

Rs. in Lakhs

Particulars	**As at March 31, 2021**	As at March 31, 2020
Investment in Equity Instruments		
Unquoted - At cost		
In Joint Venture company - Mahindra Top Greenhouses Private Limited (18 lakhs shares of Rs.10 each)	**180.00**	180.00
Total	**180.00**	180.00

NOTE NO. 5 - TRADE RECEIVABLES

Rs. in Lakhs

Particulars	**As at March 31, 2021**		As at March 31, 2020	
	Current	**Non Current**	Current	Non Current
Unsecured, considered good	**13,960.94**	**3,279.20**	12,868.38	3,510.40
Doubtful	**1,050.64**	**738.68**	899.48	827.94
	15,011.58	**4,017.88**	13,767.86	4,338.34
Less: Allowance for doubtful debts (expected credit loss)	**(1,050.64)**	**(738.68)**	(899.48)	(827.94)
Total	**13,960.94**	**3,279.20**	12,868.38	3,510.40

Refer Note 24 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

The company applies the simplified approach to provide for expected credit losses prescribed by IND AS 109, which permits the use of the lifetime expected credit loss provision for all trade receivables. The company has expected credit losses based on a provision matrix which uses historical credit loss experience of the Company.

NOTE NO. 6 - OTHER FINANCIAL ASSETS

Rs. in Lakhs

Particulars	**As at March 31, 2021**		As at March 31, 2020	
	Current	**Non-Current**	Current	Non-Current
Security deposits	**51.88**	**59.29**	33.93	67.77
Interest accrued on deposits	**9.16**	**–**	9.28	–
Other Receivables	**213.46**	**–**	90.55	–
Balance with Gratuity Fund (LIC)	**1.71**	**–**	–	–
Total	**276.21**	**59.29**	133.76	67.77

NOTE NO. 7 - CURRENT TAX AND DEFERRED TAX

(a) Income Tax recognised in profit or loss

Rs. in Lakhs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current Tax:		
In respect of current year	**673.89**	1,055.30
In respect of prior years	**(21.12)**	16.35
Deferred Tax:		
In respect of current year	**(41.62)**	(210.60)
In respect of prior years	**–**	50.30
Total income tax expense recognised in the current year relating to continuing operations	**611.15**	911.35

(b) Income tax recognised in other Comprehensive income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Deferred Tax		
Remeasurement of defined benefit obligations	**(23.98)**	(0.50)
	(23.98)	**(0.50)**
Income taxes related to items that will not be reclassified to profit or loss	**6.04**	0.14
Total	**(17.94)**	(0.36)

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax from continuing operations	**2,530.61**	3,240.00
Income tax expense calculated at 25.17% (2020: 25.17%)	**636.95**	815.51
Effect of expense that is non-deductible in determining taxable profit	**24.89**	29.19
Effect of tax rate difference	**–**	50.30
Income tax relating to items that will not be reclassified to Profit or Loss Account	**6.04**	–
Others - Tax Truing Up	**(35.61)**	–
	632.27	895.00
Adjustments recognised in the current year in relation to the current tax of prior years	**(21.12)**	16.35
Income tax expense recognised In profit or loss from continuing operations	**611.15**	911.35

The tax rate used for the March 31, 2021 and March 31, 2020 reconciliations above is the corporate tax rate of 25.17% on taxable profits under Indian Income Tax Act, 1961.

(d) Amounts on which deferred tax asset has not been created: Nil

(e) Movement in deferred tax assets/(Liabilities) for the year ended March 31, 2021

Rs. in Lakhs

Particulars	Opening Balance	Recognised in profit and Loss (including for earlier year)	Recognised in OCI	Utilised	Closing Balance
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment	252.71	(14.53)	–	–	238.18
	252.71	**(14.53)**	**–**	**–**	**238.18**
Tax effect of items constituting deferred tax assets					
Employee Benefits	76.11	(4.42)	6.04	–	77.73
Provision for receivables and advances	447.87	14.35	–	–	462.22
Other items	259.83	17.16	–	–	276.99
	783.81	27.09	6.04	–	816.94
Net Deferred Tax Asset (Liabilities)	**531.10**	**41.62**	**6.04**	**–**	**578.76**
Total	**531.10**	**41.62**	**6.04**	**–**	**578.76**

(f) Movement in deferred tax assets/(Liabilities) for the year ended March 31, 2020

Particulars	Opening Balance	Recognised in profit and Loss (including for earlier year)	Recognised in OCI	Utilised	Closing Balance
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment	319.97	(67.26)	–	–	252.71
	319.97	**(67.26)**	**–**	**–**	**252.71**

Particulars	Opening Balance	Recognised in profit and Loss (including for earlier year)	Recognised in OCI	Utilised	Closing Balance
Tax effect of items constituting deferred tax assets					
Employee Benefits	78.48	(2.51)	0.14	–	76.11
Provision for receivables and advances	360.41	87.46	–	–	447.87
Other items	251.74	8.09	–	–	259.83
	690.63	93.04	0.14	–	783.81
Net Deferred Tax Asset (Liabilities)	**370.66**	**160.30**	**0.14**	**–**	**531.10**
Total	**370.66**	**160.30**	**0.14**	**–**	**531.10**

NOTE NO. 8 - OTHER NON FINANCIAL ASSETS

Rs. in Lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Current	**Non-Current**	Current	Non-Current
(a) Prepayments	**34.73**	**8.54**	33.27	5.26
(b) Balances with government authorities	**1,290.13**	**219.96**	877.83	216.88
(c) Others				
(i) Capital advances	**–**	**–**	–	12.06
(ii) Advance to Creditors				
Considered Good	**149.94**	**–**	256.86	**–**
Doubtful	**–**	**21.92**	–	21.92
Less: Provision for Doubtful advances	**–**	**(21.92)**	–	(21.92)
	149.94	**–**	256.86	**–**
(iii) Advances to employees				
Considered Good	**7.03**	**–**	5.43	–
Doubtful	**25.31**	**–**	25.31	–
Less: Provision for Doubtful advances	**(25.31)**	**–**	(25.31)	–
	7.03	**–**	5.43	–
Total	**1,481.83**	**228.50**	1,173.39	234.20

NOTE NO. 9 - INVENTORIES
[Lower of cost and net realisable value]

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Raw materials and components	**2,137.38**	2,049.59
(b) Work-in-progress	**235.59**	195.97
(c) Finished and semi-finished goods	**913.89**	1,131.15
(d) Stock-in-trade of goods acquired for trading	**142.22**	210.92
Total	**3,429.08**	3,587.63
Included above, goods-in-transit:		
Raw materials and Components	**69.19**	–
Total	**69.19**	–

All inventories are pledged as security for credit facilities from

banks. Mode of valuation of inventories is stated in Note 1(l).

Out of the above, Rs. 143.49 lakhs are lying with third parties (year ended March 31, 2020 Rs. 260.21 Lakhs).

The amount of inventories recognised as an expense is Rs.13,304.35 lakhs (for the year ended 31 March 2020 Rs. 13,433.68 lakhs) including Rs. 34.66 lakhs (for the year ended 31 March 2020 Rs.73.48 lakhs) in respect of write down of inventories to net realisable value, and has been reduced by Rs.7.80 lakhs (for the year ended 31 March 2020 - Rs. 8.57 lakhs) in respect of reversal of such write downs. Reversal in provision is due to sale and/or consumption of inventories provided for in earlier years.

Inventories are valued considering provision for allowance for obsolescence, inventory carrying risk and possible delayed usage in view of lower production due to slowly pacing off-take in present situation. In addition to the historical pattern of inventory provision, we have considered the likelihood of variations in sales price, possibilities of cancellation of order, nature and aging of inventories due to Covid-19. This assessment is not based on any mathematical model but it is based on an assessment considering the product demand, expected price trend and sales plan. Based on the above assessment, the Company is of the view that the carrying amounts of inventories are expected to be realisable.

NOTE NO. 10 - CASH AND BANK BALANCES

Rs. in Lakhs

Particulars	**As at March 31, 2021**	As at March 31, 2020
Cash and cash equivalents		
Balances with banks - Current and Cash Credit Accounts	**441.91**	1,110.53
Cash on hand	**0.18**	0.27
Total Cash and cash equivalents	**442.09**	1,110.80
Other Bank Balances		
Earmarked balances with banks	**20.20**	31.32
Balances with Banks - on margin accounts	**143.26**	141.55
Total Other Bank Balances	**163.46**	172.87

NOTE NO. 11 A - EQUITY SHARE CAPITAL

Particulars	**As at March 31, 2021**		As at March 31, 2020	
	No. of shares	**Rs. in Lakhs**	No. of shares	Rs. in Lakhs
<u>Authorised</u>				
Equity shares of Rs. 10 each	**32,000,000**	**3,200.00**	32,000,000	3,200.00
Preference share of Rs. 100 each	**1,800,000**	**1,800.00**	1,800,000	1,800.00
<u>Issued</u>				
Equity shares of Rs. 10 each	**27,843,375**	**2,784.34**	27,785,598	2,778.56
<u>Subscribed and fully paid up</u>				
Equity shares of Rs. 10 each	**27,839,475**	**2,783.96**	27,781,698	2,778.18
Forfeited shares (Amount originally paid up)	**3,900**	**0.19**	3,900	0.19
Total	**–**	**2,784.15**	–	2,778.37

Fully paid equity shares, which have a per value of Rs. 10, carry one vote per share and carry a right to dividends.

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rs. in Lakhs

Particulars		**Opening Balance**	**Issued during the year**	**Closing Balance**
March 31, 2021				
	No. of Shares	**27,781,698**	**57,777**	**27,839,475**
	Amount	**2,778.18**	**5.78**	**2,783.96**
March 31, 2020				
	No. of Shares	27,745,821	35,877	27,781,698
	Amount	2,774.59	3.59	2,778.18

Rights, preferences and restrictions attached to equity shares

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Details of shares held by the holding company

Particulars	**As at March 31, 2021**	As at March 31, 2020
Mahindra and Mahindra Ltd., the Holding Company	**15,144,433**	15,144,433

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	**As at March 31, 2021**		As at March 31, 2020	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares				
Mahindra and Mahindra Limited	**15,144,433**	**54.40%**	15,144,433	54.51%

(iv) Shares reserved for issuance as follows:

Particulars		**No. of shares**
	As at March 31, 2021	As at March 31, 2020
Outstanding employee stock options granted/available for grant.	**343,972**	415,431

NOTE NO. 11 B - OTHER EQUITY

Particulars		Rs. in Lakhs
	As at March 31, 2021	As at March 31, 2020
Capital Reserve	**40.00**	40.00
Securities Premium	**9,428.30**	9,367.06
General Reserve	**425.44**	425.44
Share based payments (ESOP)	**63.60**	92.55
Share Application Money Pending Allotment	**–**	1.60
Retained Earnings	**5,929.89**	4,361.75
Total	**15,887.23**	14,288.40

Nature of Reserves

Securities Premium - The Securities Premium is created on issue of shares at a premium.

General Reserve - The general reserve comprises of transfer of profits from retained earrings for appropriation purposes. The reserve can be distributed/utilised by the Company in accordance with the Companies Act, 2013.

Employee Stock - The Employee Stock Options Outstanding represents reserve in respect of equity settled share options Options Outstanding granted to the company's employees in pursuance of the Employee Stock Option Plan.

Details of Dividend Proposed

Particulars		Rs. in Lakhs
	2021	2020
Dividend per share (Rupees)	**1.20**	1.20
Dividend on Equity Shares	**334.07**	333.38
Total Dividend	**334.07**	333.38

NOTE NO. 12 - OTHER CURRENT FINANCIAL LIABILITIES

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Interest payables to vendors/others	**178.37**	142.96
Unpaid matured deposits and interest accrued thereon (Refer note (i) below)	**0.16**	0.16
Unclaimed Dividend (Refer note (i) below)	**8.48**	8.48
Security Deposits	**442.16**	499.02
Others (Refer note (ii) below)	**43.07**	61.60
Total	**672.24**	712.22

Notes-

(i) There are no amounts due for transfer to Investor Education and Protection Fund

(ii) Others include payable for capital assets, retention money and accruals towards claims

NOTE NO. 13 - SHORT TERM BORROWINGS

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Secured Borrowings - at amortised cost		
Loans repayable on demand from Bank	–	1,300.00
Total	–	1,300.00

NOTE NO. 14 - PROVISIONS

Rs. in Lakhs

Particulars	As at March 31, 2021 Current	As at March 31, 2021 Non-Current	As at March 31, 2020 Current	As at March 31, 2020 Non-Current
a. Provision for employee benefits				
Compensated absences	**238.21**	–	210.89	–
b. Other Provisions				
Warranty	**87.02**	**39.68**	104.24	36.99
Total	**325.23**	**39.68**	315.13	36.99

Details of movement in Warranty Provisions is as follows:

Particulars	Rs. in Lakhs
Balance at March 31, 2019	**118.92**
Additional provisions recognised	52.97
Amounts used during the year	(35.07)
Unused amounts reversed during the year	–
Unwinding of discount	4.41
Balance at March 31, 2020	**141.23**
Additional provisions recognised	44.71
Amounts used during the year	(23.87)
Unused amounts reversed during the year	(38.40)
Unwinding of discount	3.03
Balance at March 31, 2021	**126.70**

Warranty Claims:

Provision for warranty represents present value of management's best estimate of the future outflow of economic benefits that will be required in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. Management estimates the related provision for future warranty claims based on historical warranty claim information and is adjusted regularly to reflect new information. The products are generally covered under a free warranty period ranging from 6 months to 5 years. It is expected that most of these costs will be incurred in the next two financial years and all will have been incurred within five years after the reporting date.

NOTE NO. 15 - TRADE PAYABLES

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
a) Total outstanding dues of micro and small enterprises	**383.34**	234.56
b) Total outstanding dues of creditors other than micro and small enterprises	**6,280.27**	6,319.94
Total	**6,663.61**	6,554.50
Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as below:		
(a) Dues remaining unpaid as at March 31		
Principal	**383.34**	234.56
Interest on the above	–	–
(b) Interest paid in terms of Section 16 of the Act, along with the amount of payment made to the supplier beyond the appointed day during the year		
Principal paid beyond the appointed date	–	**3.98**
Interest paid in terms of Section 16 of the Act	–	–
(c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	–	0.02
(d) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	–	1.02
(e) Amount of interest accrued and remaining unpaid as at March 31	–	**1.04**
Due to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Interest is charged on the over due balances as per terms agreed with vendors.

NOTE NO. 16 - OTHER NON-FINANCIAL LIABILITIES

Rs. in Lakhs

Particulars		As at March 31, 2021	As at March 31, 2020
(a)	Advances received from customers	**267.42**	142.63
(b)	Statutory dues		
	- taxes payable (other than income taxes)	**63.10**	40.70
	- Employee Recoveries and Employer Contributions	**5.17**	4.31
(c)	Deferred interest income	**0.45**	1.71
(d)	Deferred revenue arising from government grant	**111.46**	110.85
(e)	Provision for Gratuity	**–**	25.08
	Total	**447.60**	325.28

NOTE NO. 17 - REVENUE FROM OPERATIONS

Rs. in Lakhs

Particulars		As at March 31, 2021	As at March 31, 2020
(a)	Revenue from sale of products	**25,370.49**	28,287.94
(b)	Revenue from rendering of services	**15.97**	38.06
(c)	Other operating revenue	**35.75**	69.86
Total		**25,422.21**	28,395.86

Rs. in Lakhs

Particulars		As at March 31, 2021	As at March 31, 2020
(i)	Sale of products comprises		
	Manufactured goods	**25,333.55**	28,233.60
Total - Sale of manufactured goods		**25,333.55**	28,233.60
Traded goods			
Pumps		**22.19**	6.78
Green Houses		**5.11**	30.65
Land Scape		**9.64**	16.91
Total - Sale of traded goods		**36.94**	54.34
Total - Sale of products		**25,370.49**	28,287.94
(ii)	Sale of services comprises		
	Installation Services	**15.97**	38.06
Total - Sale of services		**15.97**	38.06
(iii)	Other operating revenues comprise:		
	Sale of scrap	**35.75**	62.74
	Government Grant Incentives	**–**	7.12
Total - Other operating revenues		**35.75**	69.86

The company recognises revenue as per IND AS 115 'Revenue from contracts with customers'.

Accordingly, the Company recognises revenue when it transfers control of a product or service to a customer as and when it satisfies the performance obligation by transferring promised goods or services to a customer and customer obtains the control or benefit of the same.

The revenue is recognised on satisfaction of performance obligation / transferring control to the customer and hence the same is recognised at a point in time. The company believes that above disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

NOTE NO. 18 - OTHER INCOME

Rs. in Lakhs

Particulars		As at March 31, 2021	As at March 31, 2020
(a)	Interest Income		
	1) Bank deposits (at amortised cost)	**12.39**	10.25
	2) Interest on Security Deposit (at amortised cost)	**8.59**	3.50
(b)	Operating lease rental income	**1.28**	3.57
(c)	Net Gain on sale of current investments	**–**	5.94
(d)	Profit on sale of assets (net of loss on assets sold)	**1.56**	–
(e)	Liabilities no longer required written back	**116.67**	47.98
(f)	Miscellaneous income	**168.20**	56.56
(g)	Foreign Exchange profit	**–**	4.91
Total		**308.69**	**132.71**

NOTE NO. 19 (A) - COST OF MATERIALS CONSUMED

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Opening stock	**2,049.59**	1,301.03
Add: Purchases	**13,145.71**	14,400.18
	15,195.30	15,701.21
Less: Closing stock	**2,137.38**	2,049.59
Cost of materials consumed	**13,057.92**	13,651.62

NOTE 19 (B) - PURCHASES OF FINISHED, SEMI-FINISHED AND OTHER PRODUCTS (TRADED GOODS)

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Stock-in-trade - Pumps, Greenhouses & Landscape	**0.09**	7.31
Total	**0.09**	7.31

NOTE 19 (C) - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Inventories at the end of the year:		
Finished goods	**913.89**	1,131.15
Work-in-progress	**235.59**	195.97
Stock-in-trade	**142.22**	210.92
	1,291.70	1,538.04
Inventories at the beginning of the year:		
Finished goods	**1,131.15**	845.29
Work-in-progress	**195.97**	145.78
Stock-in-trade	**210.92**	321.72
	1,538.04	1,312.79
Net (increase)/decrease	**246.34**	(225.25)

NOTE NO. 20 - EMPLOYEE BENEFITS EXPENSE

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Salaries and wages, including bonus	**2,487.95**	2,275.08
(b) Contribution to provident and other funds (Refer Note No. 28)	**125.77**	176.92
(c) Share based payment transactions expenses	**32.29**	55.49
(d) Staff welfare expenses	**103.91**	141.86
Total Employee Benefit Expense	**2,749.92**	2,649.35

Pursuant to the “Employees Stock Option Scheme – 2014” (ESOS) approved by the Shareholders in the Annual General Meeting held on July 31, 2014, the Company had granted 80,424, 3,228, 1,33,432, 11,129, 80,110 and 71,459 Stock Options to the eligible employees on October 28, 2014, October 31, 2015, November 22, 2016, November 22, 2017, February 28, 2019 and March 12, 2021 respectively as per the recommendations of the Nomination and Remuneration Committee, at an exercise price of Rs. 10/- each. In respect of the options granted in 2014, 2016, 2017, 2019 and 2021 the equity settled options vest in 5 tranches of 20% each upon the expiry of 12 months, 24 months, 36 months, 48 months and 60 months, respectively from the date of grant. Each tranche is exercisable within one year from the respective date of vesting. The number of options exercisable in each tranche is minimum 20% of the options vested, except in case of the last date of the exercise, where the employee can exercise all options vested but not exercised till that date. In respect of options granted in 2015, the equity settled options vest in 4 tranches of 25% each upon the expiry of 12 months, 24 months, 36 months and 48 months, respectively from the date of grant. Each tranche is exercisable within one year from the respective date of vesting. The number of options exercisable in each tranche is minimum 25% of the options vested, except in case of the last date of the exercise, where the employee can exercise all options vested but not exercised till that date.

The difference between the fair price of the share underlying the options granted on the date of grant of option and the exercise price of the option representing share based payment expenses is expected over the vesting period.

		Number of Shares	Grant Date	Expiry Date	Exercise Price	Fair value at Grant Date
Equity Settled						
1	Series 1 Granted on October 28, 2014	80,424	October 28, 2014	October 28, 2019	10	170.97
2	Series 2 Granted on October 31, 2015	3,228	October 31, 2015	October 31, 2019	10	170.97
3	Series 3 Granted on November 22, 2016	133,432	November 22, 2016	November 22, 2021	10	131.75
4	Series 4 Granted on November 22, 2017	11,129	November 22, 2017	November 22, 2022	10	169.43
5	Series 5 Granted on February 28, 2019	80,110	February 28, 2019	February 28, 2024	10	83.51
6	Series 6 Granted on March 12, 2021	71,459	March 12, 2021	March 12, 2026	10	144.09

Movement in Share Options

	Particulars	Year ended 31 March, 2021		Year ended 31 March, 2020	
		Number of Shares	Weighted average exercise price	Number of Shares	Weighted average exercise price
1	Outstanding at the beginning of the year	**133,598**	**10**	169,641	10
2	Granted during the year	**71,459**	**10**	–	10
3	Exercised during the year	**(57,777)**	**10**	(35,877)	10
4	Expired during the year	**–**	**10**	(166)	10
5	Outstanding at the end of the year	**147,280**	**10**	133,598	10

Share Options Exercised in the Year

Particulars		Year end March 31, 2021			Year end March 31, 2020	
		Number Exercised	**Exercise Date**	**Share Price at Exercise Date**	Number Exercised	Exercise Date	Share Price at Exercise Date
Equity Settled							
1	Series 1 Granted on October 28, 2014	**24,373**	**January 01, 2021**	**158.00**	9,342	December 30, 2019	100.60
2	Series 2 Granted on October 31, 2015	**1,433**	**January 01, 2021**	**158.00**	807	December 30, 2019	100.60
3	Series 3 Granted on November 22, 2016	**15,985**	**January 01, 2021**	**158.00**	24,373	December 30, 2019	100.60
4	Series 4 Granted on November 22, 2017	**15,986**	**March 12, 2021**	**160.35**	1,355	December 30, 2019	100.60

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows.

Share Option Programmes

Particulars	Series 1		Series 2		Series 3		Series 4		Series 5		Series 6	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Share price at grant date	**177.75**	177.75	**158.30**	158.30	**135.40**	135.40	**172.55**	172.55	**92.80**	92.80	**157.70**	–
Exercise price	**10**	10	**10**	10	**10**	10	**10**	10	**10**	10	**10**	–
Expected volatility (weighted-average)	**55%**	55%	**55%**	55%	**49%**	49%	**46%**	46%	**43%**	43%	**50%**	–
Expected life/Option Life	**3.50 Year**	3.50 Year	**3.50 Year**	3.50 Year	**3.50 Year**	3.50 Year	**3.50 Year**	3.50 Year	**3.50 Year**	3.50 Year	**3.50 Year**	–
Expected dividends yield	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil	**0.54%**	0.54%	**Nil**	–
Risk-free interest rate (based on government bonds)	**8.06%**	8.06%	**8.06%**	8.06%	**6.33%**	6.33%	**6.94%**	6.94%	**7.30%**	7.30%	**5.38%**	–

The fair value of the employee share options has been measured using the Black-Scholes option Pricing formula.

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

The Holding Company has recovered Rs. 0.56 lakhs (March 31, 2020 Rs. 0.88 lakhs) as ESOP cost from the Company in respect of employees deputed to the Company.

NOTE NO. 21 - FINANCE COST

Rs. in Lakhs

Particulars		**As at March 31, 2021**	As at March 31, 2020
(a)	Interest Cost		
	- On credit facilities from Banks	**15.01**	134.96
	- On trade creditors	**–**	5.48
	- On government Grant	**30.89**	14.98
	- On delayed payment of taxes	**7.09**	15.74
	- On Intercompany Loan	**–**	12.21
	- On Lease Rental (Refer Note 26)	**0.38**	2.28
(b)	Other borrowing cost		
	Processing fees/Guarantee Commission	**8.96**	7.84
	Unwinding of discount on provisions	**3.03**	4.42
	Total finance costs	**65.36**	197.91

Rs. in Lakhs

Particulars	**As at March 31, 2021**	As at March 31, 2020
Interest Expenses		
On Financial Liability at Amortised Cost	**15.01**	152.65

NOTE NO. 22 - OTHER EXPENSES

Rs. in Lakhs

Particulars	**As at March 31, 2021**	As at March 31, 2020
Stores consumed	**35.72**	57.48
Power & Fuel	**436.24**	568.50
Rent including lease rentals	**219.84**	171.97
Rates and taxes	**8.04**	11.70
Insurance	**52.10**	30.35
Repairs and maintenance - Buildings	**0.32**	1.84
Repairs and maintenance - Machinery	**73.48**	58.50
Repairs and maintenance - Others	**48.33**	58.36
Commission on sales	**2,266.83**	3,168.70
Freight outward	**1,056.20**	1,053.35
Travelling and Conveyance Expenses	**307.41**	471.45
Subcontracting, Hire and Service Charges	**839.98**	732.18
Expenditure on corporate social responsibility (CSR)	**41.51**	25.08
Donations and Contributions for CSR activity	**2.11**	0.07

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for doubtful trade and other receivables, loans	**61.90**	536.99
Bad trade and other receivables, loans and advances written off	**197.69**	71.18
Net loss on foreign currency transactions	**3.83**	–
Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	**32.75**	32.75
(ii) For Other services	**8.25**	8.25
(iii) For Cost auditors for Cost audit	**1.60**	1.38
(iv) For reimbursement of expenses	**–**	0.78
Legal and other professional costs	**221.07**	471.64
Site Expenses	**413.72**	646.47
Warranty Claim	**6.31**	53.27
Loss on sale/written off assets	**–**	4.70
Directors' Fees and Commission	**23.30**	20.46
Other General Expenses	**413.01**	370.12
Total Other Expenses	**6,771.54**	8,627.52

NOTE NO. 23 - EARNINGS PER SHARE

Particulars	As at March 31, 2021	As at March 31, 2020
Profit for the year for basic and diluted EPS (Rs. in Lakhs)	**1919.46**	2328.65
Weighted average number of Equity shares used in computing basic EPS	**27,839,475**	27,781,698
Effect of potential Equity share on employee stock options	**137,264**	120,888
Weighted average number of equity shares used in computing of diluted EPS	**27,976,739**	27,902,586
Basic Earnings per share (Rs.) (Face value of Rs. 10 per share)	**6.89**	8.38
Diluted Earnings per share	**6.86**	8.35

NOTE NO. 24 - FINANCIAL INSTRUMENTS

I Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern.

- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Rs. in Lakhs

Particulars	March 31, 2021	March 31, 2020
Equity	**18,671.38**	17,066.77
Less: Cash and cash equivalents	**(442.09)**	(1,110.80)
	18,229.29	15,955.97

II Categories of financial assets and financial liabilities

As at March 31, 2021

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investment	180.00			**180.00**
Trade Receivables	3,279.20	–	–	**3,279.20**
Other Financial Assets	59.29			**59.29**
Current Assets				
Trade Receivables	13,960.94	–	–	**13,960.94**
Cash and Cash Equivalents	442.09	–	–	**442.09**
Other Bank Balances	163.46	–	–	**163.46**
Other Financial Assets	276.21	–	–	**276.21**
Non-current Liabilities				
Lease Liability	–	–	–	–
Current Liabilities				
Lease Liability	2.64	–	–	**2.64**
Borrowings	–	–	–	–
Trade Payables	6,663.61	–	–	**6,663.61**
Other Financial Liabilities	672.24	–	–	**672.24**

As at March 31, 2020

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Investment	180.00			180.00
Trade Receivables	3,510.40	–	–	3,510.40
Other Financial Assets	67.77	–	–	67.77
Current Assets				
Trade Receivables	12,868.38	–	–	12,868.38
Cash and Cash Equivalents	1,110.80	–	–	1,110.80
Other Bank Balances	172.87	–	–	172.87
Other Financial Assets	133.76	–	–	133.76
Non-current Liabilities				
Lease Liability	2.99	–	–	2.99
Current Liabilities				
Lease Liability	7.94	–	–	7.94
Borrowings	1,300.00	–	–	1,300.00
Trade Payables	6,554.50	–	–	6,554.50
Other Financial Liabilities	712.22	–	–	712.22

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay, resulting in financial loss to the Company. The company has dealings with government organisation for subsidy related transaction and with private parties. For private non government parties credit limits are set quarterly. The Company has adopted a policy of only dealing with creditworthy non government parties and obtaining security cheques, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and credit worthiness of such parties are continuously monitored and controlled by counterparty limits that are reviewed by Credit Control function based on the approved process.

No interest is charged on overdue balance.

Trade receivables consist of a large number of customers, spread across geographical areas. On going credit evaluation is performed on the financial condition of accounts receivable. There are no non government customers who represent more than 5% of the total balance of trade receivable.

The Company applies the simplified approach to provide expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

The loss allowance provision is determined as follows:

Rs. in Lakhs

As at March 31, 2021

Particulars	Not due	Less than 1 Year	Non-Current	Total
Project				
Expected loss rate	0.00%	5.15%	16.71%	
Gross carrying amount	179.60	13,420.44	3,641.67	**17,241.71**
Loss allowance provision	–	690.81	608.38	**1,299.19**
Non Project				
Expected loss rate	0.00%	25.49%	34.63%	
Gross carrying amount	–	1,411.54	376.21	**1,787.75**
Loss allowance provision	–	359.83	130.30	**490.13**

Rs. in Lakhs

As at March 31, 2020

Particulars	Not due	Less than 1 Year	Non-Current	Total
Project				
Expected loss rate	0.00%	4.32%	17.16%	
Gross carrying amount	102.71	12,616.84	4,012.67	16,732.22
Loss allowance provision	–	544.95	688.67	1,233.62
Non Project				
Expected loss rate	–	33.82%	42.76%	
Gross carrying amount	–	1,048.31	325.67	1,373.98
Loss allowance provision	–	354.53	139.27	493.80

Reconciliation of loss allowance provision for Trade Receivables

Rs. in Lakhs

Particulars	March 31, 2021	March 31, 2020
Balance as at beginning of the year	**1,727.42**	1,190.43
Impairment losses recognised in the year based on lifetime expected credit loss		
- On receivables originated in the year	**259.59**	608.17
- Amounts written off during the year as uncollectible	**(197.69)**	(71.18)
- Amounts Recovered during the year	**–**	–
Balance at end of the year	**1,789.32**	1,727.42

The loss allowance provision has changed during the year due to recovery from debtors and business circumstances.

During the year, the company has written off Rs. 197.69 lakhs (March 31, 2020 Rs. 71.18 lakhs) of trade receivables.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short - medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
March 31, 2021				
Non-interest bearing	7,338.49	–	–	–
Interest bearing	–	–	–	–
Total	**7,338.49**	**–**	**–**	**–**
March 31, 2020				
Non-interest bearing	7,274.66	2.99	–	–
Interest bearing	1,300.00	–	–	–
Total	**8,574.66**	**2.99**	**–**	**–**

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
March 31, 2021				
Non-interest bearing	14,679.24	3,279.20	18.42	180.00
Fixed interest rate instruments	163.46	–	40.87	–
Total	**14,842.70**	**3,279.20**	**59.29**	**180.00**
March 31, 2020				
Non-interest bearing	14,140.55	3,510.40	26.90	180.00
Fixed interest rate instruments	145.26	–	40.87	–
Total	**14,285.81**	**3,510.40**	**67.77**	**180.00**

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. As at the year end, there were no material foreign currency exposure.

NOTE NO. 25 - FAIR VALUE MEASUREMENT

The directors consider that the carrying amounts of financial assets and financial liabilities that are not measured at fair value, recognised in the financial statement approximate their fair values.

NOTE NO. 26 - LEASES (REFER NOTE 2B)

The Company has adopted Ind AS 116 'Leases' with the date of initial application being 1st April, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance.

In adopting Ind AS 116, the Company has applied the below practical expedients:

The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics

The Company has treated the leases with remaining lease term of less than 12 months as if they were "short term leases"

The Company has not applied the requirements of Ind AS 116 for leases of low value assets (assets of less than Rs. 3.5 lakhs in value)

The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition

The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease

On transition to Ind AS 116, the Company has followed the Modified Retrospective Approach, accordingly recognised right-of-use assets amounting to Rs. 360.55 lakhs, lease liabilities amounting to Rs. 55.21 lakhs as at April 1, 2019.

The Company has discounted lease payments using the applicable incremental borrowing rate as at April 1, 2019, which is 8.50% for measuring the lease liability. In view of this, the operating lease rent which was hitherto accounted under 'Other expenses' in previous periods has now been accounted as depreciation and finance costs.

Reconciliation of operating lease commitments as at March 31, 2019 with the lease liabilities recognized in the Balance Sheet as at April 1, 2019

	Particulars	For the year ended March 31, 2020
A.	**Operating lease commitments disclosure as per Ind AS 17 as of March 31, 2019**	**18.01**
	Weighted average incremental borrowing rate	**8.50**
B.	**Present value using incremental borrowing rate as on April 1, 2019**	**227.18**
	Recognition exemption for short term leases	**(171.97)**
	Recognition exemption for low value assets	**–**
Total lease liabilities on transition date		**55.21**

Impact of adoption of Ind AS 116 on the statement of profit and loss:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation - Right of use assets (Refer Note 2B)	**8.28**	49.22
Interest expense on Lease Liability (Refer Note 21)	**0.38**	2.28
Payment of Lease Liability	**(4.54)**	(46.56)
Amortization of Land Lease	**(4.25)**	(4.25)
Net Impact (loss)/ profit due to adoption of Ind AS 116	**(0.13)**	0.69

The following is the movement in lease liabilities

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Lease liabilities recognised	**10.93**	–
Impact of Adoption of IND AS 116	**–**	55.21
Additions	**–**	–
Finance cost accrued during the period	**0.38**	2.28
Deletions	**(4.13)**	–
Payment of lease liabilities	**(4.54)**	(46.56)
Closing Balance	**2.64**	10.93

The following is the break-up of current and non-current lease liabilities

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current lease liabilities	**2.64**	7.94
Non-current lease liabilities	**–**	2.99
Closing Balance	**2.64**	10.93
Carrying Value of Right of use assets (Refer Note 2B)	**299.18**	311.33

The table below provides details regarding the contractual maturities of lease liabilities

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Less than one year	**2.64**	7.94
One to Three years	**–**	2.99

Rental expense recorded for short-term leases was Rs.219.84 Lakhs (Previous Year: Rs.171.97 Lakhs) for the year ended March 31, 2021.

NOTE NO. 27 - SEGMENT INFORMATION

The Company is engaged in the business of Precision Farming Products and Services and in a single geography viz, India. The Information reported to the chief operating decision maker (CODM) [Viz, The Managing Director] for assessment of performance of business and allocation of resources is under this segment.

Accordingly, The Company has identified a single segment under Ind AS 108 -"Operating Segments".

There is no single customer who accounts for 10% more of the company revenues.

Refer Note 17 for the analysis of revenue from it major products and services.

NOTE NO. 28 - EMPLOYEE BENEFITS

(a) Defined Contribution Plan

The Company's contribution to Provident Fund Rs.101.36 lakhs (year ended March 31, 2020 : Rs. 102.85 lakhs) and Superannuation Fund Rs. 33.58 lakhs (year ended March 31, 2020 : Rs.31.60 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India.

Through its defined plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset Volatility

The plan liabilities are calculated using a discount rate set with reference to government bond yields; if plan assets under perform compared to the government bond discount rate, this will create or increase a deficit. The defined benefit plans hold on investment with LIC, which are expected to perform in line with government bonds in the long- term.

The company believes that due to the long-term nature of the plan liabilities, investments of funds with LIC is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plan assets.

Life expectancy

The plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

Defined benefit plans - as per actuarial valuation

		Rs. in Lakhs
Particulars	**Funded Plan**	
	Gratuity	
	2021	2020
Ia. Expense recognised in the Statement of Profit and Loss		
1. Current service cost	**34.15**	27.55
2. Interest cost	**15.44**	15.69
3. Expected return on plan assets	**(14.97)**	(15.59)
	34.62	27.65
Ib. Included in other Comprehensive Income		
1. Return on plan assets	**(4.47)**	(6.50)
2. Actuarial (Gain)/Loss on account of:		
- Demographic Assumptions	**0.58**	1.44
- Financial Assumptions	**2.61**	8.14
- Experience Adjustments	**25.26**	(2.58)
	23.98	0.50
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amount included in net interest expense)	**(4.47)**	(6.50)
Actuarial gains and loss arising from changes in financial assumptions	**2.61**	8.14
Actuarial gains and loss arising from experience adjustments	**25.26**	(2.58)
Others (describe)	–	–
- Demographic Assumptions	**0.58**	1.44
Actuarial gains and loss arising from components of defined benefit costs recognised in other comprehensive income	**23.98**	0.50
Total	**58.59**	28.15

Rs. in Lakhs

Particulars	Funded Plan Gratuity 2021	Funded Plan Gratuity 2020
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**366.73**	302.38
2. Fair value of plan assets as at 31st March	**368.45**	277.30
3. Surplus/(Deficit)	**1.71**	(25.08)
4. Current portion of the above	**1.71**	–
5. Non current portion of the above	**–**	(25.08)
II. Change in the obligation during the year		
1. Present value of defined benefit obligation at the beginning of the year	**302.38**	261.30
2. Add/(Less) on account of Scheme of Arrangement/ Business Transfer	**–**	–
3. Expenses Recognised in Profit and Loss Account		–
- Current Service Cost	**34.15**	27.55
- Interest Cost	**15.44**	15.69
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
- Actuarial Gain (Loss) arising from:		
- Demographic Assumptions	**0.58**	1.44
- Financial Assumptions	**2.61**	8.14
- Experience Adjustments	**25.26**	(2.58)
5. Benefit payments	**(13.68)**	(9.16)
6. Present value of defined benefit obligation at the end of the year	**366.73**	302.38
III. Change in fair value of assets during the year		
1. Fair value of plan assets at the beginning of the year	**277.30**	245.20
2. Adjustment to Opening Fair Value of the Asset	**(0.09)**	–
3. Expenses Recognised in Profit and Loss Account	**–**	–
- Expected return on plan assets	**14.97**	15.59
4. Recognised in Other Comprehensive Income	**–**	–
Remeasurement gains/(losses)	**–**	–
- Actual Return on plan assets in excess of the expected return	**4.47**	6.50
- Others (specify)	**(0.49)**	–
5. Contributions by employer (including benefit payments recoverable)	**72.30**	10.00
6. Benefit payments	**–**	–
7. Fair value of plan assets at the end of the year	**368.44**	277.29

Rs. in Lakhs

Particulars	Funded Plan Gratuity 2021	Funded Plan Gratuity 2020
IV. The Major categories of plan assets		
- Funds Managed By Insurer (LIC of India)	**368.44**	277.29
V. Actuarial assumptions		
1. Discount rate	**6.44%**	5.59%
2. Salary escalation	**5.70%**	5.36%

The sensitivity analysis of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs. in Lakhs

Principal assumption		**Changes in assumption**	**Impact on defined benefit obligation: Increase in assumption**	**Impact on defined benefit obligation: Decrease in assumption**
Discount rate	2021	1.00%	15.80	17.30
	2020	1.00%	12.22	13.34
Salary growth rate	2021	1.00%	15.03	14.11
	2020	1.00%	12.23	11.41

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet..

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Rs. in Lakhs

Maturity profile of defined benefit obligation:	**2021**	2020
Within 1 year	**67.61**	60.79
1 - 2 year	**44.22**	47.37
2 - 3 year	**45.46**	35.15
3 - 4 year	**56.85**	35.26
4 - 5 year	**46.22**	35.36
5 - 10 year	**105.80**	112.84

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTE NO. 29 - RELATED PARTY DISCLOSURES

Name of the parent Company	Relationship
Mahindra and Mahindra Ltd.	Parent Company
Other related parties with whom transaction have been undertaken	
Mahindra Logistics Ltd.	Fellow subsidiary
Mahindra HZPC Pvt Ltd.	Fellow subsidiary
Mahindra Agri Solutions Ltd.	Fellow subsidiary
Mahindra Lifespace Developers Ltd.	Fellow subsidiary
Mahindra Integrated Business Solutions Pvt Ltd.	Fellow subsidiary
Mahindra and Mahindra Ltd -Swaraj	Fellow subsidiary
Mahindra Summit Agriscience Limited	Fellow subsidiary
Marvel Solren Pvt Ltd.	Fellow subsidiary
Mahindra World City (Jaipur) Limited	Joint Venture of Parent
Mahindra Top Greenhouses Private Limited	Joint Venture
Mr. Ashok Sharma	Key Management Personnel (Managing Director)
Mr. Abhijit Page	Key Management Personnel (Chief Executive Officer) w.e.f. April 02, 2020
Ms. Sunetra Ganesan	Key Management Personnel (Chief Financial Officer)
Mr. Sanjeev Mohoni	Key Management Personnel (Chief Executive Officer) upto April 01, 2020

Details of transaction between the Company and its related parties are disclosed below:

Rs. in Lakhs

Nature of transactions with Related Parties	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of goods		
Mahindra World City Jaipur Limited	**0.50**	1.00
Mahindra and Mahindra Ltd -Swaraj	**–**	3.09
Mahindra Top Greenhouses Private Limited	**15.12**	26.71
Mahindra HZPC Pvt Ltd.	**37.28**	–
Purchase of Goods /Services /Cars		
Mahindra & Mahindra Ltd.	**25.18**	9.09
Mahindra Top Greenhouses Private Limited	**–**	0.28
Mahindra Summit Agriscience Limited	**5.46**	–
Marvel Solren Pvt Ltd.	**6.24**	–
Mahindra Agri Solutions Ltd.	**12.74**	–
Interest on Inter Corporate Deposits		
Mahindra and Mahindra Ltd.	**–**	12.21
Remuneration		
Mr. Ashok Sharma	**24.00**	24.00
Mr. Sanjeev Mohoni	**–**	149.93
Mr. Abhijit Page	**87.13**	–
Ms. Sunetra Ganesan	**65.87**	64.22

Rs. in Lakhs

Nature of transactions with Related Parties	For the year ended March 31, 2021	For the year ended March 31, 2020
Management contract fees expenses (Including for deputation of personnel)		
Mahindra and Mahindra Limited	**119.16**	188.75
Mahindra Logistics Limited	**4.35**	4.11
Management contract fees income (Including for deputation of personnel)		
Mahindra Top Greenhouses Private Limited	**82.78**	100.16
Travelling Expense		
Mahindra and Mahindra Limited	**–**	0.69
Business Support Services		
Mahindra Agri Solutions Ltd.	**8.07**	–
Reimbursement of Expenses to		
Mahindra and Mahindra Limited	**26.74**	25.69
Reimbursement of Expenses from		
Mahindra Top Greenhouses Private Limited	**10.00**	13.97
Mahindra and Mahindra Limited -Transfer of employees	**61.71**	
Mahindra Agri Solutions Ltd -Transfer of employee	**22.08**	–
Professional Fees		
Mahindra and Mahindra Limited	**117.58**	61.64
Mahindra Integrated Business Solutions Pvt Ltd.	**2.56**	2.60

Nature of Balances with Related Parties	For the year ended March 31, 2021	For the year ended March 31, 2020
Trade payables		
Mahindra and Mahindra Limited	**52.41**	164.91
Mahindra Integrated Business Solutions Pvt Ltd.	**0.28**	0.28
Mahindra Summit Agriscience Limited	**0.66**	–
Marvel Solren Pvt Ltd.	**2.07**	–
Mahindra Logistics Limited	**1.30**	0.40
Trade Receivables		
Mahindra Agri Solutions Ltd.	**16.44**	–
Mahindra Lifespace Developers Ltd.	**2.68**	2.68
Mahindra World City (Jaipur) Limited	**15.15**	27.16
Mahindra Top Greenhouses Private Limited	**54.78**	66.03
Investments		
Investment in Joint Venture - Mahindra Top Greenhouses Private Limited	**180.00**	180.00

*Company has incurred Rs. 62.44 lakhs (March 31, 2020 Rs.173.93 lakhs) for key managerial personnel services provided by Mahindra and Mahindra Limited and Mahindra Agri Solutions Limited.

Compensation of key managerial personnel

The remuneration of directors and other members of key managerial personnel during the year was as follows:

Rs. in Lakhs

Particulars	Year ended March 31, 2021				Year ended March 31, 2020			
	Directors	**Managing Director**	**Chief Executive Officer**	**Chief Financial Officer**	Directors	Managing Director	Chief Executive Officer	Chief Financial Officer
Remuneration	**–**	**24.00**	**87.13**	**65.87**	–	24.00	149.93	64.22
Fees for attending board committee meetings	**8.30**	**–**	**–**	**–**	7.40	–	–	–
Commission to independent directors	**15.00**	**–**	**–**	**–**	15.00	–	–	–
Legal Services	**–**	**–**	**–**	**–**	0.53	–	–	–
Share-based payment	**–**	**–**	**–**	**–**	–	–	–	–

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. Post employment benefits accounted as per actuarial valuation.

NOTE NO. 30 - CONTINGENT LIABILITIES AND COMMITMENTS

Rs. in Lakhs

	Contingent liabilities (to the extent not provided for)	**As at March 31, 2021**	As at March 31, 2020
	Contingent liabilities		
(a)	Claims against the Company not acknowledged as debt	**33.32**	32.31
(b)	Interest on account of commitment to Export, under Export Promotion Capital Goods Scheme	**–**	13.26
(c)	Demands against the Company, relating to issues of deductibility and taxability in respect of which the company is in appeal / Department is in appeal		
	Excise Duty:	**211.55**	177.10
(d)	Non-current non-financial asset includes refund claim made for excise duty paid under protest consequent upon the judicial pronouncement made by CESTAT in favour of the Company, which was disputed by the department before higher authorities.	**166.79**	166.79
	The Commissioner (Appeals), Central Excise and Customs, Nashik has sanctioned the claim on merit but taking recourse to the principle of “Unjust Enrichment” has ordered the claim to be transferred to the credit of the “Consumer Welfare Fund”.		
	The Company had filed an appeal against the order. On hearing the appeal the Hon’ CESTAT, Mumbai remanded back the case to the adjudicating authorities to examine the issue afresh. The Adjudicating Authority issued a Show Cause Notice and after personal hearing passed an order rejecting the claim without following the guidelines given by the Hon’ CESTAT.		
	The Company had filed an appeal against the order with the Commissioner (Appeals), Central Excise & Customs, Nashik. The order Passed by the Commissioner (Appeals), Central Excise & Customs, Nashik.is similar to order as given in order in appeal. The Company has filed an appeal to CESTAT Mumbai and no hearing has happened thereafter. The Claim is still tenable, no provision has been considered.		
(e)	Determination of Turnover ignoring return filed 15-16- VAT/ CST / Entry Tax M P state Ex-party Assement by Dy .Comm .VAT Audit Wing at Bhopal since they found the Bhopal premises vacated Appeal filed and rehearing is ordered by Appellate Authority vide order dated 07/09/2018.	**439.19**	400.05
(f)	Local Sales Tax Bihar – CST Recovery Under appeal FY 13-14	**9.47**	9.47
(g)	Local sales Tax – CG Vat/ CST demand under appeal FY 14-15	**12.88**	11.37
(h)	Local Sales Tax TN- CST .FY 16-17 Demand for F form	**13.62**	–
(i)	Local Sales Tax TN- CST .FY 17-18 Demand for F form	**5.13**	–
(j)	Income Tax demand for A.Y. 17-18 against the Company, relating to issues of deductibility and taxability in respect of which the company is in appeal.	**140.50**	126.90
(k)	Income Tax demand for A.Y. 12-13 u/s section 143(3) r.w.s. 147 against the Company, relating to issues of deductibility and taxability in respect of which the company is in appeal.	**237.08**	221.54
(l)	Income Tax demand for A.Y. 18-19 against the Company, relating to issues of deductibility and taxability in respect of which the company is in appeal.	**48.46**	–

Note: In respect of items mentioned above, till the matters are finally decided, the timing of outflows of economic benefits cannot be ascertained.

NOTE NO. 31 - COMMITMENTS

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for in respect of Tangible assets.	–	6.68

NOTE NO. 32

The Board has recommended a dividend of Rs.1.20 per equity share, subject to the approval of shareholders of the Company at the forthcoming Annual General Meeting.

NOTE NO. 33 - EVENT OCCURING AFTER THE REPORTING PERIOD

No material events have occured between the Balance sheet date and before the approvals of financials statements by Board of Directors

NOTE NO. 34 - APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company were approved by the Board of Directors and authorised for issue on May 11, 2021.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Kedar Raje
Partner

Place: Nashik
Date: May 11, 2021

For and on behalf of the Board of Directors

Ashok Sharma
Managing Director
DIN-2766679
Place: Mumbai

Anand Daga
Director
DIN-696171
Place: Nashik

Abhijit Page
Chief Executive Officer
Place: Nashik

Sunetra Ganesan
Chief Financial Officer
Place: Nashik

R. V. Nawghare
Company Secretary
Place: Nashik

Date: May 11, 2021

INDEPENDENT AUDITOR'S REPORT

To The Members of Mahindra Top Greenhouses Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Mahindra Top Greenhouses Private Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and its loss total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report but does not include the financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on effectiveness of Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
   f) Reporting on the adequacy of the Internal Control Over Financial Reporting of the Company and the operating effectiveness of such controls, under section 143(3)(i) of the Act is not applicable in view of the exemption available to the Company in terms of the notification no. G.S.R. 583(E) dated 13 June 2017 issued by the Ministry of Corporate Affairs, Government of India, read with general circular No. 08/2017 dated 25 July 2017.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

      In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration is not applicable.
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations which would impact its financial position in its financial statements in accordance with the generally accepted accounting practices.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117346W)

Kedar Raje
Partner
(Membership No. 102637)
UDIN: 21102637AAAABR1671

Place: Pune
Date: April 29, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) The Company does not have any fixed assets and hence reporting under clause (i) of the CARO 2016 is not applicable.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees, which are covered under the provision of Section 185 and 186 of the Companies Act, 2013 and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year hence the directive issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed thereunder are not applicable to the company and hence reporting under clause (v) of the CARO 2016 is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. However, the company's operations were below the limits specified under the Companies (Cost Records and Audit) Rules, 2014 hence reporting under clause (vi) of CARO 2016 is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Income-tax, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Goods and Service Tax, cess and other material statutory dues as on March 31, 2021 on account of disputes.

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) The company is a private company and hence the provisions of Section 177 and second proviso to the section 188(1) of the Companies Act, 2013 are not applicable to the company. The Company has complied with the other provisions of Section 188 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117346W)

Kedar Raje
Partner
(Membership No. 102637)
UDIN: 21102637AAAABR1671

Place: Pune
Date: April 29, 2021

BALANCE SHEET AS AT MARCH 31, 2021

Rs. in Lakhs

	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
	ASSETS			
I	**Non-Current Assets**			
	(a) Income Tax Assets (Net)		**0.43**	1.10
	Total Non-Current Assets		**0.43**	1.10
II	**CURRENT ASSETS**			
	(a) Inventories	2	**89.69**	40.27
	(b) Financial Assets			
	(i) Trade Receivables	6	**161.25**	63.81
	(ii) Cash and Cash Equivalents	3	**89.96**	190.94
	(iii) Other Financial Assets	4	**6.97**	14.99
	(c) Other Current Assets	5	**27.88**	21.27
	Total Current Assets		**375.75**	331.28
III	**Total Assets (I+II)**		**376.18**	332.38
	EQUITY AND LIABILITIES			
IV	**EQUITY**			
	(a) Equity Share Capital	7	**300.00**	300.00
	(b) Other Equity		**(104.89)**	(66.05)
	Total Equity		**195.11**	233.95
	LIABILITIES			
V	**NON-CURRENT LIABILITIES**			
	(a) Provisions		**1.38**	0.92
	Total Non-Current Liabilities		**1.38**	0.92
VI	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Trade Payables			
	a) total outstanding dues of micro and small enterprises		**–**	–
	b) total outstanding dues of creditors other than micro and small enterprises	8	**124.82**	88.96
	(b) Provisions	9	**6.16**	1.82
	(c) Other Current Liabilities	10	**48.71**	6.73
	Total Current Liabilities		**179.69**	97.51
VII	**Total Liabilities (V+VI)**		**181.07**	98.43
VIII	**Total Equity and Liabilities (IV+VII)**		**376.18**	332.38
	See accompanying notes to the financial statements	1-24		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Kedar Raje
Partner
Membership No. 102637
Place : Pune
Date : April 29, 2021

Sunetra Ganesan
CFO
Place : Nashik
Date : April 29, 2021

Abhijit Page
Director
DIN-08797913
Place : Nashik
Date : April 29, 2021

Meghnad Mitra
Chairman
DIN-01802612
Place : Nashik
Date : April 29, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Rs. in Lakhs

	Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
I	Revenue from operations	11	**511.74**	383.69
II	Other Income	12	**4.47**	9.89
III	**Total Income (I + II)**		**516.21**	393.58
IV	**EXPENSES**			
	(a) Purchases of Stock-in-trade	13 (a)	**403.49**	245.75
	(b) Changes in inventories of stock-in-trade	13 (b)	**(49.42)**	(24.97)
	(c) Finance costs	16	**0.58**	0.10
	(d) Other expenses	14	**200.40**	213.81
	Total Expenses (IV)		**555.05**	434.69
V	**Loss before tax (III - IV)**		**(38.84)**	(41.11)
VI	**Tax Expense**		**–**	–
VII	**Loss after tax for the period from continuing operations (V - VI)**		**(38.84)**	(41.11)
VIII	**Other comprehensive income**		**–**	–
IX	**Loss for the period attributable to owners of the Company (VII+VIII)**		**(38.84)**	(41.11)
X	**Earnings per equity share**			
	Basic and Diluted (Face value Rs.10 per share)	15	**(1.29)**	(1.37)
	See accompanying notes to the financial statements	1-24		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Kedar Raje
Partner
Membership No. 102637
Place : Pune
Date : April 29, 2021

Sunetra Ganesan
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Place : Nashik
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DIN-08797913
Place : Nashik
Date : April 29, 2021

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Chairman
DIN-01802612
Place : Nashik
Date : April 29, 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

			Rs. in Lakhs
Particulars		**For the year ended March 31, 2021**	For the year ended March 31, 2020
Loss before tax for the period		**(38.84)**	(41.11)
Adjustments for:			
Finance costs recognised in profit or loss		**0.58**	0.10
Interest Income recognised in profit or loss		**(4.39)**	(9.89)
		(42.65)	(50.90)
Movements in working capital:			
(Increase) in trade receivables		**(97.44)**	(63.81)
(Increase) in inventories		**(49.42)**	(24.97)
(Increase)/Decrease in other Non current assets		**10.30**	(12.90)
(Increase) in other current assets		**(6.61)**	(14.90)
Increase in trade payables		**35.85**	41.24
Increase in provisions		**4.23**	2.57
Increase/(Decrease) in other current liabilities		**41.98**	(19.91)
		(61.11)	(92.68)
Cash (used)/generated in operations		**(103.76)**	(143.58)
Income taxes paid (net)		**0.67**	(1.10)
Net cash generated from (used in) in operating activities		**(103.09)**	(144.68)
Cash flows from investing activities			
Interest received		**2.11**	9.08
Net cash generated from investing activities		**2.11**	9.08
Cash flows from financing activities			
Net cash generated from financing activities		**–**	–
Net Increase in cash and cash equivalents		**(100.98)**	(135.60)
Cash and cash equivalents at the beginning of the period		**190.94**	326.54
Cash and cash equivalents at the end of the period		**89.96**	190.94
See accompanying notes to the financial statements	1-24		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Kedar Raje
Partner
Membership No. 102637
Place : Pune
Date : April 29, 2021

Sunetra Ganesan
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DIN-08797913
Place : Nashik
Date : April 29, 2021

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Chairman
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Place : Nashik
Date : April 29, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

Rs. in Lakhs

A. Equity share capital	**No. of Equity Shares**	**Total**
Balance at the beginning of the reporting period		–
Changes in equity share capital during the period November 16, 2018 to March 31, 2019		
Issue of equity shares	30,00,000	300.00
As at March 31, 2020	**30,00,000**	**300.00**
Changes in equity share capital during the year		
Issue of equity shares	–	–
As at March 31, 2021	**30,00,000**	**300.00**

B. Other Equity

Rs. in Lakhs

Particulars	**Retained Earnings**	**Total**
Balance at the beginning of the reporting period	**(24.94)**	**(24.94)**
Loss for the year	(41.11)	(41.11)
Balance as at March 31, 2020	**(66.05)**	**(66.05)**
Loss for the year	(38.84)	(38.84)
Balance as at March 31, 2021	**(104.89)**	**(104.89)**

See accompanying notes to the financials statements. 1-24

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Kedar Raje
Partner
Membership No. 102637

Place : Pune
Date : April 29, 2021

Sunetra Ganesan
CFO

Place : Nashik
Date : April 29, 2021

Abhijit Page
Director
DIN-08797913

Place : Nashik
Date : April 29, 2021

Meghnad Mitra
Chairman
DIN-01802612

Place : Nashik
Date : April 29, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note No. 1 - General information and Significant accounting policies

A. Corporate Information

Mahindra Top Greenhouses Private Limited was incorporated on November 16, 2018 under the Companies Act, 2013. It is engaged in the business of Protected cultivation Technology products. The Company is a joint venture of Mahindra EPC Irrigation Limited and Top Greenhouses Ltd., Israel.

The Management has evaluated the recoverability of receivables and realisability of inventories based on subsequent recoveries and customer orders on hand respectively. The impact of COVID-19 may be different from that estimated as at the date of approval of these financial results and the Company will continue to closely monitor the developments.

B. Statement of compliance

i) The financial statements have been prepared in accordance with IND ASs notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

ii) As the company was incorporated on November 16, 2019 the comparative information is not for an equivalent period.

C. Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

D. Functional and presentation currency

These financial statements are presented in Indian Rupees (‘Rupees’) which is also the Company’s functional currency. All amounts are rounded-off to the nearest rupee in lakhs (two decimals), unless otherwise indicated.

E. Inventories:

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition and are stated at lower of cost and net realisable value.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost is determined on the basis of the weighted average method.

F. Revenue recognition:

The Company recognises revenue from the following major sources:

a) Sale of Products; and

b) Sale of services.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

a) Sale of Products

The company sells Protected Cultivation Technology Products and Kits. Sales-related warranties associated the products cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Company accounts for warranties in accordance with IND AS 37 Provisions, Contingent Liabilities and Contingent Assets (refer note 9).

A receivable is recognised by the Company when the goods are delivered to the customer installation acknowledged by the farmers or delivery of the Kits to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

b) Sale of Services

Revenue relating to the services is recognised at a point in time.

G. Other income:

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

These income are recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably.

H. Leases:

The company does not have any lease which are covered under Ind AS 116 Leases.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (contd.)

I. Product Warranty:

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale. The estimates for accounting of warranties are reviewed and revisions are made as required.

J. Taxes on income:

- Current Tax

  Income Taxes are accounted for in accordance with IND AS-12. Tax expenses comprise both current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act 1961, and other applicable tax laws.

- Deferred Tax

  Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

  The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

  Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

K. Provisions, Contingent Liabilities and Contingent Assets:

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liabilities and assets are not recognised but are disclosed in the notes.

L. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified by the company. The CODM operation of the company reviews the operation of the company as Protected Cultivation Technology Products.

M. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification and subsequent measurement

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

<u>Classification of financial assets:</u>

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

<u>Financial assets at fair value through profit or loss (FVTPL)</u>

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (contd.)

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost:

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

N. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on going basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

- Provision for warranty claims
- Going Concern (Refer Note 22)

Detailed information about each of these estimates and judgements that have a significant risk of resulting in material adjustment within the next financial year is included in relevant notes for the above items.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

O. Foreign Exchange Transactions:

In preparing the financial statements transactions in other than the company's functional currency are recorded at the exchange rates prevailing on the date of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that rate. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year is recognised as income or expense, as the case may be. Non - Monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Note No. 2 - Inventories (Refer Note 1E)
[Lower of cost and net realisable value]

Rs. in Lakhs

Particulars	**As at March 31, 2021**	As at March 31, 2020
Stock-in-trade of goods acquired for trading	**89.69**	40.27
(Lying with a third party Rs.24.31 Lakhs, Previous Year Rs.0.98 Lakhs)		
Total	**89.69**	40.27

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (contd.)

Inventories are valued considering provision for allowance for obsolescence, inventory carrying risk and delayed in usage in view of lower off-take in present situation. In addition, we have reviewed the likelihood of reduction in sales price and cancellation of orders, due to Covid-19. This is based on an assessment considering the orders in hand, product demand, expected price trend and sales plan. Based on the above assessment, the Company is of the view that the carrying amounts of inventories are expected to be realisable.

Note No. 3 - Cash and Bank Balances

Rs. in Lakhs

Particulars	**As at March 31, 2021**	As at March 31, 2020
Cash and cash equivalents		
Balance with bank		
- Current Accounts	**28.71**	40.94
- Fixed Deposits with original maturity less than 3 months	**61.25**	150.00
Total Cash and cash equivalents	**89.96**	190.94

Note No. 4 - Other Financial Assets

Rs. in Lakhs

	As at March 31, 2021		As at March 31, 2020	
Particulars	**Current**	**Non-Current**	Current	Non-Current
Security deposits	**3.80**	**–**	14.10	–
Interest accrued on Fixed Deposits	**3.17**	**–**	0.89	–
Total	**6.97**	**–**	14.99	–

Note No. 5 - Other Non Financial Assets

Rs. in Lakhs

	As at March 31, 2021		As at March 31, 2020	
Particulars	**Current**	**Non-Current**	Current	Non-Current
(a) Prepayments	**0.23**	**–**	0.22	–
(b) Balances with government authorities		**–**		–
(i) GST credit receivable	**19.25**	**–**	15.52	–
(c) Others				
Considered Good				
(i) Advance to Creditors	**7.90**	**–**	5.53	–
(ii) Advance to Employees	**0.50**	**–**	–	–
Total	**27.88**	**–**	21.27	–

Note No. 6 - Trade Receivables (Refer Note 18)

Rs. in Lakhs

	As at March 31, 2021		As at March 31, 2020	
Particulars	**Current**	**Non-Current**	Current	Non-Current
Unsecured, considered good	**161.25**	**–**	63.81	–
Total	**161.25**	**–**	63.81	–

Trade receivables are valued considering likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the nature of industries, impact immediately seen in the demand outlook of these industries and the financial strength of the customers in respect of whom amounts are receivable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (contd.)

Note No. 7 - Equity Share Capital

	As at March 31, 2021		As at March 31, 2020	
Particulars	**No. of shares**	**Rs. in Lakhs**	No. of shares	Rs. in Lakhs
Authorised				
Equity shares of Rs. 10 each	**30,00,000**	**300.00**	30,00,000	300.00
Issued				
Equity shares of Rs. 10 each	**30,00,000**	**300.00**	30,00,000	300.00
Subscribed and fully paid up				
Equity shares of Rs. 10 each	**30,00,000**	**300.00**	30,00,000	300.00
Total	**30,00,000**	**300.00**	30,00,000	300.00

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Rs. in Lakhs

Particulars		**Opening Balance**	**Issued during the year**	**Closing Balance**
March 31, 2020	**No. of Shares**	30,00,000	–	30,00,000
	Amount	300.00	–	300.00

Rights, preferences and restrictions attached to equity shares

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Details of shares held by each shareholder

	As at March 31, 2021		As at March 31, 2020	
Class of shares/ Name of shareholder	**Number of shares held**	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares				
Mahindra EPC Irrigation Limited	**1,800,000**	**60.00%**	1,800,000	60.00%
Top Greenhouses Limited, Israel	**1,200,000**	**40.00%**	1,200,000	40.00%

Note No. 8 - Trade Payables

Rs. in Lakhs

Particulars	**As at March 31, 2021**	As at March 31, 2020
Current		
Trade payable - Micro and small enterprises	**–**	–
Trade payable - Other than micro and small enterprises	**124.82**	88.96
Total	**124.82**	88.96

Disclosures required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as below:

(a)	Dues remaining unpaid as at March 31		
	Principal	**–**	–
	Interest on the above	**–**	–
(b)	Interest paid in terms of Section 16 of the Act, along with the amount of payment made to the supplier beyond the appointed day during the period	**–**	–
	Principal paid beyond the appointed date	**–**	–
	Interest paid in terms of Section 16 of the Act	**–**	–
(c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the period	**–**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (contd.)

Rs. in Lakhs

	Particulars	As at March 31, 2021	As at March 31, 2020
(d)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	–	–
(e)	Amount of interest accrued and remaining unpaid as at March 31	–	–
	Due to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		

Note No. 9 - Provisions

Rs. in Lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Current	Non-Current	Current	Non-Current
Other Provisions				
Warranty	**6.16**	**1.38**	1.82	0.92
Total	**6.16**	**1.38**	1.82	0.92

Details of movement in Warranty Provisions is as follows:

Particulars	Amount (Rs. in Lakhs)
Balance at March 31, 2020	**2.74**
Additional provisions recognised	5.18
Amounts used during the year	0.93
Unwinding of discount	0.55
Balance at March 31, 2021	**7.54**

Warranty Claims:

Provision for warranty represents present value of management's best estimate of the future outflow of economic benefits that will be required in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. Management estimates the related provision for future warranty claims based on historical warranty claim information of shareholders entities past experience and is adjusted regularly to reflect new information. The products are generally covered under a free warranty period ranging from 1 year to 3 years. It is expected that most of these costs will be incurred in the next two financial years and all will have been incurred within 3 years after the reporting date.

Note No. 10 - Other non - financial Liabilities

Rs. in Lakhs

	Particulars	As at March 31, 2021		As at March 31, 2020	
		Current	Non-Current	Current	Non-Current
(a)	Advances received from customers	**46.23**	–	5.07	–
(b)	Statutory dues				
	- taxes payable (other than income taxes)	**1.64**	–	1.03	–
(c)	Security Deposits	**0.84**	–	0.63	–
	Total	**48.71**	–	6.73	–

Note No. 11 - Revenue from Operations (Refer Note 18)

Rs. in Lakhs

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a)	Revenue from sale of Greenhouse products	**437.13**	314.99
(b)	Revenue from rendering of services	**74.61**	68.70
	Total	**511.74**	383.69

The Company is engaged in the business of Protected Cultivation Technology Products. In terms of Ind AS 115, the Company is recognizing the revenue as and when it satisfies the performance obligation by transferring promised services to customer and customer obtains the benefit of the same. Hence the Company recognises revenue at a point in time. The effect on adoption of Ind AS 115 does not have any material impact on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (contd.)

Note No. 12 - Other Income

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest Income		
Bank deposits	4.39	9.89
Interest on Tax refunds	0.08	–
Total	4.47	9.89

Note No. 13 (a) - Purchase of traded goods

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Add: Purchases traded goods (refer note 18)	403.49	245.75
Total	403.49	245.75

Note 13 (b) - Changes in inventories of stock-in-trade

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the end of the period:		
Stock-in-trade	89.69	40.27
	89.69	40.27
Inventories at the beginning of the period:		
Stock-in-trade	40.27	15.30
	40.27	15.30
Net (increase)	(49.42)	(24.97)

Note No. 14 - Other Expenses (Also refer with Note 18)

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent including lease rentals	2.73	6.06
Rates and taxes	0.11	–
Insurance	1.17	0.97
Repairs and maintenance - Others	1.10	1.30
Commission on sales	1.00	3.15
Freight outward	5.65	2.89
Travelling and Conveyance Expenses (Net)	9.62	26.74
Subcontracting, Hire and Service Charges	1.09	1.01

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (contd.)

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Auditors remuneration and out-of-pocket expenses		
(i) As Auditors	**2.00**	2.00
Legal and other professional costs (Net)	**92.81**	100.83
Site Expenses	**78.02**	62.87
Provision for Warranty	**4.26**	3.94
Other General Expenses	**0.84**	2.05
Total Other Expenses	**200.40**	213.81
Regrouped to Other General Expenses		
Advertisement	**–**	0.03
Sales promotion expenses	**0.25**	0.13
Communication	**0.26**	0.33
Printing and stationery	**0.02**	0.12
Total	**0.53**	0.61

Note No. 15 - Earnings per Share

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Loss for the year for basic and diluted EPS (Rs. in Lakhs)	**(38.84)**	(41.11)
Weighted average number of Equity shares used in computing basic EPS	**30,00,000**	30,00,000
Weighted average number of equity shares used in computing of diluted EPS	**30,00,000**	30,00,000
Basic and Diluted Earnings per share (Rs.) (Face value of Rs.10 per share)	**(1.29)**	(1.37)

Note No. 16 - Finance Cost

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Other borrowing cost		
Processing fees / Guarantee Commission	**0.03**	–
Unwinding of discount on provisions	**0.55**	0.10
Total finance costs	**0.58**	0.10

Note No. 17 - Financial Instruments

I Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern.
- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Rs. in Lakhs

Particulars	March 31, 2021	March 31, 2020
Equity	**195.11**	233.95
Less: Cash and cash equivalents	**(89.96)**	(190.94)
	105.15	43.01

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (contd.)

II Categories of financial assets and financial liabilities

Rs. in Lakhs

	As at March 31, 2021			
Particulars	**Amortised Costs**	**FVTPL**	**FVOCI**	**Total**
Current Assets				
Trade Receivables	**161.25**	**–**	**–**	**161.25**
Cash and Cash Equivalents	**89.96**	**–**	**–**	**89.96**
Other Financial Assets	**6.97**	**–**	**–**	**6.97**
Current Liabilities				
Trade Payables	**124.82**	**–**	**–**	**124.82**

Rs. in Lakhs

	As at March 31, 2020			
Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Trade Receivables	63.81	–	–	63.81
Cash and Cash Equivalents	190.94	–	–	190.94
Other Financial Assets	14.99	–	–	14.99
Current Liabilities				
Trade Payables	88.96	–	–	88.96

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay, resulting in financial loss to the Company. For parties credit limits are set quarterly. The Company has adopted a policy of only dealing with creditworthy parties and obtaining security cheques, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and credit worthiness of such parties are continuously monitored.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short - medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Note No. 18 - Related Party Disclosures

Name of the Company	**Relationship**
Mahindra EPC Irrigation Limited	JV Partner
Top Greenhouses Limited	JV Partner
Top Greenhouse Technologies Private Limited	A Subsidiary of Top Greenhouses Limited

Key Managerial Personnel

Meghnad Mitra

Abhijit Page

Asaf Elyahu

Amiram Regev

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021 (contd.)

Details of transaction between the Company and its related parties are disclosed below:

Rs. in Lakhs

Nature of transactions with Related Parties	For the period ended March 31, 2021	For the period ended March 31, 2020
1. Mahindra EPC Irrigation Limited		
Purchases of Goods	**15.12**	26.71
Sale of Goods	**–**	0.28
Professional Fees	**91.56**	100.76
Reimbursement of expenses	**1.22**	7.37
2. Top Greenhouses Limited		
Purchases of Goods	**10.70**	–
Reimbursement of expenses	**–**	0.34
3. Top Greenhouse Technologies Private Limited		
Reimbursement of expenses	**–**	0.50

Rs. in Lakhs

Nature of Balances with Related Parties	As at March 31, 2021	As at March 31, 2020
Trade payables		
Mahindra EPC Irrigation Limited	**54.78**	63.66
Other Receivables		
Top Greenhouse Technologies Private Limited	**–**	1.20

Note No. 19 - Current Tax and Deferred Tax

The company has incurred loss for the period in books as well as per income tax provisions. Considering the loss, company has carried out the assessment of tax and deferred tax as required and concluded that the impact is negligible. Hence, the impact of the assessment has not been considered for adjustment and disclosures purpose in the financial statements.

Note No.20 - Segment

The company operates in only one business segment viz Business of Protected cultivation Technology products and services in India. The information reported to chief operating and decision maker(CODM)(viz Board of Director)for the assessment of performance of business and allocation of resources is under this segment. Accordingly, the company has identified the single segment under 108 – Operating segments.

The company's revenues consists of more than 10% from the following customers :

1. Kheyti Technologies Private Limited
2. FF Agro Technologies Private Limited
3. Sadhana Tripathi
4. Agrico Innovation

Note No.21 - Contingent Liabilities and Commitments

There are no Contingent liabilities and Commitments.

Note No.22 - Going Concern -Assumption

Mahindra Top Greenhouses Private Limited has recorded a loss of Rs.38.84 Lakhs. (Cumulative Loss Rs.104.89 Lakhs) Based on the business plan for the next 5 years which considers increase in revenue from operations by tapping new customers and increase in operating margins, thereby, earning cash profits and wiping off brought forward losses, the Company has been assessed as a "Going Concern".

Note No.23 - Event occurring after the Reporting period

No material events have occurred between the Balance sheet date and before the approvals of financials statements by Board of Directors.

Note No.24 - Approval of financial statements

The financial statements of the company were approved by the Board of Directors and authorised for issue on April 29,2021.

For and on behalf of the Board of Directors

Sunetra Ganesan	**Abhijit Page**	**Meghnad Mitra**
CFO	Director	Chairman
	DIN-08797913	DIN-01802612
Place : Nashik	Place : Nashik	Place : Nashik
Date : April 29,2021	Date : April 29,2021	Date : April 29,2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA HZPC PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Mahindra HZPC Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2021, the statement of profit and loss including other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date including a summary of significant accounting policies and other explanatory information (herein after referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the loss and total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The balance sheet, the statement of profit and loss including other comprehensive loss, statement of changes in equity, and the statement of cash flows dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure-B. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid/provided managerial remuneration.
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      (i) The Company does not have any pending litigations which would impact its financial position;
      (ii) The Company did not have any long- term contracts including derivative contracts for which there were any material foreseeable losses;
      (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For **B.K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shrish Rahalkar
Partner
Membership No.111212
UDIN: 21111212AAAAPL7275

Mumbai, April 23, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its Fixed Assets/Property, Plant & Equipment:

a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

b) The Company has a regular programme for physical verification of its property, plant and equipment once in a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment. In accordance with the programme, the Company has not physically verified property, plant and equipment during the year.

c) According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.

(ii) In respects of Inventory:

a) According to the information and explanations given to us, the inventory comprising of finished goods, work-in-progress, agricultural produce and packing materials, has been physically verified at reasonable intervals by the management during the year.

b) In our opinion, coverage and procedure of such verification is appropriate and no material discrepancies for each class of inventory were noticed on such verification between the physical inventory and the book records.

c) We have relied on confirmations and representations from third parties in case of inventory lying in their locations, wherever applicable.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting under Clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the company has not granted any loans or made investments or provided any guarantees or securities to the parties covered under section 185 and 186 of the Companies Act, 2013. Therefore, the requirements of clause 3(iv) of the said Order are not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

(vi) On the basis of information given to us, the Central Government of India, has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act 2013, for any of the products of the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Service tax and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Service tax and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) According the information and explanations given to us and on the basis of the examination of the records of the Company, there are no disputed cases related to income tax, Good and Service tax and other taxes as applicable to the Company, which have not been deposited with the appropriate authorities on account of any dispute as at March 31, 2021.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to Banks. The Company has not taken any loans or borrowings from financial Institutions, and Government. The Company has not issued debentures.

(ix) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the reporting under Clause 3(ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not paid/provided managerial remuneration.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi) of the Order is not applicable to the Company.

For **B.K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shrish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAPL7275

Mumbai, April 23 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph "2 (f)" under 'Report on Other Legal and Regulatory Requirements section of our report of even date)

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **Mahindra HZPC Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B.K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shrish Rahalkar
Partner
Membership No.111212
UDIN: 21111212AAAAPL7275

Mumbai, April 23, 2021

BALANCE SHEET AS AT MARCH 31, 2021

Amount in Rs.

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
1 Non-current assets			
(a) Property, Plant and Equipment	3	**169,764,911**	174,660,429
(b) Capital work-in-progress	4	**1,587,979**	624,233
(c) Other Intangible assets	5	**246,498**	452,072
(d) Financial Assets			
(i) Loans	6	**616,091**	616,091
(e) Deferred tax assets (net)	7	**–**	–
2 Current assets			
(a) Inventories	8	**323,824,774**	225,666,136
(b) Financial Assets			
(i) Trade receivables	9	**888,974**	6,209,243
(ii) Cash and cash equivalents	10	**22,162**	17,372
(iii) Loans	11	**143,855**	1,171,063
(c) Current Tax Assets	12	**193,845**	174,745
(d) Other current assets	13	**7,938,866**	9,647,157
Total Assets (1+2)		**505,227,954**	419,238,541
EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share capital	14	**448,900,000**	418,900,000
(b) Other Equity	14.2	**(430,910,758)**	(417,028,819)
LIABILITIES			
2 Non-current liabilities			
(a) Financial Liabilities			
(i) Long Term Borrowings	15	**–**	13,035,839
(b) Provisions	16	**5,343,959**	5,565,378
3 Current liabilities			
(a) Financial Liabilities			
(i) Short Term Borrowings	17	**200,956,763**	226,012,094
(ii) Trade payables	18	**135,441,271**	86,525,015
(b) Provisions	16	**832,461**	321,410
(c) Other current liabilities	19	**144,664,258**	85,907,625
Total Equity and Liabilities (1+2+3)		**505,227,954**	419,238,541

See accompanying notes 1 to 29 are an integral part of the financial statements

As per our Report of even date attached

For B K Khare & Co.

Chartered Accountants
Firm Regn. No. 105102W

Shirish Rahalkar

Partner
Membership No. 111212

Place: Mumbai
Date: 23 April 2021

For and on behalf of the Board of Directors of

Mahindra HZPC Private Limited

Ashok Sharma

S Durgashankar
Meghnad Mitra
Pradeep Jape (CFO)

Vibha Swaminathan (CS)
Davinder Singh Dosanjh (CEO)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Amount in Rs.

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
Continuing operations			
I Revenue from operations	20	**443,322,896**	245,706,760
II Other Income	21	**259,528**	6,134
III Total Income (I + II)		**443,582,425**	245,712,894
IV EXPENSES			
(a) Purchases of Stock-in-trade	22 a	**438,347,218**	232,597,065
(b) Changes in inventories of stock-in-trade and work-in-progress	22 b	**(98,920,165)**	(54,612,898)
(c) Cost of Packing materials consumed	22 c	**13,564,090**	9,593,405
(d) Employee benefit expense	23	**33,703,518**	29,806,898
(e) Finance costs	24	**17,053,746**	25,368,135
(f) Depreciation and amortisation expense	3	**12,811,496**	12,710,893
(h) Other expenses	25	**40,904,461**	51,943,326
Total expenses (IV)		**457,464,364**	307,406,825
V (Loss)/Profit before exceptional items and tax (I - IV)		**(13,881,939)**	(61,693,931)
VI Exceptional Items		**–**	–
VII (Loss)/Profit before tax (V - VI)		**(13,881,939)**	(61,693,931)
VIII Tax expense			
(1) Current tax		**–**	–
(2) Deferred tax	7	**–**	–
Total tax expense		**–**	–
IX (Loss)/Profit before continuing operations (VII - VIII)		**(13,881,939)**	(61,693,931)
X (Loss)/profit for the year		**(13,881,939)**	(61,693,931)
XI Other Comprehensive Income			
A (i) Items that will not be recycled to profit or loss			
(a) Remeasurements of the defined benefit liabilities / (asset)		**(665,162)**	405,465
(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
B (i) Items that may be reclassified to profit or loss		**–**	–
(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
XII Total Comprehensive Income for the year (X + XI)		**(14,547,101)**	(61,288,466)
XIII Earnings per equity share (for continuing operation):			
(1) Basic	24	**(0.33)**	(1.80)
(2) Diluted	24	**(0.33)**	(1.80)

As per our Report of even date attached

For B K Khare & Co.

Chartered Accountants
Firm Regn. No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 23 April 2021

For and on behalf of the Board of Directors of

Mahindra HZPC Private Limited

Ashok Sharma

S Durgashankar
Meghnad Mitra
Pradeep Jape (CFO)

Vibha Swaminathan (CS)
Davinder Singh Dosanjh (CEO)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

Amount in Rs.

Particulars	**Year ended March 31, 2021**	Year ended March 31, 2020
A. Cash Inflow/(Outflow) from operating activities		
Loss before tax for the year	**(13,881,939)**	(61,693,931)
Adjustments for:		
Interest expenses on borrowings	**17,053,746**	25,368,135
Depreciation and amortisation of non-current assets	**12,811,496**	12,710,893
Operating Loss before working capital changes	**15,983,303**	(23,614,903)
Adjustments for:		
Increase in trade and other receivables	**5,320,269**	13,107,365
(Increase)/decrease in inventories	**(98,158,638)**	(53,196,991)
(Increase)/decrease in other assets	**2,716,400**	(5,536,816)
Increase/(decrease) in trade and other payables	**107,672,889**	39,648,757
Increase/(decrease) in provisions	**289,632**	448,332
	17,840,552	(5,529,353)
Cash generated from operations	**33,823,855**	(29,144,256)
Income tax paid	**–**	–
Net cash (outflow) by operating activities	**33,823,855**	(29,144,256)
B. Cash Inflow/(Outflow) from investing activities		
Purchase of property, plant and equipment	**(8,674,149)**	(3,481,510)
Net cash (outflow) by investing activities	**(8,674,149)**	(3,481,510)
C. Cash Inflow/(Outflow) from financing activities		
Proceeds from issue of equity share capital	**30,000,000**	147,820,000
Proceeds from borrowings	**(38,091,169)**	(91,274,033)
Finance cost	**(17,053,746)**	(25,368,135)
Net cash inflow from financing activities	**(25,144,916)**	31,177,832
Net changes in cash and cash equivalents	**4,790**	(1,447,943)
Cash and cash equivalents at the beginning of the year	**17,372**	1,465,315
Cash and cash equivalents at the end of the year	**22,162**	17,372
	22,162	17,372

Note: The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow.

As per our Report of even date attached

For **B K Khare & Co.**

Chartered Accountants
Firm Regn. No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 23 April 2021

For and on behalf of the Board of Directors of

Mahindra HZPC Private Limited

Ashok Sharma

S Durgashankar
Meghnad Mitra
Pradeep Jape (CFO)

Vibha Swaminathan (CS)
Davinder Singh Dosanjh (CEO)

NOTES FORMING PART OF FINANCIAL STATEMENTS

1 Corporate Information

Mahindra HZPC Private Limited (Joint Venture with HZPC) is engaged in the business of contract growing, corporate farming, wholesale, retail trading of potato seeds, minitubers, table potato and processing potato, tissue culture plants and services.

2 Significant Accounting Policies

Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs under section 133 of Companies Act, 2013.

2.1 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except defined benefit plans - plan assets which has been fair valued. The financial statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013. Company's financial statements are presented in Indian Rupees (₹) which is also its functional currency.

2.2 Operating Cycle

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the companies act, 2013 and Ind AS 1 - Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

2.3 Revenue recognition

The Ministry of Corporate Affairs notified Ind AS 115 "Revenue from Contracts with Customers" in respect of accounting periods commencing on or after April 1, 2018, superseding Ind AS 11 "Construction Contracts" and Ind AS 18 "Revenue".

The Company's current revenue recognition policy is aligned to the principles enunciated in Ind AS 115 which is effective from April 1, 2018.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to receive in exchange for those products or services.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

2.3.1 Sale of goods

Revenue from the sale of goods is recognised upon transfer of control of promised products to customers in an amount that reflects the consideration expected to receive in exchange for those products, at which time all the following conditions are satisfied:

- the company has transferred to the buyer the control of promised products to customers;
- the company has identified the contract with customer and performance obligation in the contract;
- the amount of revenue can be measured reliably;
- revenue is recognised when the division satisfy the performance obligation
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.3.2 Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.3.3 Other Income

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

2.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.5 Employee benefits

Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

Post-Employment Benefits

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund, Superannuation Fund and Pension Scheme. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined Benefit Plans

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation/ superannuation. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act 1972.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income.

2.5.1 Employee Share based compensation

Certain employees of the company / holding company on deputation are covered under the stock option plans of the holding company. These plans are assessed, managed and administered by the holding company.

NOTES FORMING PART OF FINANCIAL STATEMENTS

The fair value of options granted under the Employee stock Option scheme applicable to eligible employees of the Company is charged in the statement of Profit and loss on a straight line basis over the service period / option vesting period with a corresponding increase in equity net of reimbursements, if any.

2.6 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In which case, the tax is also recognised in other comprehensive income or equity.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

2.7 Property, plant and equipment

Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.7.1 Intangible Assets:

Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation/depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised. Intangible assets are amortized over the period of five years.

2.7.2 Impairment of non-financial assets - property, plant and equipment and intangible assets:

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets may be impaired. If any such indication exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.8 Inventories

Inventories are valued as follows:

(a) Raw materials & components and stores & spares
At cost, arrived at on FIFO basis or net realizable value, whichever is lower. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition.

(b) Traded goods
At cost arrived at on FIFO basis or net realizable value, whichever is lower. Costs are determined after deducting rebates and discounts. Net relisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and sale.

(c) Agricultural Produce
Agricultural produce is recognized at fair value less costs to sell at the date of harvest. Once harvested, these goods are subsequently accounts for under Ind AS 2 in the same manner as other inventories purchased from third parties.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

2.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.10 Basis for classification of current and Non current assets

The basis for classification of current and non current assets is as per Ind AS 1- Presentation of financial statement

Current and Non current assets

An entity shall classify an asset as current when:

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period; or

NOTES FORMING PART OF FINANCIAL STATEMENTS

(d) the asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

Current and Non current liabilities

An entity shall classify a liability as current when:

(a) it expects to settle the liability in its normal operating cycle;

(b) it holds the liability primarily for the purpose of trading;

(c) the liability is due to be settled within twelve months after the reporting period; or

(d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

2.11 Foreign Currency Transactions

In preparing the financial statements of entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment or realisation. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

2.12 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.13 Depreciation / amortisation and useful lives of property plant and equipment / intangible assets

Property, plant and equipment / intangible assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

2.14 Provisions for doutful debtors

As per applicable credit policy company make a provision for doubtful debtors where outstanding remain unpaid for more than 180 days.

2.15 Biological assets and agricultural produce

The Company's operations include activities which are agricultural in nature and are subject to the recognition, measurements and disclosure requirements of Ind AS 41 - Agriculture. Biological Assets are recognised when the Company controls the assets as a result of past events and it is probable that the future economic benefits associated with the asset will flow to the Company and fair value can be measured reliably. On initial recognition and at the end of each reporting period, the biological assets are measured at fair value less cost to sell. Cost to sell includes the incremental cost to sell including commission to traders, brokers and dealers and estimated cost to transport to the market but excludes finance costs and income taxes. harvested biological assets (i.e. agriculture produce) are transferred to inventory at fair value less costs to sell when harvested.

Cost approximates fair value when little biological transformation has taken place since the costs were originally incurred or the impact of biological transformation on price is not expected to be material. Gains and losses arising on initial recognition of both biological assets and agricultural produce and any subsequent changes in fair value are recognised in the statement of Profit and Loss in the period in which they arise.

Cost for this purpose includes all direct costs incurred up to the stage of production of the respective inventories.

2.16 Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.17 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with IND AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of financial statements and the reported amounts of revenues and expenses for the year presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note No. 1 - Property, Plant & Equipment – estimated useful life

Note No. 2 - Intangible assets – impairment and estimated useful life

Note No. 17 - Revenue Recognition – satisfaction of performance obligation and price of the performance obligation.

Note No. 28 - Recoverability of trade receivables and determining provision as per ECL model of the Company.

Note No. 5 Fair value measurements and inventory valuation processes

2.18 Leasing

Company has no significant transactions, all transactions are short term in nature.

2.19 Financial instruments, Financial assets, Financial liabilities and Equity Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date when the Company commits to purchase or sell the asset.

Financial assets

Recognition: Financial assets include Investments, Trade Receivables, Advances, Security Deposits, Cash and cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

NOTES FORMING PART OF FINANCIAL STATEMENTS

Classification: Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

(a) amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.

(b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade receivables, Advances, Security Deposits, Cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Impairment: The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

Reclassification: When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

De-recognition: Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

(a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;

(b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

Income Recognition: Interest income is recognised in the Statement of Profit and Loss using the effective interest method. Dividend income is recognised in the Statement of Profit and Loss when the right to receive dividend is established.

Financial Liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the Statement of Profit and Loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the Balance Sheet.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in Balance Sheet where there is legally enforceable right to offset the recognised amounts and there is an intension to settle on a net basis or realise the asset and settle the liability simultaneously.

Equity Instruments

Equity instruments are recognised at the value of the proceeds, net of direct costs of the capital issue.

2.20 Going Concern

During the current financial year, the shareholders has infused required equity. The performance of the Company in term of revenue is exceeding the budgeted expectations . Considering the order intake and advance received from the customers for the next financial years, the Company is confident of its ability to meet the future funds requirements and to continue its business as a going concern.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note No. 3 - Tangible Assets

Amount in Rs.

Description of Assets	Land – Freehold	Building	Plant and Equipment	Electrical Installation and Equipment	Office Equipment	Furniture and Fixtures	Computers	Vehicles	Total
I. Gross Block									
Balance as at April 1, 2020	32,177,030	59,999,982	88,376,170	12,470,342	2,291,646	8,951,370	2,174,362	12,008,778	218,449,679
Additions during the year			5,598,430	–	79,355	496,473	–	1,536,146	7,710,404
Balance as at March 31, 2021	**32,177,030**	**59,999,982**	**93,974,600**	**12,470,342**	**2,371,001**	**9,447,843**	**2,174,362**	**13,544,924**	**226,160,083**
II. Accumulated depreciation and impairment									
Balance as at April 1, 2020	–	6,336,007	20,674,811	4,144,766	1,441,932	2,684,173	1,490,515	7,017,046	43,789,250
Depreciation/amortisation expense for the year 2020-21		**1,816,978**	**6,203,352**	**1,184,682**	**448,867**	**876,668**	**252,133**	**1,823,242**	**12,605,922**
Balance as at March 31, 2021	**–**	**8,152,985**	**26,878,163**	**5,329,448**	**1,890,799**	**3,560,841**	**1,742,648**	**8,840,287**	**56,395,172**
Net block (I-II)									
Balance as on March 31, 2020	32,177,030	53,663,974	67,701,359	8,325,576	849,713	6,267,196	683,847	4,991,732	174,660,429
Balance as on March 31, 2021	**32,177,030**	**51,846,997**	**67,096,437**	**7,140,894**	**480,201**	**5,887,000**	**431,714**	**4,704,636**	**169,764,911**

Note: Term loan of Rs. 10,00,00,000/- from HDFC bank has been availed on first charge on Aeroponic facility, including fixed and moveable assets, present and future excluding land.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note No. 4 - Capital Work in progress

Amount in Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Plant and Equipment	**70,905**	624,233
(b) Vehicle	**1,517,074**	–
Total	**1,587,979**	624,233

Note No. 5 - Intangible Assets

Amount in Rs.

Description of Assets	As at March 31, 2021
I. Gross Block	
Balance as at April 1, 2020	1,027,873
Additions	–
Balance as at March 31, 2021	**1,027,873**
II. Accumulated depreciation and impairment for the year	
Balance as at April 1, 2020	575,800
Depreciation/amortisation expense for the year	205,574
Balance as at March 31, 2021	**781,374**
Net block (I-II)	
Balance as on March 31, 2020	452,073
Balance as on March 31, 2021	**246,499**

Note No. 6 - Loans

Amount in Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
Security Deposits		
– Unsecured, considered good	**616,091**	616,091
Total Loans	**616,091**	616,091

Note No. 7 - Deferred Tax

Amount in Rs.

Particulars	As at March 31, 2021	During the year	As at March 31, 2020
Deferred Tax Liabilities			–
Property, Plant and equipment	**9,273,974**	431,298	8,842,677
	9,273,974	**431,298**	**8,842,677**
Deferred Tax Assets			
Provision for employee benefits	**1,605,869**	75,305	1,530,565
Provision for doubtful debts/advances	**4,149,401**	(703,678)	4,853,079
Carry forward losses and unabsorbed depreciation*	**135,734,078**	5,258,590	130,475,488
	141,489,348	**4,630,217**	**136,859,131**
Reversal of Deferred Tax Assets not cosidering*	**132,215,374**	4,198,919	128,016,455

* Deferred tax assets on carry forward losses and unabsorbed depreciation is Rs. 13,57,34,078/-. However, it is recognised to the extent of deferred tax liablities on conservative basis.

Note No. 8 - Inventories

Amount in Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Work-in-progress	**109,731,537**	114,939,338
(b) Stock-in-trade of goods acquired for trading	**199,607,463**	78,598,209
(c) Agricultural produce (including biological assets)	**12,793,333**	29,674,620
(d) Packing Material	**1,692,441**	2,453,968
Total Inventories at the lower of cost and net realisable value	**323,824,774**	225,666,136

Notes

1) The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 33,94,27,053 (March 31 2020: Rs.17,79,84,167)
2) Mode of valuation of inventories is stated in Note 2.8 Accounting Policies.
3) WIP comprises of tubers(seed potatoes) and are valued at cost.

Inventory comprising of traded as well as company product (grown through contract manufacturing) is valued at Cost or Net Realisable Value (NRV) whichever is lower. Having regard to the nature of business, uncertainties involved, long period time for final sale etc. while arriving at NRV, based on present market conditions and future pricing arrangements management is confident of realising value higher than cost. The auditors have relied upon the representation made by management in this behalf.

Note No. 9 - Trade receivables

Amount in Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables		
(a) Secured, considered good	–	–
(b) Unsecured, considered good	**888,974**	6,209,244
(c) Doubtful	**7,654,037**	18,641,041
Less Provision for doubtful debts	**(7,654,037)**	(18,641,041)
Total Trade Receivables	**888,974**	6,209,244
Of the above, trade receivables from:		
– Others	**888,974**	6,209,244
Total Trade Receivables	**888,974**	6,209,244

Note No. 9a - Movement in the allowance for doubtful debts

Amount in Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at beginning of the year - April 1, 2020	**18,641,041**	17,322,007
Addition during the year	**(4,974,219)**	1,319,034
Balance at end of the year - March 31, 2021	**13,666,822**	18,641,041

Note No. 10 - Cash and cash equivalents

Amount in Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Balances with banks	**4,790**	–
(b) Cash on hand	**17,372**	17,372
Total Cash and cash equivalents	**22,162**	**17,372**

Note No. 11 - Loans

Amount in Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
a) Security Deposits		
– Unsecured, considered good	**–**	–
Total (A)	**–**	–
b) Other Loans		
– Staff Advance		
– Unsecured, considered good	**143,855**	1,171,063
– Doubtful	**753,416**	–
Less: Allowance for Credit Losses	**(753,416)**	–
Total (B)	**143,855**	1,171,063
Total Loans (A+B)	**143,855**	1,171,063

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note No. 12 - Current Tax Assets (Net)

Amount in Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Advance income tax (net of provisions)	**193,845**	174,745
Total Current Tax Assets (Net)	**193,845**	174,745

Note No.13 - Other current assets

Amount in Rs.

Particulars	As at March 31, 2021 Current	As at March 31, 2020 Current
(a) Capital advances		
(i) For Capital work in progress	**–**	–
(a) Advances other than capital advances		
(i) Prepaid Expenses	**230,945**	435,110
(ii) Advances to Supplier	**7,707,921**	9,212,047
(iii) For Advances to suppliers considered doubtful	**8,305,196**	24,646
Less: Provision for doubtful advances	**(8,305,196)**	(24,646)
Total Other current assets	**7,938,865**	9,647,157

Note No. 14 - Equity Share Capital

Particulars	As at March 31, 2021 No. of shares	As at March 31, 2021 Amount (Rs.)	As at March 31, 2020 No. of shares	As at March 31, 2020 Amount (Rs.)
Authorised:				
Equity shares of Rs: 10/- each with voting rights	**50,000,000**	**500,000,000**	50,000,000	500,000,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs: 10/- each with voting rights	**44,890,000**	**448,900,000**	41,890,000	418,900,000
Total Equity Share Capital	**44,890,000**	**448,900,000**	41,890,000	418,900,000

Note No. 14.1

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Closing Balance
(a) Equity Shares with Voting rights*			
Year Ended March 31, 2021			
No. of Shares	**41,890,000**	**3,000,000**	**44,890,000**
Amount	**418,900,000**	**30,000,000**	**448,900,000**

Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Direcors is subject to approval of the shareholders in the ensuing annual general meeting. Further, the Board of Directors may also announce an interim dividend which would need to be confirmed by the shareholders at the forthcoming Annual General Meeting. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(ii) Details of shares held by the holding company

No. of Shares

Particulars	Equity Shares with Voting rights
As at March 31, 2021	
Mahindra Agri Solutions Limited, Holding Company	**26,911,496**
As at March 31, 2020	
Mahindra Agri Solutions Limited, Holding Company	25,113,000

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ Name of shareholder	As at March 31, 2021 Number of shares held	As at March 31, 2021 % holding in that class of shares	As at March 31, 2020 Number of shares held	As at March 31, 2020 % holding in that class of shares
Equity shares with voting rights				
Mahindra Agri Solutions Limited	**26,911,496**	**59.95%**	25,113,000	59.95%
HZPC SBDA B.V.	**17,978,504**	**40.05%**	16,777,000	40.05%

Note No. 14.2 - Equity Share Capital and other equity

A. Equity share capital

Amount. in Rs.

Balance as at March 31, 2020	Changes in equity share capital during 2020-21	Balance as at March 31, 2021
418,900,000	**30,000,000**	**448,900,000**

B. Other Equity

Amount. in Rs.

Particulars	Reserves and Surplus Share premium reserve	Retained earnings	Other Comprehensive Income	Total
Balance as at March 31, 2020	66,760,000	(484,512,831)	723,993	(417,028,838)
Share issue expenses	–	–	–	–
Total Comprehensive income for the year	–	(13,216,757)	(665,162)	(13,881,919)
Balance as at March 31, 2021	**66,760,000**	**(497,729,589)**	**58,831**	**(430,910,758)**

Note No. 15 - Long Term Borrowings

Amount in Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
Measured at amortised cost		
A. Secured Borrowings:		
(i) Term Loan from banks	**–**	12,500,000
(ii) Interest accured but not due		535,839
Total Long Term Borrowings	**–**	13,035,839

- Term Loan of Rs.10 crores (rate of interest 8.55% p.a.) from HDFC Bank which is secured by way of first charge on Aeroponic facility assets (excluding land) of the Company and the same is repayable in eight equal quarterly installments starting from September 2019.
- Second chanrge is on current assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note No. 16 - Provisions

Amount. in Rs.

Particulars		As at March 31, 2021			As at March 31, 2020	
	Current	Non-Current	Total	Current	Non-Current	Total
(a) Provision for employee benefits						
(1) Compensated absences	**368,521**	**1,997,668**	**2,366,189**	218,272	2,182,554	2,400,826
(2) Gratuity	**463,941**	**3,346,291**	**3,810,232**	103,138	3,382,824	3,485,962
Total Provisions	**832,462**	**5,343,959**	**6,176,421**	321,410	5,565,378	5,886,788

Note No. 17 - Short Term Borrowings

Amount in Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
A. Secured Borrowings:		
(a) Cash Credit facility from Bank	**188,303,202**	163,512,094
(b) Term Loan	**12,500,000**	62,500,000
(c) Interest accured but not due	**153,561**	–
Total Short Term Borrowings	**200,956,763**	226,012,094

Note:

1) Cash credit facility is secured by first charge on inventory and debtors.
2) – Term Loan of Rs.10 crore (rate of interest 8.55% p.a.) from HDFC Bank which is secured by way of first charge on Aeroponic facility assets (excluding land) of the Company and the same is repayable in eight equal quarterly installments starting from September 2019.

   – Second Charge is on current assets.

Note No. 18 - Trade Payables

Amount in Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payable for goods & services-others	**128,712,410**	79,730,155
Trade payable-MSME	**–**	773,199
Payable to Related parties	**6,728,861**	6,021,661
Total Trade payables	**135,441,271**	86,525,015

Note No. 19 - Other Current Liabilities

Amount in Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
a. Other Advances		
(i) Advance received from customers	**104,074,493**	60,967,136
b. Others		
(ii) Taxes payable (other than income taxes)	**2,866,542**	1,551,283
Employee Recoveries and Employer Contributions		
(iii) Provision for expenses	**36,318,639**	22,958,876
(iv) Miscellaneous liabilities	**1,404,584**	**430,330**
Total Other Current Liabilities	**144,664,258**	85,907,625

Note No. 20 - Revenue from Operations

Amount in Rs.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Revenue from sale of products (including traded goods)	**437,025,583**	240,191,885
(b) Other operating revenue	**6,297,314**	5,514,874
Total Revenue from Operations	**443,322,896**	245,706,760

Note No. 21 - Other Income

Amount in Rs.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Misc. Income	**259,528**	6,134
Total Other Income	**259,528**	6,134

Note No. 22 a - Purchases of stock in trade

Amount in Rs.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Purchases	**438,347,218**	232,597,065
Total Purchases	**438,347,218**	232,597,065

Note No. 22 b - Changes in inventories of finished goods, work-in-progress and stock-in-trade

Amount in Rs.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Work-in-progress		
Inventories at the end of the year:	**322,132,333**	223,212,168
	322,132,333	223,212,168
Inventories at the beginning of the year:	**223,212,168**	168,599,270
	223,212,168	168,599,270
Net (increase)/decrease in Inventories	**(98,920,165)**	(54,612,898)

Note No. 22 c - Cost of Packing materials consumed

Amount in Rs.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening stock	**2,453,968**	3,869,875
Add: Purchases	**12,802,563**	8,177,498
Less: Closing stock	**1,692,441**	2,453,968
Total Cost of packing material consumed	**13,564,090**	9,593,405

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note No. 23 - Employee Benefit Expenses

Amount in Rs.

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
(a)	Salaries and wages	**31,437,776**	26,935,889
(b)	Contribution to provident and other funds	**1,820,885**	2,309,384
(c)	Staff welfare expenses	**444,857**	561,625
Total Employee Benefit Expenses		**33,703,518**	29,806,898

Note No. 23.1 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 12,280,904/- (2020 : Rs. 11,50,331/-) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

Note: Where required by Ind AS 24 an entity discloses information about contributions to defined contribution plans for key management personnel.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Defined benefit plans – as per actuarial valuation on March 31, 2021

Amount in Rs.

Particulars	Unfunded Plan Gratuity 2021	Unfunded Plan Gratuity 2020
Ia. Expense recognised in the Statement of Profit and Loss for the year ended March 31:		
1. Current service cost	**856,306**	646,993
2. Interest cost	**236,973**	174,798
Ib. Included in other Comprehensive Income		
1. Actuarial (Gain)/Loss on account of:		
- Financial Assumptions	**216,772**	403,889
- Experience Adjustments	**(494,345)**	1,576
- Demographic Assumptions	**(387,589)**	0
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Current Service Cost	**856,306**	646,993
Net interest expense	**236,973**	174,798
Components of defined benefit costs reconised in profit or loss	**1,093,279**	821,791
Actuarial gains and loss arising form changes in financial assumptions	**216,772**	403,889
Actuarial gains and loss arising form experience adjustments	**(494,345)**	1,576
Actuarial gains and loss arising form demographic assumptions	**(387,589)**	–
Componenets of defined benefit costs recognised in other comprehensive income	**(665,162)**	405,465
Total	**428,117**	1,227,256

Amount in Rs.

Particulars	Unfunded Plan Gratuity 2021	Unfunded Plan Gratuity 2020
I. Net Asset/(Liability) recognised in the Balance Sheet as at March 31		
1. Present value of defined benefit obligation as at March 31	**3,810,232**	3,485,962
2. Fair value of plan assets as at March 31	**–**	–
3. Surplus/(Deficit)	**(3,810,232)**	(3,485,962)
4. Current portion of the above	**463,941**	103,138
5. Non current portion of the above	**3,346,291**	3,382,824
II. Change in the obligation during the year ended March 31		
1. Present value of defined benefit obligation at the beginning of the year	**3,485,962**	2,258,706
2. Expenses Recognised in Profit and Loss Account		
- Current Service Cost	**856,306**	646,993
- Interest Expense (Income)	**236,973**	174,798
4. Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions		
ii. Financial Assumptions	**(665,162)**	405,465
5. Others (Liabilities assumed on acquisition)	**(103,847)**	**–**
6. Present value of defined benefit obligation at the end of the year	**3,810,232**	3,485,962
III. Actuarial assumptions		
1. Discount rate	**6.95%**	6.90%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	**2021**	**4,358,467**	**3,261,997**
	2020	3,930,034	3,041,890
Salary growth rate	**2021**	**4,318,263**	**3,302,201**
	2020	3,921,707	3,050,217

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note No. 24 - Finance Costs

Amount in Rs.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
– Interest expense	**17,053,746**	25,368,135
Total finance costs	**17,053,746**	25,368,135

Note No. 25 - Other Expenses

Amount in Rs.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Cold store charges	**14,943,511**	16,481,611
(b) Printing & Stationery	**358,428**	522,693
(c) Power & Fuel	**174,408**	231,936
(d) Security charges	**862,727**	401,379
(e) Housekeeping Expenses	**–**	478,873
(f) Director Sitting Fees	**520,000**	480,000
(g) Recruitment Expenses	**135,412**	252,019
(h) Quality Claims	**1,211,675**	1,100,000
(i) Repairs and maintenance - Others	**498,880**	560,094
(j) Insurance charges	**2,382,934**	1,288,375
(k) Mobile & Communication Expenses	**77,878**	103,084
(l) Freight outward	**7,121,892**	9,163,129
(m) Business promotion expenses	**353,692**	1,590,049
(n) Travelling and Conveyance Expenses	**3,681,209**	6,111,915
(o) Legal & Professional Charges	**4,903,875**	4,716,685
(p) Manpower Charges	**6,448,020**	4,977,065
(q) Bank Charges	**44,909**	85,405
(r) Provision for doubtful trade and other receivables, loans	**(4,974,219)**	1,319,034
(s) Misc. Expenses	**1,419,523**	1,194,937
(i) Statutory Audit Fees	**472,000**	472,000
(ii) Taxation matters	**171,100**	194,700
(iii) Others	**96,608**	218,347
Total Other Expenses	**40,904,461**	51,943,326

Note No. 26 - Earning Per Share

Amount in Rs.

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Basic Earnings per share		
From continuing operations	**(0.33)**	(1.80)
Total basic earnings per share	**(0.33)**	(1.80)
Diluted Earnings per share		
From continuing operations	**(0.33)**	(1.80)
From discontinuing operations		
Total diluted earnings per share	**(0.33)**	(1.80)
Profits used in the calculation of basic earnings per share from continuing operations	**(13,881,939)**	(61,693,931)
Weighted average number of equity shares	**41,906,438**	34,242,459
Earnings per share from continuing operations - Basic & Diluted	**(0.33)**	(1.80)

Note No. 27 - Segment information

A. Primary Segment - Business Segment

The Company's business activity falls within a single business segment viz. 'trading in seed potatoes'. All other activities of the Company revolve around its main business. Hence, there are no separate reportable primary segments as defined by Ind AS on "Segment Reporting".

B. Secondary Segment - Geographical Segment

The Company, at present, does not have any Secondary Segment.

Note No. 28 - Related Party Transactions

Related Party Disclosures:

List of Related Parties and Relationships:

Name of the Related Parties where control exists	Description of Relationship
Mahindra Agri Solutions Limited (MASL)	Holding Company

Name of the Related Parties where transactions have taken place during the period	Description of Relationship
Mahindra and Mahindra Ltd.(MMHO)	Ultimate Holding Company
Mahindra and Mahindra Ltd. (MMAD)	Ultimate Holding Company
Mahindra and Mahindra Ltd.- Tractor FES (MMTD)	Ultimate Holding Company
Mahindra Integrated Business Solutions Pvt. Ltd. (formerly known as Mahindra BPO Services Limited)	Fellow Subsidiary Company
HZPC Holland B.V.	Joint Venture Partner
AO HZPC SADOKAS	Subsidiary of Joint Venture Partner
IPR B.V.	Subsidiary of Joint Venture Partner
Solentum B.V	Subsidiary of Joint Venture Partner

Additional Disclosure of Key Management Personnel:-

Key Management Personnel	Description of Relationship
Mr. Davinder Singh Dosanjh (CEO)	KMP of the company
Mr. Pradeep Jape (CFO)	KMP of the company
Ms. Vibha Swaminathan	KMP of the company

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Details of transaction between the Company and its related parties are disclosed below:

Amount in Rs.

Particulars	**For the year ended**	**Parent Company**	**Ultimate Holding Company**	**Subsidiaries**	**Associates**	**Joint ventures**	**Subsidiary of Joint Venture Partner**	**KMP of the Company**	**Other related parties**
Nature of transactions with Related Parties									
Mahindra Integrated Business Solutions Pvt. Ltd.(Formerly known as Mahindra BPO Services Limited):	31-03-2021			4,49,268					
-Professional Fees	31-03-2020			1,04,600					
Mahindra and Mahindra Limited (MMHO):	31-03-2021		15,65,556						
Professional Fees	31-03-2020		16,31,144						
Inter company borrowings	31-03-2021		–						
	31-03-2020		–						
Interest on inter company borrowing	31-03-2021		–						
	31-03-2020		–						
Mahindra and Mahindra Limited (MMAD):	31-03-2021		57,476						
Professional Fees	31-03-2020		38,880						
Purchase of Vehicle	31-03-2021		28,71,807						
	31-03-2020		–						
Mahindra and Mahindra Limited (MMTD):	31-03-2021		1,36,951						
Cost allocation for employees	31-03-2020		4,69,537						
Mahindra Agri Solutions Limited (MASL):	31-03-2021	–							
Sales	31-03-2020	–							
Salary cost allocation (Income)	31-03-2021	–							
	31-03-2020	12,24,452							
ESOP	31-03-2021	1,84,108							
	31-03-2020	4,41,492							
Share Capital	31-03-2021	1,79,85,000							
	31-03-2020	8,99,25,000							
HZPC Holland B.V.									
Royalty received	31-03-2021					–			
	31-03-2020					–			
Royalty expenses	31-03-2021								
	31-03-2020					–			
Share Capital	31-03-2021					1,20,15,000			
	31-03-2020					6,00,75,000			
Solentum B.V.									
Purchase	31-03-2021						–		
	31-03-2020						2,04,297		
AO HZPC SADOKAS:	31-03-2021						60,76,968		
Sales	31-03-2020						83,96,024		
Davinder Singh Dosanjh (CEO)	31-03-2021							61,04,983	
Gross Salary	31-03-2020							53,91,082	
Pradeep Jape (CFO) (w.e.f. Oct, 20) (Kuldeep Singh till Sept, 20) Gross Salary	31-03-2021							15,29,550	
Kuldeep Singh (CFO)- F20 Gross Salary	31-03-2020							29,02,048	
Ms. Vibha Swaminathan (CS)	31-03-2021	2,40,000						2,40,000	
Gross Salary	31-03-2020	2,40,000						2,40,000	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Amount in Rs.

Nature of Balances with Related Parties-Receivable / (Payable)	Balance as on	Parent Company	Ultimate Holding Company	Subsidiaries	Associates	Joint ventures	Subsidiary of Joint Venture Partner	KMP of the Company	Other related parties
Mahindra Integrated Business Solutions Pvt. Ltd.(Formerly known as Mahindra BPO Services Limited.	31-03-2021			(18,872)					
	31-03-2020			(9,152)					
Mahindra and Mahindra Ltd.(MMHO)	31-03-2021		(47,99,813)						
	31-03-2020		(30,70,327)						
Mahindra and Mahindra Ltd.(MMAD)	31-03-2021		(1,54,665)						
	31-03-2020		(1,55,802)						
HZPC Holland B.V.	31-03-2021					20,10,011			
	31-03-2020					16,05,152			
Solentum B.V.	31-03-2021						(2,66,026)		
	31-03-2020						(27,86,381)		
IPR B.V.	31-03-2021						5,65,814		
	31-03-2020						9,50,000		
Mahindra Agri Solutions Limited (MASL)	31-03-2021	9,82,077							
	31-03-2020	6,31,281							
Mahindra and Mahindra Ltd.- Tractor FES (MMTD)	31-03-2021		5,06,172						
	31-03-2020		4,52,556						
Davinder Singh Dosanjh (CEO)	31-03-2021							–	
	31-03-2020							–	
Pradeep Jape (CFO)	31-03-2021							–	
	31-03-2020							–	
Ms. Vibha Swaminathan (CS)	31-03-2021							–	
	31-03-2020							–	

Note No. 29 - Financial Risk Management

Financial Risk Management Framework

The company activities expose it to avariety of financial risks: market risk, credit risk and liquidity risk. The company primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the company is price risk. The company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

CREDIT RISK

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The company does not have significant credit risk exposure to any single counterparty.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The provision matrix at the end of the reporting period is as follow:-

Ageing	For the year ended 31st March, 2021	
	Expected credit loss (%)	Expected credit loss (Rs.)
0-3 month past due	0.00%	–
3-6 month past due	0.00%	–
>180 Days	100.00%	7,654,037.00
Total		**7,654,037.00**

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

All such transactions are carried out within the guidelines set by the Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-, medium- and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company is required to maintain ratios (including total debt to EBITDA / net worth, EBITDA to gross interest, debt service coverage ratio and secured coverage ratio) as mentioned in the loan agreements at specified levels. In the event of failure to meet any of these ratios these loans become callable at the option of lenders, except where exemption is provided by lender.

(ii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	**31-Mar-21 Amount in Rs.**	31-Mar-20 Amount in Rs.
Secured Bank Overdraft facility		
- Expiring within one year	**188,303,202**	163,512,094
- Expiring beyond one year	**–**	–
Term Loan		
- Expiring within one year	**12,500,000**	62,500,000
- Expiring beyond one year	**–**	12,500,000
	200,803,202	238,512,094

Categories of financial assets and financial liabilities

Amount in Rs.

	For the year ended 31 March, 2021 Amortised Costs	For the year ended 31 March, 2020 Amortised Costs
Non-current Assets		
Loans	**616,091**	616,091
Current Assets		
Trade Receivables	**888,974**	6,209,243
Cash and cash equivalents	**22,162**	17,372
Loans	**143,855**	1,171,063
Non-current Liabilities		
Borrowings	**–**	13,035,839
Current Liabilities		
Borrowings	**200,956,763**	226,012,094
Trade Payables	**135,441,271**	86,525,015
Other Financial Liabilities	**–**	–

For **B K Khare & Co.**
Chartered Accountants
Firm Regn. No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 23 April 2021

Mahindra HZPC Private Limited

Ashok Sharma

S Durgashankar
Meghnad Mitra
Pradeep Jape (CFO)

Vibha Swaminathan (CS)
Davinder Singh Dosanjh (CEO)

INDEPENDENT AUDITOR'S REPORT

To the Members of MAHINDRA GREENYARD PRIVATE LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **Mahindra Greenyard Private Limited** ("the Company"), which comprise the balance sheet as at 31st March 2021, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and profit, changes in equityand its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report.

Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Ind AS financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a wholeare free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that aresufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
   (g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors.
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The company does not have any pending litigations which will impact its financial positions.
      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Aniruddha Joshi
Partner
Membership No.040852
UDIN: 21040852AAAAAZ9508
Mumbai, April 26, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Greenyard Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 21040852AAAAAZ9508

Mumbai, April 26, 2021

ANNEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mahindra Greenyard Private Limited** for the year ended March 31, 2021

Annexure to the Auditor's Report referred to in our report of even date:

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The Company does not have any immovable property as on March 31, 2021.

2) The inventory has been physically verified by management during the year the frequency of which, in our opinion, is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been dealt with in books of account.

3) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other related parties covered in the register maintained under section 189 of the Act.

4) In our opinion and according to information and explanations given to us, the provisions of section 185 and section 186 of the Act have been complied with in respect of the loan granted, investments made and guarantees given by the company as at March 31, 2021. We are informed that the company has not given any security during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2021 for a period of more than 6 months from the date they become payable.

   ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the money raised by the Company by the way of Buyer's credit term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Aniruddha Joshi
Partner
Membership Number 040852
UDIN: 21040852AAAAAZ9508
Mumbai, April 26, 2021

BALANCE SHEET AS AT 31ST MARCH 2021

Rupees in Lacs

Particulars		Note No.	As at 31st March 2021	As at 31st March 2020
I	**ASSETS**			
1	**NON-CURRENT ASSETS**			
	(a) Property, Plant and Equipment	3	**30.84**	75.81
	(b) Other Intangible Assets	4	**2.46**	2.85
	(c) Financial Assets			
	(i) Other Financial Assets	6	**6.91**	13.78
	(d) Other Non-current Assets	8	**–**	–
	SUB-TOTAL		**40.21**	92.44
2	**CURRENT ASSETS**			
	(a) Inventories	9	**10.01**	297.38
	(b) Financial Assets			
	(i) Trade Receivables	5	**66.94**	430.45
	(ii) Cash and Cash Equivalents	10	**43.52**	23.00
	(iii) Other Bank Balances	10	**2.82**	2.82
	(iv) Other Financial Assets	6	**0.55**	0.35
	(c) Current Tax Assets (Net)	7	**1.62**	1.46
	(d) Other Current Assets	8	**9.96**	130.57
	SUB-TOTAL		**135.41**	886.01
	TOTAL		**175.62**	978.46
II	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	(a) Equity Share Capital	11	**1,043.00**	1,043.00
	(b) Other Equity	SOCE - B	**(1,106.16)**	(1,320.24)
	SUB-TOTAL		**(63.16)**	(277.24)
	LIABILITIES			
2	**NON-CURRENT LIABILITIES**			
	(a) Provisions	15	**5.81**	24.94
	SUB-TOTAL		**5.81**	24.94
3	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Short Term Borrowings	12	**–**	404.05
	(ii) Trade Payables	13	**206.06**	721.75
	(iii) Other Financial Liabilities	14	**–**	0.21
	(b) Provisions	15	**2.26**	1.56
	(c) Other Current Liabilities	16	**24.65**	103.18
	SUB-TOTAL		**232.97**	1,230.76
	TOTAL		**175.62**	978.46

The accompanying notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached.
For B.K. Khare & Co
Chartered Accountants
FRN : 105102W

Aniruddha Joshi
Partner
Membership No: 040852

Place: Mumbai
Date: 26th April 2021

For **Mahindra Greenyard Private Limited**

Director

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary

Place: Mumbai
Date: 26th April 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021

Rupees in Lacs

	Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
	Continuining Operations			
I	Revenue from operations	17	**6,774.92**	7,890.03
II	Other Income	18	**22.68**	69.51
III	**Total Revenue (I + II)**		**6,797.60**	7,959.54
IV	**EXPENSES**			
	(a) Purchases of Stock-in-trade	19	**5,790.87**	6,719.11
	(b) Changes in inventories of stock-in-trade	20	**287.37**	645.05
	(c) Employee benefit expense	21	**236.00**	350.16
	(d) Depreciation and amortisation expense	3, 4	**28.37**	26.45
	(e) Finance Cost	22	**21.42**	41.48
	(f) Other expenses	23	**237.12**	539.86
	Total Expenses (IV)		**6,601.14**	8,322.12
V	**Profit/(loss) before tax (III - IV)**		**196.46**	(362.58)
VI	**Tax Expense**			
	(1) Current tax		**–**	–
	Total tax expense		**–**	–
VII	**Profit/(loss) after tax for the period (V - VI)**		**196.46**	(362.58)
VIII	**Other comprehensive income**			
	(i) Items that will not be recycled to profit or loss			
	(a) Remeasurements of the defined benefit liabilities/(asset)		**17.62**	(2.20)
	Total other comprehensive income for the period		**17.62**	(2.20)
	Total comprehensive income for the period		**214.08**	(364.78)
IX	**Earnings per equity share:**	24		
	(1) Basic		**1.88**	(3.48)
	(2) Diluted		**1.88**	(3.48)

The accompanying notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached.
For B.K. Khare & Co
Chartered Accountants
FRN : 105102W

Aniruddha Joshi
Partner
Membership No: 040852

Place: Mumbai
Date: 26th April 2021

For **Mahindra Greenyard Private Limited**

Director

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary

Place: Mumbai
Date: 26th April 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2021

Rupees in Lacs

	Particulars	Note No.	**Year ended 31st March 2021**	Year ended 31st March 2020
A	**Cash flows from operating activities**			
	Profit before tax for the year	PL	**214.08**	(364.78)
	Adjustments for:			
	Interest Paid		**21.42**	41.48
	Depreciation and amortisation of non-current assets	3 & 4	**28.37**	26.45
	Write off - Assets		**28.39**	–
			292.25	(296.85)
	Movements in working capital:			
	(Increase)/Decrease in trade and other receivables		**363.51**	322.50
	(Increase)/Decrease in inventories		**287.37**	645.05
	(Increase)/Decrease in other assets		**127.27**	179.06
	Income tax Refund/(Paid)		**(0.16)**	0.24
	Increase/(Decrease) in trade and other payables		**(612.87)**	(587.70)
	Net cash generated by operating activities		**457.37**	262.30
B	**Cash flows from investing activities**			
	Payments for property, plant and equipment		**(11.39)**	(39.41)
	Changes in earmarked balances with Banks		**(0.00)**	2.46
	Net cash (used in)/generated by investing activities		**(11.39)**	(36.95)
C	**Cash flows from financing activities**			
	Interest Paid		**(21.42)**	(41.48)
	Proceeds from Borrowings		**–**	–
	Repayment of Borrowings		**(404.05)**	(164.17)
	Net cash used in financing activities		**(425.47)**	(205.65)
	Net increase in cash and cash equivalents		**20.51**	19.70
	Cash and cash equivalents at the beginning of the year		**23.00**	3.30
	Cash and cash equivalents at the end of the year		**43.51**	23.00

The accompanying notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached.
For B.K. Khare & Co
Chartered Accountants
FRN : 105102W

Aniruddha Joshi
Partner
Membership No: 040852

Place: Mumbai
Date: 26th April 2021

For **Mahindra Greenyard Private Limited**

Director

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary

Place: Mumbai
Date: 26th April 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2021

A. Equity share capital

Particulars	No of Shares	Rupees in Lacs
Balance as at 1st April 2020	10,430,000	1,043.00
Changes in equity share capital during the year	–	–
Balance as at 31st March 2021	**10,430,000**	**1,043.00**

B. Other Equity

Rs in Lacs

	Reserves & Surplus		
Particulars	**Securities Premium Reserve**	**Retained Earnings**	**Total**
As at 1st April 2019	526.00	(1,481.46)	(955.46)
Profit/(Loss) for the period	–	(362.58)	(362.58)
Other Comprehensive Income/(Loss)	–	(2.20)	(2.20)
Balance as at 31st March 2020	526.00	(1,846.24)	(1,320.24)
As at 1st April 2020	526.00	(1,846.24)	(1,320.24)
Profit/(Loss) for the period		196.46	196.46
Other Comprehensive Income/(Loss)		17.62	17.62
Balance as at 31st March 2021	**526.00**	**(1,632.16)**	**(1,106.16)**

In terms of our report attached.
For B.K. Khare & Co
Chartered Accountants
FRN : 105102W

Aniruddha Joshi
Partner
Membership No: 040852

Place: Mumbai
Date: 26th April 2021

For **Mahindra Greenyard Private Limited**

Director

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary

Place: Mumbai
Date: 26th April 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Corporate Information

Mahindra Greenyard Private Limited (Formerly known as Mahindra Univeg Private Limited) is a Joint Venture company formed by Mahindra Agri Solutions Limited (Formerly known as Mahindra Shubhlabh Services Limited) and Greenyard Fresh Holding NL BV with 60:40 sharing basis and incorporated on 9th July, 2014 under the provisions of the Companies Act, 1956 (CIN:U01403MH2014PTC55946). The Company deals in sourcing, storing and distribution of fresh fruits in domestic market.

1. Significant accounting policies

1.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended.

1.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

1.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

1.5 Employee benefits

1.5.1 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item ‘Employee benefits expense’. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

1.5.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

1.6 Taxation

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of Deferred Tax is reviewed at each Balance Sheet date.

1.7 Property, plant and equipment

Furniture & Fixtures, equipment and Vehicles are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1.8 Intangible assets

1.8.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

1.8.2 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

1.8.3 Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follows:

IT Software - 10 Years

1.8.4 Impairment of Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

1.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

1.11 Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.12 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

1.12.1 Impairment of financial assets

This being the third full year of operations, there is no trend to depict expected credit losses. The company deals in fresh fruits which is a seasonal business & the commodity is perishable in nature. The Company has used the practical expedient as permitted by IND AS 109 and has maintained a policy of providing for debtors outstanding for a period exceeding 180 days. This policy will be regularly reviewed in line with the type of business that the company is in.

1.12.2 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

1.12.3 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

1.13 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

1.13.1 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

1.13.2 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

1.13.3 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

1.14 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.15 Taxation:

Income tax expense represents the sum of the tax currently payable and deferred tax.

1.15.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

1.15.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

1.15.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.16 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks & rewards of ownership to the leases. All other leases are classified as operating leases.

The Company as lessee:

The assets held under finance leases are initially recongnised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expense and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policies on borrowing cost. Contingent rentals are recognized as expense in the period in which they are incurred.

Rental expense from the operating lease is generally recognized on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessors expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 3 - Property, Plant and Equipment

Rupees in Lacs

Description of Assets	Plant and Equipment	Vehicle	Furniture and Fixtures	IT Equipment	Office Equipment	Total
I. Gross Carrying Amount						
Balance as at 1st April 2020	76.92	31.46	21.09	16.07	1.39	146.93
Additions during the year	11.12	–	–	–	–	11.12
Disposals during the year	31.81	19.42	15.27	0.02		66.52
Balance as at 31st March 2021	**56.22**	**12.04**	**5.83**	**16.05**	**1.39**	**91.52**
II. Accumulated depreciation and impairment						
Balance as at 1st April 2020	50.23	7.46	3.80	9.14	0.49	71.12
Depreciation expense for the year	19.06	4.42	1.25	2.71	0.26	27.70
Eliminated on disposal of assets	26.63	8.15	3.34	0.02		38.14
Balance as at 31st March 2021	**42.66**	**3.73**	**1.71**	**11.83**	**0.75**	**60.68**
III. Net carrying amount (I-II)	**13.56**	**8.30**	**4.12**	**4.22**	**0.64**	**30.84**

Rupees in Lacs

Description of Assets	Plant and Equipment	Vehicle	Furniture and Fixtures	IT Equipment	Office Equipment	Total
I. Gross Carrying Amount						
Balance as at 1st April 2019	56.48	19.42	20.71	10.06	1.39	108.06
Additions during the year	20.44	12.04	0.38	6.01	–	38.86
Disposals during the year						–
Balance as at 31st March 2020	76.92	31.46	21.09	16.07	1.39	146.93
II. Accumulated depreciation and impairment						
Balance as at 1st April 2019	33.30	2.33	1.80	7.44	0.23	45.09
Depreciation expense for the year	16.93	5.13	2.00	1.69	0.26	26.02
Eliminated on disposal of assets						–
Balance as at 31st March 2020	50.23	7.46	3.80	9.14	0.49	71.12
III. Net carrying amount (I-II)	26.69	24.00	17.29	6.93	0.90	75.81

Note No. 4 - Other Intangible Assets

Rupees in Lacs

Description of Assets	Computer Software	Total
Intangible Assets		
Cost		
Balance as at 1st April 2020	4.44	4.44
Additions during the year	0.27	0.27
Disposals during the year	–	–
Balance as at 31st March 2021	**4.71**	**4.71**
II. Accumulated depreciation and impairment		
Balance as at 1st April 2020	1.59	1.59
Depreciation expenses for the year	0.67	0.67
Balance as at 31st March 2021	**2.26**	**2.26**
III. Net carrying amount (I-II)	**2.46**	**2.46**

Rupees in Lacs

Description of Assets	Computer Software	Total
Intangible Assets		
Cost		
Balance as at 1st April 2019	3.90	3.90
Additions during the year	0.54	0.54
Disposals during the year	–	–
Balance as at 31st March 2020	4.44	4.44
II. Accumulated depreciation and impairment		
Balance as at 1st April 2019	1.16	1.16
Depreciation expenses for the year	0.43	0.43
Balance as at 31st March 2020	1.59	1.59
III. Net carrying amount (I-II)	2.85	2.85

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 5 - Trade receivables

Rs in Lacs

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non-Current	As at 31st March 2020 Current	As at 31st March 2020 Non-Current
(a) Secured, considered good	–	–	–	–
(b) Unsecured, considered good	66.94	–	430.45	–
(c) Doubtful	208.13	–	186.11	–
Less: Allowance for Credit Losses	208.13	–	186.11	–
TOTAL TRADE RECEIVABLES	66.94	–	430.45	–
Of the above, trade receivables from:				
- Related Parties	16.46	–	6.04	–
- Others	50.48	–	424.41	–
Total	66.94	–	430.45	–

Note No. 6 - Other financial assets

Rs in Lacs

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non-Current	As at 31st March 2020 Current	As at 31st March 2020 Non-Current
Financial assets at amortised cost				
a) Security Deposit	–	6.91	0.02	13.78
b) Other Financial assets				
Accrued Interest	0.55	–	0.33	–
TOTAL OTHER FINANCIAL ASSETS	0.55	6.91	0.35	13.78

Note No. 7 - Current Tax Assets (Net)

Rs in Lacs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Tax Deducted at Source	1.62	1.46
TOTAL	1.62	1.46

Note No. 8 - Other assets (Non Financials)

Rs in Lacs

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non-Current	As at 31st March 2020 Current	As at 31st March 2020 Non-Current
(a) Advances other than capital advances				
(i) Other advances				
Staff Advance	0.94	–	8.58	–
Advance to supplier	–	–	104.03	–
Prepaid Expenses	3.68	–	17.95	–
Customs Duty payment	5.34	–	–	–
TOTAL OTHER ASSETS	9.96	–	130.57	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 9 - Inventories

Particulars	As at 31st March 2021	As at 31st March 2020
		Rs in lacs
Stock-in-trade of goods acquired for trading	**7.05**	289.84
Packing Material Stock	**2.96**	7.54
TOTAL INVENTORIES (at lower of cost and net realisable value)	**10.01**	297.38
Included above, goods-in-transit:		
Stock-in-trade of goods acquired for trading	**–**	184.71
Total goods-in-transit	**–**	184.71

* In the opinion of the Board, the realisable value of the inventory is higher than the carrying cost.

Note No. 10 - Cash and Bank Balances

Particulars	As at 31st March 2021	As at 31st March 2020
		Rs. In lacs
Cash and cash equivalent		
(a) Balances with banks in current account	**41.05**	18.64
(b) Fixed Deposits with maturity less than 3 months	**2.47**	2.38
(c) Cash on hand	**–**	1.97
Total Cash and cash equivalent	**43.52**	23.00
Other Bank Balances		
(a) Balances with Banks:		
(i) Fixed Deposits with maturity greater than 3 months	**2.82**	2.82
Total Other Bank balances	**2.82**	2.82
TOTAL CASH & BANK BALANCES	**46.34**	25.82

Note No. 11 - Equity Share Capital

Particulars	As at 31st March 2021 No. of shares	As at 31st March 2021 Value	As at 31st March 2020 No. of shares	As at 31st March 2020 Value
		Rs in Lacs		Rs in Lacs
Authorised:				
Equity shares of Rs 10 each with voting rights	**17,000,000**	**1,700.00**	17,000,000	1,700.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs 10 each with voting rights	**10,430,000**	**1,043.00**	10,430,000	1,043.00
Total	**10,430,000**	**1,043.00**	10,430,000	1,043.00

Terms / Rights attached to Equity Shares

The company has only one class of Equity shares having a par value of Rs 10/- per share. Each holder of equity shares is entitled to one vote.

Repayment of capital on liquidation will be in proportion to the number of equity shares held.

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Closing Balance
Equity Shares with Voting rights			
Year Ended 31st March 2020			
No. of Shares	**10,430,000**	–	**10,430,000**
Amount in Lacs	**1,043.00**	–	**1,043.00**

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31st March 2021 Number of shares held	As at 31st March 2021 % holding in that class of shares	As at 31st March 2020 Number of shares held	As at 31st March 2020 % holding in that class of shares
Equity shares with voting rights				
Mahindra Agri Solution Limited	**10,430,000**	**100%**	6,258,000	60%
Greenyard Fresh NL BV	–	**0%**	4,172,000	40%

Note No. 12 Short Term Borrowing

Particulars	As at 31st March 2021	As at 31st March 2020
		Rs. In lacs
(a) CC facility from HDFC Bank	–	14.69
(b) CC facility from Yes Bank	–	389.26
(c) CC facility from Axis Bank	–	0.10
Total Short Term Borrowing	–	404.05

Details of Borrowings :

i) Cash credit facility from HDFC Bank Limited carry interest of 9.30% p.a.

ii) Cash credit facility from YES Bank Limited carry interest of 8.75% p.a.

iii) Cash credit facility from AXIS Bank Limited carry interest of 8.20% p.a.

The above borrowing is secured by first pari passu charges on the entire current asstes of the company present and Future.

Note No. 13 - Trade Payables

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non-Current	As at 31st March 2020 Current	As at 31st March 2020 Non-Current
				Rs in Lacs
Trade payable - Micro and small enterprises	–	–	2.78	–
Trade payable - Other than micro and small enterprises	**206.06**	–	718.97	–
TOTAL TRADE PAYABLES	**206.06**	–	721.75	–

13 (a) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 14 - Other financial liabilities

Rs in Lacs

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non-Current	As at 31st March 2020 Current	As at 31st March 2020 Non-Current
a) Other Financial liabilities				
Others	–	–	0.21	–
TOTAL OTHER FINANCIAL LIABILITIES	–	–	0.21	–

Note No. 15 - Provisions

Rs in Lacs

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non-Current	As at 31st March 2020 Current	As at 31st March 2020 Non-Current
Provision for employee benefits				
Leave Encashment	**1.22**	**2.17**	1.28	9.27
Gratuity	**1.04**	**3.64**	0.28	15.67
TOTAL PROVISIONS	**2.26**	**5.81**	1.56	24.94

Note No. 16 - Other Liabilities

Rs in Lacs

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non-Current	As at 31st March 2020 Current	As at 31st March 2020 Non-Current
a. Advances received from customers	–	–	22.10	–
b. Statutory dues	**3.02**	–	6.10	–
c. Employees related	**12.89**		50.80	
d. Accrued Expenses	**8.74**		24.18	
TOTAL OTHER LIABILITIES	**24.65**	–	103.18	–

Note No. 17 - Revenue from Operations

Rs in Lacs

Particulars	For the year ended 31st March 2021	For the year ended 31st March, 2020
Revenue from sale of products	**6,774.92**	7,890.03
TOTAL REVENUE FROM OPERATIONS	**6,774.92**	7,890.03

Note No. 18 - Other Income

Rs in Lacs

Particulars	For the year ended 31st March 2021	For the year ended 31st March, 2020
Foreign Exchange Gain	**13.25**	–
Interest Income from Fixed Deposits	**0.78**	0.36
Interest on IT Refund	–	0.13
Other Income	**6.52**	4.46
Service Income from MRL	–	64.56
Profit On Sale Of Fixed Assets	**2.13**	–
TOTAL OTHER INCOME	**22.68**	69.51

Note No. 19 - Purchase of Stock-in-trade

Rs in Lacs

Particulars	For the year ended 31st March 2021	For the year ended 31st March, 2020
Purchase of Stock - in - trade	**5,790.87**	6,719.11
TOTAL PURCHASE STOCK-IN-TRADE	**5,790.87**	6,719.11

Note No. 20 - Changes in inventories of stock-in-trade

Rs in Lacs

Particulars	For the year ended 31st March 2021	For the year ended 31st March, 2020
Inventories at the end of the year:		
Stock-in-trade	**10.01**	297.38
	10.01	297.38
Inventories at the beginning of the year:		
Stock-in-trade	**297.38**	942.43
	297.38	942.43
NET (INCREASE) / DECREASE	**287.37**	645.05

Note No. 21 - Employee Benefits Expense

Rs in Lacs

Particulars	For the year ended 31st March 2021	For the year ended 31st March, 2020
(a) Salaries and wages, including bonus	**210.30**	319.36
(b) Contribution to provident and other funds	**17.64**	19.35
(c) Staff welfare expenses	**8.07**	11.45
TOTAL EMPLOYEE BENEFIT EXPENSE	**236.00**	350.16

Note No. 22 - Finance Cost

Rs in Lacs

Particulars	For the year ended 31st March 2021	For the year ended 31st March, 2020
(a) Interest Cost on short Term borrowing	**21.42**	41.48
TOTAL FINANCE COST	**21.42**	41.48

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 23 - Other Expenses

Rs in Lacs

	Particulars	For the year ended 31st March 2021	For the year ended 31st March, 2020
(a)	Stores consumed	**13.31**	41.51
(b)	Rent Expenses	**28.03**	50.74
(c)	Rates and taxes	**0.17**	0.69
(d)	Insurance	**28.47**	45.31
(e)	Sales promotion expenses	**0.38**	2.07
(f)	Travelling and Conveyance Expenses	**19.48**	64.97
(g)	Hire and Service Charges	**34.75**	38.59
(h)	Other Service Charges (MRL)	**–**	50.90
(i)	Legal and other professional costs	**38.30**	97.20
(j)	Commission, discounts and rebates	**0.04**	4.16
(k)	Bad Debts Written Off	**5.63**	6.70
(l)	Provision for doubtful trade and other receivables, loans	**22.02**	75.05
(m)	Foreign Exchange Loss/(Gain)	**–**	18.74
(n)	Assets Write off	**16.69**	–
(o)	Auditors remuneration and out-of-pocket expenses	**5.31**	5.17
	(i) As Auditors	**4.13**	3.54
	(ii) For Taxation matters	**1.18**	1.63
	(iii) For reimbursement of expenses	**–**	–
(p)	Other expenses	**24.53**	38.06
	TOTAL OTHER EXPENSES	**237.12**	539.86

Note No. 24 - Earnings per Share

Particulars	For the year ended 31st March 2021 Rs per Share	For the year ended 31st March, 2020 Rs per Share
Basic Earnings per share		
From continuing operations	**1.88**	(3.48)
Diluted Earnings per share		
From continuing operations	**1.88**	(3.48)

Basic & Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic & diluted earnings per share are as follows:

Rs.

	For the year ended 31st March 2021	For the year ended 31st March, 2020
Profit / (loss) for the year attributable to owners of the Company	**19,645,726**	(36,258,190)
Less: Preference dividend and tax thereon	**–**	–
Profit / (loss) for the year used in the calculation of basic earnings per share	**19,645,726**	(36,258,190)
Profits used in the calculation of basic earnings per share	**19,645,726**	(36,258,190)
Weighted average number of equity shares	**10,430,000**	10,430,000
Earnings per share - Basic & Diluted	**1.88**	(3.48)

Note No. 25 - Financial Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The capital structure is monitored on the basis of net debt to equity of the company.

	31-Mar-21	31-Mar-20
Equity	**(63.16)**	(277.24)
Net Debt		
Short Term Borrowings	**–**	404.05
Less: Cash and cash equivalents	**46.34**	25.82
Net Debt	**(46.34)**	378.23
Total Capital	**(109.50)**	100.99

Categories of financial assets and financial liabilities

Rs in lacs — **As at 31st March 2021**

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial Assets	**6.91**			**6.91**
Current Assets				
Trade Receivables	**66.94**			**66.94**
Other Bank Balances	**2.82**			**2.82**
Other Financial Assets	**0.55**			**0.55**
Current Liabilities				
Trade Payables	**206.06**			**206.06**
Short Term Borrowing	**–**			**–**
Other Financial Liabilities	**–**			**–**

Rs in lacs — As at 31st March 2020

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial Assets	13.78			13.78
Current Assets				
Trade Receivables	430.45			430.45
Other Bank Balances	2.82			2.82
Other Financial Assets	0.35			0.35
Current Liabilities				
Trade Payables	721.75			721.75
Short Term Borrowing	404.05			404.05
Other Financial Liabilities	0.21			0.21

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable, and where appropraite, credit guarantee insurance cover is purchased.

The Company applies the simplified approach to provide for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

	As at 31st March 2021			
	Not due	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Expected loss rate	**0.0%**	**22.3%**	**100.0%**	**75.7%**
Gross carrying amount	**–**	**86.13**	**188.94**	**275.07**
Loss allowance provision	**–**	**19.19**	**188.94**	**208.13**

	As at 31st March 2020			
	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0.0%	1.2%	82.7%	30.2%
Gross carrying amount	–	425.57	190.98	616.55
Loss allowance provision	–	2.23	183.88	186.11

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows -

(Amt in lacs)

Particulars	Currency	31-Mar-21	31-Mar-20
Trade Payables	USD	–	5.42
	EUR	–	–

Of the above foreing currency exposures, the following exposures are not hedged by a derivative:

(Amt in lacs)

Particulars	Currency	31-Mar-21	31-Mar-20
Trade Payables	USD	–	5.42
	EUR	–	–

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

Amt. In Lacs

	Currency	Change in rate	Effect on profit before tax	Effect on pre-tax equity
31-Mar-21	**USD**	**+10%**	**0.00**	**0.00**
	USD	**-10%**	**0.00**	**0.00**
	EUR	**+10%**	**0.00**	**0.00**
	EUR	**-10%**	**0.00**	**0.00**
31-Mar-20	USD	+10%	-0.54	-0.54
	USD	-10%	0.54	0.54
	EUR	+10%	0.00	0.00
	EUR	-10%	0.00	0.00

Note No. 26 - Fair Value Measurement

Rs in lacs

	Fair value hierarchy as at 31st March 2021			
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets carried at Amortised Cost				
– trade and other receivables		**66.94**		**66.94**
– deposits and similar assets		**2.82**		**2.82**
– others		**7.46**		**7.46**
Total	**–**	**77.22**	**–**	**77.22**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables		**206.06**		**206.06**
– Short Term Borrowing		**–**		**–**
Total	**–**	**206.06**	**–**	**206.06**

	Fair value hierarchy as at 31st March 2020			
Financial assets	Level 1	Level 2	Level 3	Total
Financial assets carried at Amortised Cost				
– trade and other receivables		430.45		430.45
– deposits and similar assets		2.82		2.82
– others		14.13		14.13
Total	–	447.39	–	447.39
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables		721.96		721.96
– Short Term Borrowing		404.05		404.05
Total	–	1,126.02	–	1,126.02

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 27 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and other Funds aggregating Rs. 10,65,055/- (P.Y. - Rs. 14,92,732) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company has an obligation towards gratuity, a defined retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment. Vesting occurs upon completion of five years of service. The company accounts for liability of future gratuity benefits based on an external actuarial valuation on Projected Unit Credit method carried out for assessing the liability as at each balance sheet date.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	
	31-Mar-21	**31-Mar-20**
Discount rate(s)	**7.05%**	6.80%
Expected rate(s) of salary increase	**8.50%**	8.00%

Defined benefit plans – as per actuarial valuation on 31st March, 2021

Rs in lacs

Particulars	Unfunded Plans Gratuity **2021**	2020
Ia. Expense recognised in the Statement of Profit and Loss for the year ended 31st March:		
Service Cost		
Current Service Cost	**5.91**	4.70
Net interest expense	**1.08**	0.64
Components of defined benefit costs reconised in profit or loss	**6.98**	5.34
Ib. Included in other Comprehensive Income		
Actuarial gains and loss arising form changes in financial assumptions	**0.04**	1.78
Actuarial gains and loss arising form changes in demographic assumptions	**(1.71)**	–
Actuarial gains and loss arising form experience adjustments	**(15.96)**	0.42
Componenets of defined benefit costs recognised in other comprehensive income	**(17.62)**	2.20
Total	**(10.64)**	7.54
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of unfunded defined benefit obligation as at 31st March	**4.68**	15.95
2. Fair value of plan assets as at 31st March	**–**	–
3. Surplus/(Deficit)	**4.68**	15.95
4. Current portion of the above	**1.04**	0.28
5. Non current portion of the above	**3.64**	15.67
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**15.95**	8.41
2. Expenses Recognised in Profit and Loss Account		
- Current Service Cost	**5.91**	4.70
- Past Service Cost	**–**	–
- Interest Expense (Income)	**1.08**	0.64
3. Recognised in Other Comprehensive Income		
Remeasurement gains / (losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**(1.71)**	–
ii. Financial Assumptions	**0.04**	1.78
iii. Experience Adjustments	**(15.96)**	0.42
4. Benefit payments	**(0.63)**	–
5. Present value of defined benefit obligation at the end of the year	**4.68**	15.95
III. Actuarial assumptions		
1. Discount rate	**7.05%**	6.80%
2. Salary Growth rate	**8.50%**	8.00%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs in lacs

Principal assumption	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate			
2021	**1.00%**	**4.51**	**4.86**
2020	1.00%	13.99	18.29
Salary growth rate			
2021	**1.00%**	**4.85**	**4.51**
2020	1.00%	18.24	13.99

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

Rs in lacs

Particulars	2021	2020
Within 1 year	**1.04**	0.28
1 - 2 year	**0.84**	0.43
2 - 3 year	**1.01**	0.66
3 - 4 year	**0.83**	0.88
4 - 5 year	**0.63**	1.33
5 - 10 years	**1.93**	42.73

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 28 - Related Party Transactions

Name of the Parent Company	Mahindra Agri Solutions Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited
Name of the Fellow Subsidiary Company	Mahindra Integrated Business Solutions
	Mahindra Logistics Limited
	Origin Fruit Direct B.V.
	Origin Fruit Services South America
	Mahindra E Market Ltd
	Bristlecone India Ltd
	Greenyard Logistic Poland SP Zoo
	Greenyard Fresh Italy SRL
	Mera Kisan Pvt. Ltd.
	NBS International Ltd.
Name of the Joint Venture	Greenyard Fresh NL BV
Name of KMP of the Company	Mr Ravindranath Kamma (Chief Executive Officer) Mr Pradeep Jape (Chief Financial Officer)

Details of transaction between the Company and its related parties are disclosed below:

Rs in Lacs

Particulars	**For the year ended**	**Parent Company**	**Ultimate Holding Company**	**Fellow Subsidiaries**	**Joint ventures**	**KMP of the Company and KMP of parent Company**
Nature of transactions with Related Parties						
Purchase of goods	**31-Mar-21**	**88.44**		**69.60**	**–**	**–**
	31-Mar-20	172.16	9.92	2.12	–	–
Sale of goods	**31-Mar-21**	**21.50**		**3.12**	**–**	**–**
	31-Mar-20	7.69	0.64	–	–	–
Receiving of services	**31-Mar-21**		**24.48**	**106.64**		**54.78**
	31-Mar-20	–	21.93	226.18	–	67.80
Investment	**31-Mar-21**	–	–	–	**–**	**–**
	31-Mar-20	–	–	–	–	–
Issue of share capital	**31-Mar-21**	–	**–**	–	**–**	**–**
	31-Mar-20	–	–	–	–	–
Settlement of liabilities by the Company on behalf of related parties	**31-Mar-21**	**–**	**–**	**–**	**–**	**–**
	31-Mar-20	–	–	–	–	–
Other transactions	**31-Mar-21**	**5.85**	**–**	**–**	**–**	**–**
	31-Mar-20	8.37	–	–	–	–

Nature of Balances with Related Parties	**Balance as on**	**Parent Company**	**Ultimate Holding Company**	**Fellow Subsidiaries**	**Joint ventures**	**KMP of the Company and KMP of parent Company**
Investment	**31-Mar-21**	**–**	**–**	**–**	**–**	**–**
	31-Mar-20	–	–	–	–	–
Trade payables	**31-Mar-21**	**135.72**	**19.97**	**2.43**		
	31-Mar-20	128.20	81.60	35.62	–	–
Trade Receivable	**31-Mar-21**	**17.98**	**–**	**–**	**–**	**–**
	31-Mar-20	–	0.37	4.05	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 29 - Additional Information to the consolidated Financial Statements

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	**31-Mar-21 Rs in lacs**	31-Mar-20 Rs in lacs
(i) Principal amount remaining unpaid to MSME suppliers as on	–	2.78
(ii) Interest due on unpaid principal amount to MSME suppliers as on	–	0.04
(iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day	–	–
(iv) The amount of interest due and payable for the year (without adding the interest under MSME Development Act)	–	0.04
(v) The amount of interest accrued and remaining unpaid as on	–	0.99

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Note No. 30 Recent accounting Pronouncement

Ind AS 115 – 'Revenue from Contracts with Customers':

This standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition guidance under Ind AS 18 Revenue. The Company is currently assessing the impact of application of Ind AS 115 on Company's financial statements.

Amendment to Ind AS 12 – Income Taxes:

The amendments clarify the requirement for recognising deferred tax assets on unrealised losses on debt instruments that are measured at fair value. The amendment also clarify certain other aspects of accounting for deferred tax assets. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 21 – The Effect of Changes in Foreign Exchange Rates:

This amendment clarifies translation of advance payments denominated in foreign currency into functional currency at the spot rate on the day of payment. The guidance aims to reduce diversity in practice. The changes will not have any material impact on the financial statements of the Company.

Amendment to Ind AS 28 - Investments in Associates and Joint Ventures:

The amendment clarifies accounting options in consolidated financial statements of a venture capital or similar entity and investment entity. These amendments are not applicable to the Company's financial statements.

Amendment to Ind AS 40 – Investment Property:

The amendments clarify transfers of investment property to or from the portfolio in the case of a change of use. The changes will not have any material impact on the financial statements of the Company's Financial Statements.

Note No. 31

The Company has made cumulative losses of Rs. 1846.24 Lakhs at the balance sheet date from the date of incorporation. These accounts have been prepared on the going concern basis, on the understanding that the shareholders will continue to financially support the company for the foreseeable future.

Note No. 32

From December 2019, COVID - 19, has spread globally, including India. This event has significantly affected economic activity globally and in India and as a result could / would impact the operations and financial results of the Company. The Company has performed an initial assessment of the likely impact this would have on the operations of the Company and its financial performance in the coming year.

For FY 20 financial reporting, the Company has used the principles of prudence in applying judgments, estimates and assumptions in significant areas like inventory valuation, estimating the remaining useful life of the tangible and intangible assets, cost to complete provision for long term contracts, evaluating the long term contracts for any onerous elements, recoverability of receivables including unbilled receivables, provision for receivables under ECL model, provision for warranties, recoverability of contract assets and contract costs, projection used to test goodwill and investments for impairment, evaluation of financial implications of probable cancellations of any long term commitments, impact of cancellation or modifications to the terms of the revenue contracts, cancellation or deferment of revenue contracts, penalties due to non-fulfilment of service legal obligations, fair valuation of financial assets and liabilities etc.

The Company has considered internal and external information upto the date of approval of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

The Company has also evaluated the cash flows for FY 21 and based on the present estimate of the management, the Company does not foresee any impact on its ability to meet the statutory dues and creditors payment on due dates and honouring its loan repayment and forward contract contractual commitments. There has been no downgrade in ratings of the existing borrowing facilities of the Company. The Company also has undrawn sanctioned limits and this could be availed to meet the obligations. Accordingly based on the projected cash flows for the next twelve months, the management is of the view that the use of going concern assumption in preparing these financial statements is appropriate.

Note No. 33 - Comparitives

The figures for previous year have been regrouped wherever necessary to conform to current year's classification.

In terms of our report attached.
For B.K. Khare & Co
Chartered Accountants
FRN : 105102W

Aniruddha Joshi
Partner
Membership No: 040852

Place: Mumbai
Date: 26th April 2021

For **Mahindra Greenyard Private Limited**

Director

Director

Chief Executive Officer

Chief Financial Officer

Company Secretary

Place: Mumbai
Date: 26th April 2021

INDEPENDENT AUDITORS' REPORT

A. Report on the audit of the financial statements 1 November 2019 until 31 October 2020

Our opinion

We have audited the financial statements for the year ended 31 October 2020 of Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V., based in Rotterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. as at 31 October 2020, and of its result for the period 1 November 2019 until 31 October 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at 31 October 2020;
2. the income statement for 1 November 2019 until 31 October 2020; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains no other information.

C. Description of responsibilities regarding the financial statements

Responsibilities of the board for the financial statements

The board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board is responsible for such internal control as the board determines is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

As part of the preparation of the financial statements, the board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board should prepare the financial statements using the going concern basis of accounting unless the board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatements of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board;
- Concluding on the appropriateness of the board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our

auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represents the underlying transactions and events free from material misstatements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Breda, 15 April 2021

Van Oers Audit B.V.

A.A. Hoeven RA

Digitally signed by A.A. Hoeven RA

FISCAL POSITION

Berekening van het belastbaar bedrag

	2019/2020
	€
Taxable amount	**(73.467)**

Because of fiscal losses no corporate income tax is to be paid from the result.

Loss compensation

Year	Compensatable loss
	€
2017/2018	14.517
2018/2019	88.754
2019/2020	73.467
	176.738

No deferred tax asset is recognized for the compensatable losses.

We trust to have been of service.

Yours faithfully,
Van Oers Audit B.V.

A.A. Hoeven RA

Digitally signed by

BALANCE SHEET AS AT 31 OCTOBER 2020

(After appropriation of result)

	31 October 2020		31 October 2019	
	€	€	€	€
ASSETS				
Fixed assets				
Financial assets				
Participations in group companies		**4.161.491**		4.161.491
Current assets				
Receivables				
Receivables from group companies		–		70.624
Cash and cash equivalents		**165.398**		176.236
		4.326.889		4.408.351
EQUITY AND LIABILITIES				
Equity				
Share capital paid called up	**10.000**		10.000	
Other reserves	**(106.114)**		(32.647)	
		(96.114)		(22.647)
Long-term liabilities				
Payables to banks		**4.400.000**		4.400.000
Current liabilities				
Trade payables	–		9.068	
Liabilities to group companies	**1.465**		90	
Other payables	**2.178**		–	
Accruals and deferred income	**19.360**		21.840	
		23.003		30.998
		4.326.889		4.408.351

INCOME STATEMENT FOR THE PERIOD 1-11-2019 UNTIL 31-10-2020

	2019/2020		2018/2019	
	€	€	€	€
General expenses		**18.122**		33.424
Total of operating result		**(18.122)**		(33.424)
Interest and similar income	–		70.624	
Interest and similar expenses	**(55.345)**		(55.330)	
Financial income and expense		**(55.345)**		15.294
Total of result before tax				
Income tax expense		**(73.467)**		(18.130)
Total of result after tax		**–**		–
		(73.467)		(18.130)

NOTES TO THE FINANCIAL STATEMENTS

Entity information

Registered address and registration number trade register

The registered and actual address of Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. is Albert Plesmanweg 250, 3088 GD in Rotterdam. Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. is registered at the Chamber of Commerce under number 70100438.

General notes

The most important activities of the entity

The principal activity of Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. is to participate in group companies.

Disclosure of group structure

Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. is part of a group. The head of this group is Mahindra Agri Solutions Limited which is located in India. The financial statements of Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. are included in the consolidated financial statements of Mahindra Agri Solutions Limited.

Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

The exemption of consolidation in connection with the application of Section 2:408

In accordance with article 408, Title 9, Book 2 of the Netherlands Civil Code, consolidated financial statements of the Company are not disclosed because its financial figures together with its subsidiaries are included in the consolidated financial statements of Mahindra Agri Solutions Limited, which are filed with the Dutch Chamber of Commerce together with these financial statements.

General accounting principles

The accounting standards used to prepare the financial statements

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

The outbreak of the Covid-19 pandemic has sparked one of the greatest crises worldwide in recent decades. The (partial) lockdowns have, among others, resulted in business activities in many sectors being affected. In preparing the financial statements (including the substantiation of the going concern assumption), the impact of Covid-19 on our organization was explicitly analyzed and weighted. This analysis takes into account the neutral impact of Covid-19 on the company in 2020 and the expected neutral impact on the company in 2021 and beyond. It is important that in determining the expected impact on the company in 2021 and beyond, and therefore also the expected development in result and liquidity, an inherent uncertainty remains with regard to the duration of the Covid-19 pandemic and the resulting impact on the economy as a whole and on our organization.

Description if there have been no changes in accounting policies

The principles of valuation and determination of the result used have remained unchanged compared to the previous year.

Conversion of amounts denominated in foreign currency

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date.

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates (the functional currency). The financial statements are presented in euro; which is the functional and presentation currency of Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V.

Accounting principles

Financial assets

The financial assets comprise the investments in subsidiary companies. In conjunction with exemption article 408, Title 9, Book 2 of the Dutch Civil Code, the investments are carried at cost. Provisions against the cost of investments are made for any permanent decline in the carrying value of the investments. Income from investments are recognised only to the extent of dividends declared.

Impairment of non-current assets

On each balance sheet date, Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the recoverable amount of the asset is determined. If it is not possible to determine the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An impairment occurs when the carrying amount of an asset is higher than the recoverable amount; the recoverable amount is the higher of the realisable value and the value in use. An impairment loss is directly recognised in the profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

The realisable value is initially based on a binding sale agreement; if there is no such agreement, the realisable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price. For the determination of the value in use, an estimate is made of the future net cash flows in the event of continued use of the asset/cash-generating unit; these cash flows are discounted.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported. An impairment of goodwill is not reversed.

Cash and cash equivalents

Cash at banks and in hand represent bank balances with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Other reserves

Other reserves are all reserves, except the legal and statutory reserves. Other reserves can freely be distributed to the shareholders.

Non-current liabilities

On initial recognition long term debts are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. If there is no premium/discount or if there are no transaction costs, the amortised cost price is the same as the nominal value of the debt.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the income statement on the basis of the effective interest rate during the estimated term of the long-term debts.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles for determining the result

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Other operating expenses

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Financial income and expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

NOTES TO THE BALANCE SHEET

Fixed assets

Financial assets

	31-10-2020	31-10-2019
	€	€
Participations in group companies		
Participation in OFD Holding B.V.	**4.161.491**	4.161.491

This concerns a 83,09% participation in OFD Holding B.V., Rotterdam.

	2019/2020	2018/2019
	€	€
Participation in OFD Holding B.V.		
Book value as at 1 November	**4.161.491**	–
Investments	–	4.161.491
Book value as at 31 October	**4.161.491**	**4.161.491**

Disclosure of financial assets

The result of OFD Holding B.V. 2019/2020 amounts € 289.406 negative. The equity of OFD Holding B.V. on 31 October 2020 amounts € 4.698.328.

Current assets

Receivables from group companies

The annual interest rate on receivables from group companies amounts to 0% (2019: 0%) calculated over the average outstanding amount. No special conditions on these receivables or on repayments were agreed upon.

Disclosure of cash and cash equivalents

The cash at bank and in hand is at the Company's free disposal.

Equity

Movements are as follows:

	Share capital paid called up	Other reserves	Total
	€	€	€
Balance as at 1 November 2019	10.000	(32.647)	(22.647)
Appropriation of result	–	(73.467)	(73.467)
Balance as at 31 October 2020	10.000	(106.114)	(96.114)

Disclosure of equity

The share capital of Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V. amounts to € 10.000, divided into 10.000 ordinary shares. All shares each have a nominal value of € 1.

Of the shares, 10.000 ordinary shares have been issued and fully paid up.

Statement of the proposed appropriation of the result

During the general meeting at which the financial statements will be adopted, will be proposed to subtract the 2019/2020 result after tax from the other reserves.

This proposal is already incorporated in the 2019/2020 financial statements of the company.

Long-term liabilities

Disclosure of non-current liabilities

On 26 September 2018 the company entered into a loan facility with Bank of America Merrill Lynch International Limited with a maximum of EUR 5 million which in November 2018 has been utilized for € 4,4 million. The facility bears interest at 1,5% per annum plus Euribor. The facility may be terminated at any time by Bank of America Merrill Lynch International Limited. There is no redemption scheme agreed upon. This loan is considered as non-current by management.

The following securities have been agreed upon:

- Pari passu with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies;
- The borrower shall not create, grant or permit to subsist any security interest over any of its present or future business assets or undertakings;
- The Borrower shall not enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction without giving the Lender 15 days prior notice;
- The Borrower shall procure that no substantial change is made to the general nature of the business of the Borrower.

Current liabilities

Liabilities to group companies

The annual interest rate on liabilities to group companies amounts to 0% (2019: 0%) calculated over the average outstanding amount. No special conditions on these liabilities or on repayments were agreed upon.

Accruals and deferred income

All currrent liabilities have a remaining term of maturity of less than one year. The fair value of current liabilities approximates the carrying amount, because of their short-term character.

NOTES TO THE INCOME STATEMENT

Average number of employees

2019/2020

	Number
Average number of employees	–

2018/2019

	Number
Average number of employees	–

	2019/2020	2018/2019
	€	€
General expenses		
Audit costs	**9.378**	13.840
Management fee	**4.734**	3.616
Accounting costs	**4.010**	1.404
Notarial expenses	**–**	2.433
Consultancy expenses	**–**	9.067
Other general expenses	**–**	3.064
	18.122	33.424
Financial income and expense		
Interest and similar income		
Dividend income	–	70.624
Interest and similar expenses		
Interest loan facility Bank of America Merrill Lynch International Limited	**55.153**	55.223
Interest and cost bank	**192**	107
	55.345	55.330

Rotterdam, 15 April 2021

Mahindra Fresh Fruits Distribution Holding Company (Europe) B.V.

P. Breeman N.V. Madgavkar J.M. van der Aa - Olierook

1 BALANCE SHEET AS AT OCTOBER 31, 2020
(after appropriation of results)

		October 31, 2020		October 31, 2019	
		€	€	€	€
Assets					
Fixed assets					
Intangible fixed assets	(1)				
Goodwill			–		6,942
Financial fixed assets	(2)				
Participations in group companies			5,300,387		5,576,731
Current assets					
Receivables, prepayments and accrued income	(3)				
Taxes and social securities		–		9,636	
Other receivables, deferred assets		–		85,000	
			–		94,636
Cash and cash equivalents	(4)		162,873		121,325
			5,463,260		5,799,634

		October 31, 2020		October 31, 2019	
		€	€	€	€
Equity and liabilities					
Equity	(5)				
Issued share capital		31,390		31,390	
Share premium reserve		2,402,318		2,402,318	
Other reserves		2,264,555		2,554,026	
			4,698,263		4,987,734
Long-term debts	(6)				
Loans from group companies			731,791		724,629
Current liabilities	(7)				
Taxes and social securities		16,566		–	
Accruals and deferred income		16,640		87,271	
			33,206		87,271
			5,463,260		5,799,634

2 PROFIT AND LOSS ACCOUNT OVER 2019/2020

		2019/2020		2018/2019	
		€	€	€	€
Net turnover			25,000		50,000
Expenses					
Amortisation and depreciation	(8)	6,942		27,754	
Other operating expenses	(9)	3,013		4,264	
			9,955		32,018
Operating result			15,045		17,982
Financial income and expenses	(10)		(29,637)		48,358
Result before tax			(14,592)		66,340
Taxes	(11)		1,465		(18,032)
			(13,062)		48,308
Result participating interests	(12)		(276,344)		895,896
Result after tax			289,471		944,204

3 NOTES TO THE FINANCIAL STATEMENTS

General

Activities

The main activities of the company are to participate in and to hold the shares of group companies.

Registered office, legal form and registration number at the chamber of commerce

The registered and actual address of OFD Holding B.V. is Albert Plesmanweg 250 in Rotterdam of business and is registered at the chamber of commerce under number 24264988.

Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE ANNUAL ACCOUNTS

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2, of the Dutch Civil Code and the Dutch Accounting Standards applicable to small legal entities, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet and profit and loss account, references are made to the Notes.

Comparison with previous year

The valuation principles and method of determining the result are the same as those used in the previous year, with the exception of the changes in accounting policies as set out in the relevant sections.

Foreign currency

Functional currency

Items included in the financial statements of OFD Holding B.V. are valued with due regard for the currency in the economic environment in which the company carries out most of its activities (the functional currency). The financial statements are denominated in euros; this is both the functional currency and presentation currency of OFD Holding B.V.

Transactions, receivables and liabilities

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date.

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the profit and loss account.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

The exemption of consolidation

In accordance with article 408, Title 9, Book 2 of the Netherlands Civil Code, consolidated financial statements of the Company are not disclosed because its financial figures together with its subsidiaries are included in the consolidated financial statements of Mahindra Agri Solutions Limited, which are filed with the Dutch Chamber of Commerce together with these financial statements.

ACCOUNTING PRINCIPLES APPLIED TO THE VALUATION OF ASSETS AND LIABILITIES

Intangible fixed assets

Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset (or of the cash-generating unit to which the asset belongs) is higher than its recoverable amount.

Positive goodwill resulting from acquisitions and calculated in accordance with note "Participations" is capitalised and amortised on a straight-line basis over the estimated economic life.

Financial fixed assets

Participations

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of an associate based on the net asset value is negative, it will be stated at nil. If and insofar as OFD Holding B.V. can be held fully or partially liable for the debts of the associate, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

Securities

Receivables are initially valued at the fair value of the consideration to be received, including transaction costs if material. Receivables are subsequently valued at the amortised cost price. Provisions for bad debts are deducted from the carrying amount of the receivable.

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Long-term debts

On initial recognition long-term debts are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the profit and loss account on the basis of the effective interest rate during the estimated term of the long-term debts.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the profit and loss account on the basis of the effective interest rate during the estimated term of the long-term debts.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

ACCOUNTING PRINCIPLES FOR THE DETERMINATION OF THE RESULT

General

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised

Expenses general

Costs are determined on a historical basis and are attributed to the reporting year to which they relate

Amortisation and depreciation

Intangible fixed assets including goodwill are amortised and depreciated from the date of when they are available for use, based on the estimated economic life / expected future useful life of the asset.

Financial income and expenses

Interest income and interest expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

4 NOTES TO THE BALANCE SHEET AS OF OCTOBER 31, 2020

Taxes

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs.

Result participating interests

The result is the amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the earnings achieved by the participation to the extent that this can be attributed to OFD Holding B.V.

Assets

Fixed assets

1. Intangible fixed assets

	Goodwill
	€
Carrying amount as of November 1, 2019	
Purchase price	277,543
Cumulative depreciation and impairment	(270,601)
	6,942
Movement	
Amortization	(6,942)
Carrying amount as of October 31, 2020	
Purchase price	277,543
Cumulative depreciation and impairment	(277,543)
	–
Amortisation rates	%
Goodwill	10

2. Financial fixed assets

	10/31/2020	10/31/2019
	€	€
Participations in group companies		
Origin Fruit Direct B.V. at Rotterdam (100%)	5,300,387	5,576,731
Origin Direct Asia Ltd at Hong Kong (60%)	–	–
Origin Fruit Services Ltd at Chile (100%)	–	–
	5,300,387	**5,576,731**

	2019/2020	2018/2019
	€	€
Origin Fruit Direct B.V.		
Carrying amount as of November 1	5,576,731	5,098,815
Share in result	(276,344)	562,916
Dividend	–	(85,000)
Carrying amount as of October 31	5,300,387	5,576,731

Concerns a 100% participation in Origin Fruit Direct B.V. at Rotterdam

	2019/2020	2018/2019
	€	€
Origin Direct Asia Ltd		
Carrying amount as of November 1	–	–
Disposals	–	(116,985)
Reversal of impairment	–	584,927
Share in result	–	(467,942)
Carrying amount as of October 31	–	–

Concerns a 60% participation in Origin Direct Asia Ltd at Hong Kong

The participation has a negative equity amounting to € 155,809 as of October 31, 2020

	2019/2020	2018/2019
	€	€
Origin Fruit Services Ltd		
Carrying amount as of November 1	–	26,716
Share in result	–	(26,716)
Carrying amount as of October 31	–	–

Concerns a 100% participation in Origin Fruit Services Ltd at Chile

The participation has a negative equity amounting to € 314,880 as of October 31, 2020.

Current assets

3. Receivables, prepayments and accrued income

	10/31/2020	10/31/2019
	€	€
Taxes and social securities		
Corporate income tax	–	9,636
	–	–
Other receivables, deferred assets		
Prepayments and accrued income		
Dividends to be received	–	85,000

	10/31/2020	10/31/2019
	€	€
4. Cash and cash equivalents		
ABN AMRO Bank N.V.	162,873	121,325

Equity and liabilities

5. Equity

	10/31/2020	10/31/2019
	€	€
Issued share capital		
Subscribed and paid up 31,390 ordinary shares at par value € 1.00	31,390	31,390

The statutory share capital amounts to € 92,000.

Share premium reserve

	2019/2020	2018/2019
	€	€
Carrying amount as of November 1	2,402,318	2,402,318
Carrying amount as of October 31	2,402,318	2,402,318

Other reserves

	2019/2020	2018/2019
	€	€
Carrying amount as of November 1	2,554,026	1,694,822
Allocation of financial year nett result	289,471	944,204
Dividend to be paid	–	(85,000)
Carrying amount as of October 31	2,264,620	2,554,026

6. Long-term debts

	10/31/2020	10/31/2019
	€	€
Loans from group companies		
Origin Fruit Direct B.V.	731,791	724,629

In 2019/2020 € 29,505 interest is calculated (2019/2020: 4% (2018/2019: 4%)).

5 NOTES TO THE PROFIT AND LOSS ACCOUNT 2019/2020

7. Current liabilities

Taxes and social securities	**10/31/2020**	10/31/2019
	€	€
Corporate income tax	16,566	–

Other liabilities and Accruals and deferred income

	10/31/2020	10/31/2019
	€	€
Accruals and deferred income		
Audit costs	2,270	2,271
Dividend to pay out	14,370	85,000
	16,640	87,271

Notes to the profit and loss account 2019/2020
Staff

During 2019/2020, no employees were employed on a full-time basis.

	2019/2020	2018/2019
	€	€
8. Amortisation and depreciation		
Intangible fixed assets	6,942	27,754
9. Other operating expenses		
General expenses		
Accounting costs	2,216	4,264
Notarial charges	797	–
	3,013	4,264

	2019/2020	2018/2019
	€	€
10. Financial income and expenses		
Interest and similar income		
Interest swap	–	79,758
Interest and similar expenses		
Interest and costs bank	(132)	(128)
Differences of exchange	–	(852)
Interest payable Origin Fruit Direct B.V.	(29,505)	(30,420)
	(29,637)	(31,400)

11. Taxes

The tax on the result amounting to € 1,465 can be explained as follows:

Results before tax	(14,592)	66,340
Corporate income tax	1,465	(18,032)

12. Result participating interests

Share in result of Origin Fruit Direct B.V.	(276,344)	562,916
Share in result of Origin Fruit Services Ltd	–	(26,716)
Result on selling shares Origin Direct Asia Ltd	–	359,696
	(276,344)	895,896

Signing of the financial statements

Rotterdam, April 22, 2020

Management:

C.A.M. van de Klundert — J.E. Prihti

N.V. Madgavkar — A.H. Sharma

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ORIGIN DIRECT ASIA LIMITED (INCORPORATED IN HONG KONG WITH LIMITED LIABILITY)

Opinion

We have audited the consolidated financial statements of Origin Direct Asia Limited (the "Company") and its subsidiary (together, the "Group") set out on pages herein which comprise the consolidated statement of financial position as at 31 October 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 October 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 4 in the financial statements, which indicates that as at 30 October 2020, the Group's current liabilities exceeded its current assets by USD218,235. As stated in Note 4, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises all the information included in the directors' report, but does not include the consolidated financial statements and our auditor's report thereon.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Fung, Yu & Co. CPA Limited
Certified Public Accountants (Practising)

LAU Vui Cheong
Practising Certificate Number: P03455

Date: 29 Apr 2021

ORIGIN DIRECT ASIA LIMITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2020

	Notes	2020 USD	2019 USD
Turnover	6	**13,442,143**	9,567,693
Cost of sales		**(12,150,416)**	(9,270,960)
Gross profit		**1,291,727**	296,733
Other income	7	**115,861**	29,952
		1,407,588	326,685
Selling expenses		**(191,682)**	(354,721)
Administrative and other operating expenses		**(631,654)**	(1,078,170)
Profit/ (loss) from operations		**584,252**	(1,106,206)
Share of profit of an associate		**4,621**	–
Finance costs	8	**(48,457)**	(55,394)
Profit/ (loss) before taxation	9	**540,417**	(1,161,600)
Taxation	10	**(5,027)**	(3,582)
Profit/ (loss) for the year		**535,390**	(1,165,182)
Other comprehensive income/ (loss) for the year			
Items that may be reclassified subsequently to profits or loss:-			
Exchange difference arising from translation of financial statements of the PRC subsidiary		**(313,844)**	(69,198)
Total comprehensive profit/ (loss) for the year		**221,545**	(1,234,380)

ORIGIN DIRECT ASIA LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2020

	Notes	2020 USD	2019 USD
Non-current assets			
Property, Plant and equipment	12	**34,850**	14,590
Interest in an associate	13	**4,622**	1
Deferred tax asset	20	**–**	2,285
		39,472	16,876
Current assets			
Inventories	14	**327,179**	186,606
Trade and other receivables		**996,228**	753,954
Rental and other deposits		**534,056**	129,996
Prepayment		**23,011**	26,765
Amount due from a former director	15	**10,066**	10,066
Cash at bank and in hand	16	**633,310**	116,782
		2,523,850	1,224,169
Deduct:			
Current liabilities			
Trade and other payables		**2,652,874**	733,140
Accrued expenses		**48,223**	30,239
Amount due to an associate	17	**13,503**	8,959
Amount due to a fellow subsidiary	18	**7,857**	872,206
Tax payable		**1,924**	–
Leases liabilities	19	**17,704**	–
		2,742,085	1,644,544
Net current liabilities		**(218,235)**	(420,375)
Total asset less current liabilities		**(178,763)**	(403,499)
Non-current liabilities			
Deferred tax liabilities	20	**818**	–
Leases liabilities	19	**2,373**	–
		3,191	–
Net liabilities		**(181,954)**	**(403,499)**

ORIGIN DIRECT ASIA LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2020

	Note	2020 USD	2019 USD
Share capital			
Issued and fully paid:			
10,000 ordinary shares		**1,290**	1,290
Exchange reserve		**(126,346)**	187,498
Accumulated losses		**(56,897)**	(592,287)
Shareholders' deficiency		**(181,954)**	(403,499)

Approved and authorised for issue by the board of directors on

On behalf of the board:

Mr. Cornelis Adrianus Maria van de Klundert	**Mr. Meghnad Mitra**
Director	Director
29th April 2021	29th April 2021

ORIGIN DIRECT ASIA LIMITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2020

	Share capital USD	Exchange reserve USD	(Accumlated losses)/retained profits USD	Total equity USD
Balance at 31 October 2018	1,290	256,696	572,895	830,881
Profit for the year	–	–	(1,165,182)	(1,165,182)
Other comprehensive loss for the year	–	(69,198)	–	(69,198)
Total comprehensive loss for the year	–	(69,198)	(1,165,182)	(1,234,380)
Balance at 31 October 2019	1,290	187,498	(592,287)	(403,499)
Loss for the year	–	–	535,390	535,390
Other comprehensive income for the year	–	(313,844)	–	(313,844)
Total comprehensive income for the year	–	(313,844)	535,390	221,545
Balance at 31 October 2020	**1,290**	**(126,346)**	**(56,897)**	**(181,954)**

ORIGIN DIRECT ASIA LIMITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 OCTOBER 2020

	2020	2019
	USD	USD
Cash flows from operating activities		
Profit / (loss) from operations	**584,252**	(1,106,206)
Adjustments for:-		
Depreciation	**46,395**	5,363
Interest income	**–**	(1,282)
Effect of foreign exchange differences	**(311,055)**	(68,357)
Operating profit/ (loss) before working capital changes	**319,592**	(1,170,482)
Increase in investment in an associate	**(4,622)**	–
(Increase) / decrease in inventories	**(140,573)**	645,259
(Increase) / decrease in trade and other receivables	**(242,274)**	498,983
(Increase) / decrease in rental and other deposit	**(404,060)**	71,888
Decrease in prepayment	**3,754**	85,122
Decrease in amount due from an associate	**–**	44,112
Increase / (decrease) in trade and other payables	**1,919,734**	(616,620)
Increase / (decrease) in accrued expenses	**17,984**	(837)
Increase in amount due to an associate	**4,544**	8,959
(Decrease) / increase in amount due to a fellow subsidiary	**(864,349)**	507,792
Cash generated from operations	**609,730**	74,176
Income tax refunded	**–**	1,782
Interest paid	**(46,625)**	(55,394)
Net cash generated from operating activities	**563,105**	20,564
Cash flows from investing activities		
Acquisition of plant and equipment	**(6,924)**	(10,682)
Interest received	**–**	1,282
Net cash used in investing activities	**(6,924)**	(9,400)
Cash flows from financing activities		
Capital elements of leases rental paid	**(38,035)**	–
Interest elements of leases rental paid	**(1,832)**	–
Net cash used in financing activities	**(39,867)**	–
Net increase in cash and cash equivalents	**516,314**	11,164
Cash and cash equivalents at beginning of year	**116,782**	106,433
Effect of exchange rate changes	**214**	(815)
Cash and cash equivalents at end of year	**633,310**	116,782
Analysis of the balances of cash and cash equivalents		
Cash at bank and in hand	**633,310**	116,782

ORIGIN DIRECT ASIA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

1. General information

Origin Direct Asia Limited is a company incorporated in Hong Kong with limited liability. The Company's registered office is located at 10/F., Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong. The principal activity of the Company is trading of fresh fruit. The principal activities of its subsidiary and associate are set out in notes 13 and 28 to the consolidated financial statements.

The immediate parent of the Company is OFD Holding B.V., a company incorporated in Netherlands, who holds 60% shares in capital of the Company. The ultimate parent of the Company is Mahindra & Mahindra Ltd., a company incorporated in India and is listed on Bombay Stock Exchange and National Stock Exchange of India.

2. Adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

Of these new and revised standards, Amendments and Interpretations, the following developments are relevant to the Group's financial statements:

- HKFRS 16, Leases

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of- use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 as from 1 November 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 November 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 November 2019. For contracts entered into before 1 November 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

At the date of transition to HKFRS 16 (i.e. 1 November 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 November 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 5%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

i. the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 October 2020;

ii. when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

iii. when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 October 2019 as an alternative to performing an impairment review. The following table reconciles the operating lease commitments as at 31 October 2019 to the opening balance for lease liabilities recognised as at 1 November 2019:

Operating lease commitments at 31 October 2019	1 November 2019 HK$
commitments relating to leases exempt from capitalisation:	50,479
Less:	
Adjustment	(2,852)
Leases with lease term ending	
within 12 months from the date of initial application	(5,135)
Total future interest expenses	(1,272)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 November 2019	41,220

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 October 2019.

3. New and revised HKFRSs issued but not yet effective

Up to the date of these consolidated financial statements, certain new and revised HKFRSs which may be relevant to the Group's operations and consolidated financial statements have been issued by the HKICPA but are not yet effective for the accounting year ended 31 October 2020. The Group is not yet in a position to state whether the adoption of them would have a significant impact on the Group's results of operations and financial position.

4. Going concern

The financial statements have been prepared on a going concern basis notwithstanding that there are net current liabilities and net liabilities in the financial position of the Group as the holding Group has pledged its continuous financial support for the operations of the Group.

5. Significant accounting policies

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with the HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

The consolidated financial statements are presented in United States dollars, which is the same as the functional currency of the Group. All amounts are rounded to the nearest one.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiary. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The consolidated financial statements included the financial statements of the Company and its subsidiary made up to 31 October 2020. Significant intercompany transactions are eliminated on consolidation and all figures in the consolidated financial statements relate to external transactions only.

(c) Revenue recognition

Income is classified by the Company as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Company's business.

Revenue is recognized when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Company is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from sales of products was recognised on a similar basis in the comparative period under HKAS 18.

Sales of products

Revenue from sales of products is recognised when the customer takes possession and accepts the products.

Interest income

Bank interest income is recognised on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

(d) Taxation

Income tax for the year comprises current tax and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of profit and loss and other comprehensive income because it excludes items of income and expenses that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for by using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which cases, the deferred tax is recognised in other comprehensive income or directly in equity respectively.

(e) Translation of foreign currencies

(i) Functional and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of preparation for the consolidated financial statements, the results and financial position of each entity are expressed in United States dollars, which is the Group's functional currency and the presentation currency for the consolidated financial statements.

(ii) Transactions and balances

In preparing the consolidated financial statements of the individual entity, transactions in currencies other than the Group's functional currency (foreign currencies) are initially recorded at the rates of exchange ruling at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the exchange rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss. Exchange differences arising on the retranslation of non-monetary items carried at fair value are recognised in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income or directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income or directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foregin operations are expressed in United States dollars using exchange rate ruling at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are classified as equity and transferred to the Group's exchange reserve. Such translation differences are recognized in the profit or loss in the period in which the foreign operation is disposed of.

(f) Borrowing costs

Borrowing costs are expensed when incurred, unless relating to the acquisition, construction and production of a qualifying asset where they are capitalised as part of cost of the asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

(g) Property, plant and equipment

Property, plant and equipment, including right-of-use assets arising from leases over properties where the Group is not the registered owner of the property, are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost can be measured reliably. All other expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is recognised as expenses during the period in which it is incurred.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and the net carrying value of the relevant asset, and is recognised in profit or

Depreciation is provided to write off the cost of property, plant and equipment, after deducting estimated scrap value, over their estimated useful lives by using the straight-line method at the following annual rates:

Computer equipment	20%–30%
Furniture and fixtures	25%
Office equipment	18%–33.33%
Property leased for own use	Over the lease period

(h) Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The entire carrying amount of an investment in an assoicate (including goodwill) will be subject to test and review annually for any indication that the investment is impaired by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

(A) Policy applicable from 1 November 2019

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the following types of right-of-use asset:

– right-of-use assets that meet the definition of investment property are carried at fair value;

– right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at fair value; and

– right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right- of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and presents lease liabilities separately in the statement of financial position.

(B) Policy applicable prior to 1 November 2019

In the comparative period, as a lessee the Group classified leases as finance leases if the leases transferred substantially all the risks and rewards of ownership to the Group. Leases which did not transfer substantially all the risks and

– property held under operating leases that would otherwise meet the definition of an investment property was classified as investment property on a property- by-property basis and, if classified as investment property, was accounted for as if held under a finance lease; and

– land held for own use under an operating lease, the fair value of which could not be measured separately from the fair value of a building situated thereon at the inception of the lease, was accounted for as being held under a finance lease, unless the building was also clearly held under an operating lease. For these purposes, the inception of the lease was the time that the lease was first entered into by the Group, or taken over from the previous lessee.

Where the Group acquired the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets were recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, were recorded as obligations under finance leases. Depreciation was provided at rates which wrote off the cost or valuation of the assets over the term of the relevant lease or, where it was likely the Group would obtain ownership of the asset, the life of the asset. Impairment losses were accounted for in accordance with the accounting policy. Finance charges implicit in the lease payments were charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

Where the Group had the use of assets held under operating leases, payments made under the leases were charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis was more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received were recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term.

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption, then the Group classifies the sub-lease as an operating lease.

(j) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(k) Credit losses and impairment of financial assets other than investments

The Group recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables, rental and sundry deposits and amount due from related parties).

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). The expected cash shortfalls are discounted using the effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic

Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit- impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(l) Impairment of non-financial assets

At the end of each reporting period, the carrying amounts of the Group's tangible and intangible assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in profit or loss except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case, it is treated as a revaluation decrease.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(n) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Operating lease rentals payable are charged to profit or loss on a straight-line basis over the respective lease terms.

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(p) Related parties

A related party is a person or entity that is related to the Group.

(i) A person or a close member of that person's family is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or of a parent of the Group.

(ii) An entity is related to the Group if any of the following conditions applies:

(a) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(f) The entity is controlled or jointly controlled by a person identified in (i).

(g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(h) The entity, or any member of a group of which it is a part, provides key management services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

6. Turnover

Turnover represents revenue from contracts with customers in respect of sales of goods during the year.

Disaggregated of revenue
Revenue from contracts with customers within the scope of HKFRS 15 is further analysis as follows:

	2020	2019
	USD	USD
Disaggregated by major revenue		
Sales of goods	13,442,143	9,567,693
Disaggregated by location of the revenue		
Hong Kong	1,085,182	1,126,171
China	10,767,702	6,428,376
South Korea	354,304	1,296,016
Malaysia	695,884	615,522
Taiwan	–	52,478
Thailand	239,768	–
New Zealand	169,484	–
Myanmar	129,818	–
America	–	49,130
	13,442,143	9,567,693

7. Other income

	2020	2019
	USD	USD
Bank interest income	–	1,282
Net exchange gain	72,918	–
Sundry income	42,943	28,670
	115,861	29,952

8. Finance costs

	2020	2019
	USD	USD
Bank interest expenses	371	1,094
Interest on lease liabilities	1,832	–
Interest on loan from a fellow subsidiary	46,254	54,300
	48,457	55,394

9. Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after charging/(crediting), inter alia, the following items:

	2020	2019
	USD	USD
Auditor's remuneration	18,265	19,510
Depreciation on plant and equipment	6,092	5,363
Depreciation on right-of-use assets	40,303	–
Net exchange (gain)/loss	(72,918)	25,212
Operating lease rental	14,484	40,838
Staff costs		
– Gross salaries	347,132	289,126

10. Taxation

	2020	2019
	USD	USD
Current tax:		
Hong Kong profits tax for the year	3,211	–
Tax reduction, capped at HK$10,000 (2019:HK$20,000)	(1,287)	–
	1,924	–
Deferred tax:		
Origination and reversal of temporary differences	3,103	3,582
Total income tax charge	5,027	3,582

Hong Kong profits tax is provided at 16.5% of the estimated assessable profits for the year after setting off the unused tax loss brought forward from the previous year and taking into account a 100% reduction capped at HK$10,000 (2019: Nil).

No PRC enterprise income tax has been provided in the consolidated financial statements as the Company's subsidiary incurred a tax loss for the year (2019: Nil).

The tax charge for the year can be reconciled to the profit/(loss) before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020	2019
	USD	USD
Profit/(loss) before taxation	540,417	(1,161,600)
Notional tax (credit)/charge on profit/(loss) before taxation, calculated at application tax rate	47,716	(95,831)
Tax effect of non-deductible expenses	226,602	144,953
Tax effect of non-taxable offshore income	(264,270)	(43,884)
Tax effect of unrecognition of temporary differences	–	1,385
Tax effect of utilization of losses not previously recognised	–	(3,041)
Total income tax charge	5,027	3,582

11. Directors' remuneration

Particulars of the directors' remuneration for the year disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance are as follows:-

	2020	2019
	USD	USD
Fee	–	–
Other emoluments		
– Salary and allowance	–	–
– Contributions to Mandatory Provident Fund	–	–
– Quarter expenses	–	–
Retirement benefit	–	–
Compensation for loss of office	–	–
Key Management personnel's remuneration	–	–

12. Property, plant and equipment

	Property leased for own use carried at cost USD	Computer equipment USD	Furniture and fixtures USD	Office equipment USD	Total USD
Cost					
At 1 November 2018	–	36,948	2,920	2,904	42,772
Additions	–	9,976	–	706	10,682
Exchange realignment	–	(665)	–	(22)	(687)
At 31 October 2019	–	46,259	2,920	3,588	52,767
Impact on initial application of HKFRS 16	41,220	–	–	–	41,220
Additions	18,724	6,924	–	–	25,648
Exchange realignment	(144)	785	–	107	748
At 31 October 2020	**59,800**	**53,968**	**2,920**	**3,695**	**120,383**
Accumulated depreciation					
At 1 November 2018	–	29,427	1,918	2,130	33,475
Charge for the period	–	4,020	752	591	5,363
Exchange realignment	–	(644)	–	(17)	(661)
At 31 October 2019	–	32,803	2,670	2,704	38,177
Charge for the year	40,303	5,607	250	235	46,395
Exchange realignment	120	744	–	97	961
At 31 October 2020	**40,423**	**39,154**	**2,920**	**3,036**	**85,533**
Net book value					
At 31 October 2020	**19,377**	**14,814**	–	659	34,850
At 31 October 2019	–	13,456	250	884	14,590

13. Interest in an associate

	2020 **USD**	2019 USD
Investment in an associate:-		
Unlisted shares, at cost	**645**	645
Share of post acquisition profit or loss and other comprehensive income, net of dividends received	**3,977**	(644)
End of the year	**4622**	1

At 31 October 2020, the Company has interests in the following:-

Name of associate	HDG-Asia Limited
Form of business structure	Incorporated
Place of incorporation	Hong Kong
Class of shares held	Ordinary
Percentage of issued/registered capital held	50% (2019: 50%)
Nature of business	Quality inspectors and surveyors of fresh fruit and vegetables

Based on the audited financial statements of HDG-Asia Limited made up to 31 October 2020, the financial information in respect of the Group's associate is summarised as follows:-

	2020 **USD**	2019 USD
HDG-Asia Limited		
Current assets	**62,861**	39,567
Non-current assets	–	29
Current liabilities	**53,617**	47,986
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**8,811**	21,005
Current financial liabilities (excluding trade and other payables and provision)	–	–
Non-current financial liabilities (excluding trade and other payables and provision)	–	–
Revenue	**153,013**	149,572
Profit for the year	**17,630**	13,597
Other comprehensive income for the year	–	–
Total comprehensive income for the year	**17,630**	13,597
Dividends received from the associate during the year	–	–

The summarised financial information in respect of the Group's interest in the above associate is set out below:-

	2020 **USD**	2019 USD
Net assets/(liabilities) of the associate	**9,244**	(8,390)
Proportion of the Company's ownership interest in the associate	**50%**	50%
Group's share of net assets/(liabilities) of the associate	**4,622**	(4,195)

14. Inventories

	2020 USD	2019 USD
Merchandise - Fruits	**327,179**	186,606

15. Amount due from a former director

	Maximum balance outstanding during the year USD	2020 USD	2019 USD
Mr. Jason Dean BOSCH	**10,066**	**10,066**	10,066

The above amount is unsecured, interest free and has no fixed repayment terms.

16. Cash at bank and on hand

	2020 USD	2019 USD
Cash at bank and on hand	**633,310**	116,782
Cash and cash equivalents in cash flows statement	**633,310**	116,782

Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

	Lease liabilities USD
Effect of adoption of HKFRS 16	41,220
At 1 November 2019	41,220
Changes from financing cash flows	
Capital element of finance lease payments	(38,035)
Interest element of lease liabilities	(1,832)
Other changes	
New lease liabilities arising from additional leases during the year	16,892
Finance charges on lease liabilities	1,832
At 31 October 2020	20,077

17. Amount due from/(to) an associate

The above amount is unsecured, interest free and has no fixed repayment terms.

18. Amount due to a fellow subsidiary

The amount is unsecured, at 4% interest per annum on the average outstanding balance and has no fixed repayment terms.

19. Lease liabilities

The following table shows the remaining contractual maturities of the Company's lease liabilities at the end of the current and previous reporting periods and at the date of transition to HKFRS 16:

	31 October 2019		1 November 2019		31 October 2020	
	Present value of the minimun lease payments USD	**Total minimum lease payments USD**	**Present value of the minimun lease payments USD**	**Total minimum lease payments USD**	**Present value of the minimun lease payments USD**	**Total minimum lease payments USD**
Within 1 year	–	–	32,759	33,994	17,704	18,088
After 1 year but within 2 years	–	–	8,461	8,498	2,373	2,383
	–	–	41,220	42,492	20,077	20,471
Less: total future interest expenses		–		(1,272)		(394)
Present value of lease liabilities		–		41,220		20,077

Note:-

The Company has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 November 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. These liabilities have been aggregated with the brought forward balances relating to leases previously classified as finance leases. Comparative information as at 31 October 2019 has not been restated and relates solely to leases previously classified as finance leases. Further details on the impact of the transition to HKFRS 16 are set out in note 2.

20. Deferred taxation

The component of deferred tax liability recognised in the consolidated statement of financial position and the movements during the year are as follows:-

	Accelerated tax depreciation USD	Unused tax losses USD	Total USD
At 1 November 2018	523	(6,390)	(5,867)
Debited to profit or loss	540	3,042	3,582
At 31 October 2019	1,063	(3,348)	(2,285)
(Credited)/ debited to profit or loss	(245)	3,348	3,103
At 31 October 2020	**1,063**	–	**818**

Deferred tax asset amounts to approximately USD1,587,250 (2019: USD1,291,166) arising from unused tax losses of the Company's subsidiary has not been recognised in the consolidated financial statements due to the uncertainty of future profit stream against which the asset can be utilised.

21. Financial instruments

The carrying amounts of each of the categories of financial instruments of the Group as at end of the reporting period are as follows:

	2020 USD	2019 USD
Financial assets at amortised costs		
Trade and other receivables	**996,228**	753,954
Rental and other deposits	**534,056**	129,996
Amount due from a former director	**10,066**	10,066
Cast at bank and in hand	**633,310**	116,782
	2,173,660	1,010,798
Financial liabilities at amortised costs		
Trade and other payables	**2,652,874**	733,140
Accrued expenses	**48,223**	30,239
Amount due to an associate	**13,503**	8,959
Amount due to a fellow subsidiary	**7,857**	872,206
Lease liabilities	**20,077**	–
	2,742,534	1,644,544

The fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts.

22. Risks related to financial instruments

The Group's overall policy on risk management remained the same as in the previous year. The risks associated with the Group's financial instruments at the end of the reporting period are as follows:-

Currency risk

The Group's foreign currency risk primarily relates to trade and other receivables, bank deposits and trade and other payables that are denominated in a currency other than its functional currency. The currency giving rise to this risk is primarily Renminbi (RMB). The Group has not used any forward exchange contracts, currency borrowings or other means to hedge its foreign currency exposure. United States dollars against RMB was relatively stable during the year and as result, the Group considers it has no material foreign currency risk.

The directors consider that any reasonable changes in foreign exchange would not result in significant change in the Group's results and therefore no sensitivity analyse is presented for foreign exchange risk.

Credit risk

The carrying amounts of trade and other receivables and bank deposits as stated in the consolidated statement of financial position represent the Group's maximum exposure to credit risk at the end of the reporting period. The Group has a credit policy in place and exposures to the credit risk are monitored on an ongoing basis. At the end of the reporting period, the Group has a concentration of credit risk as the trade receivables accounted for 40% (2019: 62%) of the Group's current assets.

An analysis of the age of trade receivables that were past due as at the end of the reporting period but not impaired is as follows:-

	2020 USD	2019 USD
0 to 180 days	**669,213**	431,351
Over 180 days	**20,816**	18,050
	690,029	449,401

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the directors believe that no provision for doubtful debt is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Receivables that were neither past due nor impaired relate to a range of customers for whom there was no recent history of default.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis for the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted cash flows, is as follows:-

At 31 October 2020	Lease liabilities USD	Amounts due to related parties USD	Payables and accruals USD	Total financial liabilities USD
Carrying amount	**20,077**	**21,360**	**2,701,097**	**2,742,534**
Without fixed repayment terms	**–**	**21,360**	**–**	**21,360**
Within 3 months	**10,938**	**–**	**2,701,097**	**2,712,035**
More than 3 months but within 1 year	**7,150**	**–**	**–**	**7,150**
More than 1 year	**2,383**	**–**	**–**	**2,383**
Total contractual undiscounted cash flows	**20,471**	**21,360**	**2,701,097**	**2,742,928**

At 30 October 2019	Lease liabilities USD	Amounts due to related parties USD	Payables and accruals USD	Total financial liabilities USD
Carrying amount	–	881,165	763,379	1,644,544
Without fixed repayment terms	–	881,165	–	881,165
Within 3 months	–	–	763,379	763,379
More than 3 months but within 1 year	–	–	–	–
More than 1 year	–	–	–	–
Total contractual undiscounted cash flows	–	881,165	763,379	1,644,544

23. Capital management

The Group's primary objectives when managing capital, which comprises all capital and reserves attributable to the equity holders are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital structure in order to support its business and maximize shareholder value.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders returns, taking into consideration the future capital requirements of the Group and capital efficiency. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the equity holders, issue new shares or sell assets to reduce debt. The Group's overall policy on managing capital remained the same as in the previous year.

24. Critical accounting estimates and judgements

In preparing these consolidated financial statements, the management is required to exercise significant judgements in the selection and application of accounting principles, including making estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal to the related actual results. The following is a review of the more significant accounting policies that are impacted by judgements and uncertainties and for which different amounts may be reported under a different set of conditions or using different assumptions.

Impairment

The Group assesses annually whether property, plant and equipment and investment in an associate have any indication of impairment. The recoverable amounts of the assets have been determined based on value-in-use calculations. These calculations require the use of judgements and estimates.

Depreciation

The Group's net book value of property, plant and equipment as at 31 October 2020 was USD34,850 (2019: USD14,590). The Group depreciates the assets on a straight-line basis, after deducting estimated scrap value, over their estimated useful life. The estimated useful life reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the assets.

Income taxes

No deferred tax asset was recognised in the Group's consolidated statement of financial position at 31 October 2020 in relating to the estimated unused tax losses arising from the Company's subsidiary of USD1,587,250 (2019: USD1,291,166) due to the unpredictability of future profit streams. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more than expected, a material recognition of deferred tax asset may arise, which would be recognised in profit or loss for the period in which such a recognition takes place.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the management's expectation of future taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

Provision

The Group recognises provisions when it has present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgements about the ultimate resolution of these obligations. As a result, provision are reviewed at the end of each reporting period and adjusted to reflect the Group's current best estimate.

25. Operating lease commitments

At the end of the reporting period, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2020 USD	2019 USD
Within one year	**1,152**	39,143
In the second to fifth year inclusive	–	11,336
	1,152	50,479

26. Related party transactions

In addition to the transactions / information disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following transactions with related party.

	2020 USD	2019 USD
Company controlled by the immediate parent		
Commission fee paid	–	38,503
Interest paid	**46,254**	54,300

27. Statement of financial position and reserve movement of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follow:-

	2020 USD	2019 USD
Non-current assets		
Plant and equipment	**20,897**	12,975
Interest in an associate	**645**	1
Interest in a subsidiary	**1**	1
Deferred tax asset	–	2,285
	21,543	15,262
Current assets		
Trade and other receivables	**631,758**	380,111
Rental and other deposits	**534,056**	129,996
Amount due from a subsidiary	**88,606**	283,161
Amount due from a former director	**10,066**	10,066
Cast at bank and in hand	**453,666**	61,374
	1,718,152	864,708
Deduct:		
Current liabilities		
Trade and other payables	**1,658,706**	464,741
Accrued expenses	**43,458**	25,476
Amount due to an associate	**13,503**	8,959
Amount due to a fellow subsidiary	**7,857**	872,206
Provision for taxation	**1,924**	–
Lease liabilities	**9,011**	–
	1,734,459	1,371,382
Net current liabilities	**(16,307)**	(506,674)
Total asset less current liabilities	**5,236**	(491,412)
Non-current liabilities		
Deferred tax liabilities	**818**	–
Leases liabilities	**2,373**	–
	3,191	–
Net assets/ (liabilities)	**2,045**	(491,412)

Information about the statement of financial position of the Company at the end of the reporting period is as follow:-

Share capital	2020 USD	2019 USD
Issued and fully paid:		
10,000 ordinary shares	**1,290**	1,290
Retained earning/ (accumulated losses)	**755**	(492,702)
Shareholder's equity/ (deficiency)	**2,045**	(491,412)

A summary of reserve movement of the Company is as follow:-

	Share capital USD	**(Accumlated losses)/retained profits USD**	**Total equity USD**
Balance at 1 November 2018	1,290	(312,943)	(311,653)
Loss for the year	–	(179,759)	(179,759)
Other comprehensive income for the year	–	–	–
Total comprehensive loss for the year	–	(179,759)	(179,759)
Balance at 31 October 2019	1,290	(492,702)	(491,412)
Profit for the year	–	493,457	493,457
Other comprehensive income for the year	–	–	–
Total comprehensive income for the year	–	493,457	493,457
Balance at 31 October 2020	**1,290**	**755**	**2,045**

28. Subsidiary

The following is the details of the Company's subsidiary at the end of the reporting period:

Name of subsidiary	Place of incorporation	Class of shares	Percentage of registered capital held	Principal activity
Origin Direct Asia (Shanghai) Trading Company Limited (弗締(上海)貿易 有限公司)	P.R.C.	Ordinary shares	100%	Wholesale, import and export, and agent service of prepackaged foods and edible agricultural products

Approved and authorised for issue by the board of directors on

On behalf of the board:

Mr. Cornelis Adrianus Maria van de Klundert
Director
29th April 2021

Mr. Meghnad Mitra
Director
29th April 2021

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of
Origin Fruit Direct B.V.
Albert Plesmanweg 250
3029 BP Rotterdam

A. Report on the audit of the financial statements in the period 1 November 2019 until 31 October 2020

Our opinion

We have audited the financial statements for the year ended 31 October 2020 of Origin Fruit Direct B.V., based in Rotterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Origin Fruit Direct B.V. as at 31 October 2020, and of its result for the period 1 November 2019 until 31 October 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at 31 October 2020;
2. the income statement for 1 November 2019 until 31 October 2020; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Origin Fruit Direct B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The directors report;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of the board for the financial statements

The board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board is responsible for such internal control as the board determines is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

As part of the preparation of the financial statements, the board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board should prepare the financial statements using the going concern basis of accounting unless the board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatements of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board;
- Concluding on the appropriateness of the board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represents the underlying transactions and events free from material misstatements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Breda, 15 January 2021

Van Oers Audit B.V.

A.A. Hoeven RA

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of
Origin Fruit Direct B.V.
Albert Plesmanweg 250
3029 BP Rotterdam

Breda, 15 January 2021
Ref. 3007760

Dear Shareholders,

INTRODUCTION
In accordance with your instructions we have audited the 1 November 2019 until 31 October 2020 financial statements of Origin Fruit Direct B.V. at Rotterdam. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

These financial statements are included, together with the director's report and the other information, in this report.

FISCAL POSITION

	2019 / 2020 €
Calculation taxable amount	
Total of result of activities before tax	(368,408)
Partially deductible amounts	5,043
	(36,365)
Investment agreements	
Small scale investment allowance	(4,889)
Taxable sum	(368,254)

Position at balance sheet date

Year	Liability / receivable at 01-11-2019	Corporate income tax (income / expenses) in 2019 / 2020	Paid / received in 2019 / 2020	Adjustments in 2019 / 2020	Liability / receivable at 31-10-2020
	€	€	€	€	€
2018 / 2019	(54,282)	–	54,282	–	–
2019 / 2020	–	(92,064)	(182,702)	–	(274,766)
	(54,282)	(92,064)	(128,420)	–	(274,766)

Income statement

	2019 / 2020
	€
Corporate income tax expense from current financial years	(92,064)

We trust to have been of service.

Yours faithfully,
Van Oers Audit B.V.

A.A. Hoeven RA

BALANCE SHEET AS AT 31 OCTOBER 2020

(After appropriation resultaat)

	31 October 2020		31 October 2019	
	€	**€**	€	€
ASSETS				
Fixed assets				
Intangible fixed assets				
Other intangible assets		**108,162**		151,221
Property, plant and equipment				
Other tangible assets		**124,503**		163,112
Current assets				
Inventories and work in progress		**1,074,479**		1,693,778
Receivables				
Trade debtors	**8,034,327**		7,575,764	
Receivables from fellow subsidiaries	**60,150**		835,201	
Other accounts receivable	**1,142,032**		1,091,994	
Accrued income and prepaid expenses	**2,241,726**		5,499,092	
		11,478,235		15,002,051
Cash and cash equivalents		**1,114,990**		811,285
		13,900,369		17,821,447

EQUITY AND LIABILITIES	**31 October 2020**		31 October 2019	
	€	**€**	€	€
Equity				
Share capital paid called up	**13,620**		13,620	
Other reserves	**5,286,766**		5,563,110	
		5,300,386		5,576,730
Current liabilities				
Payables to banks	**1,890,518**		5,656,761	
Trade payables	**3,360,604**		4,035,863	
Payables relating to taxes and social security contributions	**64,853**		77,123	
Other payables	**47,129**		167,585	
Accruals and deferred income	**3,236,879**		2,307,385	
		8,599,983		12,244,717
		13,900,369		17,821,447

INCOME STATEMENT FOR THE PERIOD 1-11-2019 UNTIL 31-10-2020

	2019/2020		2018/2019	
	€	€	€	€
Net turnover	**56,691,003**		51,940,640	
Cost of sales	**(52,662,301)**		(48,306,664)	
Gross margin		**4,028,702**		3,633,976
Expenses of employee benefits	**2,236,369**		1,971,742	
Depreciation of intangible fixed assets	**51,809**		51,182	
Depreciation of property, plant and equipment	**47,321**		43,917	
Extraordinary write-off of current assets	**1,330,000**		–	
Other operating expenses	**898,663**		968,898	
Total of expenses		**4,564,162**		3,035,739
Total of operating result		**(535,460)**		598,237
Financial income and expense		**167,052**		137,402
Total of result before tax		**(368,408)**		735,639
Income tax expense		**92,064**		(172,723)
Total of result after tax		**(276,344)**		562,916

CASH FLOW STATEMENT FOR THE PERIOD 1-11-2019 UNTIL 31-10-2020

	2019/2020		2018/2019	
	€	€	€	€
Cash flows from operating activities				
Total of operating result		**(535,460)**		598,237
Adjustments for				
Depreciation		**99,130**		95,099
Movements in working capital:				
Decrease (increase) in inventories	**619,299**		863,097	
Receivables	**3,744,300**		(1,675,629)	
Increase (decrease) in other payables	**121,509**		1,346,490	
		4,485,108		533,958
Cash flows from operations		**4,048,778**		1,227,294
Interest received	**240,971**		224,134	
Interest paid	**(73,919)**		(86,732)	
Betaalde winstbelasting	**(128,420)**		(188,389)	
		38,632		(50,987)
Cash flows from operating activities		**4,087,410**		1,176,307
Cash flows from investment activities				
Purchase of intangible assets	**(8,750)**		(1,350)	
Purchase of property, plant and equipment	**(8,712)**		(13,464)	
Proceeds from sales of property, plant and equipment	**–**		1,059	
Cash flows from investment activities		**(17,462)**		(13,755)
Cash flows from financing activities				
Increase (decrease) in payables to credit institutions		**(3,766,243)**		(888,872)
Total of increase (decrease) in cash and cash equivalents		**303,705**		273,680
Movement in cash and cash equivalents				
Cash and cash equivalents at the beginning of the period		**811,285**		537,605
Increase (decrease) cash and cash equivalents		**303,705**		273,680
Cash and cash equivalents at the end of the period		**1,114,990**		811,285

NOTES TO THE FINANCIAL STATEMENTS

Entity information

Registered address and registration number trade register

The registered and actual address of Origin Fruit Direct B.V. is Albert Plesmanweg 250, 3029 BP in Rotterdam. Origin Fruit Direct B.V. is registered at the Chamber of Commerce under number 24067257.

General notes

The most important activities of the entity

Origin Fruit Direct B.V.'s main activities are trading (in- and export) in fruit.

Disclosure of group structure

Origin Fruit Direct B.V. is part of a group. The head of this group is Mahindra & Mahindra Ltd. The financial statements of Origin Fruit Direct B.V. are included in the consolidated financial statements of Mahindra & Mahindra Ltd.

Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of Origin Fruit Direct B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

General accounting principles

The accounting standards used to prepare the financial statements

The financial statements are prepared according to the stipulations in chapter 9 Book 2 of the Dutch Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention, unless presented otherwise.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are teaken into account if they have become known before preparation of the financial statements.

Conversion of amounts denominated in foreign currency

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date.

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates (the functional currency). The financial statements are presented in euro; which is the functional and presentation currency of Origin Fruit Direct B.V.

Foreign currency translation for the balance sheet

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the income statement, unless hedge accounting is applied.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

Translation differences on intragroup long-term loans that effectively constitute an increase or decrease in net investments in a foreign operation are directly recognised in equity as a component of the legal reserve for translation differences.

Translation differences on foreign currency loans contracted to finance a net investment in a foreign operation are recognised in the legal reserve for currency translation differences if and when such loans effectively hedge the exchange rate exposure on that net investment in a foreign operation.

Assets and liabilities of consolidated subsidiaries with a functional currency different from the presentation currency are translated at the rate of exchange prevailing at the balance sheet date; income and expenses are translated at average exchange rates during the financial year. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of these subsidiaries and translated at the closing rate. Any resulting exchange differences are taken directly to the legal reserve for translation differences within equity.

Operating leases

The vennootschap has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of or incurred by the vennootschap. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the income statement for the duration of the contract.

Financial instruments

Securities included in financial and current assets are stated at fair value, if these are related to securities held for trading or if they relate to equity instruments not held for trading, as well as derivatives of which the underlying object is listed on a stock exchange. All other on-balance financial instruments are carried at (amortised) cost.

Accounting principles

Intangible assets other

Other intangible fixed assets at the costs incurred less the accumulated amortisation costs. Impairments expected on the balance sheet date are taken into account. An impairment occurs when the carrying amount of an asset is higher than the recoverable amount; the recoverable amount is the higher of the realisable value and the value in use.

Property, plant and equipment

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

Tangible fixed assets are capitalised if the economic ownership held by the company, and its group companies, is governed by a financial lease agreement. The commitment arising from the financial lease agreements is accounted for as a liability. The interest included in the future lease instalments is charged to the result over the term of the financial lease agreement.

Other tangible assets

Other tangible assets are valued at historical cost plus additional costs or production cost less straight-line depreciation based on the expected useful life and impairments expected.

Impairment of non-current assets

On each balance sheet date, Origin Fruit Direct B.V. assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the recoverable amount of the asset is determined. If it is not possible to determine the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An impairment occurs when the carrying amount of an asset is higher than the recoverable amount; the recoverable amount is the higher of the realisable value and the value in use.

An impairment loss is directly recognised in the profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

The realisable value is initially based on a binding sale agreement; if there is no such agreement, the realisable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price. For the determination of the value in use, an estimate is made of the future net cash flows in the event of continued use of the asset / cash-generating unit; these cash flows are discounted.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported. An impairment of goodwill is not reversed.

Inventories

Inventories for resale are valued at acquisition price or lower net realizable value. This lower net realizable value is determined by individual assessment of the inventories. The valuation of inventories for resale is based on fifo prices.

Receivables

Upon initial recognition the receivables are valued at fair value and then valued at amortised cost. The fair value and amortised cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Share capital paid called up

When Origin Fruit Direct B.V. purchases treasury shares, the consideration paid is deducted from equity (other reserves or any other reserve if the articles of association allow so) until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received is included in equity (other reserves or any other reserve). The consideration received will be added to the reserve from which earlier the purchase price has been deducted.

Incremental costs directly attributable to the purchase, sale and/or issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Other reserves

Other reserves are all reserves, except the legal and statutory reserves. Other reserves can freely be distributed to the shareholders.

Current liabilities

Upon initial recognition, loans and liabilities recorded are stated at fair value and then valued at amortised cost.

Accounting principles for determining the result

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Revenue recognition

Net turnover represents amounts invoiced for goods and services supplied during the financial year reported on, net of discounts and value added taxes.

Revenues ensuing from the sale of goods are accounted for when all major entitlements to economic benefits as well as all major risks have transfered to the buyer. The cost price of these goods is allocated to the same period.

Wages

The benefits payable to personnel are recorded in the income statement on the basis of the employment conditions.

Applied policy of pension costs

The pension plans of Origin Fruit Direct B.V. are financed through contributions to industry pension funds. The pension obligations are valued according to the 'valuation to pension fund approach'. This approach accounts for the contribution payable to the pension provider as an expense in the profit and loss account.

Based on the administration agreement it is assessed whether and, if so, which obligations exist in addition to the payment of the annual contribution due to the pension provider as at balance sheet date. These additional obligations, including any obligations from recovery plans of the pension provider, lead to expenses for the company and are included in a provision on the balance sheet. With final salary pension plans an obligation (provision) for (upcoming) past service is included if future salary increases have already been defined as at balance sheet date.

The valuation of the obligation is the best estimate of the amounts required to settle this as at balance sheet date. If the effect of the time value of money is material the obligation is valued at the present value. Discounting is based on interest rates of high quality corporate bonds.

Additions to and release of the obligations are recognized in the profit and loss account.

A pension receivable is included in the balance sheet when the group has the right of disposal over the pension receivable and it is probable that te future economic benefits which the pension receivable holds will accrue to the group, and the pension receivable can be reliably established.

As at year-end 31 October 2020 and 31 October 2019 no pension receivables and no obligations existed for the group in addition to the payment of the annual contribution due to the pension provider.

The industry pension fund AVH has stated that the funding ratio is 85,6% as per October 2020. Based on the administrative regulations the group has no obligation to make additional contributions in the event of a deficit other than through higher future contributions.

Amortisation of intangible assets and depreciation of property, plant and equipment

Intangible fixed assets, including goodwill, and tangible fixed assets are depreciated or amortised from the date of initial use over the expected future economic life of the asset, while taking into account any applicable restrictions with respect to buildings, investment property, other tangible fixed assets and capitalised goodwill. Land is not depreciated.

Future depreciation and amortisation is adjusted if there is a change in estimated future useful life.

Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

Other operating expenses

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Other interest income and related income

Other interest income and related income are recognised on a pro rata basis, taking account of the effective interest rate of the assets to which they relate.

Interest expenses and related expenses

Interest expenses and other income expenses are recognised on a pro rata basis, taking account of the effective interest rate of the liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Income tax expense

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realisation is likely.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities. The purchase consideration paid for the acquired group corporation has been recognised as cash used in investing activities where it was settled in cash. Any cash at banks and in hand in the acquired group corporation have been deducted from the purchase consideration. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognised in the cash flow statement. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.

NOTES TO THE BALANCE SHEET

ASSETS

Fixed assets

Intangible assets

Movements are as follows:

	Other intangible assets
	€
Balance as at 1 November 2019	
Cost or manufacturing price	255,510
Accumulated amortization	(104,289)
Book value as at 1 November 2019	151,221
Movements	
Additions	8,750
Depreciation	(51,809)
Balance movements	(43,059)
Balance as at 31 October 2020	
Cost or manufacturing price	264,260
Accumulated amortization	(156,098)
Book value as at 31 October 2020	108,162
Depreciation percentages	20%

NOTES TO THE FINANCIAL STATEMENTS

Property, plant and equipment

Movements are as follows:

	Machinery	Other tangible assets	Total
	€	€	€
Balance as at 1 November 2019			
Cost or manufacturing price	49,016	283,233	332,249
Accumulated depreciation	(49,016)	(120,121)	(169,137)
Book value as at 1 November 2019	–	163,112	163,112
Movements			
Additions	–	8,712	8,712
Depreciation	–	(47,321)	(47,321)
Balance movements	–	(38,609)	(38,609)
Balance as at 31 October 2020			
Cost or manufacturing price	49,016	291,945	340,961
Accumulated depreciation	(49,016)	(167,442)	(216,458)
Book value as at 31 October 2020	–	124,503	124,503
Depreciation percentages	20%	20%	

Current assets

	31-10-2020	31-10-2019
	€	€
Inventories and work in progress		
Finished goods for resale	**1,074,479**	1,693,778

A provision for obsolescence finished goods is not deemed necessary.

Receivables

	31-10-2020	31-10-2019
	€	€
Trade debtors		
Trade debtors	**8,048,552**	7,589,989
Provision for doubtful debts	**(14,225)**	(14,225)
	8,034,327	7,575,764

The trade debtors are advanced up to 90% by factoring company BNP Paribas Factor N.V. Credit control is taken care of by Origin Fruit Direct B.V. BNP Paribas Factor N.V. reserves the right to take over credit control. The securities are described under amounts owed to credit institutions.

	31-10-2020	31-10-2019
	€	€
Receivables from fellow subsidiaries		
Origin Direct Asia Limited	**6,729**	781,780
Origin Fruit Services South America SpA	**53,421**	53,421
	60,150	835,201

The annual interest on receivable from Origin Direct Asia Limited is 4% (1 November 2018 until 31 October 2019: 4%) a year calculated over the average outstanding amount. The annual interest on Origin Fruit Services South America SpA is 0% (1 November 2018 until 31 October 2019: 0%) a year calculated over the average outstanding amount.

	31-10-2020	31-10-2019
	€	€
Other accounts receivable		
Taxes and social security charges	**410,241**	367,364
Current account shareholders	**731,791**	724,630
	1,142,032	1,091,994

	31-10-2020	31-10-2019
	€	€
Taxes and social security charges		
Value added tax	**135,475**	297,416
Corporate income tax	**274,766**	69,948
	410,241	367,364
Current account shareholders		
OFD Holding B.V.	**731,791**	724,630

Disclosure of receivables from loans and advances to participants or registered shareholders

The annual interest on receivable from shareholders is 4% (1 November 2018 until 31 October 2019: 4%) a year calculated over the average outstanding amount. No special conditions on the facility or repayments were agreed upon for the receivables from shareholders.

Disclosure of other receivables

All other receivables and accrued assets have a remaining term of maturity of less than one year.

	2019 / 2020	2018 / 2019
Cash and cash equivalents		
Deutsche Bank	**1,113,942**	806,120
Cash	**898**	5,015
ABN AMRO Commercial Finance	**150**	150
	1,114,990	811,285

Equity

Statement of the proposed appropriation of the result

During the general meeting at which the financial statements will be adopted, will be proposed to subtract the 1 November 2019 until 31 October 2020 result after tax from the other reserves.

This proposal has yet to be approved by the general meeting but is already incorporated in the 1 November 2019 until 31 October 2020 financial statements of the company.

Share capital paid called up

The authorized share capital is divided into 68,100 ordinary shares with a nominal value of € 1.

The issued and the paid-up capital is divided in 13,620 shares.

	2019 / 2020	2018 / 2019
	€	€
Other reserves		
Balance as at 1 November	**5,563,110**	5,085,194
Appropriation of result	**(276,344)**	562,916
Dividend pay-out	**–**	(85,000)
Balance as at 31 October	**5,286,766**	5,563,110

NOTES TO THE FINANCIAL STATEMENTS

Current liabilities

	31-10-2020	31-10-2019
	€	€
Payables to banks		
Payables to banks	**1,890,518**	5,656,761

	31-10-2020	31-10-2019
	€	€
Payables to banks		
BNP Paribas Factor N.V.	**890,518**	2,656,761
Kotak Mahindra Bank	**1,000,000**	3,000,000
	1,890,518	5,656,761

BNP Paribas Factor N.V.

For the total credit facility, including the credit in current account to a maximum of € 8,000,000, the following securities have been agreed upon:

- Pledge on all receivables;
- Minimum adjusted solvency ratio of 20% at all times.

Kotak Mahindra Bank

For the total credit facility, including the credit in current account to a maximum of € 4,000,000, no securities have been agreed upon.

	31-10-2020	31-10-2019
	€	€
Payables relating to taxes and social security contributions		
Wage tax	**57,737**	58,901
Social security contributions	**5,255**	8,407
Other taxes	**1,861**	9,815
	64,853	77,123

Disclosure of current liabilities

All currrent liabilities have a remaining term of maturity of less than one year. The fair value of current liabilities approximates the carrying amount, because of their short-term character.

Off-balance-sheet rights, obligations and arrangements
Disclosure of off-balance sheet commitments

The company has entered into rent obligations for buildings with third parties, the total obligation amounts to € 190,100. The total committed rent obligation for buildings with a maturity within one year amounts to € 73,600, the obligation with a maturity exceeding one year and within five year amounts to € 116,500 and the obligation with a maturity exceeding five year amounts to nil.

Disclosure of operating leases

The company has entered into operational leasecontracts with third parties, the total obligation amounts to € 197,661. The total committed operational lease obligation with a maturity within one year amounts to € 91,989, the obligation with a maturity exceeding one year and within five year amounts to € 105,673 and the obligation with a maturity exceeding five year amounts to nil.

NOTES TO THE INCOME STATEMENT

Net turnover

The net turnover of Origin Fruit Direct B.V. increased with 9,1% in 1 November 2019 until 31 October 2020 compared to 1 November 2018 until 31 October 2019.

	2019/2020	2018/2019
	€	€
Expenses of employee benefits		
Wages and salaries	**1,865,448**	1,605,235
Social security contributions	**253,010**	234,433
Pension contributions	**117,911**	132,074
	2,236,369	1,971,742

Remuneration of (former) directors

The remuneration of directors of the company amounts to approximately € 240,000 (1 November 2018 until 31 October 2019: € 231,000).

There are no former directors which received remuneration in the financial years 2018/2019 and 2019/2020.

Average number of employees

2019 / 2020

	Active within the Netherlands	Active outside the Netherlands	Total
General manager	1,00	–	1,00
Commerce	7,00	–	7,00
Finance	5,00	–	5,00
Back office	1,00	–	1,00
Logistics & Quality	6,00	–	6,00
Average number of employees	**20,00**	**–**	**20,00**

2018 / 2019

	Active within the Netherlands	Active outside the Netherlands	Total
General manager	1,00	–	1,00
Commerce	10,00	–	10,00
Finance	5,00	–	5,00
Back office	1,00	–	1,00
Logistics & Quality	5,00	–	5,00
Average number of employees	**22,00**	**–**	**22,00**

	2019/2020	2018/2019
	€	€
Other operating expenses		
Other expenses of employee benefits	**99,792**	101,555
Housing expenses	**76,384**	69,738
Selling expenses	**99,258**	267,032
Car expenses	**201,483**	189,070
Office expenses	**159,965**	199,170
General expenses	**261,781**	142,333
	898,663	968,898

NOTES TO THE FINANCIAL STATEMENTS

	2019/2020	2018/2019
	€	€
Financial income and expense		
Other interest and similar income	**240,971**	224,134
Other interest expenses	**(73,919)**	(86,732)
	167,052	137,402

Disclosure of financial income and expenses

In the other interest and similar income € 71,279 (2017/2018: € 78,902) is included from fellow subsidiaries and shareholders

Rotterdam, 15 January 2021
Origin Fruit Direct B.V.

OFD Holding B.V.	OFD Holding B.V.
Represented by:	Represented by:
C.A.M. van de Klundert	S.V. Parmar

OTHER INFORMATION

Provisions of the Articles of Association relating to profit appropriation

Article 20 of the Articles of Association stipulates that the appropriation of the net result for the year is decided upon at the General Meeting.

Profit distributions to the shareholders may only be done as far as the shareholders' equity exceeds the paid up and called up part of the share capital, increased with the legal reserves.

BALANCE CLASSIFIED TO DECEMBER 31,

	2020	2019
	Chilean Peso	Chilean Peso
ASSETS		
Current assets		
Cash and cash equivalents	58,685,160	133,009,962
Accounts receivable	101,393,322	228,249,172
Notes receivable	–	–
Other accounts receivable	–	–
Accounts receivable related companies	–	–
Inventory	–	–
Taxes to recover	83,095,245	55,811,129
Prepaid expenses	**–**	**–**
Total current assets	**243,173,727**	**417,070,263**
Fixed assets		
Land	**–**	**–**
Property, Plant & Equipment	39,887,257	55,949,208
Less: Accumulated Depreciation	(26,341,838)	(29,685,705)
Net fix assets	**13,545,419**	**26,263,503**
Other assets		
Intangible assets	–	–
Financial assets	–	–
Long Term receivables	–	–
Long term accounts receivable related companies	–	–
Total other assets	**–**	**–**
Total Assets	**256,719,146**	**443,333,766**

Manuel Marchant Vera
Legal Representative

Date: 31-12-2020

BALANCE CLASSIFIED TO DECEMBER 31,

	2020	2019
	Chilean Peso	Chilean Peso
LIABILITIES		
Current liabilities		
Bank loans	–	8,222,295
Accounts payable	336,203,228	41,812,221
Notes payable	–	–
Other accounts payable	–	–
Accounts payable related companies	–	–
Provisions	–	838,802
Retentions	9,239,434	8,400,660
Earned income in advance	5,457,322	485,368,695
Other Current liabilities	–	–
Total current liabilities	**350,899,984**	**544,642,673**
Long term liabilities		
Long term bank loans	–	–
Long term debts	–	–
Other long term liabilities	–	–
Total long term liabilities	**–**	**–**
Heritage		
Common stock	1,000,000	1,000,000
Restatement of stockholders equity	148,153	148,153
Retained earnings	**(102,457,060)**	**(113,770,851)**
Net income for the year	7,128,069	11,313,791
Total Equity	**(94,180,838)**	**(101,308,907)**
Total Liabilities	**256,719,146**	**443,333,766**

Manuel Marchant Vera
Legal Representative

Date: 31-12-2020

INCOME STATEMENT FOR THE PERIOD UNDERSTOOD JANUARY 1 AND THE DECEMBER 31,

	2020	2019
	Chilean Peso	Chilean Peso
OPERATIONAL RESULT		
Net sales or net revenue	373,465,479	512,866,586
Cost of sales	(91,372,000)	(420,974,343)
Gross profit or gross margin	**282,093,479**	**91,892,243**
less		
Administrative expenses	(260,865,648)	(98,032,544)
Operating income	**21,227,831**	**(6,140,301)**
NON-OPERATIONAL RESULT		
Other income	3,850,130	25,260,152
Comprehensive financial cost	(1,158,140)	(3,871,449)
Monetary correction	1,479,006	–
Foreign exchange loss	(18,270,758)	(3,934,611)
Non-operational result	**(14,099,762)**	**17,454,092**
Income before taxes	**7,128,069**	**11,313,791**
Income taxes	–	–
NET LOSS	**7,128,069**	**11,313,791**

Manuel Marchant Vera
Legal Representative

Date: 31-12-2020

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. Incorporation of a Company by Shares.

Origin Fruit Services South America SpA Juan Carlos Álvarez Domínguez, Alternate Notary of the first notary of Santiago, with office at Calle Huérfanos 1160 office 101 and 102, Santiago, certifies by public deed dated May 27, 2013, before The holder, OFD Holding BV, a company incorporated under the laws of the Netherlands; Edmundo Eluchans number 2255 department 161 commune of Viña del Mar, fifth region Incorporates a Stock Company named “ORIGIN FRUIT SERVICES SOUTH AMERICA SpA”. Purpose, the importation and exportation, distribution, consignment, brokerage and sale, wholesale and retail of all kinds of fruits or fruits of the country or abroad, raw materials and products elaborated or elaborated both in Chile and in the Foreign; The acquisition and alienation of all kinds of movable and immovable property, rights, privileges, patents of invention or trademarks; The use of licenses that are allowed, directly or indirectly related to the indicated item; Provision of Services and all other activities that are related, currently or in the future, with the aforementioned; And any other business that will agree the partner Capital $ 1,000,000. Divided into one thousand shares with no par value, all of them in a single series, fully subscribed and paid upon incorporation by partner OFD HOLDING B.V. Domicile: the company’s address is the city of Santiago, metropolitan region, without prejudice to installing agencies, branches or establishments in the rest of the country or abroad. Duration: The duration of the company will be indefinite. Partner limits his liability to the amount of the contribution. Other pacts in extracted writing.

NOTE 2. Basis of presentation and Regulatory Framework.

The financial statements for the years ended December 31, 2019 and 2020 have been prepared in accordance with accounting principles generally accepted in Chile.

NOTE 3. Bases of Conversion.

Assets and Liabilities in development units and foreign currency have been converted into pesos at the exchange rate in effect at the closing date of each year.

NOTE 4. Income Tax.

The company determines and records the income tax taking into consideration the current tax rules.

NOTE 5. Accounting Changes.

During fiscal years 2020 and 2019 the company has not made any accounting changes.

Manuel Marchant VERA
Legal Representative

Date: 31-12-2020

AUDIT REPORT

To Origin Direct Asia (Shanghai) Trading Company Limited,

I. Audit opinion

We have audited the financial statements of Origin Direct Asia (Shanghai) Trading Company Limited (hereinafter referred to as ODA Trading), including balance sheet on December 31, 2020, profit statement, cash flow statement, statement of changes in owners' equity and notes to financial statements of year 2020.

In our opinion, the accompany financial statements have been prepared in accordance with provisions of accounting standards for business enterprises in all material respects, and they reflect fairly the financial status of ODA Trading on December 31, 2020 as well as the operating results and cash flow of year 2020.

II. Material uncertainty related to going concern

We remind users of financial statements that ODA Trading incurred a net loss of RMB9,733,556.54 in 2020 as stated in Note VIII to the financial statements. On December 31, 2020, ODA Trading's current liabilities exceeded total current assets by RMB 10,321,791.59. As stated in Note VIII to the financial statements, these matters or circumstances as well as other matters stated in Note VIII to the financial statements indicate a material uncertainty which may give rise to significant doubts about ODA Trading's ability to continue as a going concern. Such matters do not affect the published audit opinion.

III. Responsibility of management and governance toward financial statements

The management of ODA Trading (hereinafter referred to as management) is responsible for preparing financial statements according to provisions of accounting standards for business enterprises to realize fair presentation, and is also responsible for planning, implementing and maintaining necessary internal control so as to ensure that there is no material misstatement caused by fraud or error in the financial statements.

When preparing financial statements, management is responsible for assessing the ability to continue as a going concern of ODA Trading, disclosing matters related to going concern(if applicable) and applying the going concern assumption unless management plans to liquidate ODA Trading, ceases operations or has no other realistic option.

Governance is responsible for supervising the financial reporting process of ODA Trading.

IV. Responsibility of certified public accountants toward audit of financial statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free of material misstatement due to fraud or error or not, and to issue audit reports that contain audit opinion. Reasonable assurance is a high level of assurance, but there is no guarantee that a material misstatement will always be found when existing in an audit performed in accordance with auditing standards. The misstatement can be caused by fraud or error, and is generally considered to be material if it is reasonably expected that the misstatement, alone or aggregated, may affect economic decision made by users of the financial statements based on the financial statements.

In the process of performing audit in accordance with auditing standards, we have applied professional judgment and maintained professional doubt. At the same time, we have also performed the following tasks:

(I) Identify and assess the risk of material misstatement of financial statements due to fraud or error, design and implement audit procedures to address these risks, and obtain sufficient and appropriate audit evidence as a basis for the publication of audit opinion. Because a fraud may involve collusion, forgery, deliberate omission, misrepresentation or override of internal control, the risk of failing to discover a material misstatement due to fraud is higher than the risk of failing to discover a material misstatement due to a mistake.

(II) Understand the internal control related to audit so as to design appropriate audit procedures, but not for the purpose of expressing an opinion on effectiveness of internal control.

(III) Appraise appropriateness of the accounting policies selected by management and reasonableness of making accounting estimates and related disclosures.

(IV) Draw a conclusion on appropriateness of management using the going concern assumption. At the same time, based on audit evidence obtained, draw a conclusion as to whether there is any material uncertainty about the issues or circumstances that may give rise to major doubts about the ability to continue as a going concern of ODA Trading or not. If we conclude that there is a material uncertainty, the auditing standards require us to remind users of the statements to pay attention to relevant disclosures in financial statements in the audit report; if the disclosures are not sufficient, we should issue an unqualified opinion. Our conclusion is based on the information available up to the date of audit report. However, future events or circumstances may make ODA Trading unable to continue as a going concern.

(V) Assess overall presentation, structure and content of the financial statements, and assess whether the financial statements have fairly reflected relevant transactions and events or not.

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Shanghai Trust & Best Certified Public Accountants

Shanghai • China

Certified Public
Accountant of the P.R.C:
(Signature & Seal)

Certified Public
Accountant of the P.R.C:
(Signature & Seal)

April 12, 2021

BALANCE SHEET

Item	As at: 31-Dec-2020 RMB At end of year	RMB Beginning of year
Current assets		
Cash and cash equivalents	1,387,129.39	142,854.31
Deposits reservation for balance	–	–
Lending funds	–	–
Transactional financial assets	–	–
Financial assets measured at fair value and changes recorded into current period profit or loss	–	–
Derivative financial assets	–	–
Note receivable	–	–
Accounts receivable	1,351,929.31	663,104.27
Accounts receivable financing	–	–
Prepayments	457,288.80	355,862.94
Premiums receivable	–	–
Reinsurance accounts receivable	–	–
Payable to the guarantee contracts	–	–
Other notes receivable	408,721.46	238,281.58
Including:Dividend receivable		
Redemptory monetary capital for sale	–	–
Inventories		615,300.84
Including:Raw materials	–	–
Merchandise inventories (finished products)		615,300.84
Contract assets	–	–
Holding assets for sale	–	–
Non-current assets matured within one year	–	–
Other current assets	–	–
TOTAL CURRENT ASSETS	**3,605,068.96**	**2,015,403.94**
Non-current assets:		
Make loans and advances	–	–
Investments in debt	–	–
Available-for-sale financial assets	–	–
Other investments in debt	–	–
Held-to-maturity investments	–	–
Long-term receivables	–	–
Long-term equity investments	–	–
Other equities investments	–	–
Other non-current financial assets	–	–
Investment properties	–	–
Fixed assets	34,949.46	42,730.43
Including:Original value of fixed assets	148,419.93	145,920.93
Accumulated depreciation	113,470.47	103,190.50
Fixed assets depreciation reserves	–	–
Construction-in-progress	–	–
Productive biological assets	–	–
Oil and gas assets	–	–
Right-of-use assets		
Intangible assets	–	–
Development expenditures	–	–
Goodwill	–	–
Long-term deferred expenses	–	–
Deferred income tax assets	–	–
Other non-current assets	–	–

BALANCE SHEET

Item	As at: 31-Dec-2020 RMB At end of year	RMB Beginning of year
Including: Physical assets reserve specifically authorized	–	–
TOTAL NON-CURRENT ASSETS	**34,949.46**	**42,730.43**
TOTAL ASSETS	**3,640,018.42**	**2,058,134.37**
Current liabilities		
Short-term borrowings	–	–
Borrowings from central bank	–	–
Borrowing funds	–	–
Financial liabilities measured as fair value and the variation included in current profit and loss	–	–
Financial derivative liabilities	–	–
Notes payable		
Accounts payable	12,861,344.91	13,049,732.56
Advances from customers	2,790,169.87	495,680.69
Contract Liabilities	–	–
Financial assets sold for repurchase	–	–
Accept deposits & due to banks	–	–
Receiving from vicariously traded securities	–	–
Funds received as stock underwrite	–	–
Employee benefit liabilities	34,130.00	33,614.90
Including: Accrued payroll	34,130.00	33,614.90
Welfare benefits payable	–	–
Bonus and allowance bond	–	–
Taxes and surcharges payable	(1,763,612.92)	(1,922,398.02)
Including: Taxes payable	(1,763,612.92)	(1,922,398.02)
Other payables	39,778.15	135,060.78
Including:Dividends payable		
Handling charges and commissions payable	–	–
Dividend payables for reinsurance	–	–
Liabilities held for sale	–	–
Non-current liabilities maturing within one year	–	–
Other current liabilities	–	–
TOTAL CURRENT LIABILITIES	**13,961,810.01**	**11,791,690.91**
NON-CURRENT LIABILITIES:		
Long-term loans	–	–
Debentures payable	–	–
Including:Preferred stocks	–	–
Perpetual capital securities	–	–
Lease liabilities	–	–
Long-term payables	–	–
Long-term Payroll Payables	–	–
Anticipation liabilities	–	–
Deferred Profits	–	–
Deferred tax liabilities	–	–
Other non-current liabilities	–	–
Authorized reserve funds	–	–
TOTAL NON-CURRENT LIABILITIES	–	–
TOTAL LIABILITIES	**13,961,810.01**	**11,791,690.91**

BALANCE SHEET

Item	As at: 31-Dec-2020 RMB At end of year	RMB Beginning of year
OWNERS'(OWNER'S)/SHAREHOLDERS' EQUITY		
Registered capital	925,876.00	925,876.00
National capital	–	–
State-owned legal person's capital		
Collective capital	–	–
Private capital	–	–
Foreign businessmen's capital	925,876.00	925,876.00
Less: Returned investments	–	–
Registered capital-net book value	925,876.00	925,876.00
Other equity instruments	–	–
Preferred stocks	–	–
Perpetual capital securities	–	–
Capital surplus	–	–
Less: Treasury stock	–	–
Other consolidated incomes	–	–
Including: transition reserve	–	–
Special reserve	–	–
Surplus reserves	–	–
Including: legal accumulation funds	–	–
Optional accumulation funds	–	–
Reserved funds	–	–
Enterprise expension funds	–	–
Capital redemption	–	–
General risk preparation	–	–
Undistributed profits	(11,247,667.59)	(10,659,432.54)
	(10,321,791.59)	(9,733,556.54)
Minority stockholder's interest	–	–
TOTAL OWNERS' EQUITY	**(10,321,791.59)**	**(9,733,556.54)**
TOTAL LIABILITIES & OWNERS' EQUITY	**3,640,018.42**	**2,058,134.37**

INCOME STATEMENT FOR THE YEAR ENDED: 31-DEC-2020

Item	(RMB) Current Period	(RMB) Prior Period
1. **OVERALL SALES**	19,665,944.91	11,923,087.59
Including: Sales from operations	19,665,944.91	11,923,087.59
Interest income	–	–
Insurance premiums earned	–	–
Handling charges and commissions income	–	–
2. **OVERALL COSTS**	**20,259,755.08**	**13,079,895.86**
Including: Cost of operations	17,734,812.11	9,511,490.66
Interest expenses	–	–
Handling charges and commissions expenses	–	–
Surrender value	–	–
Net payments for insurance claims	–	–
Reserve fund for insurance contracts	–	–
Bond insurance expense	–	–
Reinsurance expense	–	–
Tax and surcharges	12,514.30	7,784.40
Selling expenses	1,440,057.60	1,584,770.46
Administration expenses	1,748,464.54	1,817,135.96
Research and development expenses	–	–
Financial expenses	(676,093.47)	158,714.38
Including: Interest expense	–	–
Interest income	3,377.09	3,428.92
Loss on foreign exchange transactions(Gain expressed with "–")	(680,033.40)	155,391.63
Others	–	–
Plus: Other Incomes	–	–
Investment income (loss expressed with "–")	–	–
Including: Investment income from joint ventures and affiliates	–	–
Including: Investment income from joint ventures and affiliates (loss expressed with "–")	–	–
Gain on foreign exchange transactions (loss expressed with "–")	–	–
Net Open Hedging Return	–	–
Plus: Gain or loss from changes in fair values (loss expressed with "–")	–	–
Impairment losses on credit		
Impairment losses on assets		
Gains from disposal of assets (loss expressed with "–")	–	–
3. **PROFIT FROM OPERATIONS (loss expressed with "–")**	**(593,810.17)**	**(1,156,808.27)**
Plus: Non-operating profit	5,575.12	5,285.12
Including: Government grant incomes	–	–
Less: Non-operating expenses	–	0.30
4. **PROFIT BEFORE TAX (LOSS EXPRESSED WITH "–")**	(588,235.05)	(1,151,523.45)
Less: Income tax expenses	–	–
5. **NET PROFIT (LOSS EXPRESSED WITH "–")**	(588,235.05)	(1,151,523.45)
(1) Classification by ownership	–	–
Net profit belonging to parent company	(588,235.05)	(1,151,523.45)
Minority interest	–	–
(2) Classification by business continuity	–	–
Income from continuing operations (Net loss expressed with "–")	(588,235.05)	(1,151,523.45)
Income from discontinued operations (Net loss expressed with "–")	–	–

INCOME STATEMENT FOR THE YEAR ENDED: 31-DEC-2020

Item	(RMB) Current Period	(RMB) Prior Period
6. Net of tax from other comprehensive income	–	–
Net of tax from other comprehensive income attributed to the parent company owners	–	–
(1) Other comprehensive income cannot reclassified into the profit and loss	–	–
Including: 1. Remeasure the variation of defined benefit plans	–	–
2. Other comprehensive incomes that cannot be converted into Profits and Losses under equity method	–	–
3. Fair value changes of investment in other equity instruments	–	–
4. Fair value changes of enterprise's credit Risk	–	–
5. Others	–	–
(2) Other comprehensive income that will be reclassified into the profit and loss	–	–
Other comprehensive incomes that can be converted into Profits and Losses under equity method	–	–
1. Fair value changes of investments in other equity instruments	–	–
2. Changes in fair value through profit and loss of available-for-sale financial assets	–	–
3. Amounts of financial assets reclassified into other comprehensive returns	–	–
4. Held-to-maturity investment reclassified into available-for sale financial assets	–	–
5. Credit losses of investments in other equity instruments	–	–
6. Cash-flow hedging reserves (Effective part of cash-flow hedge profit and loss)	–	–
7. Balance arising from the translation of foreign currency financial statements	–	–
8. Others	–	–
Net of tax from other comprehensive income belonging to the minority shareholders	–	–
TOTAL CONSOLIDATED INCOME	(588,235.05)	(1,151,523.45)
Total comprehensive income attributed to the parent company owners	(588,235.05)	(1,151,523.45)
Total comprehensive income belonging to the minority shareholders	–	–
EARNINGS PER SHARE (EPS):	–	–
Basic EPS	–	–
Diluted EPS	–	–

CASH FLOW STATEMENT FOR THE YEAR ENDED: 31-DEC-2020

Item	Current Period RMB	Prior Period RMB
1. Cash flow from operating activities	–	–
Cash from sale and render service	23,042,103.94	12,024,108.81
Net increase of customer's deposit and deposit taking of interbank		
Net increase borrowings from central bank	–	–
Net increase borrowing funds to other financing institution	–	–
Cash from original insurance contract premium	–	–
Net cash from reinsurance business		
Net increase of insured deposit and investment	–	–
Net increase of financial assets disposal measured as fair value and the variation included in current profit and loss	–	–
Cash for interest & commission	–	–
Net increase of loans	–	–
Net increase of repurchasing business funds	–	–
Net cash of agents selling securities	–	–
Refund of taxes and levies	2,693.16	1,534.12
Other cash received relating to operating activities	455,468.68	2,008,259.14
Cash inflows from operating activities	**23,500,265.78**	**14,033,902.07**
Cash inflows from operating activities	16,144,886.62	11,397,292.83
Net increase of customer loans and advances	–	–
Net increase depositing in central bank and other banks	–	–
Cash paid for original insurance contract compensation payment	–	–
Net increase lending funds		
Cash for payment of interest, commission	–	–
Cash paid for policy dividend	–	–
Cash paid to employee and for employee	1,651,956.80	1,665,129.02
Payments of all types of taxes	76,308.04	656,048.79
Other cash paid relating to operating activities	4,380,340.24	1,528,670.26
Cash inflows from operating activities	**22,253,491.70**	**15,247,140.90**
Net cash flows from operating activities	**1,246,774.08**	**(1,213,238.83)**
2. Cash Flows from Investing Activities	–	–
Cash from recouping the capital outlay	–	–
Cash from investment income	–	–
Net cash from disposal of fixed assets, Intangible assets & other long-term assets	–	–
Net cash received disposal subsidiary and other business units	–	–
Proceeds from other investment activities	–	–
Cash inflow from investment activities	**–**	**–**
Cash paid to acquire fixed assets, intangible assets and other long-term assets	2,499.00	36,132.00
Cash paid to acquire investments	–	–

CASH FLOW STATEMENT FOR THE YEAR ENDED: 31-DEC-2020

Item	Current Period RMB	Prior Period RMB
Net increase in pledged loans	–	–
Cash inflow from investment activities	–	–
Other cash payments relating to investing activities	–	3,000.00
Cash inflow from investment activities	**2,499.00**	**39,132.00**
Cash inflow from investment activities	**(2,499.00)**	**(39,132.00)**
3. Cash flows from financing activities	**–**	**–**
Cash received from capital contribution	**–**	**–**
Including: cash inflows from minority investment in subsidiaries	**–**	**–**
Cash received from borrowings	–	–
Other cash received relating to financing activities	–	–
Cash inflow from investment activities		
Cash repayments of amounts borrowed	–	–
Cash payments for interest expenses and distribution of dividends or profit	–	–
Including: dividends and earnings paid to minorities by subsidiaries	–	–
Other cash payments relating to financing activities	–	–
Cash inflow from investment activities	–	–
Net cash flows from financing activities	**–**	**–**
4. Effect of Foreign Exchange Rate Changes on Cash	**–**	**–**
5. Net Increase in Cash and Cash Equivalents	**1,244,275.08**	**(1,252,370.83)**
Plus: Initial cash and cash equivalents balance	142,854.31	1,395,225.14
6. The final cash and cash equivalents balance	**1,387,129.39**	**142,854.31**

STATEMENT OF CHANGES IN OWNER'S EQUITY FOR THE YEAR ENDED: 31-DEC-2020

M Unit: RMB ¥

Item	Current year balance – Total equity of parent company													
		Other equity instruments												
	Paid-in capital (or stock)	Preferred stocks	Perpetual capital securities	Others	Capital surplus	Minus: Treasury Stock	Other consolidated income	Special reserve	Surplus reserves	Generic Risk Reserve	Undistributed profit	Sub-total	*Minority interests	Total equity
Line no.	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Balance at the end of last year	**925,876.00**										**(10,659,432.54)**	**(9,733,556.54)**		**(9,733,556.54)**
Accountancy's policy changes	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Mistake correction of the last period	–	–	–	–	–	–	–	–	–	–	–	–	–	–
others														
Balance at the beginning of this year	**925,876.00**										**(10,659,432.54)**	**(9,733,556.54)**		**(9,733,556.54)**
Increase or decrease changes in current year											**(588,235.05)**	**(588,235.05)**		**(588,235.05)**
Total consolidated income	–	–	–	–	–	–		–	–	–	**(588,235.05)**	**(588,235.05)**		**(588,235.05)**
Capital contributed/reduced by owners														
Capital invested by owners		–	–	–		–	–	–	–	–	–			
Holders of other equity instruments invested capital						–	–	–	–	–	–			
The amount of share-based payments recorded in owners'equity		–	–	–		–	–	–	–	–	–			
others		–	–	–										
Extraction and use of special reserves		–	–	–										
Extraction of special reserves	–	–	–	–	–	–	–		–	–	–			
Use of special reserves	–	–	–	–	–	–	–		–	–	–			
Profit distribution														
Surplus reserves	–	–	–	–	–	–	–	–		–			–	
Including: Statutory accumulation reserve	–	–	–	–	–	–	–	–		–			–	
Discretionary accumulation	–	–	–	–	–	–	–	–		–			–	
Reserve fund	–	–	–	–	–	–	–	–		–			–	
Enterprise expansion funds	–	–	–	–	–	–	–	–		–			–	
Profits capitalized on return of investment	–	–	–	–	–	–	–	–		–			–	
Provision for normal risks	–	–	–	–	–	–	–	–	–				–	
Profit distributed to owners (or stockholders)	–	–	–	–	–	–	–	–	–	–				
others														
Transfers within the owners' equity														
Capital surplus conversed to capital (or stock)						–	–	–	–	–	–		–	
Surplus reserve conversed to capital (or stock)		–	–	–	–	–	–	–		–	–		–	
Surplus reserve conversed to capital (or stock)	–	–	–	–	–	–	–	–		–			–	
Variation amounts of defined benefit plans transfer to retained earnings	–	–	–	–	–	–		–	–	–			–	
Other consolidated incomes transfer to retained earnings	–	–	–	–	–	–		–	–	–			–	
Others														
Balance at the end of this report period	**925,876.00**										**(11,247,667.59)**	**(10,321,791.59)**		**(10,321,791.59)**

STATEMENT OF CHANGES IN OWNER'S EQUITY FOR THE YEAR ENDED: 31-DEC-2020 (CONTD...)

M Unit: RMB ¥

	Prior year balance													
	Total equity of parent company													
		Other equity instruments												
Item	Paid-in capital (or stock)	Preferred stocks	Perpetual capital securities	Others	Capital surplus	Minus: Treasury Stock	Other consolidated income	Special reserve	Surplus reserves	Generic Risk Reserve	Undistributed profit	Sub-total	*Minority interests	Total equity
Line no.	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Balance at the end of last year	**925,876.00**										**(9,507,909.09)**	**(8,582,033.09)**		**(8,582,033.09)**
Accountancy's policy changes	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Mistake correction of the last period	–	–	–	–	–	–	–	–	–	–	–	–	–	–
others														
Balance at the beginning of this year	**925,876.00**										**(9,507,909.09)**	**(8,582,033.09)**		**(8,582,033.09)**
Increase or decrease changes in current year											**(1,151,523.45)**	**(1,151,523.45)**		**(1,151,523.45)**
Total consolidated income	–	–	–	–	–	–		–	–	–	**(1,151,523.45)**	**(1,151,523.45)**		**(1,151,523.45)**
Capital contributed/reduced by owners														
Capital invested by owners		–	–	–		–	–	–	–	–	–			
Holders of other equity instruments invested capital						–	–	–	–	–	–			
The amount of share-based payments recorded in owners'equity		–	–	–		–	–	–	–	–	–			
others		–	–	–										
Extraction and use of special reserves		–	–	–										
Extraction of special reserves	–	–	–	–	–	–	–		–	–	–			
Use of special reserves	–	–	–	–	–	–	–		–	–	–			
Profit distribution														
Surplus reserves	–	–	–	–	–	–	–			–			–	
Including: Statutory accumulation reserve	–	–	–	–	–	–	–	–		–			–	
Discretionary accumulation	–	–	–	–	–	–	–	–		–			–	
Reserve fund	–	–	–	–	–	–	–	–		–			–	
Enterprise expansion funds	–	–	–	–	–	–	–	–		–			–	
Profits capitalized on return of investment	–	–	–	–	–	–	–	–		–			–	
Provision for normal risks	–	–	–	–	–	–	–	–	–				–	
Profit distributed to owners (or stockholders)	–	–	–	–	–	–	–	–	–	–				
others														
Transfers within the owners' equity														
Capital surplus conversed to capital (or stock)						–	–	–	–	–	–		–	
Surplus reserve conversed to capital (or stock)		–	–	–	–	–	–	–		–	–		–	
Surplus reserve conversed to capital (or stock)	–	–	–	–	–	–	–	–		–			–	
Variation amounts of defined benefit plans transfer to retained earnings	–	–	–	–	–	–		–	–	–			–	
Other consolidated incomes transfer to retained earnings	–	–	–	–	–	–		–	–	–			–	
Others														
Balance at the end of this report period	**925,876.00**										**(10,659,432.54)**	**(9,733,556.54)**		**(9,733,556.54)**

Notes to Financial Statements of 2020

Origin Direct Asia (Shanghai) Trading Company Limited All amounts in RMB unless otherwise stated.

I. Basic Information of the Company

Origin Direct Asia (Shanghai) Trading Company Limited is an enterprise invested and founded by Origin Direct Asia Limited. On February 11, 2010, Shanghai Municipal People's Government approved its establishment and issued the Approval Certificate for the Establishment of Enterprises with Investments of Taiwan,Hong Kong, Macao and Overseas Chinese in PRC (No. 0438 [2010] Certificate for Wholly-owned Foreign Investment Enterprise in Jing'an District in Shanghai). The Company was founded on May 28, 2010. It now possesses a Business License for Enterprise's Legal Person issued by Shanghai Administration for Industry & Commerce (Unified social code91310000551501987A). Its registered capital totals 140,000 U.S. dollars, and its operation period is 20 years.

The Company mainly engages in the wholesale, import & export, and agent service with commission (excluding auction) of prepackaged foods (including frozen foods and refrigerated foods; excluding delicatessen and braised foods) and edible agricultural products (excluding unprocessed pork products). It also offers after-sale services regarding those products aforementioned. (Excluding goods subject to the state-run trade administration; for goods subject to administration of quotas and license, related applications shall be transacted in line with corresponding state provisions.) (Operating with administrative permits where they areapplicable.)

II. Primary Accounting Policies and Estimates of the Company

1. **Accounting Standard & Accounting System:** The Company adopts the Accounting Standards for Enterprises and Accounting System for Business Enterprises and corresponding supplementary provisions launched by the state.

2. **Fiscal Year:** From January 1 to December 31 of a calendar year.

3. **Recording Currency:** RMB.

4. **Base of Accounting:** Accrual Basis; **Valuation Principle:** Based on Historical Cost

5. **Translation Method of Transactions in Foreign Currency**

Within a fiscal year, the amount of an economical business involving foreign currency shall be translated into RMB and recorded based on the market exchange rate (medium rate) on the first date of the month when related business occurs launched by People's Bank of China and cross exchange rate provided by State Administration of Foreign Exchange. At the end of each month, balance in foreign currency in foreign currency account shall be adjusted based on market exchange rate (medium rate) and cross exchange rate at the end of that month. For the difference incurred (profit and loss), if the special borrowing in foreign currency is related to the acquisition and construction of fixed assets, principle and interest incurred before they are ready for the intended use shall be capitalized. For those incurred during preparation period shall be recorded as long-term deferred expense. The rest shall be recorded as current expense.

6. **Recognition Standard of Cash Equivalents**

The Company recognizes short-term (expires within 3 months after they are purchased) and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value it holds as cash equivalents.

7. **Accounting Method for Bad Debt Losses of Accounts Receivable**

(1) Recognition Standard of Bad Debt Losses

(i) Accounts receivable whose collection is still not possible after the use of the bankruptcy assets for settlement or the estate for repayment due to the bankruptcy or death of the debtor;

(ii) Accounts receivable with obvious features that its collection is impossible due to the failure of the debtor to fulfill repayment obligations.

All accounts receivable mentioned above that are for sure irrecoverable shall be recognized as bad debt write-off after being approved by authorized department.

(2) Measurement Method of Bad Debts Losses

Losses on bad debts shall be measured by adopting allowance method. The Company shall withdraw bad debts provisions on all accounts receivable and all other accounts receivable by adopting the specific identification method.

8. **Accounting Method of Inventories**

(1) Classification of the Company's Inventories

Inventories are those finished products or merchandises or those in the process of production for the purpose of selling, and materials and goods used in the production or services providing process as well as others under the Company's possession during the normal production and operation process.Inventories of the Company can be classified as: commodities in storage and low-value consumables.

(2) Determination Method of Entry Value of Inventories Acquired

All inventories shall be initially accounted with their actual costs when they are acquired.

(3) Measurement Method of Inventories on Delivery

Normally, inventories shall be accounted based on their actual costs, while inventories on delivery shall be accounted with First-in First-out method.

(4) Amortization Method of Low-value Consumables

Low-value consumables are amortized on on-off amortization.

(5) Inventory System

The Company uses perpetual inventory system.

(6) Recognition Standard of Depreciation Provision and Related Withdrawing Method

At the end of year, the Company accounts inventories depending on which is lower between the cost and the net realizable value. When the cost of inventories can't be recovered because the inventories suffer from disuse or all or part is stale or out of date, or the sales price is lower than the cost, impairment provision on the exceeding part shall be withdrawn. Related depreciation provisions shall be accounted according to the difference between the cost of individual inventory item and corresponding net realized value. For inventories with huge quantity but lower unit price, cost and net realized value shall be determined based on categories.

Net realized value of inventories shall be determined based on the amount after deducting estimated cost for completion and estimated expense for sales from the estimated sales price during the Company's normal production and operation process.

9. **Measure and Depreciation Policies of Fixed Assets and Method to Withdraw**

Corresponding Impairment Provisions

(1) Standards to Recognize Fixed Assets: Fixed assets refer to as tangible assets having all features as follows synchronously: (i) held for the purpose of producing goods, providing services, lease or for operation and management; (ii) having more than one year of service life; and (iii) respective value is high. Detailed standards are: (i) buildings, structures, machines, machinery and transportation facilities with a service life over a year as well as other equipments, appliances and tools related to production and operation; and (ii) articles that are not major devices of production and operation and bear the unit value of over RMB 2,000 and a service life over 2 years.

(2) **Classification of Fixed Assets:** Electrical Equipments

(3) **Measurement of Fixed Assets and Methods for Impairment Examination and Withdrawing Impairment Provisions:** Fixed assets shall be recorded at actual costs or determined values. At the end of each year, the Company will take the impairment examination each by each. When recoverable amount is lower than carrying value, related differenceshall be recognized as impairment provision and be recorded into current profits and losses. Impairment provisions of fixed assets shall be withdrawn on a single item assets base.

(4) **Depreciation Method of Fixed Assets**

Straight-line method is adopted in depreciation of fixed assets. Depreciation rate of each category of fixed assets was determined according to their original costs and their estimated economical usable lives after deducting their retained values (0% of original costs). Depreciation rate of each category of fixed assets is:

Category	Depreciation Age (Years)	Annual Depreciation Rate (%)
Electrical Equipments	3	33.33
Office furniture	5	20.00

For a fixed asset whose provision for depreciation had been made, when making depreciation, its depreciation rate and amount shall be re-determined based on its carrying amount and retained usable life. For a fixed asset whose provision for depreciation had been made, when its value resumes, its depreciation rate and amount shall be re-determined based on its resumed carrying amount and retained usable life.

10. Recognition Method of Revenues

(1) From Selling Goods

The Company recognizes related amount as operating revenue when it already transferred the significant risks and rewards of ownership of the goods to the buyer, when it retains neither continuous management right nor actual control over the sold goods, when relevant economic benefits may flow into the company, and when relevant amount of revenue and relevant costs incurred can be measured in a reliable way.

11. Accounting Treatment on Lease Business

(1) The Company's Accounting Treatment on Operating Lease Business as the Lessee

The rents from operating leases shall be recognized as the expense by using straight-line method over each period of the lease term.

12. Accounting Treatment Method on Income Tax

The Company adopts the tax payable method.

13. Taxes

Tax types and rates available for the Company are:

Tax Type	Income Tax	Value-added Tax
Tax Rate	25%	9%
Tax Base	Income Tax Payable	Output Tax for the Period Deducting Input Tax for the Period

III. Changes on Significant Accounting Policies & Estimates and Explanations on Corrections of Material Accounting Errors

Till the date of these financial statements, the Company conducted no change on significant accounting policies and estimates and had no correction on material accounting errors.

IV. Notes to Items in Financial Statements

1. Cash and Cash Equivalents

Item	Ending Amount	Beginning Amount
Cash	20,298.46	36,899.44
Deposit in Bank	1,366,830.93	105,954.87
Total	**1,387,129.39**	**142,854.31**

2. Account Receivable

Analysis on account receivable based on aging:

	Ending Balance			Beginning Balance		
Aging	**Amount**	**Percentage in Total (%)**	**Bad Debt Provision**	**Amount**	**Percentage in Total (%)**	**Bad Debt Provision**
Within a Year	1,351,929.31	100.00		424,578.27	64.03	
1 to 2 Years				111,880.00	16.87	
2 to 3 Years				126,646.00	19.10	
Total	**1,351,929.31**	**100.00**		**663,104.27**	**100.00**	

Information of debtors regarding huge amount in account receivableat the end of year:

Name of Debtor	Balance at End of Year	Type or Content	Aging
Shanghai Yuqian Trading Co., Ltd	1,351,929.31	Payment for Goods	Within a Year

3. Other Account Receivable

Analysis on other account receivable based on aging:

Aging	Ending Balance Amount	Ending Balance Percentage in Total (%)	Ending Balance Bad Debt Provision	Beginning Balance Amount	Beginning Balance Percentage in Total (%)	Beginning Balance Bad Debt Provision
Within a Year	273,536.03	66.92		176,461.58	74.06	
1 to 2 Years	73,679.80	18.03		3,600.00	1.51	
2 to 3 Years	3,385.63	0.83		58,220.00	24.43	
Over 3 years	58,120.00	14.22				
Total	**408,721.46**	**100.00**		**238,281.58**	**100.00**	

Information of debtors regarding huge amount in other account receivable at the end of year:

Name of Debtor	Balance at End of Year	Type or Content	Aging
Jason	305,601.46	Loan	Within 2 Year
Shanghai Hongshen freight forwarding Co., Ltd	500,000.00	Freight forwarding fee	Within 3 Year 3

4. Prepayment

Analysis on Prepayment based on aging:

Aging	Ending Balance Amount	Ending Balance Percentage in Total (%)	Ending Balance Bad Debt Provision	Beginning Balance Amount	Beginning Balance Percentage in Total (%)	Beginning Balance Bad Debt Provision
Within a Year	457,288.80	100.00		355,862.94	100.00	
Total	**457,288.80**	**100.00**		**355,862.94**	**100.00**	

Information of debtors regarding huge amount in Prepayment at the end of year:

Name of Debtor	Balance at End of Year	Type or Content	Aging
Shanghai Ouheng Import and Export Co., Ltd	200,000.00	Expenses of taxation	In 1 Year
Ningbo Oheng Supply Chain Management Co., Ltd	200,000.00	Taxes and agency fees	In 1 Year

5. Fixed Assets

(1) Original Cost:

Item	Beginning Balance	Current Increase	Current Decrease	Ending Balance
Electrical Equipments	131,245.93	2,499.00		133,744.93
Office Furniture	14,675.00			14,675.00
Total	**145,920.93**	**2,499.00**		**148,419.93**

(2) Accumulated Depreciation:

Item	Beginning Balance	Current Increase	Current Decrease	Ending Balance
Electrical Equipments	89,982.97	10,279.97		100,262.94
Office Furniture	13,207.53			13,207.53
Total	**103,190.50**	**10,279.97**		**113,470.47**

(3) Net Value:

Item	Beginning Balance	Ending Balance
Electrical Equipments	41,262.96	33,481.99
Office Furniture	1,467.47	1,467.47
Total	**42,730.43**	**34,949.46**

6. Account Payable

Analysis on account payable based on aging:

	Ending Balance		Beginning Balance	
Aging	**Amount**	**Percentage**	**Amount**	**Percentage**
Within a Year	11,585,671.04	90.08	9,585,066.32	73.45
1 to 2 Years	0.52		3,464,666.24	26.55
2 to 3 Years	1,275,673.35	9.92		
Total	**12,861,344.91**	**100.00**	**13,049,732.56**	**100.00**

Information on creditors lending huge amount in account payable at the end of year:

Name of Debtor	Balance at End of Year	Type or Content	Aging
ODA HK	11,532,588.15	Payment for Goods	Within 1 Years

7. Advances from customers

Analysis on advances from customers based on aging:

	Ending Balance		Beginning Balance	
Aging	**Amount**	**Percentage**	**Amount**	**Percentage**
Within a Year	2,790,169.87	100.00	495,680.69	100.00
Total	**2,790,169.87**	**100.00**	**495,680.69**	**100.00**

Information on creditors lending huge amount in advances from customers at the end of year:

Name of Debtor	Balance at End of Year	Type or Content	Aging
Shanghai Ruifu Trading Co., Ltd	2,400,000.00	Payment for Goods	Within 1 Year
Miss Yu	355,169.87	Payment for Goods	Within 1 Year

8. Tax Payable

Type	Ending Balance	Beginning Balance
Value-added Tax	(1,790,944.50)	(1,937,324.46)
Individual Income Tax	14,817.28	7,142.04
Corporate income tax		
Stamp duty	12,514.30	7,784.40
Total	**(1,763,612.92)**	**(1,922, 398.02)**

9. Paid-in Capital

Name of Investor	Beginning Balance				Ending Balance	
	Invested Amount	**Percentage**	**Current Increase**	**Current Decrease**	**Invested Amount**	**Percentage**
Origin Direct Asia Limited	925,876.00	100.00%			925,876.00	100.00%
Total	**925,876.00**	**100.00%**			**925,876.00**	**100.00%**

Details in above paid-in capital item had already been reviewed by Shanghai Yonghua Certified Public Accountants and related Capital Verification Report (No. 141 [2011] Capital Verification Report of Shanghai Yonghua) was also issued by this office on August 24, 2011.

10. Undistributed Profit

Item	Amount
Beginning Balance of Current Year	(10,659,432.54)
Current Increase	(588,235.05)
Including: Transfer-in of Net Profits of Current Year	(588,235.05)
Ending Balance of Current Year	**(11,247,667.59)**

11. Revenue of Main Business

Item	Amount of Current Year	Amount of Last Year
Revenue of Fruit Trading	19,665,944.91	11,923,087.59
Total	**19,665,944.91**	**11,923,087.59**

12. Cost of Main Business

Item	Amount of Current Year	Amount of Last Year
Cost of Fruit Trading	17,734,812.11	9,511,490.66
Total	**17,734,812.11**	**9,511,490.66**

13. Sales Expense

Item	Amount of Current Year	Amount of Last Year
Accumulative Amount of Current Year	**1,440,057.60**	**1,584,770.46**
Main Items Include:		
Bonus	76,698.11	
Freight	233,776.32	**504,742.85**
The sales salary	635,740.60	516,998.78
Service charge	88,842.52	214,563.02
Warehousing charges	342,056.61	130,341.51

14. Administrative Expense

Item	Amount of Current Year	Amount of Last Year
Accumulative Amount of Current Year	**1,748,464.54**	**1,817,135.96**
Main Items Include:		
Rents for Houses	276,000.00	256,000.00
Wages of Employees	940,288.12	857,631.47
Financial service fee	67,359.00	66,225.00
Social insurance premium	107,248.30	247,986.30

15. Financial Expense

Item	Amount of Current Year	Amount of Last Year
Interest Expense		
Less: Interest Income	3,377.09	3,428.92
Exchange Loss		155,391.63
Less: Exchange Income	680,033.40	
Bank Commission	7,317.02	6,751.67
Total	**(676,093.47)**	**158,714.38**

V. Relationship and Corresponding Transactions with Related Parties

1. Related Parties Having a Relationship of Controlling

(1) Information of Related Parties Having a Relationship of Controlling

Name of Enterprise	Origin	Relationship with the Company	Economical Characteristic or Type
Origin Direct Asia Limited	Hong Kong	Investor	Legal Representative in Hong Kong

(2) Quantities and Changes of Shares Held by Related Parties Having a Relationship of Controlling

Name of Enterprise	Beginning Amount		Current Increase	Current Decrease	Ending Amount	
	Amount	Percentage			Amount	Percentage
Origin Direct Asia Limited	925,876.00	100.00%			925,876.00	100.00%
Total	**925,876.00**	**100.00%**			**925,876.00**	**100.00%**

(3) Purchase transaction amount of related parties with control relationship

Type	Ending Balance
Purchase inventory goods	17,119,511.27
Total	**17,119,511.27**

(4) The Final Transaction Balance of the Related Party in the Relationship of Controlling

Type	Ending Balance	Beginning Balance
Account Payable	11,532,588.15	11,774,058.69
Total	**11,532,588.15**	**11,774,058.69**

VI. Contingencies

Till December 31, 2020, the Company had no contingency such as mortgage or promise needed to be disclosed.

VII. Subsequent Events

Till these financial statements were signed and issued, the Company had no subsequent event that would affect the reading and understanding of them.

VIII. Explanation on going concern

Origin Direct Asia (Shanghai) Trading Company Limited On December 31, 2020, current liabilities are greater than total assets by RMB10,321,791.59. The Company's stockholders undertake continuing support to the Company in the operations of year 2021 and the following years to assure the capital needed for development of business, to assure the ability of the Company as a going concern, and to gradually turn losses into gains.

IX. Approval of Accounting Statement

The Accounting Statement of 2020 was already approved by authorized department of the Company.

Origin Direct Asia (Shanghai) Trading Company Limited

Legal Representative (Signature & Seal)

April 12, 2021

INDEPENDENT AUDITOR'S REPORT

Grant Thornton Bharat LLP
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To the Board of Directors
Bristlecone Limited

We have audited the accompanying special purpose parent-only financial statements ("special purpose financial statements") of **Bristlecone Limited** (the 'Company', a Cayman Islands corporation and subsidiary of Mahindra Holdings Limited), which comprise the statement of assets and liabilities as of March 31, 2021, and the related statements of revenues and expenses, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the special purpose financial statements.

Management's responsibility for the special purpose financial statements

Management is responsible for the preparation and fair presentation of these special purpose financial statements in accordance with the basis of accounting as described in Note A(3.1) to the special purpose financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2021, and the results of its operations and its cash flows for the years then ended in accordance with the basis of accounting as described in Note A(3.1).

Basis of accounting

We draw attention to Note A(3.1) of the accompanying special purpose financial statements, which describes the basis of accounting for the aforesaid special purpose financial statements. These special purpose financial statements have been prepared for the information and use of the management of Bristlecone Limited and to enable Mahindra Holdings Limited to prepare its consolidated financial statements for the year ended 31 March 2021 and therefore, these special purpose financial statements may not be suitable for any other purpose. Our opinion is not modified with respect to this matter.

Restriction on use

This report is intended solely for the use of the management of Bristlecone Limited and Mahindra Holdings Limited for the aforementioned purpose, and accordingly, may not be suitable for any other purpose, and should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Further, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

Grant Thornton Bharat LLP

Mumbai, India

Date: 06 May 2021

STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2021

	Note ref	As at March 31, 2021 US$	As at March 31, 2020 US$
ASSETS			
Current assets			
Cash and cash equivalents	B	**1,209,821**	496,258
Other receivable		**7,700**	–
Total current assets		**1,217,521**	496,258
Non-Current assets			
Investments in subsidiaries	C	**28,558,404**	28,558,404
Total non-current assets		**28,558,404**	28,558,404
Total assets		**29,775,925**	29,054,662
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable			
To Subsidiary	I	**317,440**	260,760
To Others		**77,145**	61,520
Short term borrowring	E		
From related party		**500,000**	500,000
From others		**12,250,000**	12,250,000
Accrued Interest	E		
To related party		**18,069**	244
To others		**630**	1,193
Total Current liabilities		**13,163,284**	13,073,717
Stockholders' equity	F		
Common Stock		**10,284**	10,182
Series A Preferred Stock		**8,076**	8,076
Series B Preferred Stock		**6,920**	6,920
Additional paid-in-capital		**16,771,491**	16,736,294
Accumulated Deficit		**(184,130)**	(780,527)
Total stockholders' equity		**16,612,641**	15,980,945
Total liabilities and stockholders' equity		**29,775,925**	29,054,662

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF REVENUES AND EXPENSES
STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2021

	Note Ref.	**Year ended March 31, 2021 US$**	Year ended March 31, 2020 US$
Income	D	**1,367,992**	751,650
Total income		**1,367,992**	751,650
Expenses			
Stock compensation expenses	G	**18,411**	26,379
General and administrative expenses		**116,209**	89,910
Provision for losses (impairment of investments) in subsidiary company	C	**–**	813,107
Interest expense	E	**346,688**	492,720
Total expenses		**481,308**	1,422,116
Net Profit/(loss) before tax		**886,684**	(670,466)
Income tax			
Foreign taxes	D	**290,287**	187,910
Net Profit/(Loss)		**596,397**	(858,376)

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF CASH FLOWS
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	Year ended March 31, 2021 US$	Year ended March 31, 2020 US$
Cash flow from operating activities		
Net profit/(loss)	**596,397**	(858,376)
Adjustments to reconcile net profit/(loss) to net cash used in operating activities		
Stock compensation expenses	**18,411**	26,379
Provision for losses (impairment of investments) in subsidiary company	**–**	813,107
Changes in assets and liabilities		
Increase/(Decrease) in Accounts Payable	**72,305**	(6,508)
(Decrease)/Increase in Accrued Interest	**17,262**	(282,517)
Decrease/(Increase) in other receivables	**(7,700)**	–
Net cash generated from/(used in) operating activities	**696,675**	(307,915)
Cash flow from financing activities		
Proceeds from issue of Common Stock	**16,888**	36,094
Repayment of short term debt	**–**	(250,000)
Proceeds from short term debt, related parties	**–**	500,000
Net cash provided by financing activities	**16,888**	286,094
Net (decrease) / increase in cash and cash equivalents	**713,563**	(21,821)
Cash and cash equivalents at the beginning of the year	**496,258**	518,079
Cash and cash equivalents at the end of the year	**1,209,821**	496,258
Supplemental disclosures		
Interest paid	**329,426**	775,481
Foreign taxes paid	**290,287**	187,910
Dividend received	**1,367,989**	751,650

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Amounts in US$

	Preferred stock				Common stock						
	Authorized		Issued and outstanding		Authorized		Issued and outstanding		Additional paid in capital	Accumulated (deficit)	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Amount	Amount
Balance as at April 1, 2019	**21,000,000**	**21,000**	**14,995,526**	**14,996**	**37,000,000**	**37,000**	**10,225,967**	**10,226**	**16,934,537**	**77,849**	**17,037,608**
Stock issued during the year	–	–	–	–	–	–	46,875	47	36,047	–	36,094
Stock repurchased during the year	–	–	–	–	–	–	(90,857)	(91)	(260,669)	–	(260,760)
Stock compensation expense	–	–	–	–	–	–	–	–	26,379	–	26,379
Net loss for the year	–	–	–	–	–	–	–	–	–	(858,376)	(858,376)
Balance as at March 31, 2020	**21,000,000**	**21,000**	**14,995,526**	**14,996**	**37,000,000**	**37,000**	**10,181,985**	**10,182**	**16,736,294**	**(780,527)**	**15,980,945**
Stock issued during the year	–	–	–	–	–	–	101,875	102	16,786	–	16,888
Stock compensation expense	–	–	–	–	–	–	–	–	18,411	–	18,411
Net profit for the year	–	–	–	–	–	–	–	–	–	596,397	596,397
Balance as at March 31, 2021	**21,000,000**	**21,000**	**14,995,526**	**14,996**	**37,000,000**	**37,000**	**10,283,860**	**10,284**	**16,771,491**	**(184,130)**	**16,612,641**

(The accompanying notes are an integral part of these financial statements)

NOTES TO SPECIAL PURPOSE PARENT-ONLY FINANCIAL STATEMENTS

NOTE A – BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. NATURE OF OPERATIONS

Bristlecone Limited (the "Company") is the Holding Company for the Bristlecone Group, which comprises of the Company and its wholly owned subsidiaries, Bristlecone India Limited, Bristlecone Inc., Bristlecone UK Ltd, Bristlecone GmbH, Bristlecone (Singapore) Pte. Limited, Bristlecone (Malaysia) SDN BHD, Bristlecone Consulting Limited (Canada), Bristlecone International AG (Switzerland) and Bristlecone Middle East DMCC (UAE). The Group is engaged in providing technology solutions and consulting services with principal operations in the United States of America, India, Singapore, Malaysia, Germany, Switzerland, Canada, United Kingdom and UAE. The Group's primary focus is on providing supply chain services ranging from supply chain strategy and network design to supply chain system implementations. The Group also provides application outsourcing services, data management services and development and integration services to independent software vendors.

Estimation uncertainty relating to the global health pandemic - COVID-19

In assessing the carrying value of investments in subsidiaries, the Company has considered internal and external information up to the date of these financial statements including future business projections and related net cash flow projections and economic forecasts for each of the subsidiaries basis the economic environment in which each of these subsidiaries operate. The Company has performed sensitivity analysis on the assumptions used and based on the current indicators of future economic conditions, the Company believes that fair value of investments in subsidiaries is expected to be higher than the carrying value of investments. The impact of the global health pandemic may be different from the estimates as at the date of these financial statements and the Company will closely monitor any material changes to future economic conditions as and when they arise and respond accordingly.

2. GENERAL INFORMATION

The Company was incorporated under the laws of 'The Cayman Islands' on February 3, 2004. The Company commenced commercial operations on May 17, 2004 and is a subsidiary of Mahindra Holdings Limited ("Holding Company"), an Indian Company, which is ultimately held by Mahindra & Mahindra Limited ("the Group's ultimate Holding Company").

The Company does not have active commercial operations. It engages in financing and treasury functions for the Group as a whole.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying special purpose parent-only financial statements is as follows:

3.1. OVERALL CONSIDERATIONS

The accompanying financial statements have been prepared under the historical cost convention on the accrual basis of accounting in accordance with the group accounting policies as contained in consolidated financial statements of the holding Company, Bristlecone Limited and its subsidiaries and described herein these notes to reflect the financial position, revenues and expenses and cash flows of the Company.

These special purpose parent – only financial statements have been prepared for the purpose of consolidation with the financial statements of Mahindra Holdings Limited, the Holding Company and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

These special purpose financial statements have been prepared on a going concern basis, which assumes the realization of assets and satisfaction of liabilities in the normal course of business. These financial statements have been presented in the United States Dollars ('$'), which is the functional and reporting currency of the Company.

3.2. USE OF ESTIMATES

In preparing the Company's financial statements in conformity with the accounting policies stated herein, the Company's management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements as well as the reported amounts of other income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The management's estimates for expected forfeitures of employee stock options and realization of carrying value of investments represent certain of these particularly sensitive estimates.

3.3. CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments and deposits with an original maturity of three months or less to be cash equivalents. Cash comprises cash on hand and balance with banks.

3.4. INVESTMENTS

Investments in subsidiaries are carried at cost. Cost is determined based on the cash paid and other liabilities assumed by the Company. Consideration that has been settled by issue of the Company's shares is also considered in arriving at the cost of investments. Provision for impairment is made, whenever the estimated fair value of investments is expected to be lower than the carrying value of investments.

3.5. DIVIDEND INCOME

Dividend received from subsidiaries is recorded as income for the year and is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividends will flow to the Company and the amount of the dividend can be measured reliably. The taxes payable as per the applicable tax laws in respective jurisdictions are recorded as tax expense for the year.

3.6. INTEREST EXPENSE

Interest expense on loans/borrowings is recorded on accrual basis.

3.7. STOCK COMPENSATION

The Company accounts for equity-settled options granted to employees in accordance with ASC 718, "Stock Compensation". ASC 718 addresses the accounting for stock payment transactions in which an enterprise receives employee services in exchange for equity instruments of the enterprise or liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments.

In accordance with the provisions of ASC 718, stock compensation for the awards is recognized on a straight line basis over the requisite service period, which is generally the vesting period of the award.

ASC 718 requires the use of a valuation model to calculate the fair value of stock awards. The Company elected to use the Black-Scholes-Merton pricing model to determine the fair value of stock awards on the date of grant.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of:

	As at March 31, 2021 US$	As at March 31, 2020 US$
Balance in checking and money market accounts	**1,209,821**	496,258

The balances of the Company are held in checking accounts and money market accounts, with the banks participating in the Transaction Account Guarantee Program of Federal Deposit Insurance Corporation (FDIC). Under that program, through March 2021, all transaction accounts are fully guaranteed by the FDIC for US$ 250,000 per tax ID for balances held in checking and money market accounts.

As at March 31, 2021, the Company has US$ 959,821 [2020: US$ 246,258] as balances in excess of the federally insured amounts.

NOTE C – INVESTMENTS

Investments as at year end comprise of investment in subsidiary companies:

	As at March 31, 2021 US$	As at March 31, 2020 US$
Bristlecone India Limited	**5,141,789**	5,141,789
Bristlecone Inc.	**23,214,889**	23,214,889
Bristlecone UK Limited (net)	**–**	–
Bristlecone (Malaysia) SDN. BHD.	**129,261**	129,261
Bristlecone Consulting Ltd.	**1**	1
Bristlecone International AG.	**58,761**	58,761
Bristlecone Middle East DMCC	**13,703**	13,703
	28,558,404	28,558,404

The Company has investment of US$ 4,134,053 [2020: US$ 4,134,053] in Bristlecone UK Limited, a wholly owned subsidiary company. The accumulated losses, as at March 31, 2021, of the subsidiary on the basis of audited financial statements for the year ended March 31, 2021 are GBP 1,806,287 [2020: GBP 1,831,708].

During the previous year, considering the expected future operations of Bristlecone UK Limited, the management had created provision towards impairment of US$ 826,810.

Accordingly, the cumulative provision towards impairment of the value of investments is US$ 4,134,053 [2020: US$ 4,134,053], which represents difference between total investment value and the estimated fair value of investments in the subsidiary.

The Company has investment of US$ 13,703 in Bristlecone Middle East DMCC, a wholly owned subsidiary company. The accumulated reserves, as at March 31, 2021, of the subsidiary on the basis of audited financial statements for the year ended March 31, 2021 are AED 3,644,097 [2020: AED 965,064].

During the previous year, considering the expected future operations of Bristlecone Middle East DMCC, the management had reversed provision towards impairment of US$ 13,703.

NOTE D – INCOME

Bristlecone India Limited paid a dividend of US$ 13,67,989 [2020: NIL]. The tax on the dividend amounting to US$ 290,287, it is classified as foreign taxes under income tax expenses.

During the previous year, Bristlecone Consulting Limited had paid a dividend of US$ 751,650, the tax on the dividend amounting to US$ 187,910 is classified as foreign taxes under income tax expenses.

During the current year, the Company has earned interest income of US$ 3 [2020: US$ 3] on Money market account with Silicon Valley Bank.

NOTE E – SHORT TERM BORROWING

During the previous year, the Company had obtained an uncommitted line of credit amounting to US$ 12,250,000 from Bank of America, N.A. The terms of line of credit provided a ceiling for the total limit at US$ 12,250,000 and the amount drawn was repayable on demand. The interest rate was 3.565% p.a , which was 150 basis points over LIBOR. As at March 31, 2020, the entire amount was drawn against the said line of credit. The line of credit was unsecured and the agreement did not contain any financial covenants.

During the current year, the terms and conditions of aforesaid line of credit were amended. The revised terms of line of credit specify that the borrowings are repayable on September 30, 2021. It bears an interest rate of 1.8765% p.a. which is 150 basis points over LIBOR. As at March 31, 2021, the entire amount was drawn against the said line of credit.

During the previous year, the Company has also obtained a loan of US$ 500,000 from Bristlecone Inc., on March 27, 2020. It bears an interest rate of 3.565% p.a. and is repayable on demand with final maturity date of 9 years from the first utilisation date. The line of credit is unsecured. The agreement does not contain any financial covenants.

Interest expense for the year ended March 31, 2021 towards the line of credit was US$ 328,863 [2020: US$ 492,476] and towards the loan from Bristlecone Inc. was US$ 17,825 [2020: US$ 244].

NOTE F – STOCKHOLDERS' EQUITY

The Company's authorized share capital comprise of 9,000,000 Series A Preferred Stock at par of US$ 0.001 each, 12,000,000 Series B Preferred Stock at par of US$ 0.001 each and 37,000,000 Common Stock at par of US$ 0.001 each as at March 31, 2021 of which 8,075,526 Series A Preferred Stock, 6,920,000 Series B Preferred Stock and 10,283,860 Common Stock at par and outstanding as at March 31, 2021.

Conversion of Preferred Stock

Each Series A Preferred Stock and Series B Preferred Stock are entitled to be converted, without payment of any additional consideration, into one fully paid Common Stock.

Voting

Every member, present in person or by proxy, is entitled to one vote for each Common Stock held. Each Series A Preferred Stockholder and Series B Preferred Stockholder is entitled to votes derived based on ratio of conversion between Preferred Stock and Common Stock on the record date of the Meeting or if no record date is established, the date the poll is taken.

Liquidation

In the event of any liquidation, dissolution or winding up of the Company, holders of Series A & B Preferred Stock are entitled to an amount of one hundred and fifty percent (150%) of the original purchase price of such Stock (as adjusted for any recapitalization, stock combinations, dividends, stock splits and the like) in preference to any distribution to holders of Common Stock.

Additional Paid in Capital

Additional Paid in Capital comprises the capital contributions relating to the issue of the Company's Common Stock and Preferred Stock and amounts adjusted on accounting for the Group reorganization involving acquisition of stake in various subsidiary companies and on accounting for stock compensation.

NOTE G – STOCK COMPENSATION

Bristlecone Limited has four Stock Option Plans:

1. Bristlecone Limited 2004 Stock Option Plan (arising out of conversion of the earlier Bristlecone Inc. Existing Stock Option Plan) and Bristlecone Limited 2008 Stock Option Plan:

   Pursuant to the terms of the acquisition of Bristlecone Inc. on May 17, 2004 by Bristlecone Limited (the "transaction"), the then existing outstanding options of Bristlecone Inc., aggregating to a total of 2,058,493 options were cancelled and fresh options were issued by Bristlecone Limited under 2004 stock option plan based on the exchange criteria set out in the transaction documents.

Options granted under these plans include incentive stock options and non-statutory stock options. As per these plans, 25 per cent of the Shares subject to the Option, vest on the one (1) year anniversary of the vesting commencement date, and 1/48 of the options vest each month thereafter on the same day of the month as the vesting commencement date, subject to the grantee continuing to be an employee through each such date. The term of each Option is stated in the Option Agreement; provided, however, that the term shall be no more than 10 years from the date of grant thereof. The exercise price of each option, (a) granted to an employee who at the time of grant of such option, owns stock representing more than 10 per cent of the voting power of all classes of stock of the Company or any Parent or Subsidiary, shall be no less than 110 per cent of the Fair Market Value per Share as determined by the Board on the date of grant (b) granted to any other employee, shall be no less than 100 per cent of the Fair Market Value per Share determined by the Board on the date of grant, unless otherwise ratified by the Board.

2. Bristlecone Limited Amended and Restated 2004 Stock Option Plan and Bristlecone Limited 2005 Stock Option Plan for Bristlecone India employees:

Options granted under these plans include incentive stock options and non-statutory stock options. As per these plans, 25 cent of the Shares subject to the Option, vest on the completion of 12 calendar months from the vesting commencement date, and no vesting shall occur prior to the completion of such period of 12 months. Subsequently, 6.25 per cent of the options vest on the completion of each 3 month period thereafter until full vesting is completed, subject to the grantee continuing to be an employee through each such date. The term of each Option is stated in the Option Agreement; provided, however, that the term shall be no more than 10 years from the date of grant thereof. The exercise price of each option, (a) granted to an employee who at the time of grant of such option, owns stock representing more than 10 per cent of the voting power of all classes of stock of the Company or any Parent or Subsidiary, shall be no less than 110 per cent of the Fair Market Value per Share as determined by the Board on the date of grant (b) granted to any other employee, shall be no less than 100 per cent of the Fair Market Value per Share determined by the Board on the date of grant.

The following table summarizes information about the options issued under different Plans:

Particulars	Options outstanding Year ended March 31, 2021	Weighted average exercise price March 31, 2021	Options outstanding Year ended March 31, 2020	Weighted average exercise price March 31, 2021
Stock Option 2008 Plan				
Outstanding at April 1	**903,250**	**US$ 2.37**	1,770,042	US$ 1.24
Granted	**503,774**	**US$ 2.03**	271,500	US$ 2.87
Exercised	**101,875**	**US$ 0.17**	46,875	US$ 0.77
Expired / forfeited	**292,584**	**US$ 2.32**	1,091,417	US$ 1.66
Outstanding at March 31	**1,012,565**		903,250	
Stock Option 2004 Amended Plan				
Outstanding at April 1	–	–	–	–
Granted	–	–	–	–
Exercised	–	–	–	–
Expired / forfeited	–	–	–	–
Outstanding at March 31	–		–	
Stock Option 2005 Plan				
Outstanding at April 1	–	–	–	–
Granted	–	–	–	–
Exercised	–	–	–	–
Expired / forfeited	–	–	–	–
Outstanding at March 31	–		–	

The Company has a total option pool of 2,109,061 options as at March 31, 2021 towards all the above options and the unallocated options against this pool as at March 31, 2021 is 1,096,496 options.

Additional information on outstanding options:

Exercise price range for the options outstanding is given below:

Grant Price	No of options outstanding	
	March 31, 2021	March 31, 2020
US$ 0.10 (2014)	**126,500**	238,375
US$ 0.77 (2015)	**59,000**	84,000
US$ 1.26 (2016)	**15,000**	15,000
US$ 1.41 (2017)	**40,000**	40,000
US$ 2.14 (2018)	**143,291**	179,000
US$ 2.38 (2019)	**75,000**	175,000
US$ 2.87 (2020)	**50,000**	171,875
US$ 2.03 (2021)	**503,774**	–

Options outstanding that have vested and are expected to vest as of the end of the year, are as follows:

	March 31, 2021			March 31, 2020		
Particulars	**Outstanding options**	**Weighted average exercise price (in US$)**	**Weighted average remaining contract term (in years)**	Outstanding options	Weighted average exercise price (in US$)	Weighted average remaining contract term (in years)
Stock Option 2008 Plan						
Vested	**419,985**	**1.29**	**4.92**	595,787	1.15	5.46
Expected to vest	**592,580**	**2.1**	**9.29**	307,463	2.5	8.53
Stock Option 2004 Amended Plan						
Vested	–	–	–	–	–	–
Stock Option 2005 Plan						
Vested	–	–	–	–	–	–

Stock compensation expense has been determined based on the fair values of the options estimated on the date of grant using the Black-Scholes model with the following assumptions:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Dividend yield	**0 percent**	0 percent
Expected life	**6.25 years**	6.25 years
Risk free interest rate	**1.56 percent**	1.15 percent
Volatility	**53.57 percent**	33.26 percent

The Black-Scholes option-pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since options pricing models require use of subjective assumptions, changes therein can materially affect fair value of the options. The options pricing models do not necessarily provide a reliable measure of fair value of the options.

Additional disclosures pertaining to compensation expense, net of costs allocated to Group entities:

The Company has recognized stock compensation expense of US$ 18,411 [2020: US$ 26,379] for the year ended March 31, 2021. The Company received an amount of US$ 16,888 [2020: US$ 36,094] for exercise of stock options in the current year.

Unrecognized compensation expense associated under the fair value method for shares expected to vest (unvested options net of expected forfeitures) as of March 31, 2021 was approximately US$ 6,240 [2020: US$ 27,522] and is expected to be recognized over a weighted average period of 0.80 years.

NOTE H – CONTINGENCIES

The Company may be subject to legal claims in the normal course of business. Management believes that there are no such claims that would be material to the financial condition or results of operations.

NOTE I – RELATED PARTY TRANSACTIONS

The Company had the following transactions with its parent and subsidiaries:

1. **List of related parties and relationships (where there are transactions):**

Name of related party and relationship
Ultimate Holding Company
Mahindra and Mahindra Limited
Holding Company
Mahindra Holdings Limited
Subsidiary Companies
Bristlecone Inc.
Bristlecone Consulting Limited
Bristlecone India Limited
Key Management Personnel
Irfan Khan, CEO (up to 08 May 2019)

2. **Related party balances:**

		March 31, 2021	March 31, 2020
Nature of transaction	**Name of related party**	**Amount (in US$)**	Amount (in US$)
Interest payable as at year end	Bristlecone Inc.	**18,069**	244
Principal amount of loan repayable as at year end	Bristlecone Inc.	**500,000**	500,000
Amount payable as at year end	Bristlecone Inc.	**317,440**	260,760

3. **Related party transactions:**

		March 31, 2021	March 31, 2020
Nature of transaction	**Name of related party**	**Amount (in US$)**	Amount (in US$)
Dividend received during the year	Bristlecone Consulting Limited	–	751,650
Dividend received during the year	Bristlecone India Limited	**1,367,989**	–
Expenses paid on behalf of Cayman Entity	Bristlecone Inc.	**56,680**	–
Interest expense	Bristlecone Inc.	**17,825**	244
Stocks repurchased	Irfan Khan, CEO	–	260,760

NOTE J - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of the Company's cash equivalents, current assets and current liabilities approximated their fair values due to their short maturities.

NOTE K – RECENT ACCOUNTING PRONOUNCEMENT

New Accounting Standards yet to be adopted by the Company:

In February 2016, the FASB issued ASU 2016-02, Leases. The standard requires all leases with lease terms over twelve months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the financial year ending March 31, 2023.

NOTE L – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 06, 2021, the date these financial statements were available to be issued. The Company is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.

INDEPENDENT AUDITORS' REPORT

To the Members of Bristlecone India Limited

Report on the audit of the Financial statements

Opinion

We have audited the accompanying Financial Statements of **Bristlecone India Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit and total comprehensive income, its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Information other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report and the related annexures, but does not include the Financial Statements and our Auditors' Report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account.
   d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Financial Statements.
   g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act which also requires the approval of shareholders in the ensuing general meeting (Refer Note 24 to the Financial Statements). Also refer paragraph (xi) of Annexure B to the Independent Auditors' Report.

h) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 30 to the Financials Statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. : 105102W

Himanshu Goradia
Partner
Membership No. : 045668
UDIN: 21045668AAAAED1666

Mumbai, April 27, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **Bristlecone India Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.

Chartered Accountants

Firm Registration No. : 105102W

Himanshu Goradia

Partner

Membership No. : 045668

Mumbai, April 27, 2021

UDIN: 21045668AAAAED1666

ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

[Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date]

(i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The property, plant and equipment are physically verified by the Company once in two years. The physical verification of property, plant and equipment and investment properties was conducted in the previous financial year and accordingly no physical verification is required to be carried out in the current year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment.

(c) In respect of immovable properties (building) that have been taken on lease, according to the information and explanation given to us and on the basis of our examination of records of the company, the lease agreements of immovable properties are held in the name of the Company, where the Company is the lessee in the agreements. The Company does not have any other immovable property.

(ii) The Company is in the business of rendering services and consequently, does not hold any inventory. Accordingly, the reporting under Clause 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting under Clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

(vi) The Company’s operations do not involve processing or manufacturing activities. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees’ State Insurance, Income-tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed statutory dues payable in respect of Sales tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax.

According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no arrears of undisputed statutory dues in respect of Goods and Services Tax, Provident Fund, Employees’ State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues as on the last day of the year for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no statutory dues in respect of Goods and Services Tax, Sales tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax as at March 31, 2021, which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us and records of the Company examined by us, the particulars of dues of Income Tax which have not been deposited as on March 31, 2021 on account of disputes are as under:

Nature of the Statute	Nature of the dues	Amount (Rs. in lakhs)*	Period to which the amount relates	Forum where dispute is pending
The Income-tax Act, 1961	Income Tax	36.19	Assessment Year 2009-2010	Commissioner of Income Tax (Appeals)
The Income-tax Act, 1961	Income Tax	83.59	Assessment Year 2010-2011	Commissioner of Income Tax (Appeals)
The Income-tax Act, 1961	Income Tax	55.21	Assessment Year 2011-2012	Commissioner of Income Tax (Appeals)

*Net of amounts paid including under protest.

(viii) According to the information and explanations given to us, the Company has neither taken any loans or borrowings from banks, financial institutions and Government nor issued any debentures. Accordingly, the reporting under Clause 3(viii) of the Order is not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the reporting under Clause 3(ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act which also requires the approval of shareholders in the ensuing general meeting (Refer Note 24 to the Financial Statements). Also refer paragraph 2(g) of Independent Auditors' Report.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting under Clause 3(xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi) of the Order is not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No. : 105102W

Himanshu Goradia
Partner
Membership No. : 045668
Mumbai, April 27, 2021 UDIN: 21045668AAAAED1666

BALANCE SHEET AS AT 31 MARCH, 2021

Particulars	Note No.	As at 31 March, 2021	Rs. in Lakhs As at 31 March, 2020
I ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**1,521.65**	1,658.43
(b) Capital Work in Progress		**–**	–
(c) Right-of-Use Asset	5	**1,309.29**	1,455.21
(d) Intangible Assets	6	**42.22**	46.86
(e) Financial Assets			
(i) Investments	7a	**678.22**	678.22
(ii) Other Financial Assets	9	**183.52**	159.01
(f) Income Tax Assets (Net)		**1,516.50**	1,364.03
(g) Deferred Tax Assets (Net)	10	**613.43**	699.00
(h) Other Non-current Assets	11	**14.67**	19.14
SUB-TOTAL		**5,879.50**	6,079.90
CURRENT ASSETS			
(a) Financial Assets			
(i) Investments	7b	**2,874.06**	6,309.93
(ii) Trade Receivables	12	**7,338.51**	6,449.41
(iii) Cash and Cash Equivalents	13	**2,574.72**	406.99
(iv) Other Bank Balances	13	**5,574.88**	800.12
(v) Loans	8	**16.08**	12.61
(vi) Other Financial Assets	9	**725.62**	1,391.89
(b) Other Current Assets	11	**564.95**	641.69
SUB-TOTAL		**19,668.82**	16,012.64
TOTAL ASSETS		**25,548.32**	22,092.54
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	14	**1,904.94**	1,904.94
(b) Other Equity	15	**16,138.27**	13,297.21
SUB-TOTAL		**18,043.21**	15,202.15
LIABILITIES			
2 NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings		**–**	–
(ii) Lease Liabilities		**916.24**	1,065.15
(iii) Other Financial Liabilities	16	**–**	–
(b) Provisions	17	**1,458.90**	1,130.93
SUB-TOTAL		**2,375.14**	2,196.08
3 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings		**–**	–
(ii) Trade Payables			
– Total outstanding dues of Micro Enterprises and Small Enterprises	19	**9.68**	12.04
– Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	19	**3,117.98**	3,145.82
(iii) Lease Liabilities		**484.98**	426.49
(iv) Other Financial Liabilities	16	**–**	91.60
(b) Provisions	17	**302.83**	318.83
(c) Current Tax Liabilities (Net)		**–**	34.36
(d) Other Current Liabilities	18	**1,214.50**	665.17
SUB-TOTAL		**5,129.97**	4,694.31
TOTAL		**25,548.32**	22,092.54

See accompanying notes to the financial statements

In terms of our report attached
For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

Himanshu Goradia
Partner
Membership No: 045668

Place : Mumbai
Date : 27 April, 2021

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

P. R. Barpande
Director

Manaswini Goel
Director

Nikhilesh Panchal
Director

Amit Deshmukh
Chief Financial Officer

Grisma Biswal
Company Secretary

Place : Mumbai
Date : 27 April, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2021

Rs. in Lakhs

	Particulars	Note No.	Year ended 31 March, 2021	Year ended 31 March, 2020
I	Revenue from operations	20	**34,052.90**	33,453.03
II	Other Income	21	**546.78**	714.82
III	**Total Revenue (I + II)**		**34,599.68**	34,167.85
IV	**EXPENSES**			
	(a) Purchases of Stock-in-trade		**73.47**	2,783.30
	(b) Employee benefit expense	22	**22,658.90**	19,854.95
	(c) Finance costs	23	**168.36**	179.19
	(d) Depreciation and amortisation expenses	4,5&6	**1,063.22**	995.22
	(e) Other expenses	24	**5,374.35**	6,991.58
	Total Expenses (IV)		**29,338.30**	30,804.24
V	**Profit before tax (III-IV)**		**5,261.38**	3,363.61
VI	**Tax Expense**			
	(a) Current tax	10	**1,222.73**	1,198.95
	(b) Deferred tax	10	**113.76**	(139.32)
	Total tax expense		**1,336.49**	1,059.63
VII	**Profit for the year (V-VI)**		**3,924.89**	2,303.98
VIII	**Other comprehensive income**			
	i. Items that will not be reclassified to the statement of profit or loss Remeasurements of the Defined Benefit Liabilities - gain/(loss)		**(112.02)**	(64.68)
	ii. Income Tax relating to items that will not be reclassified to Profit or Loss		**28.19**	16.28
	Total Other comprehensive income		**(83.83)**	(48.40)
IX	**Total comprehensive income for the year (VII+VIII)**		**3,841.06**	2,255.58
X	**Earnings per equity share:**			
	Basic and Diluted	25	**206.04**	120.95

See accompanying notes to the financial statements

In terms of our report attached

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

Himanshu Goradia
Partner
Membership No: 045668

Place : Mumbai
Date : 27 April, 2021

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

P. R. Barpande
Director

Manaswini Goel
Director

Nikhilesh Panchal
Director

Amit Deshmukh
Chief Financial Officer

Grisma Biswal
Company Secretary

Place : Mumbai
Date : 27 April, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2021

a. Equity share capital

Rs. in Lakhs

Particulars	Equity Share Capital
Balance as at 1 April, 2019	**1,904.94**
Changes in equity share capital during the year	**–**
Balance as at 31 March, 2020	**1,904.94**
Changes in equity share capital during the year	**–**
Balance as at 31 March, 2021	**1,904.94**

b. Other Equity

Rs. in Lakhs

Particulars	Reserves and Surplus		Total
	Capital Reserve	Retained Earnings	
Balance as at 1 April, 2019	88.34	10,953.29	11,041.63
Profit for the year	–	2,303.98	2,303.98
Other Comprehensive Loss	–	(48.40)	(48.40)
Interim Dividend	–	–	–
Total Comprehensive Income for the year	–	2,255.58	2,255.58
Balance as at 31 March, 2020	88.34	13,208.87	13,297.21
Profit for the year	**–**	**3,924.89**	**3,924.89**
Other Comprehensive Loss	**–**	**(83.83)**	**(83.83)**
Interim Dividend	**–**	**(1,000.00)**	**(1,000.00)**
Total Comprehensive Income for the year	**–**	**2,841.06**	**2,841.06**
Balance as at 31 March, 2021	**88.34**	**16,049.93**	**16,138.27**

See accompanying notes to the financial statements

In terms of our report attached

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

Himanshu Goradia
Partner
Membership No: 045668

Place : Mumbai
Date : 27 April, 2021

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

P. R. Barpande
Director

Manaswini Goel
Director

Nikhilesh Panchal
Director

Amit Deshmukh
Chief Financial Officer

Grisma Biswal
Company Secretary

Place : Mumbai
Date : 27 April, 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2021

Rs. in Lakhs

Particulars	**Year ended 31 March, 2021**	Year ended 31 March, 2020
Cash flows from operating activities		
Profit before tax for the year	**5,261.38**	3,363.61
Adjustments for:		
Finance costs recognised in profit or loss	**168.36**	179.19
Interest income	**(179.39)**	(134.05)
Income from Short Term Investments	**(167.11)**	(284.93)
Impairment of investment carried at cost written back	**–**	(100.29)
Liabilities/provisions no longer required written back	**(44.75)**	–
(Gain)/Loss on disposal of property, plant and equipment	**(13.34)**	7.03
Depreciation and amortisation	**1,063.22**	995.22
Net foreign exchange (gain)/loss	**20.95**	146.76
	6,109.32	4,172.54
Movements in working capital:		
Decrease / (Increase) in trade and other receivables	**(910.05)**	(1,195.11)
Decrease / (Increase) in other assets	**780.48**	(16.23)
Increase / (Decrease) in trade and other payables	**14.54**	(628.79)
Increase / (Decrease) in Other liabilities	**494.45**	(723.06)
Increase / (Decrease) in provisions	**199.95**	151.80
	579.37	(2,411.39)
Cash generated from operations	**6,688.69**	1,761.15
Income taxes paid	**(1,409.58)**	(1,451.58)
Net cash inflow/(outflow) from operating activities	**5,279.11**	309.57
Cash flows from investing activities		
Payments for property, plant and equipment	**(449.06)**	(806.70)
Proceeds from disposal of property, plant and equipment	**20.48**	20.89
Interest received	**118.41**	104.93
Income from Short Term Investments	**167.11**	284.93
Investment in Short Term Investments	**3,435.87**	(6,309.93)
Bank Deposits placed	**(10,170.75)**	(998.81)
Bank Deposits matured	**5,396.00**	2,388.18
Net cash inflow from investing activities	**(1,481.94)**	(5,316.51)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2021 (contd.)

Rs. in Lakhs

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Cash flows from financing activities		
Interest paid	**(23.75)**	(12.90)
Principle portion of lease liability	**(461.08)**	(481.51)
Interest portion of lease liability	**(144.61)**	(166.28)
Cash Credit Account	**–**	–
Interim Dividend paid	**(1,000.00)**	–
Net cash outflow from financing activities	**(1,629.44)**	(660.69)
Net increase in cash and cash equivalents	**2,167.73**	(5,667.64)
Cash and cash equivalents at the beginning of the year	**406.99**	6,074.63
Cash and cash equivalents at the end of the year	**2,574.72**	406.99
Net increase/(decrease) in cash and cash equivalents	**2,167.73**	(5,667.64)

See accompanying notes to the financial statements

In terms of our report attached

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

Himanshu Goradia
Partner
Membership No: 045668

Place : Mumbai
Date : 27 April, 2021

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

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Director

Manaswini Goel
Director

Nikhilesh Panchal
Director

Amit Deshmukh
Chief Financial Officer

Grisma Biswal
Company Secretary

Place : Mumbai
Date : 27 April, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

1 Corporate information

Bristlecone India Limited is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is principally engaged in Business Consulting, Software Implementation and related support activities.

The financial statements prepared herewith are the separate financial statements of the Company and the Company has elected not to present its consolidated financial statements since its ultimate parent produces consolidated financial statements that are available for public use and comply with IND AS.

2 Statement of Compliance

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

3 Significant accounting policies

3.01 Basis of preparation and presentation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended). The financial statements have been prepared on a historical cost basis. The financial statements are presented in Indian Rupees (INR or Rs.) and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

3.02 Use of estimate

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of goodwill, impairment of investments and assets, useful lives of property, plant and equipment, valuation of deferred tax assets and provisions and contingent liabilities. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable than an outflow of resources will be required to settle the obligation, in respect of which the reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. (Refer Note No. 10)

Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option 'on lease by lease basis'. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

3.03 Revenue recognition

The Company is principally engaged in Business Consulting, Software Implementation, and related support services.

Revenue is recognised upon transfer of control of contracted products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

a. Revenue from time and material contracts is recognised on output basis measured by units delivered, efforts expended, time booked etc.

b. Revenue related to fixed price maintenance and support services contracts where the Company provides services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.

c. In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation.

d. Revenue from the sale of third party software is recognised upfront at the point in time when the software is delivered to the customer.

e. Revenue from the sale of distinct third party hardware is recognised at the point in time when control is transferred to the customer.

f. Revenue from subsidiaries is recognised based on transaction price which is at arm's length.

g. Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

h. Unearned and deferred revenue is recognised when there is billing in excess of revenues. The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

i. In accordance with Ind AS 37, the Company recognizes an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

j. Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (contd.)

k. For all instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

l. Dividend is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividends will flow to the company and the amount of the dividend can be measured reliably.

<u>Use of significant estimates and judgments</u>

a. The Company uses judgment to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

b. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended are used to measure progress towards completion as there is a direct relationship between input and productivity.

c. The Company uses significant judgments while determining the transaction price allocated to performance obligations using the expected cost plus margin approach.

d. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

3.04 Leases

Ind AS 116 is replaced the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees.

Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The amendment is effective for annual periods beginning on or after 01st April 19.

3.05 Foreign currencies

The functional currency of Bristlecone India Limited is Indian Rupee.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

3.06 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.07 Employee benefits

1. Defined Contribution Plan:

   Provident Fund: The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employee's salary. The contributions as specified under the law are paid to the Central Government Provident Fund and the Family Pension Fund and the same is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due and when services are rendered by the employees.

2. Defined Benefit Plan:

   For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

   - service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
   - net interest expense or income; and
   - remeasurement.

   (i) Gratuity: The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15/26 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation.

3. Other Long Term employee benefits:

   (i) Compensated Absences: The Company provides for the encashment of compensated absences with pay subject to certain rules. The employees are entitled to accumulate compensated absences subject to certain limits, for future encashment. Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit and the accumulated leave expected to be carried forward beyond twelve month is treated as long-term employee benefit which are provided based on the number of days of un utilised compensated absence on the basis of an independent actuarial valuation.

3.08 Taxes

<u>Current income tax</u>

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (contd.)

income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

3.09 Property, plant and equipment

All Property, plant and equipments are stated at cost less depreciation. Costs comprise purchase price and any attributable costs of bringing the asset to its working condition for its intended use.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Owned Assets	Useful life
Leasehold improvement*	5 years
Right of Use Asset- Building	Lease Term
Furniture and fittings	10 years
Office equipment	5 years
Office equipment -mobile handset*	3 years
Computer and equipment	
IT equipment -server	6 years
IT equipment – non server	3 years
Vehicles	8 years

* For these class of assets, based on internal assessment the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful life for these assets is different from the useful lives as prescribed under Part C of Scheduled II of the companies Act 2013.

3.10 Intangible assets

Intangible assets are amortised on a straight line basis over their useful life of 5 years, which reflects the pattern in which the asset's economic benefits are consumed. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the change in pattern if any.

3.11 Impairment

(i) Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a Group of financial assets is impaired.

Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(ii) Non-financial assets

Tangible and intangible assets Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (contd.)

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit or loss.

3.12 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when a company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains and losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.13 EPS

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings Per Share. Basic earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

3.14 Business Segments

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company is in the business of Business Consulting, Software Implementation and related support activities, which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 3. The revenues, total expenses and net profit as per the Statement of profit and loss represents the revenue, total expenses and the net profit of the sole reportable segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

3.15 Cash Flow Statement

The Cash Flow Statement is prepared by the indirect method set out in Ind AS 7 on Cash Flow Statements and presents cashflows by operating, investing and financing activities of the Company.

3.16 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- t is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (contd.)

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

The Company has identified twelve months as its operating cycle.

3.17 Share Capital

Ordinary shares are classified as equity. Incremental costs, if any, directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.18 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

– In the principal market for the asset or liability, or

– In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

<u>Service Tax, GST, Sales/ value added taxes paid on acquisition of assets or on incurring expenses</u>

Expenses and assets are recognised net of the amount of Service Tax, GST, sales/ value added taxes paid, except:

– When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

– When receivables and payables are stated with the amount of tax included the net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.19 Derivatives & Hedging

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

<u>Cash flow hedges that qualify for hedge accounting:</u>

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

<u>Derivatives that are not designated as hedges:</u>

The Company enters into certain derivative contracts to hedge foreign exchange risks which are not designated as hedges as in case of such transactions, the underlying is re-stated at closing exchange rates. Such contracts are accounted for at fair value through profit or loss and are included in other gains/(losses).

3.20 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.21 Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (contd.)

Note No. 4 - Property, Plant and Equipment

Rs. in Lakhs

Description of Assets	Owned Assets					Total
	Leasehold Improvement	Computer and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	
A. Gross Carrying Amount						
Balance as at 1 April, 2020	1,120.00	2,266.99	353.96	358.33	117.61	**4,216.89**
Additions	12.04	376.13	1.16	0.72	–	**390.05**
Disposals	–	(138.07)	(0.54)	–	–	**(138.61)**
Balance as at 31 March, 2021	**1,132.04**	**2,505.05**	**354.58**	**359.05**	**117.61**	**4,468.33**
B. Accumulated depreciation and impairment						
Balance as at 1 April, 2020	540.93	1,421.46	300.29	213.91	81.87	**2,558.46**
Depreciation expense for the year	122.54	349.69	11.72	28.79	6.95	**519.69**
Eliminated on disposal of assets	–	(131.14)	(0.33)	–	–	**(131.47)**
Balance as at 31 March, 2021	**663.47**	**1,640.01**	**311.68**	**242.70**	**88.82**	**2,946.68**
C. Net carrying amount (A-B)	468.57	865.04	42.90	116.35	28.79	**1,521.65**

Rs. in Lakhs

Description of Assets	Owned Assets					Total
	Leasehold Improvement	Computer and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	
A. Gross Carrying Amount						
Balance as at 1 April, 2019	544.47	2,133.86	341.04	402.89	117.61	**3,539.87**
Additions	594.30	499.26	32.56	27.99	–	**1,154.11**
Disposals	(18.77)	(366.13)	(19.64)	(72.55)	–	**(477.09)**
Balance as at 31 Mar, 2020	**1,120.00**	**2,266.99**	**353.96**	**358.33**	**117.61**	**4,216.89**
B. Accumulated depreciation and impairment						
Balance as at 1 April, 2019	504.71	1,435.32	306.19	245.63	67.41	**2,559.26**
Depreciation expense for the year	54.99	338.07	12.00	28.85	14.46	**448.37**
Eliminated on disposal of assets	(18.77)	(351.93)	(17.90)	(60.57)	–	**(449.17)**
Balance as at 31 Mar, 2020	**540.93**	**1,421.46**	**300.29**	**213.91**	**81.87**	**2,558.46**
C. Net carrying amount (A-B)	**579.07**	**845.53**	**53.67**	**144.42**	**35.74**	**1,658.43**

Note No. 5 - Right-of-Use Asset

Rs. in Lakhs

Description of Assets	Right-of-Use Asset
A. Gross Carrying Amount	
Balance as at 1 April, 2020	**1,973.15**
Additions	**370.66**
Disposals	**–**
Balance as at 31 March, 2021	**2,343.81**
B. Accumulated Amortisation	
Balance as at 1 April, 2020	**517.93**
Amortisation expense for the year	**516.59**
Eliminated on disposal of assets	**–**
Balance as at 31 March, 2021	**1,034.52**
III. Net carrying amount (I-II)	**1,309.29**

Rs. in Lakhs

Description of Assets	Right-of-Use Asset
I. Gross Carrying Amount	
Balance as at 1 April, 2019	–
Additions	1,973.15
Disposals	–
Balance as at 31 Mar, 2020	1,973.15
II. Accumulated Amortisation	
Balance as at 1 April, 2019	–
Amortisation expense for the year	517.93
Eliminated on disposal of assets	–
Balance as at 31 Mar, 2020	517.93
III. Net carrying amount (I-II)	1,455.21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (contd.)

Note No. 6 - Intangible Assets

Rs. in Lakhs

Description of Assets		Computer Software
A.	**Gross Carrying Amount**	
	Balance as at 1 April, 2020	**143.35**
	Additions	**22.30**
	Disposals	**–**
	Balance as at 31 March, 2021	**165.65**
B.	**Accumulated Amortisation**	
	Balance as at 1 April, 2020	**96.49**
	Amortisation expense for the year	**26.94**
	Eliminated on disposal of assets	**–**
	Balance as at 31 March, 2021	**123.43**
III.	**Net carrying amount (I-II)**	**42.22**

Rs. in Lakhs

Description of Assets		Computer Software
I.	**Gross Carrying Amount**	
	Balance as at 1 April, 2019	140.65
	Additions	2.70
	Disposals	–
	Balance as at 31 Mar, 2020	143.35
II.	**Accumulated Amortisation**	
	Balance as at 1 April, 2019	67.57
	Amortisation expense for the year	28.92
	Eliminated on disposal of assets	–
	Balance as at 31 Mar, 2020	96.49
III.	**Net carrying amount (I-II)**	46.86

Note No. 7 - Investments

a) Non-Current, Unquoted, Carried at Cost

Particulars	**As at 31 March, 2021**		As at 31 March, 2020	
	Qty	**Amounts (Rs. in Lakhs)**	Qty	Amounts (Rs. in Lakhs)
Cost				
Investments in Equity Instruments				
– Subsidiaries				
Bristlecone (Singapore) Pte. Ltd. [see note (i) below]	**16,70,000**	**501.47**	16,70,000	501.47
Bristlecone GmbH [see note (ii) below]	**1**	**277.04**	1	277.04
Total Investments Carried at Cost (A)		**778.51**		778.51
Impairment				
Impairment value for investment carried at cost		**100.29**		100.29
Total Impairment value for investment carried at cost (B)	**–**	**100.29**	–	100.29
Total Investment at Carried Value (A) - (B)	**–**	**678.22**	–	678.22
Other disclosures				
Aggregate amount of unquoted investments		**778.51**		778.51
Aggregate amount of impairment in value of investments		**100.29**		100.29

(i) The Company has investment of SGD 1,670,000 (Rs. 501.47 lakhs) in Bristlecone (Singapore) Pte. Ltd., a wholly owned subsidiary company. The accumulated losses as at 31 March, 2021 of the subsidiary on the basis of audited financial statements for the year ended 31 March, 2021 are SGD 669,334 (previous year SGD 1,030,979). During past few years, the subsidiary company achieved significant improvement in its business operations and earned profits which resulted in improved financial position. Considering the healthy volume of closed customer contracts, the Management of the Company believes that there is a significant improvement in the value of investment in the subsidiary company. Accordingly, the Company has reversed the provision by Rs. NIL (previous year Rs. 100.29 lakhs). However, considering the accumulated losses, the Company continues to carry provision of Rs. 100.29 lakhs (previous year Rs.100.29 lakhs) i.e. 20% of the value of investment (previous year 20% of the value of investment) as at the year ended 31 March, 2021.

(ii) Includes Rs. 248.54 Lakhs (previous year Rs. 248.54 Lakhs) invested towards capital reserve of the company in accordance with German Commercial Code.

b) Current Investment

Rs. in Lakhs

Particulars	**As at 31 March, 2021**	As at 31 March, 2020
Investment in Mutual Funds	**2,874.06**	6,309.93
Total Current Investments	**2,874.06**	6,309.93

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (contd.)

Note No. 8 - Loans

Rs. in Lakhs

Particulars	As at 31 March, 2021 Current	As at 31 March, 2021 Non-Current	As at 31 March, 2020 Current	As at 31 March, 2020 Non-Current
Other Loans				
– Unsecured, considered good	**16.08**	**–**	12.61	–
Total Other Loans	**16.08**	**–**	12.61	–

Note No. 9 - Other financial assets

Rs. in Lakhs

Particulars	As at 31 March, 2021 Current	As at 31 March, 2021 Non-Current	As at 31 March, 2020 Current	As at 31 March, 2020 Non-Current
Financial assets at amortised cost				
Other Current Financial Assets				
a. Interest Accrued	**95.88**	**–**	34.90	–
– Unbilled Revenue	**578.79**	**–**	1,285.55	–
– Claims Receivable	**0.57**	**–**	39.31	–
– Security Deposits	**24.90**	**183.52**	32.13	159.01
Measured at Fair Value through Profit and Loss				
– Foreign currency forward contracts	**25.48**	**–**	–	–
Total Other Financial Assets	**725.62**	**183.52**	1,391.89	159.01

Note No. 10 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rs. in Lakhs

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Current Tax:		
In respect of current year	**1,222.73**	1,198.95
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**113.76**	(139.32)
Total	**1,336.49**	1,059.63

(b) Income tax recognised in other Comprehensive income

Rs. in Lakhs

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Deferred tax		
Income taxes related to items that will not be reclassified to profit or loss		
Remeasurement of defined benefit obligations	**28.19**	16.28
Total	**28.19**	16.28

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rs. in Lakhs

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Profit before tax from continuing operations	**5,261.38**	3,363.61
Income tax expense calculated at 25.17% (2020: 25.17%)	**1,324.18**	846.55
Effect of change in tax rate	**–**	151.53
Effect of Income not offered to tax	**–**	(25.24)
Effect of expenses that is non-deductible in determining taxable profit	**–**	–
Effect of current year expenses (net) for which no deferred tax asset is recognised	**12.31**	19.59
Changes in recognised deductible temporary differences	**–**	67.20
Income tax expense recognised in profit or loss	**1,336.49**	1,059.63

The tax rate used for the 31 March, 2021 reconciliations above is the corporate tax rate of 25.17% (Previous year : 25.17%) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(d) An Explanation of applicable tax rates

The Corporate income tax rate of 25.17% is effective from April 1, 2019 and has accordingly been applied.

(e) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognised in respect of following items, because it is not probable to reasonably estimate the future taxable profit against which the Company can use the benefit therefrom.

Rs. in Lakhs

Particulars	As at 31 March, 2021	As at 31 March, 2020
Deductible Temporary differences (will never expire)		
Impairment value for investment carried at cost	**100.29**	100.29
Total	**100.29**	100.29

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (contd.)

(f) Movement in deferred tax balances

Rs. in Lakhs

Particulars	**Year ended 31 March, 2021**				
		Recognised in profit and Loss			
	Opening Balance	**Charge**	**Change in Tax Rate**	**Recognised in OCI**	**Closing Balance**
Tax effect of items constituting deferred tax assets					
Depreciation	**49.32**	**(3.22)**	**–**	**–**	**46.10**
Provision for doubtful Trade receivables	**203.63**	**(121.90)**	**–**	**–**	**81.73**
Expenses covered under section 43B	**364.89**	**50.32**	**–**	**28.19**	**443.40**
Expenses disallowed under section 40 (a) (ia)	**42.07**	**(27.23)**	**–**	**–**	**14.84**
Deferred Income	**(0.02)**	**–**	**–**	**–**	**(0.02)**
Mark to market loss on Forward covers	**13.81**	**(20.23)**	**–**	**–**	**(6.42)**
Ind AS 116 effect (excluding finance costs)	**25.30**	**8.50**	**–**	**–**	**33.80**
Net Tax Asset	**699.00**	**(113.76)**	**–**	**28.19**	**613.43**

Rs. in Lakhs

Particulars	Year ended 31 March, 2020				
		Recognised in profit and Loss			
	Opening Balance	Charge	Change in Tax Rate	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets					
Depreciation	88.68	(14.55)	(24.80)	–	49.32
Provision for doubtful Trade receivables	39.07	175.49	(10.93)	–	203.63
Expenses covered under section 43B	430.92	38.20	(120.52)	16.28	364.89
Expenses disallowed under section 40 (a) (ia)	92.12	(24.29)	(25.76)	–	42.07
Deferred Income	1.59	(1.61)	–	–	(0.02)
Mark to market gain on Forward covers	(108.98)	92.31	30.48	–	13.81
Ind AS 116 effect (excluding finance costs)		25.30	–	–	25.30
Net Tax Asset	543.40	290.85	(151.53)	16.28	699.00

Note No. 11 - Other Assets

Rs. in Lakhs

Particulars	**As at 31 March, 2021**		As at 31 March, 2020	
	Current	**Non-Current**	Current	Non-Current
Advances other than capital advances				
(a) Balances with government authorities (other than income taxes)	**234.06**	–	373.83	–
(b) Prepaid expenses	**293.03**	**14.67**	223.62	19.14
(c) Travel advances to employees	**1.03**	–	0.89	–
(d) Other advances	**36.83**	–	43.35	–
Total Other Assets	**564.95**	**14.67**	641.69	19.14

Note No. 12 - Trade Receivables

Rs. in Lakhs

Particulars	**As at 31 March, 2021**		As at 31 March, 2020	
	Current	**Non-Current**	Current	Non-Current
Trade receivables				
(a) Unsecured, considered good	**7,338.51**	–	6,449.41	–
(b) Doubtful	**324.74**	–	809.10	–
Less: Allowance for Credit Losses	**(324.74)**	–	(809.10)	–
Total	**7,338.51**	–	6,449.41	–
Of the above, trade receivables from:				
– Related Parties	**6,510.22**	–	5,078.40	–
– Others	**828.29**	–	1,371.01	–
Total	**7,338.51**	–	6,449.41	–

Refer Note 28 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (contd.)

12 (a) - Movement in the allowance for doubtful debts

Rs. in Lakhs

Particulars	As at 31 March, 2021	As at 31 March, 2020
Balance at beginning of the year	**809.10**	111.84
Impairment losses recognised in the year based on lifetime ECL		
– On receivables originated in the year	**–**	–
– Other receivables	**(484.36)**	697.26
Balance at end of the year	**324.74**	809.10

The average credit period on provision of services and sales of products is 60 days. No interest is charged on trade receivables. Refer Note 28 for disclosures related to the trade balances from the Company's largest customers and related disclosures. The company provides a loss allowance on a case to case basis at the end of each reporting period. An impairment analysis is performed at each reporting date on an individual basis for all customers. In addition, a larger number of customers that are due for collection are assessed for impairment collectively.

Note No. 13 - Cash and Cash Equivalents and Other Bank Balances

Rs. in Lakhs

Particulars	As at 31 March, 2021	As at 31 March, 2020
Cash and cash equivalents		
(a) Balances with banks	**974.75**	406.99
(b) Others (Deposit account Less than 3 months)	**1,599.97**	–
(c) Remittance in transit	–	–
(d) Cheques on Hand	–	–
Total Cash and cash equivalents	**2,574.72**	406.99
Other Bank Balances		
(a) Balances with Banks:		
Fixed Deposits with maturity greater than 3 months	**5,574.88**	800.12
Total Other Bank balances	**5,574.88**	800.12

Note No. 14 - Equity Share Capital

Rs. In Lakhs

Particulars	As at 31 March, 2021 No. of shares	As at 31 March, 2021 Amount (Rs. in Lakhs)	As at 31 March, 2020 No. of shares	As at 31 March, 2020 Amount (Rs. in Lakhs)
Authorised:				
2,500,000 Equity shares of 100 each with voting rights	**25,00,000**	**2,500.00**	25,00,000	2,500.00
Issued:				
1,924,130 Equity shares of 100 each with voting rights	**19,24,130**	**1,924.13**	19,24,130	1,924.13
Subscribed and Fully Paid:				
1,904,944 Equity shares of 100 each with voting rights	**19,04,944**	**1,904.94**	19,04,944	1,904.94
Total		**1,904.94**		1,904.94

(i) The Company has only one class of shares i.e. equity shares having a par value of Rs.100. Each holder of equity share is entitled to one vote per share held. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets after deducting all its liabilities, in proportion to the number of equity shares held.

(ii) Details of shares held by the holding company:

All the above shares are held by Bristlecone Limited, Cayman Island, the holding company, including 36 equity shares held jointly with its nominees. The ultimate holding company is Mahindra & Mahindra Limited.

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 March, 2021 Number of shares held*	As at 31 March, 2021 % holding in that class of shares	As at 31 March, 2020 Number of shares held*	As at 31 March, 2020 % holding in that class of shares
Equity shares with voting rights				
Bristlecone Limited, Cayman Island	**19,04,944**	**100%**	19,04,944	100%

* Includes 36 equity shares held jointly with its nominees. The ultimate holding company is Mahindra & Mahindra Limited.

Note No. 15 - Other Equity

Rs. in Lakhs

Particulars	Reserves and Surplus: Capital Reserve	Reserves and Surplus: Retained Earnings	Total
Balance as at 1 April, 2019	88.34	10,953.29	11,041.63
Profit for the year	–	2,303.98	2,303.98
Other Comprehensive Income	–	(48.40)	(48.40)
Interim Dividend	–	–	–
Total Comprehensive Income for the year	–	2,255.58	2,255.58
Balance as at 31 Mar, 2020	**88.34**	**13,208.87**	**13,297.21**
Profit for the year	–	**3,924.89**	**3,924.89**
Other Comprehensive Loss	–	**(83.83)**	**(83.83)**
Interim Dividend	–	**(1,000.00)**	**(1,000.00)**
Total Comprehensive Income for the year	–	**2,841.06**	**2,841.06**
Balance as at 31 March, 2021	**88.34**	**16,049.93**	**16,138.27**

Note No. 16 - Other Financial Liabilities

Rs. in Lakhs

Particulars	As at 31 March, 2021 Current	As at 31 March, 2021 Non-Current	As at 31 March, 2020 Current	As at 31 March, 2020 Non-Current
Other Financial Liabilities				
Measured at Amortised Cost				
(a) Creditors for capital purchases	–	–	36.71	–
Measured at Fair Value through Profit and Loss				
(a) Foreign currency forward contracts	–	–	54.89	–
Total other financial liabilities	–	–	91.60	–

Note No. 17 - Provisions

Rs. in Lakhs

Particulars	As at 31 March, 2021 Current	As at 31 March, 2021 Non-Current	As at 31 March, 2020 Current	As at 31 March, 2020 Non-Current
Provision for employee benefits				
(i) Gratuity	**155.84**	**931.24**	163.77	677.15
(ii) Compensated absences	**146.99**	**527.66**	155.06	453.78
Total Provisions	**302.83**	**1,458.90**	318.83	1,130.93

Note No. 18 - Other Liabilities

Rs. in Lakhs

Particulars	As at 31 March, 2021 Current	As at 31 March, 2021 Non-Current	As at 31 March, 2020 Current	As at 31 March, 2020 Non-Current
(a) Advance from Customers	**502.02**	–	2.38	–
(b) Income received in advance	**122.79**	–	401.68	–
(c) Statutory dues				
(i) Taxes payable (other than income taxes)	**161.74**	–	62.10	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (contd.)

Rs. in Lakhs

Particulars	As at 31 March, 2021 Current	As at 31 March, 2021 Non-Current	As at 31 March, 2020 Current	As at 31 March, 2020 Non-Current
(ii) Employee Recoveries and Employer Contributions	**121.46**	–	103.71	–
(iii) TDS Payable	**306.49**	–	95.30	–
Total Other Liabilities	**1,214.50**	–	665.17	–

Note No. 19 - Trade Payables

Rs. in Lakhs

Particulars	As at 31 March, 2021 Current	As at 31 March, 2021 Non-Current	As at 31 March, 2020 Current	As at 31 March, 2020 Non-Current
(a) Total outstanding dues of Micro Enterprises and Small Enterprises*	**9.68**	–	12.04	–
(b) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	**3,117.98**	–	3,145.82	–
Total trade payables	**3,127.66**	–	3,157.86	–

*This information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.

Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business. Company's credit risk management processes are explained in Note 28.

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below :

Rs. in Lakhs

Particulars	Year Ended 31 March, 2021	Year Ended 31 March, 2020
(a) Principal amount remaining unpaid to MSME suppliers as on	**9.68**	12.04
(b) Interest due on unpaid principal amount to MSME suppliers as on	**–**	–
(c) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day	**–**	–
(d) The amount of interest due and payable for the year (without adding the interest under MSME Development Act)	**0.02**	–
(e) The amount of interest accrued and remaining unpaid as on	**–**	–
(f) The amount of interest due and payable to be disallowed under Income Tax Act, 1961	**–**	–

Note No. 20 - Revenue from Operations

The following is an analysis of the company's revenue for the year from operations.

Rs. in Lakhs

Particulars	Year Ended 31 March, 2021	Year Ended 31 March, 2020
(a) Revenue from rendering of services	**33,976.78**	30,642.20
(b) Revenue from sale of products	**73.47**	2,809.98
(c) Other operating revenue	**2.65**	0.85
Total Revenue from Operations	**34,052.90**	33,453.03

Note No. 21 - Other Income

Rs. in Lakhs

Particulars	Year Ended 31 March, 2021	Year Ended 31 March, 2020
(a) Interest Income (On Fixed Deposits)	**163.39**	118.62
(b) Interest Income (On Financial Assets at Amortised Cost)	**16.00**	15.43
(c) Profit on sale of capital assets (net of loss on assets sold / scrapped / written off)	**13.34**	–
(d) Net gain on foreign currency transactions and translation	**142.19**	195.55
(e) Liabilities/provisions no longer required written back	**44.75**	–
(e) Income from Short Term Investments	**167.11**	284.93
(f) Impairment value for investment carried at cost written back	**–**	100.29
Total Other Income	**546.78**	714.82

Note No. 22 - Employee Benefits Expense

Rs. in Lakhs

Particulars	Year Ended 31 March, 2021	Year Ended 31 March, 2020
(a) Salaries and wages, including bonus	**21,652.50**	18,829.78
(b) Contribution to provident and other funds	**677.53**	629.77
(c) Gratuity	**226.82**	187.88
(d) Staff welfare expenses	**102.05**	207.52
Total Employee Benefit Expense	**22,658.90**	19,854.95

Note No. 23 - Finance Cost

Rs. in Lakhs

Particulars	Year Ended 31 March, 2021	Year Ended 31 March, 2020
Interest Expenses		
(a) On Financial Liability at Amortised Cost		
(i) Cash Credit Account	**9.19**	1.41
(ii) Interest on Lease Liability	**144.61**	166.28
(b) Other Finance Cost (interest on delayed payment of taxes)	**14.56**	11.49
Total Finance Cost	**168.36**	179.19

Note No. 24 - Other Expenses

Rs. in Lakhs

Particulars	Year Ended 31 March, 2021	Year Ended 31 March, 2020
(a) Power	**47.72**	100.12
(b) Rent*	**28.41**	27.34
(c) Rates and taxes	**2.17**	2.23
(d) Communication expenses	**130.71**	123.97
(e) Travelling and conveyance	**98.25**	791.99
(f) Recruitment expenses	**183.63**	211.34
(g) Repairs and maintenance - computer and office equipment	**339.16**	269.13
(h) Repairs and maintenance - Others	**13.16**	13.60
(i) Insurance	**3.55**	2.90

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (contd.)

Rs. in Lakhs

	Particulars	Year Ended 31 March, 2021	Year Ended 31 March, 2020
(j)	Legal and other professional costs	**2,171.55**	2,244.92
(k)	Directors' Remuneration**	**63.00**	63.00
(l)	Subcontracting expenses	**1,807.31**	1,618.54
(m)	Software expenses	**315.21**	246.47
(n)	Training expenses	**116.28**	87.93
(o)	Provision for doubtful debts and Bad debts written off (See note below)	**(374.60)**	683.98
(p)	Loss on write off / sale of fixed assets (net)	**–**	7.03
(q)	Expenditure on Corporate Social Responsibility (CSR) under section 135 of the Companies Act, 2013.	**76.40**	68.26
(r)	Net loss on foreign currency transactions and translation (other than considered as finance cost)	**–**	–
(s)	Miscellaneous expenses	**352.44**	**428.83**
	Total Other Expenses	**5,374.35**	6,991.58

* It represents lease rentals of short term leases and leases which having underlying assets of low value.

** Expenses for the year ended 31 March, 2021 require approval in the ensuing general meeting.

Provision for doubtful debts and Bad debts written off

Rs. in Lakhs

Particulars	Year Ended 31 March, 2021	Year Ended 31 March, 2020
Bad debts written off	**109.76**	(13.28)
Add/(Less):-		
Provision for the doubtful debts	**(484.36)**	697.26
	(374.60)	683.98

Note No. 25 - Earnings per Share

Basic and Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Rs. in Lakhs

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Profit for the year attributable to the owners of the company	**3,924.89**	2,303.98
Profit for the year used in the calculation of basic and diluted earnings per share	**3,924.89**	2,303.98
Weighted average number of equity shares	**19,04,944**	19,04,944
Earnings per share from continuing operations - Basic and Diluted (Rs.)	**206.04**	120.95

Note No. 26 - Disclosure of interest in Subsidiaries

(a) Details of the Company's material subsidiaries at the end of the reporting year are as follows:

Name of the Subsidiary	Principal Activity	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and Voting power held by the Company		Quoted (Y/N)
			As at 31 March, 2021	As at 31 March, 2020	
Bristlecone (Singapore) Pte. Ltd.	Sale of services	Singapore	100%	100%	N
Bristlecone GmbH	Sale of services	Germany	100%	100%	N

Investments in subsidiary companies are accounted at Cost in accordance with para 10 of Ind AS 27 Separate Financial Statements.

Note No. 27-Leases

Company as a lessee

The details of the right-of-use asset held by the Company is as follows:

Rs. in Lakhs

Particulars	As at 31 March, 2021	As at 31 March, 2020
Leasehold Premises		
Opening Balance	**1,455.22**	–
Additions during the year	**370.66**	1,973.15
Depreciation	**516.59**	517.93
Balance as at 31 March, 2021	**1,309.29**	1,455.22

The following is the break-up of current and non-current lease liabilities as at March 31, 2021

Rs. in Lakhs

Particulars	As at 31 March, 2021	As at 31 March, 2020
Current Liabilities	**484.98**	426.49
Non-current Liabilities	**916.24**	1,065.15
Total	**1,401.22**	1,491.64

The following is the movement in lease liabilities during the year ended March 31, 2021:

Rs. in Lakhs

Particulars	As at 31 March, 2021	As at 31 March, 2020
Lease Liabilities		
Opening Balance	**1,491.64**	-
Additions during the year	**370.66**	1,973.15
Payment of lease liabilities	**461.08**	481.51
Balance as at 31 March, 2021	**1,401.22**	1,491.64

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis:

Rs. in Lakhs

Particulars	As at 31 March, 2021	As at 31 March, 2020
Not later than one year	**484.98**	426.49
Later than one year but not later than five years	**685.67**	975.91
Later than five years	**230.58**	89.24
Total	**1,401.22**	1,491.64

Rental expense recorded for short-term leases was Rs. 28.41 lakhs (previous year Rs.27.34 lakhs) for the year ended March 31,2021.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (contd.)

Note No. 28 - Financial Instruments

Capital Management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities.

The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Rs. in Lakhs

Particulars	As at 31 March, 2021	As at 31 March, 2020
Equity	**18,043.21**	15,202.15
Less: Cash and cash equivalents	**2,574.72**	406.99
	15,468.49	14,795.16

Categories of financial assets and financial liabilities

Amortised Costs

Rs. in Lakhs

Particulars	As at 31 March, 2021	As at 31 March, 2020
Non-current Assets		
Investments	**678.22**	678.22
Other Financial Assets		
- Non Derivative Financial Assets	**183.52**	159.01
Current Assets		
Investments	**2,833.04**	6,240.59
Trade Receivables	**7,338.51**	6,449.41
Cash and Cash Equivalents	**2,574.72**	406.99
Other Bank Balances	**5,574.88**	800.12
Loans	**16.08**	12.61
Other Financial Assets		
- Non Derivative Financial Assets	**700.14**	1,391.89
Non Current Liabilities		
Other Financial Liabilities	**–**	–
Current Liabilities		
Trade Payables	**3,127.66**	3,157.86
Other Financial Liabilities		
- Non Derivative Financial Liabilities	**–**	36.71

Fair Value through Profit and Loss

Rs. in Lakhs

Particulars	As at 31 March, 2021	As at 31 March, 2020
Current Assets		
Investment		
- MTM on Mutual Funds	**41.02**	69.34
Other Financial Assets		
- Derivative Financial Instruments	**25.48**	–
Current Liabilities		
Other Financial Liabilities		
- Derivative Financial Instruments	**–**	54.89

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non–derivative financial liabilities				
31 March, 2021				
Other Financial Liabilities– Non Current	**484.98**	**526.08**	**159.59**	**230.58**
Trade Payables	**3,127.66**	**–**	**–**	**–**
Other Financial Liabilities– Current	**–**	**–**	**–**	**–**
Total	**3,612.64**	**526.08**	**159.59**	**230.58**
31 March, 2020				
Other Financial Liabilities– Non Current	426.49	828.54	147.37	89.24
Trade Payables	3,157.86	–	–	–
Other Financial Liabilities– Current	36.71	–	–	–
Total	3,621.06	828.54	147.37	89.24

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Derivative financial Instruments				
31 March, 2021				
Forward Exchange Contracts	**–**	**–**	**–**	**–**
31 March, 2020				
Forward Exchange Contracts	54.89	–	–	–

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Rs. in Lakhs

Particulars	As at 31 March, 2021	As at 31 March, 2020
Secured Bank Overdraft facility		
– Expiring within one year	2,000.00	2,000.00
	2,000.00	2,000.00

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (contd.)

Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
31 March, 2021				
Investments	**2,874.06**	**–**	**–**	**678.22**
Trade Receivables	**7,338.51**	**–**	**–**	**–**
Cash and Cash Equivalents	**2,574.72**	**–**	**–**	**–**
Other Bank Balances	**5,574.88**	**–**	**–**	**–**
Loans	**16.08**	**–**	**–**	**–**
Other Financial Assets	**700.14**	**183.52**	**–**	**–**
Total	**19,078.39**	**183.52**	**–**	**678.22**
31 March, 2020				
Investments	6,309.93	–	–	678.22
Trade Receivables	6,449.41	–	–	–
Cash and Cash Equivalents	406.99	–	–	–
Other Bank Balances	800.12	–	–	–
Loans	12.61	–	–	–
Other Financial Assets	1,391.89	159.01	–	–
Total	15,370.95	159.01	–	678.22

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Derivative financial Instruments				
31 March, 2021				
Forward Exchange Contracts	25.48	–	–	–
31 March, 2020				
Forward Exchange Contracts	–	–	–	–

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Balances in Functional Currency (INR)

Rs. in Lakhs

Particulars	Currency	As at 31 March, 2021	As at 31 March, 2020
Trade Receivables	USD	**4,828.48**	3,639.92
	MYR	**0.00**	0.00
	SGD	**234.17**	666.53
	EUR	**65.05**	74.67
Advance from Customers	USD	**0.00**	0.00
	EUR	**–**	–
Trade Payables	USD	**–**	–
	EUR	**0.00**	0.75

Balances in Respective Foreign Currency

Rs. in Lakhs

Particulars	Currency	As at 31 March, 2021	As at 31 March, 2020
Trade Receivables	USD	**65,67,570**	48,27,474
	MYR	**–**	–
	SGD	**4,29,199**	12,58,798
	EUR	**75,579**	89,817
Advance from Customers	USD	**–**	–
	EUR	**–**	–
Trade Payables	USD	**–**	–
	EUR	**–**	900

Of the above foreign currency exposures, the following exposures are not hedged by derivatives:

Balances in Functional Currency (INR)

Rs. in Lakhs

Particulars	Currency	As at 31 March, 2021	As at 31 March, 2020
Trade Receivables	USD	**–**	–
	MYR	**–**	–
	SGD	**234.17**	666.53
	EUR	**65.05**	74.67
Advance from Customers	USD	**–**	–
	EUR	**–**	–
Trade Payables	USD	**–**	–
	EUR	**–**	0.75

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (contd.)

Balances in Respective Foreign Currency

Rs. In Lakhs

Particulars	Currency	As at 31 March, 2021	As at 31 March, 2020
Trade Receivables	USD	–	–
	MYR	–	–
	SGD	**4,29,199**	12,58,798
	EUR	**75,579**	89,817
Advance from Customers	USD	–	–
	EUR	–	–
Trade Payables	USD	–	–
	EUR	–	900

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, MYR, SGD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

Rs. in Lakhs

Particulars	Currency	Change in rate	Effect on profit before tax
For the year ended on 31 March, 2021	USD	+10%	–
	USD	-10%	–
	MYR	+10%	–
	MYR	-10%	–
	SGD	+10%	**23.42**
	SGD	-10%	**(23.42)**
	EUR	+10%	**6.50**
	EUR	-10%	**(6.50)**
For the year ended on 31 March, 2020	USD	+10%	–
	USD	-10%	–
	MYR	+10%	–
	MYR	-10%	–
	SGD	+10%	66.65
	SGD	-10%	(66.65)
	EUR	+10%	7.39
	EUR	-10%	(7.39)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not significantly exposed to the risk of changes in market interest rates.

Note No. 29 - Segment information

The Company is in the business of Business Consulting, Software Implementation and related support activities, which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment. The accounting policies of the reportable segments are the same as the accounting policies disclosed in Note 3.

Geographic information

The company operates in 2 principal geographical areas - India (country of domicile) and outside India. The Company's revenue from external customers by location of operations and information about its non current assets by location of assets are detailed below:

Rs. in Lakhs

Particulars	Year Ended 31 March, 2021	Year Ended 31 March, 2020
Revenue from external customers		
India	**12,626.96**	15,824.86
Outside India	**21,425.94**	17,628.17
Total revenue per statement of profit or loss	**34,052.90**	33,453.03

Non-current operating assets:

Rs. in Lakhs

Particulars	As at 31 March, 2021	As at 31 March, 2020
India	**1,563.87**	1,705.29
Outside India	–	–
Total	**1,563.87**	1,705.29

Non-current assets for this purpose consist of property, plant and equipment and intangible assets and Capital work in progress.

Revenue from major services

The Company's business activity falls within a single line of services viz. Business Consulting, Software Implementation and related support activities.

Information about major customers

Included in revenues arising from sale of services & products are revenue of approx. Rs. 28,095.82 lakhs (31 March, 2020: Rs 24,673.41 lakhs) which arose from sales to the Company's top 2 customers (31 March, 2020 top 2 customers). No other customer contributed to 10% or more to the Company's revenue for both the years 2020-21 and 2019-20.

Note No. 30 - Contingent liabilities and commitments

Rs. in Lakhs

Particulars	As at 31 March, 2021	As at 31 March, 2020
Contingent liabilities		
(a) Income tax matters under litigations (including interest)	**638.45**	582.34
(b) Service tax matters under litigations (including interest)	–	–
(c) Standby Letter of Credit Issued in favour of subsidiary company	–	–
(d) Claim against Company not acknowledged as debt	**35.00**	35.00

Note: As on 31 March, 2021 the company's management does not expect any outflow in respect of these pending litigations related to tax matters stated above based on the legal advice obtained.

In a recent judgement, the Honourable Supreme Court of India opined that fixed and uniformly applicable allowances are part of basic salary for calculating provident fund contributions . Based on advise of legal counsel and in the opinion of management, there is uncertainty and lack of clarity regarding the period of applicability of the judgement. The company has paid the liability in accordance with the judement from the date of pronouncement and retrospective liability , if any, will be provided when the final legal view emerges.

Capital Commitments as at 31 March, 2021 Rs. 87.13 Lakhs (Previous Year Rs. 25.44 Lakhs).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (contd.)

Note No. 31 - Employee benefits

(a) Defined Contribution Plan

Contribution for the year to Defined Contribution Plan is recognised in the Statement of Profit and Loss included under employee benefits expense note 21. Contribution to provident and other funds as disclosed in note 22 are as under:

Particulars	**For the year ended 31 March, 2021**	For the year ended 31 March, 2020
Employer's Contribution to Provident Fund	**379.91**	356.42
Employer's Contribution to Family Pension Fund	**255.79**	224.69
Employer's Contribution to Superannuation Fund	**–**	10.38

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is as per the amount calculated as per the Payment of Gratuity Act, 1972. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

<u>Changes in bond yields</u>

A decrease in government bond yields will increase plan liabilities.

<u>Life expectancy</u>

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	**Valuation as at**	
	31 March, 2021	**31 March, 2020**
Discount rate(s)	6.30%	5.60%
Expected rate(s) of salary increase	7.00%	6.00%
Rate of Leaving Service	Age 21-44 Years- 18.2% Age 45-59 Years- 11.2%	Age 21-44 Years- 25% Age 45-59 Years- 10%
Mortality Rate	As per Indian Assured Lives Mortality (2012-14) Ult table	As per Indian Assured Lives Mortality (2012-14) Ult table

Defined benefit plans – as per actuarial valuation

Gratuity (Unfunded)

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:

Rs. in Lakhs

Particulars	**For the Year Ended 31 March, 2021**	**For the Year Ended 31 March, 2020**
Service Cost		
Current Service Cost	**184.31**	146.28
Past service cost	**–**	–
Net interest expense	**42.51**	41.60
Components of defined benefit costs recognised in profit or loss	**226.82**	187.88
Remeasurement on the net defined benefit liability		
Actuarial gains and loss arising from changes in financial assumptions	**18.52**	47.99
Actuarial gains and loss arising from changes in demographic assumptions	**32.68**	–
Actuarial gains and loss arising form experience adjustments	**60.82**	16.69
Components of defined benefit costs recognised in other comprehensive income	**112.02**	64.68
Total	**338.84**	252.56

	Particulars	**For the Year Ended 31 March, 2021**	**For the Year Ended 31 March, 2020**
I.	**Net Liability recognised in the Balance Sheet as at 31 March**		
1.	Present value of defined benefit obligation	**1,087.08**	840.92
2.	Fair value of plan assets	**–**	–
3.	**Surplus/(Deficit)**	**1,087.08**	840.92
4.	Current portion of the above	**155.84**	163.77
5.	Non current portion of the above	**931.24**	677.15
II.	**Change in the obligation during the year ended 31 March**		
1.	Present value of defined benefit obligation at the beginning of the year	**840.92**	687.38
2.	Expenses Recognised in Profit and Loss Account		
	– Current Service Cost	**184.31**	146.28
	– Past Service Cost	**–**	–
	– Interest Expense (Income)	**42.51**	41.60
3.	Recognised in Other Comprehensive Income		
	Remeasurement gains / (losses)		
	– Actuarial Gain (Loss)	**112.02**	64.68
4.	Benefit payments	**(92.67)**	(99.03)
5.	**Present value of defined benefit obligation at the end of the year**	**1,087.08**	840.92

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (contd.)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal Assumption	For the year ended	Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	31 March, 2021	100 basis points	-5.78%	6.21%
	31 March, 2020	100 basis points	-4.80%	5.30%
Salary growth rate	31 March, 2021	100 basis points	6.46%	-5.72%
	31 March, 2020	100 basis points	5.14%	-4.81%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous period.

Maturity profile of defined benefit obligation:

Rs. in Lakhs

Maturity Profile	**As at 31 March, 2021**	As at 31 March, 2020
Expected benefits for Year 1	**152.56**	163.77
Expected benefits for Year 2	**157.97**	140.80
Expected benefits for Year 3	**145.05**	131.63
Expected benefits for Year 4	**131.18**	113.35
Expected benefits for Year 5	**133.01**	84.62
Expected benefits for Year 6	**105.44**	82.07
Expected benefits for Year 7	**97.64**	57.24
Expected benefits for Year 8	**82.64**	51.30
Expected benefits for Year 9	**78.24**	39.95
Expected benefits for Year 10 and above	**636.70**	303.10

The weighted average duration of the defined benefit obligation as at 31 March, 2021 is 6.10 years (31 March, 2020: 5.04 years).

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The current service cost and the net interest expense for the year are included in the employee benefits expense in Profit or Loss.

(c) Compensated Absences:

Compensated absences charged to Statement of Profit and Loss Rs. 115.30 lakhs (previous year Rs.135.15 lakhs) and liability as at 31 March, 2021 Rs. 674.65 lakhs (As at 31 March, 2020 Rs. 608.84 lakhs)

Note No. 32 - Related Party Transactions

Name of the Related Party and Nature of Relationship

Holding company and ultimate holding company

Bristlecone Limited (Holding company)

Mahindra Holdings Limited (Holding company)

Mahindra and Mahindra Limited (Ultimate Holding company)

Subsidiary companies

Bristlecone (Singapore) Pte. Ltd.

Bristlecone GmbH

Name of the Related Party and Nature of Relationship

Fellow subsidiaries (where there are transactions)

Bristlecone Inc.

Bristlecone Consulting Ltd

Bristlecone UK Limited

Bristlecone (Malaysia) Sdn. Bhd.

Bristlecone International AG

Bristlecone Middle East DMCC

Mahindra First Choice Services Limited (till 25.02.2021)

Mahindra Lifespace Developers Limited

Mahindra USA Inc.

Mahindra Integrated Business Solutions Private Limited

Mahindra Holidays & Resorts India Limited

Mahindra Susten Private Limited

Mahindra and Mahindra Financial Services Limited

Mahindra Summit Agri Sciences Limited

Mahindra EMarket Limited

Mahindra Retail Limited

Mahindra Trucks and Buses Limited

Mahindra Logistics Limited

Mahindra MSTC Recycling Private Limited

Mahindra Agri Solutions Limited

Mahindra Greenyard Private Limited

Mahindra Integrated Business Solutions Limited

Gables Promoters Private Limited

Mahindra First Choice Wheels Limited

Others (where there are transactions)

<u>Associate of Ultimate Holding Company</u>

Tech Mahindra Limited

<u>Subsidiary of Joint Venture of Ultimate Holding Company</u>

Mahindra Aerostructures Private Limited

<u>Post Employment benefit plan</u>

Mahindra Consulting Ltd Employee's Superannuation Scheme

Key Managerial Personnel

Mr. Ulhas Yargop, Director

Ms. Manaswini Goel, Director

Mr. P R Barpande, Independent Director

Mr. Nikhilesh Panchal, Independent Director

Mr. Prashant Kamat - Manager

Mr. Harsh Vaish - Chief Financial Officer (till 26 June 2020)

Mr. Amit Deshmukh - Chief Financial Officer (w.e.f. 27 October 2020)

Ms. Grisma Biswal - Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (contd.)

Details of transaction between the Company and its related parties are disclosed below:

Rs. in Lakhs

Nature of transactions with Related Parties	For the year ended	Ultimate Holding Company	Holding Company	Subsidiaries	Fellow Subsidiaries	Others
Reimbursement of expenses paid*	31 March, 2021	**83.94**	**–**	**–**	**–**	**0.48**
	31 March, 2020	199.37	–	–	–	–
Reimbursement of expenses received	31 March, 2021	**2.02**	**–**	**5.65**	**14.15**	**–**
	31 March, 2020	35.92	–	133.01	634.81	0.75
Income from services rendered	31 March, 2021	**6,378.66**	**–**	**2,541.39**	**19,130.15**	**21.84**
	31 March, 2020	7,390.65	–	1,865.91	16,077.72	3.33
Other Income	31 March, 2021	**–**	**–**	**–**	**–**	**–**
	31 March, 2020	–	–	0.85	–	–
Income from sale of product/hardware	31 March, 2021	**73.12**	**–**			
	31 March, 2020	2,677.68	–	–	118.31	
Dividend Paid	31 March, 2021	**–**	**1,000.00**	**–**	**–**	**–**
	31 March, 2020	–	–	–	–	–
Professional fees	31 March, 2021	**–**	**–**	**–**	**19.86**	**–**
	31 March, 2020	–	–	–	18.05	–
Business Promotion Expenses	31 March, 2021		**–**			
	31 March, 2020	–	–	26.91	–	–
Rent Expenses	31 March, 2021	**1.15**	**–**	**–**	**–**	**–**
	31 March, 2020	1.12	–	–	–	–
Subcontracting Charges	31 March, 2021		**–**		**0.40**	
	31 March, 2020	–	–	–	14.33	–
Other expenses	31 March, 2021	**–**	**–**	**–**	**–**	**–**
	31 March, 2020	–	–	–	0.33	–
Contribution for the year	31 March, 2021		**–**			
	31 March, 2020	–	–	–	–	6.10

* Company has incurred Rs.2.94 lakhs (31 March, 2020: Rs. 2.41 lakhs) for key managerial personnel services provided by Mahindra and Mahindra Ltd.

Rs. in Lakhs

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Holding Company	Subsidiaries	Fellow Subsidiaries	Others
Receivable balance at the year end.	31 March, 2021	**1,346.37**	**–**	**299.22**	**4,864.64**	**–**
	31 March, 2020	643.34	–	753.58	3,681.48	–
Payable balance at the year end.	31 March, 2021	**31.95**	**–**	**–**	**2.08**	**–**
	31 March, 2020	85.85	–	–	5.32	–
Unbilled Revenues as at the year end	31 March, 2021	**23.74**	**–**		**11.42**	
	31 March, 2020	784.98	–	–	25.90	
Income received in advance	31 March, 2021	**119.96**	**–**		**1.18**	
	31 March, 2020	400.50	–	–	1.18	–

Compensation of key managerial personnel

The remuneration of key managerial personnel (KMP) during the year was as follows:

Rs. in Lakhs

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Directors:		
Director Remuneration	**63.00**	63.00
Director Sitting Fees	**4.00**	2.41
KMP Other than Directors:		
Salaries, bonus, etc.	**136.67**	152.70
Post–employment benefits	**7.21**	–
Other long–term benefits	**2.68**	–

Note: The remunaration to the key managerial personnel does not include the provisions made for gratuity and leave encashments, as they are determined on an acturial basis for the Company as a whole.

Note No. 33 - Additional Disclosures as per Ind-AS 115 Revenue from Contracts with Customers

The Company applied Ind-AS 115 Revenue from Contracts with Customers by using the modified retrospective method of adoption with date of initial application of 1st April 2018. This has not resulted any significant changes to retained earning or any other line item in financial statements.

i) Desegregation of revenue

Rs. in Lakhs

Particulars	As at 31 March, 2021	As at 31 March, 2020
By Geography / Regions		
Domestic	**12,626.96**	15,824.86
Export	**21,425.94**	17,628.17
	34,052.90	33,453.03
By Timing of Transfer		
at the point in time	**73.47**	2,809.98
Over the time	**33,979.43**	30,643.05
	34,052.90	33,453.03

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (contd.)

ii) Contract balances

Rs. in Lakhs

Particulars	As at 31 March, 2021	As at 31 March, 2020
Opening Receivables	**7,258.51**	5,512.91
Closing Receivables	**7,663.25**	7,258.51
Opening Contract Assets	**1,285.55**	1,059.77
Closing Contract Assets	**578.79**	1,285.55
Opening Contract Liabilities	**401.68**	696.97
Closing Contract Liabilities*	**122.79**	401.68
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	**401.68**	696.97

* Expected to fulfil the performance obligation in 0-6 Months.

iii) Company provides 60 to 90 days credit period to customers.

iv) As a practical expedient, the Company has not disclosed the information in paragraph 120 of Ind-AS 115 for a performance obligation since the performance obligation is part of a contract that has an original expected duration of one year or less.

Note No. 34 - Additional Information to the Financial Statements

(a) Expenditure in foreign currency on account of:-

Rs. in Lakhs

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Travelling	**11.73**	429.55
Subscription expenses	**37.51**	39.55
Subcontracting expenses	–	–
Business promotion expenses	–	26.19
Salaries, bonus, etc.	–	0.13
Asset - IT Equipment (Thingsee Devices)	**0.91**	2.17
Support Services - Thingsee Operations cloud services	–	3.17
Software Purchase Expenses	–	6.92
	50.15	507.68

(b) Earnings in foreign exchange

Rs. in Lakhs

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Professional and consultancy fees in respect of services rendered (including unbilled revenue)	**21,425.94**	17,628.17

(c) Remuneration to auditors (excluding Service Tax/GST))

Rs. in Lakhs

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
<u>As auditor</u>		
Audit Fee	**13.00**	13.00
Tax audit fee	**2.00**	2.00
<u>In other capacities</u>		
Taxation matters & Others	**3.38**	4.88
<u>Reimbursement of expenses</u>		
Out of Pocket expenses	–	0.29
	18.38	20.16

(d) CSR

Pursuant to Companies Act 2013, Corporate Social Responsibility (CSR) committee has been formed on November 12, 2014 to undertake CSR projects. The CSR committee has identified, various long term projects. The Company has spent Rs.76.40 lakhs on CSR activities during the year ended March 31, 2021. (Rs.68.26 lakhs for the year ended March 31, 2020).

(e) Impact of COVID 19:

The Company has considered internal and external information upto the date of approval of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on the current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company has also evaluated the cash flows for the forthcoming Financial Year and based on the projected cash flows for the next twelve months, the management is of the view that the use of going concern assumption in preparing these financial statements is appropriate.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

(e) Previous Year Groupings

Previous Year's figures have been regrouped / rearranged wherever necessary in order to confirm to current year's groupings and classifications.

In terms of our report attached
For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

Himanshu Goradia
Partner
Membership No: 045668

Place : Mumbai
Date : 27 April, 2021

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

P. R. Barpande
Director

Manaswini Goel
Director

Nikhilesh Panchal
Director

Amit Deshmukh
Chief Financial Officer

Grisma Biswal
Company Secretary

Place : Mumbai
Date : 27 April, 2021

AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

Sr. No.	Particulars	Details	
	Name of the subsidiary	**Bristlecone (Singapore) Pte. Ltd.**	**Bristlecone GmbH**
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Year ended 31 March, 2021	Year ended 31 March, 2021
2.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Reporting Curr: SGD Exchange Rate 1 SGD= INR 54.60	Reporting Curr: EUR Exchange Rate 1 EUR= INR 86.13
3.	Share capital	9,11,82,000	4,09,11,750
4.	Reserves & surplus	(3,65,45,616)	41,68,40,972
5.	Total assets	13,23,81,512	48,68,46,082
6.	Total Liabilities	13,23,81,512	48,68,46,082
7.	Investments	–	–
8.	Turnover	22,36,90,607	28,52,45,542
9.	Profit before taxation	1,97,45,836	71,43,793
10.	Provision for taxation	–	50,03,657
11.	Profit after taxation	1,97,45,836	21,40,136
12.	Proposed Dividend	–	–
13.	% of shareholding	100%	100%

1 Names of subsidiaries which are yet to commence operations: **None**

2 Names of subsidiaries which have been liquidated or sold during the year: **None**

Part "B": Associates and Joint Ventures: Not Applicable

NIL

For and on behalf of the Board of Directors

Ulhas N. Yargop
Director

P. R. Barpande
Director

Manaswini Goel
Director

Nikhilesh Panchal
Director

Amit Deshmukh
Chief Financial Officer

Grisma Biswal
Company Secretary

Place : Mumbai
Date : 27 April, 2021

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Bristlecone Consulting Limited

Opinion

1. We have audited the accompanying financial statements of Bristlecone Consulting Limited ('the Company') (a wholly owned subsidiary of Bristlecone Limited), which comprise of Balance Sheet as at March 31, 2021, the Statement of Operations, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021, and of its financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

3. We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code') together with the ethical requirements that are relevant to our audit of the financial statements in India and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

4. Management is responsible for the other information. Other information does not include the financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Reporting under this section is not applicable as no other information is obtained at the date of this auditor's report.

Responsibilities of Management for the Financial Statements

5. Management is responsible for the preparation of these financial statements that give a true and fair view in accordance with accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

8. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

9. We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Place: Mumbai, India
Date: April 29, 2021

Grant Thornton Bharat LLP

BALANCE SHEET AS AT MARCH 31, 2021

Particulars	Notes	As at March 31, 2021 (CAD$)	As at March 31, 2021 (INR) (refer Note F)	As at March 31, 2020 (CAD$)	As at March 31, 2020 (INR) (refer Note F)
Assets					
Current assets					
Cash and cash equivalents	B	**407,550**	**23,650,127**	668,413	38,788,006
Accounts Receivable					
– Due from related parties	D	**123,979**	**7,194,501**	80,963	4,698,283
– Others		**–**	**–**	19,054	1,105,704
Other current assets					
– Due from related parties	D	–	–	–	–
– Others		**150**	**8,705**	150	8,705
Total current assets		**531,679**	**30,853,333**	768,580	44,600,698
Non-current assets					
Income tax receivable		**74,677**	**4,333,506**	22,928	1,330,512
Total assets		**606,356**	**35,186,839**	791,508	45,931,210
Liabilities and stockholders' equity					
Current liabilities					
Accounts payable					
– Due to related party	D	**664**	**38,532**	29,865	1,733,066
– Others		**186**	**10,794**	1,177	68,301
Accrued expenses and other current liabilities		**48,557**	**2,817,763**	56,131	3,257,283
Unearned Revenue		**–**	**–**	3,987	231,366
Total current liabilities		**49,407**	**2,867,089**	91,160	5,290,016
Stockholders' equity					
Common stock, no par value	G	**1**	**58**	1	58
Retained earnings		**556,948**	**32,319,692**	700,347	40,641,136
Total stockholders' equity		**556,949**	**32,319,750**	700,348	40,641,194
Total liabilities and stockholders' equity		**606,356**	**35,186,839**	791,508	45,931,210

The accompanying notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	**Notes**	**Year ended March 31, 2021 (CAD$)**	**Year ended March 31, 2021 (INR) (refer Note F)**	Year ended March 31, 2020 (CAD$)	Year ended March 31, 2020 (INR) (refer Note F)
Revenue		**185,267**	**10,751,044**	912,741	52,966,360
Cost of revenue		**298,084**	**17,297,815**	545,059	31,629,774
Gross profit		**(112,817)**	**(6,546,771)**	367,682	21,336,586
Operating expenses					
Selling, general and administrative expenses		**27,715**	**1,608,301**	73,759	4,280,235
Total operating expenses		**27,715**	**1,608,301**	73,759	4,280,235
Operating profit/(loss)		**(140,532)**	**(8,155,072)**	293,923	17,056,351
Other income/(expense)					
– Foreign exchange loss		**(58,128)**	**(3,373,168)**	(18,650)	(1,082,260)
– Other		**3,552**	**206,123**	–	–
Net income before tax		**(195,108)**	**(11,322,117)**	275,273	15,974,091
Income tax expense/(refund)	**C**	**(51,709)**	**(3,000,673)**	73,024	4,237,583
Net income		**(143,399)**	**(8,321,444)**	202,249	11,736,508

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Common stock				Additional paid-in capital	Retained earnings	Total stockholders' equity
	Authorized		Issued and outstanding				
	Shares	Amount (CAD$)	Shares	Amount (CAD$)	Amount (CAD$)	Amount (CAD$)	Amount (CAD$)
Balance as at April 1, 2019	1	1	1	1	–	1,498,098	1,498,099
Net income for the year	–	–	–	–	–	202,249	202,249
Dividend paid during the year	–	–	–	–	–	(1,000,000)	(1,000,000)
Balance as at March 31, 2020	**1**	**1**	**1**	**1**	**–**	**700,347**	**700,348**
Net income for the year	–	–	–	–	–	(143,399)	(143,399)
Balance as at March 31, 2021	**1**	**1**	**1**	**1**	**–**	**556,948**	**556,949**

Particulars	Common stock				Additional paid-in capital	Retained earnings	Total stockholders' equity
	Authorized		Issued and outstanding				
	Shares	Amount (INR)	Shares	Amount (INR) (refer Note F)	Amount (INR) (refer Note F)	Amount (INR) (refer Note F)	Amount (INR) (refer Note F)
Balance as at April 1, 2019	1	–	1	58	–	86,934,628	86,934,686
Net income for the year	–	–	–	–	–	11,736,508	11,736,508
Dividend paid during the year	–	–	–	–	–	(58,030,000)	(58,030,000)
Balance as at March 31, 2020	**1**	**–**	**1**	**58**	**–**	**40,641,136**	**40,641,194**
Net income for the year	–	–	–	–	–	(8,321,444)	(8,321,444)
Balance as at March 31, 2021	**1**	**–**	**1**	**58**	**–**	**32,319,692**	**32,319,750**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Year ended March 31, 2021 (CAD$)	Year ended March 31, 2021 (INR) (refer Note F)	Year ended March 31, 2020 (CAD$)	Year ended March 31, 2020 (INR) (refer Note F)
Cash flow from operating activities				
Net income	**(143,399)**	**(8,321,444)**	202,249	11,736,508
Adjustments to reconcile net income to net cash provided by/ (used in) operating activities				
Changes in operating assets and liabilities				
Accounts receivable, related party	**(43,016)**	**(2,496,218)**	(80,963)	(4,698,283)
Accounts receivable, unbilled and unearned revenue	**15,067**	**874,338**	341,354	19,808,773
Accrued expenses and other current liabilities	**(7,574)**	**(439,520)**	(315,907)	(18,332,083)
Accounts payable, related party	**(29,201)**	**(1,694,534)**	(570,013)	(33,077,854)
Accounts payable, others	**(991)**	**(57,507)**	(22,635)	(1,313,508)
Other current assets, related party	**–**	**–**	19,080	1,107,212
Advance income tax	**(51,749)**	**(3,002,994)**	(22,928)	(1,330,512)
Net cash used in operating activities	**(260,863)**	**(15,137,879)**	(449,763)	(26,099,747)
Cash flow from financing activities				
Dividend paid during the year	**–**	**–**	(1,000,000)	(58,030,000)
Net cash used in financing activities	**–**	**–**	(1,000,000)	(58,030,000)
Net increase/(decrease) in cash and cash equivalents	**(260,863)**	**(15,137,879)**	(1,449,763)	(84,129,747)
Cash and cash equivalents at the beginning of the year	**668,413**	**38,788,006**	2,118,176	122,917,753
Cash and cash equivalents at the end of the year	**407,550**	**23,650,127**	668,413	38,788,006
Supplemental cash flow information				
Interest paid	**–**		–	
Income taxes paid	**–**		–	
Asset acquired under capital lease	**–**		–	

The accompanying notes are an integral part of these financial statements.

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE A – BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. NATURE OF OPERATIONS

Bristlecone Consulting Limited (the "Company") is engaged in providing technology solutions and consulting services, with operations and customers primarily in North America and Canada. The Company's primary focus is on providing supply chain services ranging from supply chain strategy and network design to supply chain system implementations. The Company also provides application outsourcing services, data management services and development and integration services to independent software vendors.

2. GENERAL INFORMATION

The Company was incorporated under the laws of Canada on June 1, 2010. The Company is a wholly-owned subsidiary of Bristlecone Limited, a Cayman Islands Company. Mahindra & Mahindra Limited, an Indian Company is the Company's ultimate parent.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

3.1. OVERALL CONSIDERATIONS

The accompanying financial statements have been prepared on a going concern basis under the historical cost convention and on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

These financial statements have been presented in Canadian Dollars ('CAD$'), which is the functional and reporting currency of the Company. Also refer note 'F' regarding convenience translation of CAD$ figures to Indian Rupees (INR) in the financial statements.

3.2. USE OF ESTIMATES

In preparing the Company's financial statements in conformity with accounting principles generally accepted in the United States of America, the Company's management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The management's estimates for allowances for uncollectable amounts, efforts to completion for fixed price projects and provision for variable pay represent certain of these particularly sensitive estimates.

3.3. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Transactions in foreign currencies are translated at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. All foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at year-end are recorded in the statement of operations.

3.4. CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Cash comprises balance held with banks.

3.5. ACCOUNTS RECEIVABLE

Accounts receivable that management has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are reported in the balance sheets at outstanding amount less any charge-offs and the allowance for doubtful accounts. The Company performs ongoing credit evaluations of its customers, and generally extends credit without requiring collateral. The Company maintains an allowance for doubtful accounts based on management's expectations of future losses, which is determined based on historical experience and current economic environment.

Accounts are charged to bad debt expense when they are deemed uncollectible based upon management's periodic review of the accounts.

3.6. REVENUE RECOGNITION

The Company is principally engaged in Business Consulting, Software Implementation and related support services.

Effective April 1, 2019, the Company has adopted new standard "Revenue from Contracts with Customers" ("ASC 606"). ASC 606 supersedes the revenue recognition requirements in ASC Topic 605, "Revenue Recognition" ("ASC 605") and nearly all other existing revenue recognition guidance under US GAAP. The core principle of ASC 606 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. The Company has adopted ASC 606 using the full retrospective method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application.

Revenue is recognised upon transfer of control of contracted products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenues with respect to time and material contracts are recognized on input method basis i.e. based on time /efforts spent.

Revenue related to fixed price maintenance and support services contracts where the Company provides services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.

In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation.

Revenue from the sale of third- party software is recognised upfront at the point in time when the software is delivered to the customer.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue is recognised when there is billing in excess of revenues. The billing schedules agreed with customers include periodic performance -based payments and / or milestone-based progress payments. Invoices are payable within contractually agreed credit period.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Use of significant estimates and judgments

The Company uses the expected cost- plus margin approach to allocate the transaction price to each distinct performance obligation.

Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended are used to measure progress towards completion as there is a direct relationship between input and productivity.

The Company uses significant judgments while determining the transaction price allocated to performance obligations using the expected cost-plus margin approach.

Notes to Financial Statements

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

Disaggregation of Revenue

The Company disaggregates revenue from contracts with customers by contract-type, as it believes it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by industry, market and other economic factors.

The Company's revenue by type of contract is as follows:

Type of contract	**Year ended March 31, 2021**		Year ended March 31, 2020	
	CAD$	**INR**	CAD$	INR
Time and materials	**181,280**	**10,519,678**	682,003	39,576,634
Fixed-price	**3,987**	**231,366**	230,738	13,389,726
Total	**185,267**	**10,751,044**	912,741	52,966,360

3.7. COST OF REVENUES

Cost of revenues comprises salaries and employee benefits, sub-contractor fees, off-shore consultancy charges, project related travel and other costs.

3.8. INCOME TAXES

The Company accounts for income taxes and the related accounts in accordance with ASC 740, "Income Taxes." Deferred income tax assets and liabilities, if any, are computed annually, for differences between financial statements' base and tax base of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Deferred tax assets are reduced by valuation allowances when, in the opinion of the management, it is more likely than not that some portion or the entire deferred tax assets will not be realised. Valuation allowance is reversed when new evidence is available on future realisation of deferred tax assets. Tax expense comprises of tax payable or refundable for the period plus or minus the changes during the period in deferred tax assets and liabilities.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of:

Particulars	**As at March 31, 2021 CAD$**	**As at March 31, 2021 INR (refer Note F)**	As at March 31, 2020 CAD$	As at March 31, 2020 INR (refer Note F)
Bank balances	**407,550**	**23,650,127**	668,413	38,788,006

Cash balances of the Company are held in checking accounts, which are non-interest bearing, and as per the Canada Deposit Insurance Corporation Act, all non-interest bearing transaction accounts are guaranteed by the CDIC for CAD$ 100,000 per depositor for Bank of Nova Scotia.

As at March 31, 2021, the Company has CAD$ 307,550 (INR17,847,134) [2020 CAD$ 568,413 (INR32,985,023)] as balances in excess of the insured amount.

NOTE C – INCOME TAXES

Income tax expense/(refund) for the year comprise of the following:

Particulars	**Year ended March 31, 2021 CAD$**	**Year ended March 31, 2021 INR (refer Note F)**	Year ended March 31, 2020 CAD$	Year ended March 31, 2020 INR (refer Note F)
Income tax expense/(refund)	**(51,709)**	**(3,000,673)**	73,024	4,237,583
Total	**(51,709)**	**(3,000,673)**	73,024	4,237,583

NOTE D – RELATED PARTY TRANSACTIONS

1. List of related parties and their relationships (where there are transactions):

Name of related party	**Relationship**
Bristlecone Limited	Holding Company
Bristlecone India Limited	Fellow Subsidiary
Bristlecone Inc.	Fellow Subsidiary

2. Related party transactions and balances:

Nature of transaction/ balance	**Name of related party**	**March 31, 2021**		March 31, 2020	
		Amount (in CAD$)	**Amount (in INR) (refer Note F)**	Amount (in CAD$)	Amount (in INR) (refer Note F)
Dividend payment (including withholding taxes paid of CAD$ 250,000)	Bristlecone Limited	–	–	1,000,000	58,030,000
Subcontracting services received	Bristlecone India Limited	1,663	96,504	141,553	8,214,321
Management fees	Bristlecone India Limited	–	–	2,736	158,770
Reimbursement of expenses	Bristlecone India Limited	–	–	14,510	842,015
Amount payable as at year end	Bristlecone India Limited	–	–	9,711	563,529
Subcontracting services provided	Bristlecone Inc	181,280	10,519,678	77,452	4,494,540
Subcontracting services received	Bristlecone Inc	–	–	52,901	3,069,845
Management fees	Bristlecone Inc	664	38,532	20,154	1,169,537
Reimbursement of expenses	Bristlecone Inc	–	–	59,036	3,425,859

Notes to Financial Statements

Nature of transaction/ balance	Name of related party	March 31, 2021		March 31, 2020	
		Amount (in CAD$)	Amount (in INR) (refer Note F)	Amount (in CAD$)	Amount (in INR) (refer Note F)
Reimbursement of expenses from	Bristlecone Inc	–	–	3,511	203,743
Amount payable as at year end	Bristlecone Inc	664	38,532	20,154	1,169,537
Amount receivable as at year end	Bristlecone Inc	123,979	7,194,501	80,963	4,698,283

NOTE E – FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of the Company's cash equivalents, account receivables, other current assets, accounts payable and accrued expenses approximated their fair values due to their short maturities.

NOTE F – CONVENIENCE TRANSLATION

For the convenience of the readers, the financial statements for the year ended March 31, 2021 along with comparatives for the year ended March 31, 2020 have been translated into Indian Rupees ("INR") at the rate of 1 CAD$ = 58.03 INR. The convenience translation should not be construed as a representation that the CAD$ amounts or the Indian Rupee amounts referred to in these financial statements have been, could have been, or could in the future be, converted into INR or CAD$, as the case may be, at this or at any other rate of exchange, or at all.

NOTE G – STOCKHOLDERS' EQUITY

The Company's authorized stock comprised of unlimited number of common shares without nominal or par value, out of which 1 common share was issued and outstanding as at March 31, 2021 and March 31, 2020 which is held entirely by the Holding Company, Bristlecone Limited.

NOTE H – CONTINGENCIES

The Company evaluates contingencies as per its assessments of probable, reasonably possible and remote, as per ASC 450 "Contingencies". It is subject to legal claims in the normal course of business. However, based on its evaluation, management believes that there are no claims or contingencies, potential outcomes of which could be material to the financial condition or results of operations of the Company.

NOTE I – RECENT ACCOUNTING PRONOUNCEMENT

New Accounting Standards yet to be adopted by the Company

In February 2016, the FASB issued ASU 2016-02, Leases. The standard requires all leases with lease terms over twelve months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the financial year ending March 31, 2023.

NOTE J – ESTIMATION UNCERTAINITY RELATING TO GLOBAL HEALTH PANDEMIC ON COVID-19

In assessing the recoverability of receivables including unbilled receivables, the Company has considered internal and external information up to the date of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on the current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from the estimated as at the date of these financial statements and the Company will closely monitor any material changes to future economic conditions and respond accordingly.

NOTE K SUBSEQUENT EVENTS

In accordance with ASC 855-10 "Subsequent events", the Company has evaluated subsequent events through April 29, 2021, the date these financial statements were available to be issued. The Company is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.

Independent Auditors' Report to the Members of Bristlecone (Malaysia) Sdn. Bhd.

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of Bristlecone (Malaysia) Sdn. Bhd., which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages herein.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matters

This report is made solely to the Members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SSY Partners	**Bavany a/p Chellappan**
AF: 0040	No. 03138/09/2021 J
Chartered Accountants	*Chartered Accountant*

Shah Alam
16 April 2021

BRISTLECONE (MALAYSIA) SDN. BHD.
(INCORPORATED IN MALAYSIA)
200701014027 (772033-T)

Statement of Financial Position as at 31 March 2021

	Note	2021 RM	2020 RM
ASSETS			
Current assets			
Trade receivables	6	**–**	317,329
Other receivables and deposits	7	**4,034**	3,976
Tax recoverable		**28,895**	28,895
Fixed deposits with a licensed bank	8	**–**	975,155
Cash and bank balances		**1,707,571**	1,027,069
		1,740,500	2,352,424
TOTAL ASSETS		**1,740,500**	2,352,424
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	9	**500,000**	500,000
Retained earnings		**1,223,075**	1,259,006
TOTAL EQUITY		**1,723,075**	1,759,006
Current liabilities			
Trade payables	10	**–**	542,198
Other payables and accruals	11	**17,425**	51,220
TOTAL LIABILITIES		**17,425**	593,418
TOTAL EQUITY AND LIABILITIES		**1,740,500**	2,352,424

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income for the year ended 31 March 2021

	Note	**2021 RM**	2020 RM
Revenue	12	**–**	1,491,167
Cost of services		**–**	(1,270,796)
Gross profit		**–**	220,371
Other operating income		**13,872**	74,558
Administrative expenses		**(49,803)**	(176,948)
(Loss/Profit) before taxation	13	**(35,931)**	117,981
Taxation	14	**–**	(6,580)
(Loss/Profit) for the year		**(35,931)**	111,401

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31 March 2021

	Note	Share capital RM	Retained earnings RM	Total RM
At 1 April 2020		**500,000**	**1,259,006**	**1,759,006**
Loss for the year		**–**	**(35,931)**	**(35,931)**
At 31 March 2021		**500,000**	**1,223,075**	**1,723,075**
At 1 April 2019		500,000	1,147,605	1,647,605
Profit for the year		–	111,401	111,401
At 31 March 2020		500,000	1,259,006	1,759,006

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2021

	2021 RM	2020 RM
Cash flows from operating activities		
(Loss)/Profit before taxation	**(35,931)**	117,981
Adjustments for:		
Reversal of allowance for doubtful debts	**–**	(43,955)
Debt written-off	**–**	30,592
Fixed deposits interest income	**(13,872)**	(25,936)
Net loss on foreign exchange – unrealised	**–**	304
Operating (loss)/Profit before working capital changes	**(49,803)**	78,986
Decrease/(increase) in trade and other receivables	**317,271**	(271,910)
Decrease/(increase) in trade and other payables	**(575,993)**	542,355
Cash (Used in)/generated from operations	**(308,525)**	349,431
Income tax paid	**–**	(35,120)
Income tax refund	**–**	473,600
Net cash (used in)/generated from operating activities	**(308,525)**	787,911
Cash flows from investing activities		
Fixed deposits interest received	**13,872**	25,936
Net cash generated from investing activities	**13,872**	25,936
Cash flows from financing activities		
Net cash used in financing activities	**–**	–
Net decrease/(increase) in cash and cash equivalents	**(294,653)**	813,847
Cash and cash equivalents at beginning of the year	**2,002,224**	1,188,377
Cash and cash equivalents at end of the year	**1,707,571**	2,002,224
Cash and cash equivalents comprise:		
Fixed deposits with a licensed bank (Note 8)	**–**	975,155
Cash at bank	**1,707,571**	1,027,069
	1,707,571	2,002,224

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2021

1. Corporate information

The Company is a private limited company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Suite 8.01, Level 8, Menara Binjai, No. 2 Jalan Binjai, 50450 Kuala Lumpur, Malaysia.

The principal activities of the Company are to act as information technology service advisors, business consultants and implementers of computerised systems and to render a full range of information technology services including application and programming services, computer networks and other forms of computer and electronic technology services, administration and management control, technical, scientific and operational assistance, systems design, project management and technical training of personnel, management of a computer and electronic service facility and generally, any type of business or activity relating to the information technology and electronic industry and to provide support and training in connection therein.

The Directors regard Bristlecone Limited, a corporation incorporated in Cayman Island, as the immediate holding corporation, Mahindra Holding Limited, a corporation incorporated in India, as the penultimate holding corporation and Mahindra & Mahindra Ltd., a corporation incorporated in India, as the ultimate holding corporation.

There were no employees in the Company at the end of the current and previous financial years.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 16 April 2021.

2. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies (Note 3).

The preparation of financial statements in conformity with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The financial statements are presented in Ringgit Malaysia (RM).

3. Significant accounting policies

All significant accounting policies set out below are consistent with those applied in the previous financial year, except as disclosed in Note 4.

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, fixed deposits and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in fair value.

(b) Equity instruments

Ordinary shares are classified as equity instruments. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(c) Provision for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each financial year end and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(d) Revenue recognition

The Company recognise revenue from contracts with customers for the sale of goods and provision of services based on the five-step model as set out below:

i Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

ii Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

iii Determine the transaction price. The transaction price is the amount of consideration to which the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

iv Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expect to be entitled in exchange for satisfying each performance obligation.

v Recognise revenue when (or as) the Company satisfy a performance obligation.

The Company satisfy a performance obligation and recognise revenue over time if the Company's performance:

i Do not create an asset with an alternative use to the Company and have an enforceable right to payment for performance completed to-date; or

ii Create or enhance an asset that the customer controls as the asset is created or enhanced; or

iii Provide benefits that the customer simultaneously receives and consumes as the Company perform.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Company satisfy a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

i Revenue from contracts with customers

a. Sale of goods/services

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Company transfers controls of the goods or services promised in a contract and the customer obtains control of the goods and services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of indirect taxes, returns, rebates and discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

ii Other income

a. Interest income

Interest income is recognised on an accrual basis (taking into account the effective yield on the asset) unless its collectability is in doubt.

(e) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial year end.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided for, using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each financial year end and reduced to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each financial year end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial year end.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(f) Impairment of non-financial assets

The Company assess at each financial year end whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company make an estimate of the asset's recoverable amount.

For goodwill, the recoverable amount is estimated at each financial year end or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are Companyed at the lowest levels for which there are separately identifiable cash flows (i.e. CGUs). In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or Companys of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or Companys of units and then, to reduce the carrying amount of the other assets in the unit or Companys of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each financial year end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss for an asset, other than goodwill, is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised, in which case, the carrying amount of the asset is increased to its revised recoverable amount. The increase cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(g) Foreign currency

i Functional and presentation currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

ii Foreign currency transactions

In preparing the financial statements of the Company, transactions in currencies other than the Company's reporting currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the date of the transactions. At each financial period end, monetary items denominated in foreign currencies are translated at the rates prevailing at financial period end. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the profit or loss for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The principal closing rates used in translation of foreign currency amounts are as follows:

	2021 RM	2020 RM
1 United States Dollar (USD)	**4.15**	4.30

(h) Financial instruments

Financial instruments carried on the statement of financial position include cash and bank balances, deposits with financial institutions, receivables, payables and borrowings. The recognition methods adopted are disclosed in the respective accounting policy statements.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instrument classified as assets or liabilities, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Company become a party to the contractual provisions of the financial instrument.

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Company determine the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

i Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.

ii Financial assets measured subsequently at fair value

Financial assets that are debt instruments are measured at fair value through other comprehensive income ("FVTOCI") if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives).

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Company's or the Company's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date, i.e. the date that the asset is delivered to or by the Company.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Company become a party to the contractual provisions of the financial instruments. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

i Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

ii Other financial liabilities

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

When an existing financial liability is replaced by another instrument from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

(i) Impairment of financial assets

At each financial year end, the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring as at the financial year end with the risk of default since initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Company use external credit rating and other supportive information to assess deterioration in credit quality of a financial asset. The Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are Companyed on the basis of similar risk characteristics.

The Company considers past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cashflows that are due to the Company and all the cash flows that the Company expect to receive.

The Company measure the allowance for impairment loss on trade and other receivables based on the two-step approach as follows:

Financial liabilities at FVTPL

i 12-months expected credit loss

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Company measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occuring within the next 12 months considering the loss given default of that financial asset.

ii Lifetime expected credit loss

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime expected credit loss for that financial asset is recognised as the allowance for impairment loss by the Company. If, in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Company revert the allowance for impairment loss measurement from lifetime expected credit loss to 12-months expected credit loss.

For trade and other receivables which are financial assets, the Company apply the simplified approach in accordance with MFRS 9 Financial Instruments and measure the allowance for impairment loss based on a 12-months expected credit loss from initial recognition.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

(j) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants act in their economic best interest when pricing the asset or liability.

The Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the financial year end.

(k) Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest methods and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the financial year.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and Equipment' policy.

(l) Employee benefits

i Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or construction obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

As required by law, the Company makes contributions to the statutory provident fund, the Employees Provident Fund. Such contributions are recognised as an expense in profit or loss in the period as incurred.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the financial year end are discounted to present value.

(m) Related parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

4. Adoption of new and revised Malaysian Financial Reporting Standards and interpretations

(a) MFRSs that have been issued and effective

The following new and revised MFRSs issued by MASB, have been adopted, and the adoptions do not have any or significant impact to the financial statements:

Title		**Effective Date**
Amendments to MFRS 3:	Business Combinations	1 January 2020
Amendments to MFRS 7:	Financial Instruments: Disclosures	1 January 2020
Amendments to MFRS 9:	Financial Instruments	1 January 2020
Amendments to MFRS 101:	Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108:	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 139:	Financial Instruments: Recognition and Measurement	1 January 2020
Amendments to MFRS 4:	Insurance Contracts	17 August 2020
Amendments to MFRS 101:	Presentation of Financial Statements	17 August 2020

(b) MFRSs that have been issued but only effective for financial period beginning on 1 April 2021 and onwards

The following new and revised MFRSs issued by MASB, have not been adopted, and the adoptions are not expected to have any or significant impact to the financial statements:

Title		**Effective Date**
Amendments to MFRS 16:	Leases	1 June 2020
Amendments to MFRS 4:	Insurance Contracts	1 January 2021
Amendments to MFRS 7:	Financial Instruments: Disclosures	1 January 2021
Amendments to MFRS 9:	Financial Instruments	1 January 2021
Amendments to MFRS 16:	Leases	1 January 2021
Amendments to MFRS 139:	Financial Instruments: Recognition and Measurement	1 January 2021
Amendments to MFRS 16:	Leases	1 April 2021
Amendments to MFRS 1:	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
Amendments to MFRS 3:	Business Combinations	1 January 2022
Amendments to MFRS 9:	Financial Instruments	1 January 2022
Amendments to MFRS 116:	Property, Plant and Equipment	1 January 2022
Amendments to MFRS 137:	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
Amendments to MFRS 141:	Agriculture	1 January 2022
MFRS 17:	Insurance Contracts	1 January 2023
Amendments to MFRS 101:	Presentation of Financial Statements	1 January 2023
Amendments to MFRS 108:	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 10:	Consolidated Financial Statement	Deferred
Amendments to MFRS 128:	Investments in Associates and Joint Ventures	Deferred

5. Significant accounting estimates

Key Sources of Estimation Uncertainty

The preparation of financial statements in accordance with MFRSs requires the use of certain accounting estimates and exercise of judgement. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Loss allowances for financial assets

The Company recognises impairment losses for receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Company's ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Company's financial position and result.

(b) Income taxes

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. Trade receivables

	2021 RM	2020 RM
Trade receivables -non related parties	**–**	259,058
Less: Allowance for doubtful debts	**–**	–
	–	259,058
Amount due from related corporations		
Bristlecone Inc.	**–**	58,271
	–	317,329

The currency exposure profile of trade receivables of the Company is as follows:

	2021 RM	2020 RM
Ringgit Malaysia	**–**	317,329

The amount due from related corporation is unsecured, interest free and is repayable on demand.

7. Other receivables and deposits

	2021 RM	2020 RM
Deposit	**2,518**	2,518
Prepayment	**1,516**	1,458
	4,034	3,976

8. Fixed deposits with a licensed bank

Deposits with a licensed bank is pledged as securities for trade trading which bear interest at the rate of 2.20% per annum and have a maturity period of one month in prior year.

9. Share capital

	2021 Unit	2020 Unit	**2021 RM**	2020 RM
Issued and fully paid ordinary shares				
At beginning/end of the year	**500,000**	500,000	**500,000**	500,000

10. Trade payables

	2021 RM	2020 RM
Amount due to related corporations:		
Bristlecone India Limited	**–**	3,842
Bristlecone Inc.	**–**	68,876
	–	72,718
Amount due to non- related corporations:	**–**	469,480
Total	**–**	542,198

Amount due to related corporations is unsecured, interest free and repayable upon demand.

The currency exposure profile of trade payables of the Company is as follows:

	2021 RM	2020 RM
Ringgit Malaysia	**–**	469,480
United States Dollar	**–**	72,718
	–	542,198

11. Other payables and accruals

	2021 RM	2020 RM
Other payables	**758**	29,831
Provision for expenses	**16,667**	21,389
	17,425	51,220

12. Revenue

	2021 RM	2020 RM
Rendering of services	**–**	1,491,167

13. (Loss)/profit before taxation

	2021 RM	2020 RM
(Loss)/profit before taxation is arrived at after charging:		
Auditors' remuneration	**6,000**	10,000
Bad debts written off	**–**	30,592
Loss on foreign exchange – realised	**3,194**	–
Loss on foreign exchange – unrealised	**–**	304
Rental of premises	**7,908**	7,818
and crediting:		
Reversal of allowance for doubtful debts	**–**	43,955
Gain on foreign exchange – realised	**–**	4,667
Fixed deposits interest income	**13,872**	25,936

14. Taxation

	2021 RM	2020 RM
Income Tax expense		
Current year		
– taxes payable in Malaysia	–	6,225
Under/(over)provision in prior years		
– taxes payable in Malaysia	–	355
	–	6,580
Deferred tax		
Related to reversal and origination of temporary differences	–	–
	–	6,580

The reconciliation of income tax expense applicable to the results of the Company at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	2021 RM	2020 RM
(Loss)/Profit before taxation	**(35,931)**	117,981
Tax at Malaysian statutory tax rate of 24%	**(8,623)**	28,315
Tax effects of:		
- expenses not deductible for tax purposes	**6,917**	9,191
- non-taxable income	–	(11,669)
- deferred tax assets not recognised in respect of current year losses	**1,706**	–
- utilization of deferred tax assets not recognized previously	–	(19,612)
Under/(over) provision in prior year	–	355
Tax expense for the year	–	6,580

15. Significant related party transactions

Significant transactions with related corporations during the year comprise the following:

	2021 RM	2020 RM
Services rendered to related corporations		
Bristlecone Inc.	–	58,271
Services rendered by related corporations:		
Bristlecone India Limited	–	45,947
Management fee charged by a related corporation:		
Bristlecone India Limited	–	3,842
Bristlecone Inc.	–	68,876

16. Non-cancellable operating lease commitment

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at financial year end but not recognised as liabilities are as follows:

	2021 RM	2020 RM
Rental of virtual office		
Future minimum rentals payments:		
Not later than 1 year	**1,997**	1,997

17. Financial risk management policies

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

The main areas of financial risks faced by the Company and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company is exposed to credit risk primarily from their trade receivables, other receivables which are financial assets, fixed deposits and cash and bank balances.

As at the current and previous financial year end, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the statements of financial position.

For fixed deposits, cash and bank balances, the Company minimises credit risk by adopting an investment policy which allows dealing with counterparties with good credit ratings only. The Company closely monitors the credit worthiness of their counterparties by reviewing their credit ratings and credit profiles on a regular basis. Receivables are monitored to ensure that exposure to bad debts is minimised.

For transactions that are not denominated in the functional currency of the relevant operating unit, the Company does not offer credit terms without the specific approval from the Head of Credit Control. Since the Company trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Fixed deposits and cash and bank balances

The Company's fixed deposits and cash and bank balances at the financial year end are as follows:

	RM
At 31 March 2021	
Cash and bank balances	**1,707,571**
At 31 March 2020	
Fixed deposits with a licensed bank	975,155
Cash and bank balances	1,027,069
	2,002,224

No expected credit loss on the Company's balances were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

Receivables

The ageing analysis of the Company's gross receivables (before deducting allowance for impairment loss) are as follows:

				Not credit impaired				
					Past due			
	Note	Total RM	Credit impaired RM	Not past due RM	1-60 days RM	61-120 days RM	>120 days RM	Total RM
At 31 March 2021								
Other receivables which are financial assets	6	**2,518**	**–**	**2,518**	**–**	**–**	**–**	**–**
At 31 March 2020								
Trade receivables	6	317,329	–	317,329	–	–	–	–
Other receivables which are financial assets	7	2,518	–	2,518	–	–	–	–
		319,847	–	319,847	–	–	–	–

Receivables that are neither past due nor credit impaired are creditworthy debtors with good payment records with the Company. The Company's trade receivables credit term ranges from 30 days to 60 days in prior year.

Other receivables which are financial assets consist of deposits.

None of the Company's receivables that are neither past due nor credit impaired have been renegotiated during the current and previous financial years. Receivables are not secured by any collaterals or credit enhancements.

Impairment on receivables

The Company applies the simplified approach whereby allowance for impairment are measured at 12-months ECL. The movement of the allowance for impairment loss on receivables is as follows:

	Trade receivables			Other receivables which are financial assets		
	Credit impaired (Note i) RM	12-months ECL allowance RM	Total allowance RM	Credit impaired (Note i) RM	12-months ECL allowance RM	Total allowance RM
At 1 April 2020	**–**	**–**	**–**	**–**	**–**	**–**
Charge for the year (Note ii)	**–**	**–**	**–**	**–**	**–**	**–**
At 31 March 2021	**–**	**–**	**–**	**–**	**–**	**–**
At 1 April 2019	43,955	–	43,955	–	–	–
Charge for the year (Note ii)	(43,955)	–	(43,955)	–	–	–
At 31 March 2020	–	–	–	–	–	–

i Receivables that are individually determined to be credit impaired at the financial year end relate to debtors who are in significant financial difficulties and have defaulted on payments.

ii The Company's allowance for impairment loss on receivables during the current financial year is none. In the previous financial year, the Company's allowance for impairment loss on receivables decreased by RM43,955.

(a) Credit risk

Credit risks concentration profile

The Company's concentration of credit risks relates to an amount owing by one major customer which constituted 81% of its trade receivables at the end of the previous reporting period.

As at the end of the previous reporting period, the maximum exposure of credit risk arising from trade receivables is represented by the carrying amount in the statement of financial position.

(b) Foreign currency risk

The Company is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is mainly United States Dollar (USD). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

Foreign currency risk sensitivity analysis

The sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period with all other variables held constant is as follows:

	Increase/ (decrease) in the Company's results 2021 RM	Increase/ (decrease) in the Company's results 2020 RM
Effects on profit before taxation:		
USD		
– strengthened by 5% (2020: 5%)	**–**	(3,635)
– weakened by 5% (2020: 5%)	**–**	3,635

(c) Liquidity risks

The Company manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Company maintains sufficient levels of cash to meet its working capital requirements. In addition, the Company strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Company raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

The table below summarises the maturity profile of the Company's liabilities at the financial period end based on contractual undiscounted repayment obligations.

	Note	Carrying amount	Contractual undiscounted cash flow	Maturity: Less than 1 period	Maturity: Between 2 and 5 periods
2021		**RM**	**RM**	**RM**	**RM**
Other payables and accruals	11	**17,425**	**17,425**	**17,425**	**–**
2020					
Other payables and accruals	11	51,220	51,220	51,220	–

(d) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

18. Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Amortised cost ("AC")

(b) Fair value through profit or loss ("FVTPL")

	Carrying amount RM	AC RM	FVTPL RM
2021			
Non-derivative financial assets			
Other receivables and deposits	**2,518**	**2,518**	**–**
Cash and bank balances	**1,707,571**	**1,707,571**	**–**
	1,710,089	**1,710,089**	**–**
Non-derivative financial liabilities			
Other payables and accruals	**17,425**	**17,425**	**–**
	17,425	**17,425**	**–**
2020			
Non-derivative financial assets			
Trade receivables	317,329	317,329	–
Other receivables and deposits	2,518	2,518	–
Fixed deposits with a licensed bank	975,155	975,155	–
Cash and bank balances	1,027,069	1,027,069	–
	2,322,071	2,322,071	–
Non-derivative financial liabilities			
Trade payables	542,198	542,198	–
Other payables and accruals	51,220	51,220	–
	593,418	593,418	–

19. Significant event

The coronavirus (COVID-19) outbreak in early 2020 has reached a pandemic level affecting all businesses and economic activities globally. The Malaysian Government has enforced various measures to curb with the spreading of the virus including travel restrictions, reduced business operating capacity and total prohibition for certain businesses to operate.

The Company is unable to reasonably estimate the financial impact of COVID-19 for the financial year ending 31 March 2022 to be disclosed in the financial statements as the situation is still evolving and the uncertainty of the outcome of the current events. The Company will continuously monitor the impact of COVID-19 on its operations and its financial performance and will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Company's operations.

To the general shareholders' meeting of
BRISTLECONE INTERNATIONAL AG
Rheinweg 7
8200 Schaffhausen

REPORT OF THE STATUTORY AUDITOR ON THE LIMITED STATUTORY EXAMINATION OF THE FINANCIAL STATEMENTS FOR THE YEAR 2020/2021

(for the period of 1 April 2020 until 31 March 2021)

21st April 2021

Report of the statutory auditor on the limited statutory examination to the general shareholders' meeting of **BRISTLECONE INTERNATIONAL AG, Schaffhausen**

As statutory auditor, we have examined the financial statements (balance sheet, income state-ment and notes) of BRISTLECONE INTERNATIONAL AG for the financial year ended 31 March 2021.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination con-sists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing pro-cedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

Berne, 21st April 2021

BDO Ltd

Thomas Bigler
Auditor in Charge
Licensed Audit Expert

ppa. Sibylle Schmid
Licensed Audit Expert

Enclosure

Financial statements and proposed appropriation of available earnings

BALANCE SHEET AS PER 31 MARCH

ASSETS	**2021 CHF**	**2021 INR**	2020 CHF	2020 INR
Current assets				
Cash and cash equivalents	**2,510,059.66**	**195,634,049.90**	1,745,454.23	136,040,702.69
Accounts receivables due from				
group companies		**–**	–	–
third parties	**365,251.02**	**28,467,664.50**	394,618.08	30,756,533.16
Other receivables	**35,032.76**	**2,730,453.31**	47,564.76	3,707,197.39
Services in progress	**158,710.41**	**12,369,889.36**	121,568.07	9,475,015.38
Accrued income and prepaid expenses	**1,840.83**	**143,474.29**	742.93	57,903.96
	3,070,894.68	**239,345,531.36**	2,309,948.07	180,037,352.58
Non current assets				
Financial assets	**6,034.02**	**470,291.52**	6,034.02	470,291.52
Office equipment	**1,205.10**	**93,925.49**	2.00	155.88
Non paid up share capital	**50,000.00**	**3,897,000.00**	50,000.00	3,897,000.00
	57,239.12	**4,461,217.01**	56,036.02	4,367,447.40
TOTAL ASSETS	**3,128,133.80**	**243,806,748.37**	2,365,984.09	184,404,799.98
LIABILITIES AND SHAREHOLDER'S EQUITY				
Liabilities				
Accounts payable due to group companies	**356,489.02**	**27,784,754.22**	167,468.88	13,052,524.51
Other payables	**22,844.23**	**1,780,479.29**	46,528.27	3,626,413.36
Deferred income and accrued expenses	**183,104.36**	**14,271,153.81**	147,758.13	11,516,268.66
Short term liabilities	**562,437.61**	**43,836,387.32**	361,755.28	28,195,206.53
Shareholder's equity				
Share capital	**100,000.00**	**7,794,000.00**	100,000.00	7,794,000.00
Statutory reserves	**50,000.00**	**3,897,000.00**	50,000.00	3,897,000.00
Voluntary retained earnings				
– Balance brought forward from prior year	**1,854,228.81**	**144,518,593.45**	1,536,309.31	119,739,947.62
– Result for the period	**561,467.38**	**43,760,767.60**	317,919.50	24,778,645.83
Total voluntary retained earnings	**2,415,696.19**	**188,279,361.05**	1,854,228.81	144,518,593.45
Total shareholder's equity	**2,565,696.19**	**199,970,361.05**	2,004,228.81	156,209,593.45
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**3,128,133.80**	**243,806,748.37**	2,365,984.09	184,404,799.98

Bristlecone International AG

Schaffhausen

(Signature/s)

INCOME STATEMENT FOR THE YEAR ENDED

	2020/21 CHF	**2020/21 INR**	2019/20 CHF	2019/20 INR
Income from services	**2,002,454.84**	**156,071,330.23**	2,205,655.47	171,908,787.33
Changes services in progress	**37,142.34**	**2,894,873.98**	(109,243.41)	(8,514,431.38)
Provision for doubtful debts	**–**	**–**	(27,791.99)	(2,166,107.70)
Net income	**2,039,597.18**	**158,966,204.21**	2,068,620.07	161,228,248.25
Services expenses	**(889,697.95)**	**(69,343,058.22)**	(1,034,765.31)	(80,649,608.26)
Gross result I	**1,149,899.23**	**89,623,145.99**	1,033,854.76	80,578,639.99
Personnel expenses	**(397,787.28)**	**(31,003,540.60)**	(474,539.59)	(36,985,615.64)
Gross result II	**752,111.95**	**58,619,605.39**	559,315.17	43,593,024.35
Rental expenses	**(23,408.96)**	**(1,824,494.34)**	(23,413.85)	(1,824,875.47)
Administrative expenses	**(11,537.86)**	**(899,260.81)**	(12,950.78)	(1,009,383.79)
Consulting, accounting and audit fees	**(52,189.34)**	**(4,067,637.16)**	(51,696.97)	(4,029,261.84)
Operating result before depreciation	**664,975.79**	**51,828,213.08**	471,253.57	36,729,503.25
Depreciation	**(601.64)**	**(46,891.82)**	–	–
Operating result (level EBIT)	**664,374.15**	**51,781,321.26**	471,253.57	36,729,503.25
Financial income	**–**	**–**	0.60	46.76
Financial expenses	**(53,464.07)**	**(4,166,989.62)**	(125,546.67)	(9,785,107.46)
Other income	**1,651.65**	**128,729.60**	2,688.45	209,537.79
Result before taxes	**612,561.73**	**47,743,061.24**	348,395.95	27,153,980.34
Taxes	**(51,094.35)**	**(3,982,293.64)**	(30,476.45)	(2,375,334.51)
Result for the year	**561,467.38**	**43,760,767.60**	317,919.50	24,778,645.83

Bristlecone International AG

Schaffhausen

(Signature/s)

NOTES TO THE FINANCIAL STATEMENTS AS PER 31 MARCH 2021

Accounting principles applied in the preparation for the financial statements

These financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations (Art. 957 to 963b CO, effective since 1 January 2013).

Disclosure on balance sheet items	**31-Mar-2021 CHF**	**31-Mar-2021 INR**	31-Mar-2020 CHF	31-Mar-2020 INR
Services in progress	**158,710.41**	**12,369,889.36**	121,568.07	9,475,015.38

The services in progress are valued as below:-

a) Fixed Price Projects - Based on the percentage-of-completion method

b) Time & Material Projects - Based on the efforts and customer approved billing rate card"

Full-time equivalents

The annual average number of full-time equivalents for the reporting period, as well as the previous year, were below 10.

Translation into Indian Rupees

The financial information in this financial statements is presented in Swiss Franc (CHF) and Indian Rupees (INR). CHF amounts as at end of the year ended 31 March 2021 and 31 March 2020 have been translated for convenience into Indian Rupees at the closing exchange rate of CHF 1 = INR 77.94 as at 31 March 2021.

Other Information

The impact of the COVID-19 pandemic is reflected in the 2020 financial statements of Bristlecone International AG to the extent that the relevant recognition criteria were met as at the balance sheet date. The Board of Directors and the Executive Board of Bristlecone International AG continue to monitor the events and take the necessary measures if required. At the time of the approval of these financial statements, the financial and economic consequences of the direct and indirect effects of a prolonged severe recession can, from today's perspective, be considered as not endangering the ability of Bristlecone International AG to continue as a going concern in the meaning of Art. 958a para. 2 of the Swiss Code of Obligations.

PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

	31-Mar-2021 CHF	**31-Mar-2021 INR**	31-Mar-2020 CHF	31-Mar-2020 INR
Balance brought forward from prior year	**1,854,228.81**	**144,518,593.45**	1,536,309.31	119,739,947.62
Result for the period	**561,467.38**	**43,760,767.60**	317,919.50	24,778,645.83
Total voluntary retained earnings	**2,415,696.19**	**188,279,361.05**	1,854,228.81	144,518,593.45
Motion of the board of directors:				
Balance to be carried forward to new period	**2,415,696.19**	**188,279,361.05**	1,854,228.81	144,518,593.45

Bristlecone International AG

Schaffhausen

(Signature/s)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BRISTLECONE UK LIMITED

Opinion

We have audited the financial statements of Bristlecone UK Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

— give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;

— have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

— have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties due to the COVID19 pandemic on our audit

Uncertainties related to the effects of COVID19 are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future property and performance.

COVID19 is one of the most significant public health, social and economic event and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for the company and this is particularly the case in relation to COVID19.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

— the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and

— the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

— adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

— the financial statements are not in agreement with the accounting records and returns; or

— certain disclosures of directors' remuneration specified by law are not made; or

— we have not received all the information and explanations we require for our audit; or

— the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mukesh Desai (Senior Statutory Auditor)
for and on behalf of Butler & Co LLP
Chartered Accountants
& Statutory Auditor

Third Floor
126-134 Baker Street
London W1U 6UE

Date: 26 April 2021.

BRISTLECONE UK LIMITED (REGISTERED NUMBER: 03169221)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
TURNOVER		**53,942**	61,487
Cost of sales		**15,857**	13,965
GROSS PROFIT		**38,085**	47,522
Administrative expenses		**12,999**	49,003
OPERATING PROFIT/(LOSS)	4	**25,086**	(1,481)
Interest receivable and similar income		**413**	1,452
PROFIT/(LOSS) BEFORE TAXATION		**25,499**	(29)
Tax on profit/(loss)	5	**78**	–
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		**25,421**	(29)
OTHER COMPREHENSIVE INCOME		**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**25,421**	(29)

The notes form part of these financial statements

BRISTLECONE UK LIMITED (REGISTERED NUMBER: 03169221)

BALANCE SHEET 31 MARCH 2021

	Notes	2021 £	2020 £
CURRENT ASSETS			
Debtors	**7**	**120,318**	74,244
Cash at bank		**468,238**	476,480
		588,556	550,724
CREDITORS			
Amounts falling due within one year	**8**	**44,843**	32,432
NET CURRENT ASSETS		**543,713**	518,292
TOTAL ASSETS LESS CURRENT LIABILITIES		**543,713**	518,292
CAPITAL AND RESERVES			
Called up share capital	**9**	**2,350,000**	2,350,000
Retained earnings	**10**	**(1,806,287)**	(1,831,708)
SHAREHOLDERS' FUNDS		**543,713**	518,292

The financial statements were authorised for issue by the Board of Directors and authorised for issue on April 23, 2021 and were signed on its behalf by:

Kulashekar Raghavan
Director

The notes form part of these financial statements

BRISTLECONE UK LIMITED (REGISTERED NUMBER: 03169221)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2019	**2,350,000**	**(1,831,679)**	**518,321**
Changes in equity			
Total comprehensive income	–	(29)	(29)
Balance at 31 March 2020	**2,350,000**	**(1,831,708)**	**518,292**
Changes in equity			
Total comprehensive income	–	25,421	25,421
Balance at 31 March 2021	**2,350,000**	**(1,806,287)**	**543,713**

The notes form part of these financial statements

BRISTLECONE UK LIMITED (REGISTERED NUMBER: 03169221)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. STATUTORY INFORMATION

Bristlecone UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Turnover

Turnover represents the invoiced amounts of services provided and it is stated net of Value Added Tax.

Revenue for software services is recognised on the basis of services rendered. For time and material contracts, invoices are raised on the basis of customer approved timesheets. For fixed price projects, invoices are raised for prescribed milestones achieved on the basis of acceptance/ sign-off received from the customer. Revenue on fixed price contracts is recognised based on the percentage completion method.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	–	50% on cost
Computer equipment	–	50% on cost

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future with the continuous support from the parent company.

Since the financial year end, there are uncertainties relating to the COVID19 pandemic which might impact the company. No provisions have been made in the financial statements in respect of these uncertainties.

3. EMPLOYEES AND DIRECTORS

	2021 **£**	2020 £
Wages and salaries	**–**	45,584
Social security costs	**–**	3,688
Other pension costs	**–**	1,170
	–	50,442

The average monthly number of employees during the year was as follows:

	2021	2020
Management	**–**	3
Administrative	**–**	–
Sales and Marketing	**–**	1
	–	4

	2021 **£**	2020 £
Directors' remuneration	–	–

4. OPERATING PROFIT/(LOSS)

The operating loss (2020 - operating profit) is stated after charging/(crediting):

	2021 **£**	2020 £
Auditors' remuneration	**2,850**	2,700
Foreign exchange differences	**4,900**	(484)

5. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2021 **£**	2020 £
Current tax:		
UK corporation tax	78	**–**
Tax on (loss)/profit	78	**–**

UK corporation tax has been charged at 19% (2020 - 19%).

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 **£**	2020 £
Profit/(loss) before tax	**25,499**	(29)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	**4,845**	(6)
Effects of:		
Tax losses brought forward	**(4,767)**	–
Adjustment for losses	**–**	6
Total tax charge	**78**	–

6. TANGIBLE FIXED ASSETS

	Plant and machinery	Computer equipment	Totals
	£	£	£
COST			
At 1 April 2020 and 31 March 2021	104	26,195	26,299
DEPRECIATION			
At 1 April 2020 and 31 March 2021	104	26,195	26,299
NET BOOK VALUE			
At 31 March 2021	–	–	–
At 31 March 2020	–	–	–

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade debtors	**17,255**	73,814
Amounts owed by group undertakings	102,623	–
VAT	440	430
	120,318	74,244

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	**17,985**	17,988
Amounts owed to group undertakings	**2,883**	3,366
Tax	78	–
Other creditors	2,270	4,383
Accrued expenses	**21,627**	6,695
	44,843	32,432

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value	**2021 £**	2020 £
2,350,000	Ordinary	£1	**2,350,000**	2,350,000

10. RESERVES

	Retained earnings £
At 1 April 2020	(1,831,708)
Profit for the year	25,421
At 31 March 2021	**(1,806,287)**

11. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

12. ULTIMATE CONTROLLING PARTY

In the opinion of the directors, the immediate parent company is Bristlecone Limited, a company incorporated in the Cayman Islands.

The Directors consider the company's ultimate holding company and controlling party to be Mahindra & Mahindra Limited which is incorporated in India.

The company's results are included in the consolidated financial statements of Mahindra & Mahindra Limited which are publicly available from Gateway Building, Apollo Bunder, Mumbai 400 001, India.

Independent auditor's report

To the Board of Directors and Shareholders of Bristlecone, Inc.

Opinion

1. We have audited the accompanying financial statements of Bristlecone, Inc. (the 'Company') (a California Corporation and a wholly owned subsidiary of Bristlecone Limited), which comprise the balance sheet as at March 31, 2021, the statements of operations, statements of changes in stockholders' equity and statements of cash flows, for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021, and of its financial performance and cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

3. We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code') together with the ethical requirements that are relevant to our audit of the financial statements in India and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

4. Management is responsible for the other information. Other information does not include the financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Reporting under this section is not applicable as no other information is obtained at the date of this auditor's report.

Responsibilities of Management for the Financial Statements

5. Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

8. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material

uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Place: Mumbai, India
Date: May 06, 2021

Grant Thornton Bharat LLP

BALANCE SHEET

Particulars	Notes	As at March 31, 2021 (US$)	As at March 31, 2021 (INR) (refer Note Q)	As at March 31, 2020 (US$)	As at March 31, 2020 (INR) (refer Note Q)
ASSETS					
Current assets					
Cash and cash equivalents	B	**6,840,921**	**503,423,376**	3,640,237	267,885,041
Accounts receivable, net	C	**11,350,025**	**835,248,340**	13,303,341	978,992,864
Loan to related parties	H	**1,000,000**	**73,590,000**	1,250,000	91,987,500
Other current assets					
– Due from related parties		**873,013**	**64,245,027**	721,285	53,079,363
– Others	D	**1,725,176**	**126,955,702**	1,290,313	94,954,134
Total current assets		**21,789,135**	**1,603,462,445**	20,205,176	1,486,898,902
Non-current assets					
Property and equipment, net	E	**878,839**	**64,673,762**	265,555	19,542,192
Intangible assets, net	E	**1,176**	**86,542**	72,567	5,340,206
Deferred tax assets, net	G	**1,045,015**	**76,902,654**	1,332,804	98,081,046
Other assets		**132,198**	**9,728,454**	128,787	9,477,435
Total non-current assets		**2,057,228**	**151,391,412**	1,799,713	132,440,879
Total assets		**23,846,363**	**1,754,853,857**	22,004,889	1,619,339,781
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities					
Accounts payable:					
– Due to related parties		**6,462,006**	**475,539,022**	5,074,705	373,447,541
– Others		**220,231**	**16,206,776**	464,393	34,174,660
Employee related liabilities		**3,884,472**	**285,858,294**	3,456,305	254,349,481
Accrued expenses and other current liabilities	F	**2,045,460**	**150,525,432**	1,877,637	138,175,297
Unearned revenue		**1,600,731**	**117,797,794**	2,290,910	168,588,067
Total current liabilities		**14,212,900**	**1,045,927,318**	13,163,950	968,735,046
Deferred rent and lease incentive		**372,851**	**27,438,069**	–	–
Total non-current liabilities		**372,851**	**27,438,069**	–	–
Total liabilities		**14,585,751**	**1,073,365,387**	13,163,950	968,735,046
Stockholders' equity	I				
Series A Preferred stock, no par value		**774,518**	**56,996,780**	774,518	56,996,780
Series B Preferred stock, no par value		**5,939,606**	**437,095,606**	5,939,606	437,095,606
Common stock, no par value		**136,664**	**10,057,104**	136,664	10,057,104
Additional paid-in capital		**18,633,513**	**1,371,240,222**	18,505,323	1,361,806,720
Accumulated deficit		**(16,223,689)**	**(1,193,901,242)**	(16,515,172)	(1,215,351,475)
Total stockholders' equity		**9,260,612**	**681,488,470**	8,840,939	650,604,735
Total liabilities and stockholders' equity		**23,846,363**	**1,754,853,857**	22,004,889	1,619,339,781

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF OPERATIONS

Particulars	Notes	**Year ended March 31, 2021 (US$)**	**Year ended March 31, 2021 (INR) (refer Note Q)**	Year ended March 31, 2020 (US$)	Year ended March 31, 2020 (INR) (refer Note Q)
Revenues	**A(3.4)**	**57,725,099**	**4,247,990,035**	60,395,725	4,444,521,403
Cost of revenues		**43,150,830**	**3,175,469,580**	44,854,285	3,300,826,833
Gross profit		**14,574,269**	**1,072,520,455**	15,541,440	1,143,694,570
Operating expenses					
Selling, general and administrative expenses		**13,644,503**	**1,004,098,976**	12,637,043	929,959,958
Depreciation and amortization	**E**	**347,783**	**25,593,351**	437,037	32,161,557
Total operating expenses		**13,992,286**	**1,029,692,327**	13,074,080	962,121,515
Operating Profit/(Loss)		**581,983**	**42,828,128**	2,467,360	181,573,055
Interest expense net		**–**	**–**	166,839	12,277,682
Other income, net		**45,657**	**3,359,899**	35,446	2,608,471
Net income before income tax expense		**627,640**	**46,188,027**	2,335,967	171,903,844
Income tax expense	G	**336,157**	**24,737,794**	807,601	59,431,358
Net Income		**291,483**	**21,450,233**	1,528,366	112,472,486

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Particulars	Preferred stock				Common stock				Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Authorized		Issued and outstanding		Authorized		Issued and outstanding				
	Shares	Amount (US$)	Shares	Amount (US$)	Shares	Amount (US$)	Shares	Amount (US$)	Amount (US$)	Amount (US$)	Amount (US$)
Balance as at April 1, 2019	4,494,500	–	3,615,535	6,714,124	30,000,000	–	8,492,157	136,664	18,407,294	(18,043,538)	7,214,544
Stock based compensation expense	–	–	–	–	–	–	–	–	98,029	–	98,029
Net income for the year	–	–	–	–	–	–	–	–	–	1,528,366	1,528,366
Balance as at March 31, 2020	**4,494,500**	–	**3,615,535**	**6,714,124**	**30,000,000**	–	**8,492,157**	**136,664**	**18,505,323**	**(16,515,172)**	**8,840,939**
Stock based compensation expense	–	–	–	–	–	–	–	–	128,190	–	128,190
Net income for the year	–	–	–	–	–	–	–	–	–	291,483	291,483
Balance as at March 31, 2021	**4,494,500**	–	**3,615,535**	**6,714,124**	**30,000,000**	–	**8,492,157**	**136,664**	**18,633,513**	**(16,223,689)**	**9,260,612**

Particulars	Preferred stock				Common stock				Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Authorized		Issued and outstanding		Authorized		Issued and outstanding				
	Shares	Amount (INR) (refer note Q)	Shares	Amount (INR) (refer note Q)	Shares	Amount (INR) (refer note Q)	Shares	Amount (INR) (refer note Q)	Amount (INR) (refer note Q)	Amount (INR) (refer note Q)	Amount (INR) (refer note Q)
Balance as at April 1, 2019	4,494,500	–	3,615,535	494,092,386	30,000,000	–	8,492,157	10,057,104	1,354,592,766	(1,327,823,961)	530,918,295
Stock based compensation expense	–	–	–	–	–	–	–	–	7,213,954	–	7,213,954
Net income for the year	–	–	–	–	–	–	–	–	–	112,472,486	112,472,486
Balance as at March 31, 2020	4,494,500	–	**3,615,535**	**494,092,386**	**30,000,000**	–	**8,492,157**	**10,057,104**	**1,361,806,720**	**(1,215,351,475)**	**650,604,735**
Stock based compensation expense	–	–	–	–	–	–	–	–	9,433,502	–	9,433,502
Net income for the year	–	–	–	–	–	–	–	–	–	21,450,233	21,450,233
Balance as at March 31, 2021	**4,494,500**	–	**3,615,535**	**494,092,386**	**30,000,000**	–	**8,492,157**	**10,057,104**	**1,371,240,222**	**(1,193,901,242)**	**681,488,470**

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF CASH FLOWS

Particulars	**Year ended March 31, 2021 (US$)**	**Year ended March 31, 2021 (INR) (refer Note Q)**	Year ended March 31, 2020 (US$)	Year ended March 31, 2020 (INR) (refer Note Q)
Cash flow from operating activities				
Net income	**291,483**	**21,450,233**	1,528,366	112,472,486
Adjustments to reconcile net income to net cash from/(used in) operating activities				
Depreciation and amortization	**347,783**	**25,593,351**	437,037	32,161,557
Deferred tax charge/(credit)	**287,789**	**21,178,393**	172,767	12,713,924
Loss/(Gain) on disposal of equipment and software	**65,775**	**4,840,395**	(238)	(17,549)
Bad debts	**774,167**	**56,970,981**	30,469	2,242,214
Provision/(reversal) for doubtful debts	**(712,758)**	**(52,451,825)**	548,857	40,390,402
Stock compensation expense	**128,190**	**9,433,502**	98,029	7,213,954
Changes in assets and liabilities				
Accounts receivable and unbilled revenue	**1,891,906**	**139,225,333**	4,538,688	334,002,032
Other current assets, related parties	**(151,728)**	**(11,165,664)**	(198,344)	(14,596,135)
Other current assets and other assets	**(438,274)**	**(32,252,584)**	(93,164)	(6,855,939)
Accounts payable, related parties	**1,387,302**	**102,091,516**	3,311,662	243,705,207
Accounts payable	**(244,162)**	**(17,967,882)**	(123,707)	(9,103,598)
Other liabilities	**278,662**	**20,506,737**	(2,423,115)	(178,317,033)
Repayment by related parties	**250,000**	**18,397,500**	1,280,000	94,195,200
Loan to related parties	**–**	**–**	(500,000)	(36,795,000)
Net cash provided by/operating activities	**4,156,135**	**305,849,986**	8,607,307	633,411,722
Cash flow from investing activities				
Additions of Property, Equipment and Software	**(955,451)**	**(70,311,651)**	(59,192)	(4,355,939)
Disposal of Property, Equipment and software	**–**	**–**	2,445	179,928
Net cash used in investing activities	**(955,451)**	**(70,311,651)**	(56,747)	(4,176,011)
Cash flow from financing activities				
Proceeds from term loan	**–**	**–**	–	–
Repayment of term loan	**–**	**–**	(5,000,000)	(367,950,000)
Repayment of loan, related party, net	**–**	**–**	(2,000,000)	(147,180,000)
Net cash used in financing activities	**–**	**–**	(7,000,000)	(515,130,000)
Net increase/(decrease) in cash and cash equivalents	**3,200,684**	**235,538,335**	1,550,560	114,105,711
Cash and cash equivalents at the beginning of the year	**3,640,237**	**267,885,041**	2,089,677	153,779,330
Cash and cash equivalents at the end of the year	**6,840,921**	**503,423,376**	3,640,237	267,885,041
Supplemental cash flow information				
Interest paid	**–**	**–**	188,697	13,886,212
Interest received	**20,791**	**1,530,008**	77,803	5,725,539
Income taxes paid	**126,171**	**9,284,924**	817,183	60,136,497
Asset acquired under capital lease	**–**	**–**	–	–

(The accompanying notes are an integral part of these financial statements)

Notes to Financial Statements

NOTE A - BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. NATURE OF OPERATIONS

Bristlecone, Inc. (the "Company") is engaged in providing technology solutions and consulting services, with operations and customers primarily in the United States of America (the 'US' or 'USA'). The Company's primary focus is on providing supply chain services ranging from supply chain strategy and network design to supply chain system implementations. The Company also provides application outsourcing services, data management services and development and integration services to independent software vendors.

2. GENERAL INFORMATION

The Company was incorporated under the laws of the State of California in 1998. In May 2004, the Company became a wholly-owned subsidiary of Bristlecone Limited, a Cayman Island Company. The Company's then stockholders and stock option holders, in exchange for their stock interest in Bristlecone, Inc., received cash, common stock, preferred stock, warrants and common stock options of Bristlecone Limited. Mahindra & Mahindra Limited, an Indian Company is the Company's ultimate parent.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

3.1. OVERALL CONSIDERATIONS

The accompanying financial statements have been prepared on a going concern basis under the historical cost convention and on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

These financial statements have been presented in United States Dollars ('US$'), which is the functional and reporting currency of the Company. Also refer note 'Q' regarding convenience translation of US$ figures to Indian Rupees (INR) in the financial statements.

3.2. USE OF ESTIMATES

In preparing the Company's financial statements in conformity with accounting principles generally accepted in the United States of America, the Company's management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The management's estimates for allowance for uncollectible amounts, useful lives of assets, efforts to completion for fixed price projects, realization of deferred tax assets, provision for variable pay and provision for sales commission represent certain of these particularly sensitive estimates.

3.3. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION

Transactions in foreign currencies are translated at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. All foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at year-end are recorded in the statement of earnings.

3.4. REVENUE RECOGNITION

The Company is principally engaged in Business Consulting, Software Implementation, Software Implementation and related support services.

Effective April 1, 2019, the Company has adopted new standard "Revenue from Contracts with Customers" ("ASC 606"). ASC 606 supersedes the revenue recognition requirements in ASC Topic 605, "Revenue Recognition" ("ASC 605") and nearly all other existing revenue recognition guidance under US GAAP. The core principle of ASC 606 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. The Company has adopted ASC 606 using the full retrospective method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application. The adoption of the new standard did not have any impact on the financial statements of the Company.

Revenue is recognised upon transfer of control of contracted products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenues with respect to time and material contracts are recognized on input method basis i.e. based on time/efforts spent.
- Revenue related to fixed price maintenance and support services contracts where the Company provides services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation.
- Revenue from the sale of third- party software is recognised upfront at the point in time when the software is delivered to the customer.
- Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.
- Unearned and deferred revenue is recognised when there is billing in excess of revenues. The billing schedules agreed with customers include periodic performance -based payments and/or milestone- based progress payments. Invoices are payable within contractually agreed credit period.
- Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Use of significant estimates and judgments

The Company uses the expected cost-plus margin approach to allocate the transaction price to each distinct performance obligation

Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended are used to measure progress towards completion as there is a direct relationship between input and productivity.

The Company uses significant judgments while determining the transactions price allocated to performance obligation using the expected cost-plus margin approach.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

Disaggregation of Revenue

The Company disaggregates revenue from contracts with customers by geography and contract-type, as it believes it best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by industry, market and other economic factors.

The Company's revenue by geography is as follows:

Geographic location	**Year ended March 31, 2021**		Year ended March 31, 2020	
	US$	**INR**	US$	INR
North America	**56,251,297**	**4,139,532,950**	58,540,047	4,307,962,059
Europe	**490,473**	**36,093,904**	515,757	37,954,558
Rest of the world	**983,329**	**72,363,181**	1,339,921	98,604,786
Total	**57,725,099**	**4,247,990,035**	60,395,725	4,444,521,403

The Company's revenue by type of contract is as follows:

Type of contract	Year ended March 31, 2021		Year ended March 31, 2020	
	US$	**INR**	US$	INR
Time and materials	**28,075,399**	**2,066,068,612**	28,761,995	2,116,595,212
Fixed-price	**29,649,700**	**2,181,921,423**	31,633,730	2,327,926,191
Total	**57,725,099**	**4,247,990,035**	60,395,725	4,444,521,403

3.5. ACCOUNTS RECEIVABLE

Account receivable are recorded net of allowance for doubtful accounts. Allowance for doubtful accounts are established through evaluation of the accounts receivable ageing and prior collection experience, current market conditions, customer's financial conditions and the amount of receivable in dispute to ascertain ultimate collectability of these receivables. Account balances are charged off against the allowance after all means of collection have been exhausted and potential for recovery is remote.

3.6. CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Cash comprises balance held with banks.

3.7. DIVIDENDS

Final dividend on common stock and preferred stock are recorded as a liability on the date of declaration by the Board of Directors

3.8. PROPERTY, EQUIPMENT AND SOFTWARE

Equipment and software are stated at historical cost less accumulated depreciation and amortization.

Assets under capital lease obligations are recorded at lower of the present value of the minimum lease payments or the fair market value of the leased asset, at the inception of the lease.

Depreciation/amortization is calculated on the straight-line method over the estimated useful life of the respective assets. Assets under capital leases and leasehold improvements are amortized over lower of their estimated useful lives and the term of the lease.

The Company has determined the estimated useful lives of assets for depreciation/amortization purposes as follows:

Computers	3 – 5 years
Furniture and fixtures	5 – 7 years
Office equipment	3 – 5 years
Software	3 years
Leased furniture and fixtures	6 years or period of lease, whichever is lower
Leased computers	3 years or period of lease, whichever is lower
Leased office equipment	3 years or period of lease, whichever is lower
Leasehold improvements	Over the shorter of primary lease period and the useful life of the asset

Expenditure for maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the cost of the asset and related accumulated depreciation and amortisation are eliminated from the financial records. Any gain or loss on disposal is credited or charged to the statement of operations.

3.9. SOFTWARE DEVELOPMENT COSTS

Costs related to research are expensed as incurred.

Development costs of new software products, are capitalised as deferred development costs if they can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development and to use or sell the product. Otherwise, development costs are expensed as incurred. Expenditure capitalized include the direct manpower costs and overhead costs that are directly attributable to preparing the asset for its intended use.

Deferred development costs are amortised, commencing when the product is available for general release and sale, over the estimated product life of three years using straight-line method.

The estimated useful life and amortisation method are reviewed as at each reporting date, with effect of any changes in estimate being accounted for on a prospective basis.

Subsequent to initial measurement, deferred development costs are stated at costs less accumulated amortisation and accumulated impairment losses.

3.10. IMPAIRMENT OF LONG LIVED ASSETS

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured at the amount by which the carrying value of the assets exceeds its fair value. Management has performed its impairment review and concludes that the Company's long lived assets are not impaired as of March 31, 2021.

3.11. COST OF REVENUES

Cost of revenues comprises salaries and employee benefits, stock compensation expense, sub-contractor fees, off-shore consultancy charges, project related travel and other costs, including those reimbursed by customers.

3.12. EMPLOYEE BENEFITS

Contributions to defined contribution plans are charged to statements of operations in the year in which they accrue.

The Company's liability towards compensated absences is determined on an arithmetical basis for the entire unavailed vacation balance standing to the credit of each employee as at year-end.

The Company has a 401(k) plan that provides defined contribution retirement benefits for all the employees. Participants may contribute a portion of their compensation to the plan, subject to the limitations under the Internal Revenue Code. The Company's contributions to the plan are at the discretion of the Board and expense is recorded in the year to which such contributions pertain.

3.13. STOCK COMPENSATION

The employees of the Company participate in various stock compensation plans which are operated by the Holding Company, based on which the employees of the Company have been granted stock options of the Holding Company. The Company accounts for stock compensation in accordance with ASC 718, "Stock Compensation".

The Company applies the same accounting principles as the Holding Company for recording stock compensation in respect of stock of the Holding Company granted to employees of the Company for the purposes of reporting in the separate financial statements of the Company. An amount equal to such compensation expense for the year is recorded as a capital contribution in stockholders' equity in the separate financial statements of the Company.

The Company accounts for the equity-settled options granted to its employees in accordance with ASC 718, "Stock Compensation". ASC 718 addresses the accounting for stock based compensation transactions in which an enterprise receives employee services in exchange for equity instruments of the enterprise or liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments.

In accordance with the provisions of ASC 718, stock compensation for all awards granted, modified or settled, that the Company expects to vest is recognized on a straight line basis over the requisite service period, which is generally the vesting period of the award.

ASC 718 requires the use of a valuation model to calculate the fair value of stock-based awards. The Company elected to use the Black-Scholes-Merton pricing model to determine the fair value of stock-based awards on the date of grant.

3.14. INCOME TAXES

The Company applies the asset and liability method of accounting for income taxes as described in ASC 740, "*Income Taxes*". Under this method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statements' carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards.

Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in statement of operations in the period that includes the enactment date. Valuation allowances are recognized to reduce the deferred tax assets to an amount that is more likely than not to be realized. In assessing the likelihood of realization, management considers estimates of future taxable income and the effect of temporary differences.

In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*. The amendments in this update simplify the presentation of deferred income taxes and require that deferred tax liabilities and assets be classified as non-current in a classified statement of financial position.

Further, ASC 740-10 requires the Company to recognize a provision for uncertainty in income taxes based on minimum recognition threshold. The Company applies a two-step approach for recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining, based on the technical merits, that the position will be more likely than not sustained upon examination. The second step is to measure the tax benefit as the largest amount of the tax benefit that is greater than 50% likely of being realized upon settlement.

3.15. LEASES

The Company classifies all leases at the inception date as either a capital lease or an operating lease. Lease of assets under which there is transfer of substantially the entire risk and rewards incident to ownership as per ASC 840 "*Leases*" are classified as capital leases, otherwise all leases are classified as operating lease.

Assets under capital leases are capitalized and lease payments are appropriated towards the lease obligation and interest on the obligation amount.

Lease rental expenses on operating leases are charged to expense over the lease term as they become payable. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rental expense for these leases is recognized on a straight-line basis over the primary lease term.

NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of:

	As at March 31, 2021 US$	**As at March 31, 2021 INR (refer Note Q)**	As at March 31, 2020 US$	As at March 31, 2020 INR (refer Note Q)
Balance in checking and money market accounts	**6,840,921**	**503,423,376**	3,640,237	267,885,041

Cash balances of the Company are held in checking accounts, which are non-interest bearing, with the banks participating in the Transaction Account Guarantee Program of Federal Deposit Insurance Corporation (FDIC). Under that program, through March 2021, all non-interest-bearing transaction accounts are guaranteed by the FDIC for US$ 250,000 per tax ID for State Bank of India, California and Silicon Valley Bank.

As at March 31, 2021, the Company has US$ 6,340,921 (INR 466,628,376) [2020 US$ 3,140,237 (INR 231,090,041)] as balances in excess of the federally insured amounts.

NOTE C - ACCOUNTS RECEIVABLE, NET

Accounts receivables comprise of the following:

	As at March 31, 2021 US$	**As at March 31, 2021 INR (refer Note Q)**	As at March 31, 2020 US$	As at March 31, 2020 INR (refer Note Q)
Due from related parties	**161,402**	**11,877,573**	834,699	61,425,499
Due from others	**11,304,385**	**831,889,690**	13,297,161	978,538,078
	11,465,787	**843,767,263**	14,131,860	1,039,963,577
Less: Allowance for uncollectible accounts receivables	**(115,762)**	**(8,518,923)**	(828,519)	(60,970,713)
	11,350,025	**835,248,340**	13,303,341	978,992,864

Accounts receivable include unbilled accounts receivable which represent revenues on contracts to be billed, in subsequent periods, as per the terms of the related contracts. As of March 31, 2021 and 2020, the Company had US$ 2,475,193 (INR 182,149,417) [2020: US$ 2,024,277 (INR 148,966,561) of unbilled accounts receivable, respectively.

The allowance for uncollectible amounts reflected the following activity during the year:

	As at March 31, 2021 US$	**As at March 31, 2021 INR (refer Note Q)**	As at March 31, 2020 US$	As at March 31, 2020 INR (refer Note Q)
Balance at the beginning of the year	**828,519**	**60,970,713**	**279,662**	**20,580,327**
Add: Allowance created during the year	**61,410**	**4,519,191**	**579,326**	**42,632,600**
Less: Written off during the year	**(774,167)**	**(56,970,981)**	**(30,469)**	**(2,242,214)**
Balance at the end of the year	**115,762**	**8,518,923**	**828,519**	**60,970,713**

NOTE D - OTHER CURRENT ASSETS

Other current assets comprises of the following:

	As at March 31, 2021 US$	**As at March 31, 2021 INR (refer Note Q)**	As at March 31, 2020 US$	As at March 31, 2020 INR (refer Note Q)
Prepaid expenses	**378,659**	**27,865,498**	258,939	19,055,322
Prepaid expenses – software licenses	**323,929**	**23,837,935**	323,929	23,837,935
Advance income taxes	**126,171**	**9,284,924**	269,658	19,844,132
Others	**896,417**	**65,967,345**	437,787	32,216,745
	1,725,176	**126,955,702**	1,290,313	94,954,134

NOTE E - PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS, NET

(a) Property and equipment consist of the following:

	As at March 31, 2021 US$	**As at March 31, 2021 INR (refer Note Q)**	As at March 31, 2020 US$	As at March 31, 2020 INR (refer Note Q)
Computers	**872,618**	**64,215,986**	814,547	59,942,514
Furniture and fixtures	**121,604**	**8,948,845**	246,602	18,147,441
Office equipment	**102,582**	**7,549,005**	16,080	1,183,327
Lease hold improvements	**775,008**	**57,032,870**	828,907	60,999,266
Capital lease – Computers	**162,069**	**11,926,624**	266,945	19,644,483
Capital lease – Furniture and fixtures	**21,743**	**1,600,042**	23,534	1,731,867
Capital lease – Office equipment	**278,801**	**20,516,966**	278,801	20,516,966
	2,334,425	**171,790,338**	2,475,416	182,165,864
Less: Accumulated depreciation	**(1,455,586)**	**(107,116,576)**	(2,209,861)	(162,623,672)
Property and equipment, net	**878,839**	**64,673,762**	265,555	19,542,192

Depreciation expense for the year ended March 31, 2021 was US$ 276,392 (INR 20,339,677) and March 31, 2020 was US$ 362,187 (INR 26,653,305).

(b) Intangible assets consist of the following:

	As at March 31, 2021 US$	**As at March 31, 2021 INR (refer Note Q)**	As at March 31, 2020 US$	As at March 31, 2020 INR (refer Note Q)
Software	**284,670**	**20,948,865**	284,670	20,948,865
Software development costs	**839,388**	**61,770,563**	839,388	61,770,563
	1,124,058	**82,719,428**	1,124,058	82,719,428
Less: Accumulated amortization	**(1,122,882)**	**(82,632,886)**	(1,051,491)	(77,379,222)
Intangible assets, net	**1,176**	**86,542**	72,567	5,340,206

Amortization expense for the year ended March 31, 2021 was US$ 71,391 (INR 5,253,674) and March 31, 2020 was US$ 74,850 (INR 5,508,248)

NOTE F - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities comprise of the following:

	As at March 31, 2021 US$	**As at March 31, 2021 INR (refer Note Q)**	As at March 31, 2020 US$	As at March 31, 2020 INR (refer Note Q)
Provision for income tax expense	**658,580**	**48,464,902**	645,485	47,501,241
Accrued expenses	**1,320,527**	**97,177,616**	1,079,053	79,407,501
Deferred rent and lease incentive	**66,353**	**4,882,914**	153,099	11,266,555
	2,045,460	**150,525,432**	1,877,637	138,175,297

NOTE G - INCOME TAXES

Income tax expense for the year comprises of the following:

	Year ended March 31, 2021 US$	**Year ended March 31, 2021 INR (refer Note Q)**	Year ended March 31, 2020 US$	Year ended March 31, 2020 INR (refer Note Q)
Current tax expense	**48,368**	**3,559,401**	634,834	46,717,434
Deferred tax expense/(credit)	**287,789**	**21,178,393**	172,767	12,713,924
	336,157	**24,737,794**	807,601	59,431,358

The difference between the amount of income tax expense that would result from applying domestic federal statutory income tax rates to the net profit and the net deferred tax assets is related to certain non-deductible expenses, state income taxes and the change in the valuation allowance. Permanent differences are primarily on account of non-deductible meals and entertainment expenses. During the year, the Company utilised carry forward Net Operating Losses (NOL) of US$ 51,686 (INR 3,803,573) [2020: US$ 122,294 (INR 8,999,615)].

Following is the summary of deferred tax assets and liabilities:

	As at March 31, 2021 US$	**As at March 31, 2021 INR (refer Note Q)**	As at March 31, 2020 US$	As at March 31, 2020 INR (refer Note Q)
Deferred tax assets				
Net operating loss carry forwards	**748,599**	**55,089,400**	782,993	57,620,455
Accrued payroll	**1,048,147**	**77,133,138**	969,623	71,354,557
Provision for uncollectible receivables	**31,256**	**2,300,129**	232,897	17,138,890
Sub-total	**1,828,002**	**134,522,667**	1,985,513	146,113,902
Valuation allowance	**(566,149)**	**(41,662,905)**	(589,424)	(43,375,712)
Total deferred tax asset	**1,261,863**	**92,859,762**	1,396,089	102,738,190
Deferred tax liability				
Equipment and software	**(216,838)**	**(15,957,108)**	(63,285)	(4,657,144)
Net deferred tax asset	**1,045,015**	**76,902,654**	1,332,804	98,081,046

As at March 31, 2021, the Company has US$ 2,534,338 (INR 186,501,933) [2020: US$ 2,586,024 (INR 190,305,506)] in US Federal Net Operating Loss ("NOL") carryovers, which can be carried forward for future utilization within 20 years from the year in which such losses are generated subject to certain limitations under US tax laws.

As at March 31, 2021, the Company also has US$ 1,843,295 (INR 135,648,079) [2020: US $ 1,743,482 (INR 128,302,840)] in State Operating Losses carried forward, which can be carried forward for future utilization within 5-17 years.

The carry forward of the NOLs prior to the date of change of ownership will be impacted by Sec 382 limitation under the International Revenue Code. In terms of this limitation, while the carry forward of any of the NOL's will not be restricted, there will be a limitation on the annual amounts available for set-off under the Code, (currently computed as the value of Bristlecone Inc. prior to the Transaction * 4.45%).

During the year ended March 31, 2021, the Company has not reversed any valuation allowance. In evaluating the Company's ability to recover deferred tax assets, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, Company's future plans and results of recent operations. In evaluating the objective evidence that historical results provide, the Company considers three years of cumulative operating income. Using all available evidence, the Company determined that it was uncertain that it will realize the deferred tax asset for certain of these carry forwards within the carry forward period.

No statutes have been extended on any of the Company's federal income tax filings. The statute of limitation on the Company's March 2018, March 2019 and March 2020 Federal income tax returns will expire on December 15, 2021, December 15, 2022 and December 15, 2023, respectively.

The Company is currently not under examination by any state authority for income tax purposes and no statutes of limitation for state income tax filings have been extended. As of March 31, 2021, the Company does not have any uncertain tax position in respect of unrecognized tax positions as per ASC 740-10.

NOTE H - LOAN TO RELATED PARTIES

The Company has granted unsecured loan, being inter-corporate deposits to a Fellow Subsidiary Company (Bristlecone Middle East DMCC) outstanding as on March 31, 2021 of US$ 500,000 (INR 36,795,000) [2020: US$ 750,000 (INR 55,192,500)]. The loan bears an interest rate of 2.35% p.a. as at March 31, 2021 [2020: 2.35% p.a.] and is repayable on demand.

Loans to related parties also comprised of an outstanding secured loan as at March 31, 2019, of US$ 240,000 (INR 17,661,600) granted to a Key Management Personnel (Irfan Khan) on August 8, 2016. The loan was secured by 388,081 shares of the Common Stock of the Company held by the Key Management Personnel which were issued on exercise of employee stock options granted to him. The loan carried an interest rate of 2.5% p.a. and repayable as per the agreed upon repayment schedule within four years from the date of the grant of loan. Key Management Personnel has resigned from the Company on May 8, 2019 and has surrendered 90,857 shares at price of $2.87 per share equivalent to the $ 260,760 [INR 19,189,328]. The principal loan amount of US$ 240,000 (INR 17,661,600) along with the interest of US$ 20,760 [INR 1,527,728] have been adjusted against these surrendered shares.

The Company has granted an unsecured loan of US$ 500,000 (INR 36,795,000) [2020: US$ 500,000 (INR 36,795,000)] being inter-corporate deposits to Holding Company (Bristlecone Limited), on March 27, 2020. The loan bears an interest rate of 3.56% p.a. as at March 31, 2021 and is repayable on demand.

NOTE I - STOCKHOLDERS' EQUITY

The Company's authorized stock comprised of 4,494,500 preferred stock at no par value and 30,000,000 common stock at no par value as at March 31, 2021 and March 31, 2020; of which 865,540 preferred stock Series A, 2,749,995 preferred stock series B and 8,492,157 common stock were issued and outstanding as at March 31, 2021 and March 31, 2020.

Conversion of preferred stock

Each preferred stock series A and preferred stock series B is entitled to be converted, without payment of any additional consideration, into one fully paid common stock.

Voting

Every holder of preferred stock series A and preferred stock series B is entitled to one vote for each common stock held into which such Series A or Series B preferred stock could be converted.

Liquidation

In the event of a liquidation, dissolution or winding up of the Company:

(a) holders of Preferred Stock series A and Preferred Stock series B, shall on a pari passu basis, in preference to any distribution to holders of Common Stock receive an amount per stock equal to (i) US$ 0.94 for each outstanding stock of preferred stock Series A and (ii) US$ 2.21 for each outstanding stock of preferred stock Series B subject to appropriate adjustments for stock splits, stock dividends, combinations or recapitalization etc. If upon the occurrence of such event, the assets available for distribution shall be insufficient to permit the payment of the full aforesaid preferential amounts, then the available funds shall be distributed rateably in proportion to the preferential amount each such holder is otherwise entitled to receive pursuant to this clause.

(b) Upon the completion of distribution required by clause (a) above, the remaining assets available for distribution shall be distributed among the holders of Series A Preferred Stock, Series B Preferred Stock and Common Stock pro rata based on the number of stocks of Common Stock held by each, provided that the Common Stock holders shall not receive any distribution unless the Series A Preferred Stock holders have received an aggregate of US$ 0.47 per stock and the Series B Preferred Stock holders have received an aggregate of US$ 1.11 per stock (not including amounts paid pursuant to clause (a) above).

NOTE J - EMPLOYEE BENEFIT PLANS

Accrual for compensated absences at current employee compensation rates as at March 31, 2021 is US$ - 551,113 (INR 40,556,401) [2020: US$ 364,490 (INR 26,822,819)].

The Company in the current year made a contribution of US$ 216,325 (INR 15,919,357) [2020: US$ 219,929 (INR 16,184,575)] to 401(k) plan.

NOTE K - STOCK COMPENSATION

Bristlecone Limited, the Holding Company has following Stock Option Plans under which the options are granted to the employees of the Company:

1. Bristlecone Limited 2004 Stock Option Plan (arising out of conversion of the earlier Bristlecone Inc. Existing Stock Option Plan) and Bristlecone Limited 2008 Stock Option Plan:

   Pursuant to the terms of the acquisition of Bristlecone Inc. on May 17, 2004 by Bristlecone Limited (the "transaction"), the then existing outstanding options of Bristlecone Inc., aggregating to a total of 2,058,493 options were cancelled and fresh options were issued by Bristlecone Limited under 2004 stock option plan based on the exchange criteria set out in the transaction documents.

   Features of these plans are as under:

   Options granted under these plans include incentive stock options and non-statutory stock options. As per these plans, 25 per cent of the Shares subject to the Option, vest on the one (1) year anniversary of the vesting commencement date, and 1/48 of the options vest each month thereafter on the same day of the month as the vesting commencement date, subject to the grantee continuing to be an employee through each such date. The term of each Option is stated in the Option Agreement; provided, however, that the term shall be no more than 10 years from the date of grant thereof. The exercise price of each option, (a) granted to an employee who at the time of grant of such option, owns stock representing more than 10 per cent of the voting power of all classes of stock of the Company or any Parent or Subsidiary, shall be no less than 110 per cent of the Fair Market Value per Share as determined by the Board on the date of grant (b) granted to any other employee, shall be no less than 100 per cent of the Fair Market Value per Share determined by the Board on the date of grant, unless otherwise ratified by the Board.

   The following table summarizes information about the options issued under different Plans:

	Options outstanding Year ended March 31, 2021	**Weighted average exercise price March 31, 2021**	Options outstanding Year ended March 31, 2020	Weighted average exercise price March 31, 2020
Stock Option 2008 Plan				
Outstanding at April 1	**659,025**	**US$ 1.86**	1,525,817	US$ 1.50
Granted	**503,774**	**US$ 2.03**	271,500	US$ 2.87
Exercised	**80,000**	**US$ 0.18**	46,875	US$ 0.77
Expired/forfeited	**224,584**	**US$ 2.64**	1,091,417	US$ 1.66
Outstanding at March 31	**858,215**		659,025	

Additional information on outstanding options

Exercise price range for the options outstanding is given below:

Exercise Price (US$)	**No of options outstanding**	
	March 31, 2021	March 31, 2020
US$ 0.10	**50,500**	120,500
US$ 0.77	**59,000**	69,000
US$ 1.41	**15,000**	15,000
US$ 2.03	**503,774**	–
US$ 2.14	**104,941**	107,650
US$ 2.38	**75,000**	175,000
US$ 2.87	**50,000**	171,875

Options outstanding that have vested and are expected to vest are as follows:

	March 31, 2021			March 31, 2020		
	Outstanding options	**Weighted average exercise price in US$**	**Weighted average remaining contract Term (in years)**	Outstanding options	Weighted average exercise price in US$	Weighted average remaining contract term (in years)
Stock Option 2008 Plan						
Vested	**273,452**	**1.51**	**5.32**	386,215	1.37	5.82
Expected to vest	**584,763**	**2.1**	**9.33**	272,810	2.56	8.65

Stock based compensation expense has been determined based on the fair values of the options estimated on the date of grant using the Black-Scholes model with the following assumptions:

	Year ended March 31, 2021	Year ended March 31, 2020
Dividend yield	0 percent	0 percent
Expected life	6.25 years	6.25 years
Risk free interest rate	1.56 percent	1.15 percent
Volatility	53.57 percent	33.26 percent

The Black-Scholes option-pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since options pricing models require use of subjective assumptions, changes therein can materially affect fair value of the options. The options pricing models do not necessarily provide a reliable measure of fair value of the options.

The Company has recognized stock compensation expense of US$ 128,190(INR 9,433,502) [2020: US$ 98,029 (INR 7,213,954)] for the year ended March 31, 2021.

Unrecognized compensation expense associated under the fair value method for shares expected to vest (unvested options net of expected forfeitures) as of March 31, 2021 was approximately US $ 585,027 (INR 43,052,137) [2020: US$ 175,062 (INR 12,882,813)] and is expected to be recognized over a weighted average period of 2.24 years.

The aggregate fair value of all options granted during the year is US$ 533,129 (INR 39,232,963) and weighted average grant date fair value per option that vested during the year is US$ 1.058 (INR 77.86).

There have been no modifications or cancellations of these plans during the current or preceding year.

NOTE L - CONTINGENCIES

The Company evaluates contingencies as per its assessments of probable, reasonably possible and remote, as per ASC 450 “Contingencies”. It is subject to legal claims in the normal course of business. However, based on its evaluation, management believes that there are no claims or contingencies, potential outcomes of which could be material to the financial condition or results of operations of the Company.

NOTE M - OPERATING LEASES

During the year Company has entered into a new lease agreement and have cancelled the old lease agreement. The Company uses office space under operating lease expiring during FY 2026-2027 which contains an annual rent escalation clause. The rental expense on this lease is recognized on a straight-line basis. Total rent expense was US$ 243,054 (INR 17,886,344) [2020: US$ 378,440 (INR 27,849,400)] for the year ended March 31, 2021.

Future minimum lease payments under operating leases consisted of the following as of March 31, 2021:

Year ending March 31	**In US$ Operating lease**	**In INR Operating lease**
2022	289,988	21,340,217
Thereafter	1,304,493	95,997,640

NOTE N - RELATED PARTY TRANSACTIONS

1. **List of related parties and their relationships (where there are transactions):**

Name of related party	**Relationship**
Mahindra & Mahindra Limited	Ultimate Holding Company
Tech Mahindra (Americas) Inc.	Affiliate of the Ultimate Holding Company
Mahindra USA Inc.	Fellow subsidiary
Mahindra Automotive North America Inc.	Fellow subsidiary
Mahindra Tractor Assembly, Inc.	Fellow subsidiary
Mahindra Racing UK Limited	Fellow subsidiary
Bristlecone Limited	Holding Company
Bristlecone India Limited	Fellow subsidiary
Bristlecone Consulting Limited	Fellow subsidiary
Bristlecone International AG	Fellow subsidiary
Bristlecone Middle East DMCC	Fellow subsidiary
Bristlecone (Singapore) Pte Ltd	Fellow subsidiary
Bristlecone (Malaysia) Sdn. Bhd.	Fellow subsidiary
Bristlecone UK Limited	Fellow subsidiary
Bristlecone GmbH	Fellow subsidiary
Irfan Khan	Key Management Personnel (up to May 08, 2019)
Ulhas Yargop	Key Management Personnel

2. **Related party transactions and balances:**

Nature of transaction/balance	**Name of related party**	**March 31, 2021**		March 31, 2020	
		Amount (in US$)	**Amount (in INR) (refer Note Q)**	Amount (in US$)	Amount (in INR) (refer Note Q)
Amount received towards repayment of loan	Bristlecone Middle East DMCC	**250,000**	**18,397,500**	250,000	18,397,500
Loan receivable outstanding as at year end	Bristlecone Middle East DMCC	**500,000**	**36,795,000**	750,000	55,192,500
Loan given and outstanding as at year end	Bristlecone Limited	**500,000**	**36,795,000**	500,000	36,795,000
Amount received towards repayment of loan given	Bristlecone (Singapore) Pte. Ltd	–		1,000,000	73,590,000
Interest income accrued during the year	Irfan Khan	–		2,414	177,646
Loan receivable and accrued interest adjusted against surrendered shares of Bristlecone limited	Irfan Khan	–		260,760	19,189,328
Salary advance recovered during the year	Irfan Khan	–		41,154	3,028,523
Repayment of loan taken	Bristlecone GmbH	–		2,000,000	147,180,000

Nature of transaction/balance	Name of related party	**March 31, 2021**		March 31, 2020	
		Amount (in US$)	**Amount (in INR) (refer Note Q)**	Amount (in US$)	Amount (in INR) (refer Note Q)
Interest expense for the year	Bristlecone GmbH	–		34,959	2,572,633
Income from services rendered	Mahindra USA Inc.	–		80,232	5,904,273
Amount receivable as at year end	Mahindra USA Inc.	–		651,671	47,956,469
Interest accrued during the year and receivable as at year end	Bristlecone Limited	**18,069**	**1,329,698**	244	17,956
Interest income	Bristlecone Limited	**17,825**	**1,311,742**	244	17,956
Expense reimbursement received	Bristlecone Limited	**56,680**	**4,171,081**	–	–
Amount receivable as at year end	Bristlecone Limited	**317,440**	**23,360,410**	260,760	19,189,328
Amount payable as at year end	Bristlecone India Ltd	**6,342,905**	**466,774,379**	4,576,858	336,810,980
Subcontracting services received	Bristlecone India Ltd	**23,660,257**	**1,741,158,313**	20,660,326	1,520,393,390
Reimbursement of expenses paid	Bristlecone India Ltd	–	–	633,053	46,586,370
Reimbursement of expenses received	Bristlecone GmbH	**162,171**	**11,934,164**	157,113	11,561,946
Income from services rendered	Bristlecone GmbH	**476,627**	**35,074,981**	497,557	36,615,220
Amount receivable as at year end	Bristlecone GmbH	**237,724**	**17,494,100**	195,111	14,358,218
Amount payable as at year end	Bristlecone GmbH	**20,860**	**1,535,094**	18,193	1,338,823
Subcontracting services received	Bristlecone GmbH	**248,391**	**18,279,117**	18,193	1,338,823
Reimbursement of expenses received	Bristlecone International AG	**135,915**	**10,001,985**	120,801	8,889,746
Amount receivable at year end	Bristlecone International AG	**135,915**	**10,001,985**	120,801	8,889,746
Amount receivable as at year end	Bristlecone (Singapore) Pte. Ltd	**101,844**	**7,494,700**	47,838	3,520,398
Reimbursement of expenses received	Bristlecone (Singapore) Pte. Ltd	**101,844**	**7,494,700**	47,838	3,520,398
Amount payable as at year end	Bristlecone (Singapore) Pte. Ltd	–	–	8,476	623,749
Subcontracting services received	Bristlecone (Singapore) Pte. Ltd	**58,508**	**4,305,613**	131,586	9,683,414
Interest income	Bristlecone (Singapore) Pte. Ltd	–	–	11,033	811,918
Reimbursement of expenses received	Bristlecone (Malaysia) Sdn. Bhd	–	–	16,027	1,179,427
Amount receivable as at year end	Bristlecone (Malaysia) Sdn. Bhd	–	–	16,027	1,179,427
Amount payable as at year end	Bristlecone (Malaysia) Sdn. Bhd	–	–	13,559	997,807
Subcontracting services received	Bristlecone (Malaysia) Sdn. Bhd	–	–	13,559	997,807
Reimbursement of expenses received	Bristlecone UK Ltd	–	–	3,957	291,196
Amount receivable as at year end	Bristlecone UK Ltd	**3,957**	**291,196**	3,957	291,196
Reimbursement of expenses received	Bristlecone Middle East DMCC	**134,111**	**9.869,228**	93,914	6,911,131
Interest income	Bristlecone Middle East DMCC	**17,315**	**1,274,206**	21,754	1,600,877
Amount receivable as at year end	Bristlecone Middle East DMCC	**134,111**	**9.869,228**	93,914	6,911,131
Interest accrued during the year and receivable as at year end	Bristlecone Middle East DMCC	**2,938**	**216,171**	6,414	472,006
Income from services rendered	Tech Mahindra (Americas) Inc.	–	–	17,705	1,302,911
Amount receivable as at year end	Tech Mahindra (Americas) Inc.	**53,439**	**3,932,576**	21,945	1,614,933
Amount receivable as at year end	Mahindra Tractor Assembly, Inc.	–		14,068	1,035,264
Reimbursement of expenses paid	Mahindra Racing UK Limited	–	–	6,450	474,656
Amount receivable as at year end	Bristlecone Consulting Limited	**527**	**38,782**	14,216	1,046,155
Amount payable as at year end	Bristlecone Consulting Limited	**98,241**	**7,229,555**	57,110	4,202,725
Subcontracting services received	Bristlecone Consulting Limited	**143,321**	**10,546,992**	57,110	4,202,725
Reimbursement of expenses received	Bristlecone Consulting Limited	**527**	**38,782**	14,216	1,046,155
Income from services rendered	Bristlecone Consulting Limited	–	–	78,861	5,803,381
Amount receivable as at year end	Mahindra & Mahindra Limited	**32,408**	**2,384,905**	109,017	8,022,561
Reimbursement of expenses received	Mahindra & Mahindra Limited	–	–	286,102	21,054246
Reimbursement of expenses paid	Mahindra & Mahindra Limited	**95,384**	**7,019,309**	399,231	29,379,409
Amount payable as at year end	Mahindra & Mahindra Limited	–	–	400,508	29,473,384
Consultancy Fees	Ulhas Yargop	**60,000**	**4,415,400**	60,000	4,415,400
Amount payable as at year end	Ulhas Yargop	**5,000**	**367,950**	60,000	4,415,400

NOTE O - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents, trade receivables and bank deposits. By their nature, all such financial instruments involve risk including the credit risk of non-performance by counter parties.

The Company's cash equivalents and bank deposits are invested with banks with high investment grade credit ratings.

Trade receivables (primarily denominated in US$) are typically unsecured and are derived from revenues earned from large multinational customers. The Company monitors the credit worthiness of its customers to which it grants credit terms in the normal course of the business. In the current year, the Company had two major customers which individually accounted for more than 10% of Company's revenues. Revenues from these customers amounted to US$ 13,392,510 (INR 985,554,811 or 23.20% of the total revenue. Revenue from one major customer in 2020 which individually accounted for more than 10% of Company's revenues amounted to US$ 6,433,848 (INR 473,466,874) or 10.65% of total revenue. Total accounts receivable from such customers is US$ 2,466,946 (INR 181,542,556) [2020: US$ 1,102,844 (INR 81,158,290)] at March 31, 2021 or 21.74% [2020: 7.80%] of total receivables.

During the year ended March 31, 2021, the sales in United States of America and Canada accounted for 97.45% of the total sales (2020: 96.93%).

NOTE P - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of the Company's cash equivalents, accounts receivables, loans, accounts payable and accrued expenses approximated their fair values due to their short maturities. The carrying value of short term borrowings and lease obligations approximates fair value based upon the market interest rate available to the Company for debt with similar risk and maturities.

NOTE Q - CONVENIENCE TRANSLATION

For the convenience of the readers, the financial statements for the year ended March 31, 2021 along with comparatives for the year ended March 31, 2020 have been translated unto Indian Rupees ("INR") at the average of the telegraphic buying and selling rates quoted by the Mumbai Branch of State Bank of India on March 31, 2021 of 1 US$ = 73.59 INR. The convenience translation should not be construed as a representation that the US$ amounts or the Indian Rupee amounts referred to in these financial statements have been, could have been, or could in the future be, converted into INR or US$, as the case may be, at this or at any other rate of exchange, or at all.

NOTE R - RECENT ACCOUNTING PRONOUNCEMENT

New Accounting Standards yet to be adopted by the Company

In February 2016, the FASB issued ASU 2016-02, Leases. The standard requires all leases with lease terms over twelve months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the financial year ending March 31, 2023.

NOTE S - Estimation uncertainty relating to the global health pandemic - COVID-19

In assessing the recoverability of receivables including unbilled receivables, the Company has considered internal and external information up to the date of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on the current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from the estimate as at the date of these financial statements and the Company will closely monitor any material changes to future economic conditions and respond accordingly.

NOTE T - SUBSEQUENT EVENTS

In accordance with ASC 855-10 "Subsequent events", the Company has evaluated subsequent events through May 06, 2021, the date these financial statements were available to be issued. The Company is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.

Independent Auditor's Report

To the Shareholder of Bristlecone Middle East DMCC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bristlecone Middle East DMCC (the "Company"), which comprise the statement of financial position as at March 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year ended March 31, 2021, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view of the financial position of the Company as at the end of the reporting period, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with *International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants'* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of DMCC Companies Regulations 2020, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the financial statements of the Company have been properly prepared, in all material respects, in accordance with the applicable provisions of the DMCC Companies Regulations 2020. Based on the information that has been made available to us during our audit of the financial statements of the Company for the year ended March 31, 2021, nothing has come to our attention that causes us to believe that the activities undertaken by the Company and as disclosed in note 1 to these financial statements, are not significantly different from the activities mentioned in the license issued to the Company by DMCCA.

GRANT THORNTON

Farouk Mohamed
Registration No. 86

Dubai, April 22, 2021

Statement of financial position
As at March 31, 2021

	Note	2021 AED	2020 AED
ASSETS			
Current			
Trade and other receivables	6	**3,101,181**	1,233,693
Cash and cash equivalents	7	**3,902,546**	2,435,333
Other financial asset	8	**–**	5,529,961
		7,003,727	9,198,987
TOTAL ASSETS		**7,003,727**	9,198,987
EQUITY AND LIABILITIES			
Equity			
Share capital	9	**50,000**	50,000
Retained earnings		**3,644,097**	965,065
Total equity		**3,694,097**	1,015,065
LIABILITIES			
Non-current			
Employees' end of service benefits	10	**41,639**	5,538
Current			
Loan from related parties	11	**1,847,085**	7,238,646
Trade and other payables	12	**1,420,906**	939,738
		3,267,991	8,178,384
Total liabilities		**3,309,630**	8,183,922
TOTAL EQUITY AND LIABILITIES		**7,003,727**	9,198,987

These financial statements for the year ended March 31, 2021 (including comparatives) were approved on April 22, 2021 by:

Mr. Kulashekar Raghavan
Director

The accompanying notes from 1 to 18 form an integral part of these financial statements.

Statement of comprehensive income
For the year ended March 31, 2021

	Note	**For the year ended March 31, 2021**	For the year ended March 31, 2020
		AED	AED
Revenue		**8,268,622**	5,895,299
Cost of sales	13	**(4,683,364)**	(3,041,780)
GROSS PROFIT		**3,585,258**	2,853,519
Selling, administrative and general expenses	14	**(829,663)**	(633,718)
Finance costs	11	**(76,564)**	(133,398)
NET PROFIT FOR THE YEAR		**2,679,032**	2,086,403
Other comprehensive income for the year		**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,679,032**	2,086,403

The accompanying notes from 1 to 18 form an integral part of these financial statements.

Statement of changes in equity
For the year ended March 31, 2021

	Share capital	Retained earnings/ (accumulated losses)	Total equity
	AED	**AED**	**AED**
Balance at March 31, 2019	50,000	(1,121,338)	(1,071,338)
Net profit for the year	–	2,086,403	2,086,403
Balance at March 31, 2020	**50,000**	**965,065**	**1,015,065**
Net profit for the year	**–**	2,679,032	2,679,032
Balance at March 31, 2021	**50,000**	**3,644,097**	**3,694,097**

The accompanying notes from 1 to 18 form an integral part of these financial statements.

Statement of cash flows
For the year ended March 31, 2021

	Note	For the year ended March 31, 2021 AED	For the year ended March 31, 2020 AED
OPERATING ACTIVITIES			
Net profit for the year		**2,679,032**	2,086,403
Adjustment for non-cash items:			
Provision for employees' end of service benefits	10	**36,101**	25,829
Provision/(reversal) for expected credit losses on unbilled revenue and trade receivables	13	**181,750**	(20,817)
Finance costs	11	**76,564**	133,398
Net changes in working capital:			
Trade and other receivables		**(2,049,238)**	1,432,537
Other assets		**5,529,961**	(5,529,961)
Trade and other payables		**492,003**	331,863
Employees' end of service benefits paid		**–**	(49,359)
Net cash generated from /(used in) operating activities		**6,946,173**	(1,590,107)
FINANCING ACTIVITIES			
Repayment of loan	11	**(5,402,396)**	(926,722)
Loan received from group companies	11	**–**	4,407,360
Finance costs paid	11	**(76,564)**	(133,398)
Net cash (used in)/generated from financing activities		**(5,478,960)**	3,347,240
Net change in cash and cash equivalents		**1,467,213**	1,757,133
Cash and cash equivalents, beginning of year		**2,435,333**	678,200
Cash and cash equivalents, end of year	7	**3,902,546**	2,435,333

The accompanying notes from 1 to 18 form an integral part of these financial statements.

Notes to the financial statements
For the year ended March 31, 2021

1 Legal status and nature of operations

Bristlecone Middle East DMCC (the "Company") was incorporated in Dubai, United Arab Emirates ("UAE") on July 18, 2016 under the commercial license number DMCC-208734 issued by Dubai Multi Commodities Centre. The registered address of the Company is Unit No. 3O-01-3572, DMCC Business Center, Level No. 1, Jewellery & Gemplex 3, Dubai, UAE.

The principal activities of the Company is to provide supply chain services ranging from supply chain strategy and network design to supply chain system implementation.

The Company is a wholly-owned subsidiary of Bristlecone Limited (the "Parent Company"), a company incorporated in Cayman Islands.

2 Statement of compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

3 Significant events during the reporting period

During the year, there was an outbreak of a global pandemic (COVID-19), causing significant disruption to economies and businesses across the globe including the Company. The impact of this outbreak on the macroeconomic forecasts did not have a significant impact in the Company's IFRS 9 estimates of expected credit loss provision at March 31, 2021. Management will continue to monitor the situation and assess the impact of this outbreak in fiscal year 2022.

4 Standards, interpretations and amendments to existing standards

4.1 Standards, interpretations and amendments to existing standards that are effective in 2020

Following relevant new amendments to existing standards were issued by the IASB, which are effective for the accounting period beginning on or after January 1, 2020 and have been adopted by the Company:

- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Amendments to Refences to the Conceptual Framework (Various Standards)
- COVID-19 Rent Related Concessions (Amendments to IFRS 16)

The above amendments do not have a significant impact on these financial statements therefore the disclosures have not been made.

4.2 Standards, interpretations and amendments to existing standards not yet adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

5 Summary of significant accounting policies

The significant accounting policies that have been used in the preparation of these financial statements are consistent with those used in prior year and are summarised below

5.1 Overall considerations

These financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

Functional and presentation currency

These financial statements are presented in UAE Dirham (AED), which is the Company's functional currency

5.2 Financial instruments Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

5.3 Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset has expired, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or has expired.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs.

Financial assets and financial liabilities are measured subsequently as described below.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified and measured at amortised cost if both of the following conditions are met:

- The asset is held in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest, if any, on the principal amount outstanding.

If the financial asset does not pass either of the above conditions, or only one of the above conditions, it is measured at fair value through profit or loss ('FVTPL'). Even if both conditions are met, management may designate a financial asset at FVTPL if doing so reduces or eliminates a measurement or recognition inconsistency.

As at the reporting date, the Company's financial assets comprise trade and most other receivables, amounts due from related parties, other financial assets and cash and cash equivalents. These are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

All income and expenses relating to financial assets measured at amortised cost are recognised in profit or loss and presented within 'finance costs - net' or 'other income – net', except for impairment of trade receivables which is presented within 'administrative and general expenses'.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received

Notes to the financial statements
For the year ended March 31, 2021 (continued)

that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due.

Classification and subsequent measurement of financial liabilities

Financial liabilities comprise trade and most other payables, amount due to related parties and loan from related parties.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Discounting is omitted if the impact is immaterial.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

5.4 Cash and cash equivalents

Cash and cash equivalents are items, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents in the statement of financial position comprise cash on hand and balance in bank accounts and are initially and subsequently recorded at fair value.

For purpose of the statement of cash flows, all cash and bank balances are considered to be cash and cash equivalents.

5.5 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense when the employee renders services that increase their entitlement or, in the case of non-accumulating absences, when the absences occur.

Employees' end of service benefits

A provision for employees' end of service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the U.A.E. Labour Law and is reported as separate line item under non-current liabilities.

The entitlement to end of service benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period as specified in U.A.E. Labour Law. The expected costs of these benefits are accrued over the period of employment.

5.6 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Accumulated profits include all current and prior period profits/losses (net of earnings).

5.7 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

5.8 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when payment is being made. Revenue

Notes to the financial statements
For the year ended March 31, 2021 (continued)

is measured at the fair value of the consideration received or receivable by the Company, excluding discounts, rebates, and duty.

IFRS 15 'Revenue from Contracts with Customers' outlines a single comprehensive model of accounting for revenue arising from contracts with customers. It establishes a five-step model, explained below, which will apply to revenue arising from contracts with customers.

Step 1 Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company, and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Company's efforts or inputs to the satisfaction of the performance obligations.

When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

Amounts included in the financial statements, which relate to recoverable costs and accrued margins, if any, not yet billed on contracts are classified as "Unbilled revenue".

5.9 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

Cost of sales comprises salaries and employee benefits, sub-contractor fees, project related travel and other costs.

5.10 Leases

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

5.11 Significant management judgments and estimates in applying accounting policies

The preparation of these financial statements in conformity with the recognition and measurement principles of IFRS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Key source of estimation uncertainty at the date of the financial statements, which may cause material adjustments to the carrying amount of assets and liabilities within the next financial year, is in respect of allowance for uncollectible amounts and efforts to completion for fixed price projects represents certain of these particularly sensitive estimates.

Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due and based on historical recovery rates. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of comprehensive income.

Efforts to completion for fixed price contracts

The management considers man-days to be the best possible measure of progress in these contracts. Revenues from fixed-price contracts are recognized in accordance with percentage of completion method measured by the percentage of man-days incurred to date in relation to the estimated total man-days for such contracts.

6 Trade and other receivables

	2021	2020
	AED	AED
Financial assets		
Trade receivables	**2,536,635**	1,096,087
Unbilled revenue	**642,538**	71,649
Deposits	**4,000**	7,000
	3,183,173	1,174,736
Less: Provision for expected credit losses on unbilled revenue and trade receivables	**(200,573)**	(18,823)
	2,982,600	1,155,913
Non-financial asset		
Prepayments	**118,581**	77,780
	3,101,181	1,233,693

6.1 Trade receivables and unbilled revenue – provision for expected credit loss

	2021	2020
	AED	AED
As at April 1,	**18,823**	39,640
Provision/(reversal) for expected credit loss (note 14)	**181,750**	(20,817)
As at March 31,	**200,573**	18,823

Notes to the financial statements
For the year ended March 31, 2021 (continued)

7 Cash and cash equivalents

	2021	2020
	AED	AED
Cash at bank	**3,902,546**	2,435,333
	3,902,546	2,435,333

8 Other financial asset

	2021	2020
	AED	AED
Margin money	**–**	5,529,961
	–	5,529,961

Margin money was kept with Emirates NBD bank amounting to AED 5,529,961 in respect of a guarantee given for bidding for a customer project. The margin money was subject to restrictions and was not available for general use by the Company earlier. It was available for use from April 30, 2020.

9 Share capital

The share capital of the Company consists of 50 fully paid ordinary shares with a par value of AED 1,000 each.

Shares issued and fully paid:

Beginning and end of the year	**50**
Total shares authorised at March 31, 2021	**50**
Total share capital (issued and fully paid at March 31, 2021, in AED)	**50,000**

The Company's issued share capital is held by the following shareholder:

	2021	2020
	AED	AED
Bristlecone Limited	**50,000**	50,000

10 Employees' end of service benefits

	2021	2020
	AED	AED
Opening balance	**5,538**	29,068
Charge for the year	**36,101**	25,829
Paid during the year	**–**	(49,359)
Closing balance	**41,639**	5,538

11 Related parties

The Company in the normal course of business carries on transactions with other business enterprises that fall within the definition of a related party. These transactions are carried out in the normal course of business and are measured at exchange amounts, being the amounts agreed by both the parties.

The Company's related parties mainly include its shareholder, key management personnel and entities under common control.

Amounts due to related parties

	2021	2020
	AED	AED
Entities under common control		
Bristlecone India Limited	**402,375**	330,218
Bristlecone Inc.	**492,523**	344,927
	894,898	675,145

Loan from related parties

Bristlecone Gmbh	**–**	4,460,683
Bristlecone Inc.	**1,847,085**	2,777,963
	1,847,085	7,238,646

The loan from related parties is unsecured and repayable on demand. The loan from Bristlecone Inc. carries interest at the rate of 2.35% per annum (2019: 2.35% per annum) and loan from Bristlecone GmbH carries interest at the rate of 3.56% per annum (Repayment date:- April 30, 2020).

Transactions with related parties

Significant transactions carried out with related parties:

	For the year ended March 31, 2021	For the year ended March 31, 2020
	AED	AED
Reimbursement of expenses	**28,811**	526,988
Sub-contracting charges	**3,387,514**	1,412,797
Loan from related parties	**1,836,300**	4,407,360
Repayment of loan to related parties	**5,468,242**	1,060,370
Finance costs	**76,564**	133,398
Management fees (note 14)	**492,523**	362,227

Key management personnel compensation

Key management personnel of the Company is the Director of the Company. During the year, the key management personnel compensation was paid by a group company and a portion of it was recharged to the Company as part of management fees.

12 Trade and other payables

	2021	2020
	AED	AED
Financial liabilities		
Trade payables	**21,491**	7,713
Amounts due to related parties (note 11)	**894,898**	675,145
Accruals and provisions	**337,858**	139,498
VAT payable – net	**28,402**	7,172
Other		
Advance from customer	**138,257**	110,210
	1,420,906	939,738

Notes to the financial statements
For the year ended March 31, 2021 (continued)

13 Cost of sales

	For the year ended March 31, 2021	For the year ended March 31, 2020
	AED	AED
Sub-contracting charges	**3,387,514**	1,798,707
Salaries and other benefits	**1,041,082**	830,864
Travelling expenses	**63,091**	404,985
Insurance expense	**9,927**	10,181
Provision/(reversal) for expected credit losses (note 6)	**181,750**	(20,817)
Others	**–**	17,860
	4,683,364	3,041,780

14 Selling, administrative and general expenses

	For the year ended March 31, 2021	For the year ended March 31, 2020
	AED	AED
Management fees (note 11)	**492,523**	362,227
Legal and professional fees	**42,362**	119,516
Sales commission	**241,899**	71,469
Bank charges	**10,430**	27,814
License fees	**17,291**	20,264
Rent	**12,921**	15,999
Membership and subscription	**1,838**	–
Others	**10,399**	16,429
	829,663	633,718

15 Contingencies and commitments

As at the year end, commitments under non-cancellable operating leases as lessee were:

	2021	2020
	AED	AED
Within one year	**2,926**	3,921

16 Financial instrument risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated at Parent Company level, in close cooperation with the management, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial instrument risks to which the Company is exposed are described below.

16.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Most of the Company's transactions are carried out in AED and US dollars (USD). The AED is effectively pegged to the USD thus balances in USD do not represent significant currency risks.

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date, the Company's loans from related parties are at fixed agreed rates, therefore, the interest rate risk is considered minimal.

16.2 Credit risk

Credit risk is the risk that the counterparty fails to discharge an obligation to the Company. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2021	2020
	AED	AED
Trade and other receivables (note 6)	**2,982,600**	1,155,913
Cash at banks (note 7)	**3,902,546**	2,435,333
Other financial asset (note 8)	**–**	5,529,961
	6,885,146	9,121,207

The Company's management considers that all the above financial assets are not impaired and the same are of good credit quality. None of the Company's financial assets are secured by collateral or other credit enhancements. The credit risk for cash and cash equivalents is limited, since the counterparties are reputable banks with quality credit ratings.

Some of the unimpaired receivables are past due as at the reporting date. Financial assets past due but not impaired are given below:

	2021	2020
	AED	AED
Not more than 3 months	**1,111,124**	602,630
Between 3 and 6 months	**507,304**	75,336
	1,618,428	677,966

16.3 Liquidity risk

Liquidity risk also referred to as funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

	Less than 12 months
At March 31, 2021	**AED**
Loan from related party (note 11)	**1,836,300**
Trade and other payables (note 12)	**1,420,906**
	3,257,206

	Less than 12 months
At March 31, 2020	AED
Loan from related parties (note 11)	7,238,646
Trade and other payables (note 12)	939,738
	8,178,384

Notes to the financial statements
For the year ended March 31, 2021 (continued)

17 Fair value measurement

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

None of the Company's financial instruments, non-financial assets and non-financial liabilities as at the reporting date are measured at fair value.

18 Capital management policies and procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholder. Capital for the reporting period under review is summarised as follows:

	2021	2020
	AED	AED
Equity	**3,694,097**	1,015,065
Cash and cash equivalents (note 9)	**3,902,546**	2,435,333

A. Audit engagement

Our report below on the non-statutory audit of the annual financial statements of Bristlecone GmbH, Frankfurt am Main as at March 31, 2021 is addressed to the audited company.

At the shareholders' meeting held on March 29, 2021 of

Bristlecone GmbH, Frankfurt am Main
(im Folgenden auch "Gesellschaft" genannt)

we were appointed as auditors of the annual financial statements for the financial year from April 1, 2020 until March 31, 2021. Accordingly, the Company's management engaged us to audit the annual financial statements, together with the accounting records, for the financial year from April 1, 2020 until March 31, 2021 in analogous voluntary application of §§ 316 and 317 of the German Commercial Code (*Handelsgesetzbuch*, "HGB").

The Company is classified as a small corporation as defined in § 267 (1) HGB and, pursuant to §§ 316 *et seq*. HGB, is therefore exempt from the requirement to have its financial statements and management report audited.

We confirm that we have conducted our audit in compliance with the applicable independence regulations pursuant to § 321 (4a) HGB.

Our engagement is not subject to any reasons for exclusion pursuant to §§ 319, 319 a, 319 b HGB, §§ 49 and 53 of the German Public Accountants Act (*Wirtschaftsprüferordnung*, "WPO") and §§ 28 *et seq*. of the Professional Charter for Professional Accountants in Public Practice (*Berufssatzung für Wirtschaftsprüfer/ vereidigte Buchprüfer*, "BS WP/vBP").

We carried out our engagement at our offices in April 2021. The long form audit report was then completed.

We have documented the nature and scope of our audit procedures in our working papers.

We present the following report on the findings of our audit procedures.

We have appended the audited 2020/2021 annual financial statements, comprising the balance sheet **(Annex 1)**, the income statement **(Annex 2)** and the notes to the annual financial statements **(Annex 3)** to this report.

We have prepared this audit report in accordance with Auditing Standard IDW 450 (revised) "German Generally Accepted Standards on the Preparation of Long form Audit Reports" (*Grundsätze ordnungsmäßiger Erstellung von Prüfungsberichten*) as promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW), Düsseldorf.

The terms governing this engagement and our liability, including towards third parties, are set out in the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] (*Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften*) in the version dated 1 January 2017, which are attached to this report as **Annex 5**. The following modification applies with respect to the limitation of liability set out in no. 9 (2) of the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften" in the version dated 1 January 2017: The limitation applies only in instances of simple negligence, applies solely to claims for damages arising in connection with the contractual relationship between us and you and applies only if the maximum amount of the liability is insured. No. 1 (2) and No. 9 of the General Engagement Terms are controlling with respect to third parties.

This report on the audit of the annual financial statements is not intended for disclosure to third parties. If it is disclosed or made available to third parties with our consent, the Company shall undertake to agree with such third parties in writing that the agreed upon liability provisions shall also apply to potential thirdparty claims against us.

B. Basic findings

I. Opinion on the executive director's assessment of the company's position

In accordance with § 321 (1) sentence 2 HGB, we provide below in our report our opinion on the executive directors' assessment of the position of the Company in the annual financial statements.

We issue our opinion on the basis of our own assessment of the economic position of the Company, which we gained in the course of our audit of the annual financial statements.

Specifically, we examined the going concern assumption and the assessment of the future development of the Company, as expressed in the annual financial statements.

The documents audited by us in accordance with § 321 (1) sentence 2 HGB comprised those documents which constituted the direct subject matter of our audit of the annual financial statements, i.e., the accounting records, the annual financial statements as well as any documents such as cost accounting records, planning projections, significant agreements, sets of minutes and reports to the persons responsible for supervision and monitoring, which we examined in the course of our audit.

We considered the management's presentation and assessment of the Company's position and its expected development in the annual financial statements to be accurate.

The management has duly exercised the option exempting it from preparing a management report. It was therefore not possible for us to evaluate the management's assessment of the Company's position in accordance with § 321 (1) sentence 2 HGB in reference to the management report. Nor was it our responsibility as auditors to include such an assessment in the audit report on behalf of the executive directors.

Our audit has found that the going concern assumption is correct.

C. Replication of the Audit Opinion

We have granted the following audit opinion as stated below to the financial statements as of March 31, 2021 of Bristlecone GmbH, Frankfurt am Main:

Audit Opinion

To Bristlecone GmbH:

We have audited the annual financial statements of Bristlecone GmbH, Frankfurt am Main, which comprise the balance sheet as at March 31, 2021, and the income statement for the financial year from April 1, 2020 until March 31, 2021, and notes to the financial statements, including the recognition and measurement policies presented therein.

In our opinion, based on the findings of our audit, the accompanying annual financial statements comply in all material respects with the requirements of German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the Company as at March 31, 2021 as well as the results of operations for the financial year from April 1, 2020 until March 31, 2021 in accordance with German principles of proper accounting. Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the Audit Opinion

We conducted our audit of the annual financial statements in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the annual financial statements.

Executive Directors' Responsibilities for the Annual Financial Statements

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. Furthermore, management is responsible for such internal control as management determines in accordance with German principles of proper accounting is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the annual financial statements. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these annual financial statements.

We exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of this system of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

attention in the auditor's report to the related disclosures in the annual financial statements, if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nettetal, April 20, 2021 WWS Wirtz, Walter, Schmitz GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Post
Wirtschaftsprüfer

D. Subject, natur and scope of the audit

I. Subject of the audit

In accordance with § 317 HGB, as part of our engagement we have audited the accounting records and the annual financial statements, which were prepared in accordance with German accounting requirements, in order to verify compliance with the relevant statutory requirements.

The executive directors are responsible for the accounting, the accounting related internal controls and the information provided to us in our function as the auditors. Our responsibility as the auditors is to express an opinion on these documents based on the accounting records and the information provided to us in our audit.

The audit of compliance with other statutory requirements only falls within the scope of our audit to the extent that these other requirements commonly affect the annual financial statements prepared in accordance with German accounting requirements.

Our audit of the annual financial statements did not include any special review for the purposes of identifying irregularities in relation to monetary or service transactions (misappropriation audit). Our audit activities did not reveal any indications that would have necessitated any further examinations in that regard.

II. Nature and scope of the audit procedures

We conducted our audit in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW).

Pursuant to § 317 (4a) HGB, our audit does not extend to whether assurances can be made as to the continued existence of the audited entity as a going concern or the effectiveness and efficiency of its management.

The basis for our risk and process oriented audit approach was the development of an audit strategy. This is based on an assessment of the economic and legal bases for the Company, its objectives, strategies and business risks, which we assessed on the basis of critical success factors. The audit of the accounting related internal control system and its effectiveness was supplemented by process analyses, which we conducted with the objective of determining their influence on relevant items of the annual financial statements, thereby enabling us to estimate the risk of errors and our own audit risk.

We selected the analytical audit procedures (plausibility assessments) and tests of details in relation to the substantiation of balances, recognition, presentation and measurement in the annual financial statements based on the findings from our audit of processes and the accounting related internal control system. In the individual audit plan for the company, we defined the focal points of our audit, the nature and scope of our audit activities as well as the sequencing of audit procedures and the use of human resources. In so doing, we observed the principles of materiality and risk orientation and therefore arrived at our audit opinion primarily on a test basis.

The critical audit objectives identified in our audit strategy resulted in the identification of the following focal points for our audit:

Trade receivables as well as receivables from and payables to related parties.

Third-party confirmations were obtained as follows and subject to the following criteria:

Bank confirmations were obtained from credit institutions.

The opening balance sheet amounts were properly taken from the prior-year annual financial statements audited by us.

All necessary explanations and evidence requested by us at our due discretion to enable us to duly perform our audit were provided by the executive directors. The management has provided us with written confirmation of the completeness of the accounting records and the annual financial statements in the letter of representation obtained by us.

E. Findings and explanatory notes regarding the accounting

I. Propriety of the accounting

1. Accounting records and related documents

In our audit, we found that, in all material respects, the accounting records and further audited documents comply with the statutory requirements, including the German Legally Required Accounting Principles.

We found the Company's records of transactions to be complete, continuous and timely. The chart of accounts renders it possible to clearly and transparently organise the accounting data with a sufficient level of detail in keeping with the interests of the Company. In instances where accounting vouchers were inspected in the course of our audit, all such vouchers contained the necessary information to enable proper documentation. The vouchers were filed in a transparent manner. The accounting records therefore satisfied, in all material respects, the statutory requirements for the entire financial year.

The organisation of the accounting records, the internal control system, the flow of data and the records management system facilitate the complete, accurate, timely and orderly recognition and posting of transactions.

Our audit found that, in all material respects, the information obtained from further audited documents was properly reflected in the accounting records and in the annual financial statements prepared in accordance with German accounting requirements.

The Company's financial reporting (financial book keeping, fixed asset accounting, payroll accounting) is managed externally by the accounting and tax advising firm Schiff-Martini & Cie. GmbH, Frankfurt am Main.

No significant organisational changes were made to the accounting processes during the year under review.

In our opinion, there are no indications that the organisational and technical measures taken by the Company are not appropriate to ensure the security of accounting relevant data and IT systems.

2. Annual financial statements

In all material respects, the annual financial statements as at March 31, 2021, prepared in accordance with German accounting requirements and submitted to us for audit, complied with all applicable statutory requirements, including the German Legally Required Accounting Principles and all size-related, legal form related and sector specific requirements.

We found the balance sheet and the income statement of Bristlecone GmbH, Frankfurt am Main for the financial year from April 1, 2020 to March 31, 2021 to be properly derived from the accounting records and the other audited documents. The relevant recognition, presentation and measurement requirements were, in all material respects, complied with, as was the principle of continuity set out in § 252 (1) no. 6 HGB.

With respect to the propriety of the disclosures contained in the notes, which we do not report on elsewhere, we note that the reporting in the notes has been carried out by the executive directors in full and to the extent required by law.

II. Overall presentation of the annual financial statements

1. Conclusions on the overall presentation of the annual financial statements

In our opinion, the annual financial statements – i.e., the overall assertion of the annual financial statements provided by the interaction of balance sheet, income statement and notes – give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German Legally Required Accounting Principles (§ 264 (2) HGB).

2. Measurement bases

The measurement bases in accordance with § 321 (2) sentence 4 clause 1 HGB comprise the accounting and valuation methods and the relevant factors affecting the valuation of assets and liabilities (parameters, assumptions and the exercise of discretion).

No changes were made to the measurement bases during the reporting period.

For information on the presentation of the material measurement bases, please refer to the corresponding disclosures in the notes, because their inclusion in this audit report would only be repetive.

F. Concluding Remark

The audit report was prepared in accordance with legal requirements and the principles of drawing up audit reports established by the German Institute of Chartered Accountants ("Grundsätze ordnungsmäßiger Berichterstattung bei Abschlussprüfungen" (IDW PS 450)).

Any use of the above reproduced auditor's opinion outside of this audit report is subject to our prior consent.

Nettetal, April 20, 2021

WWS Wirtz, Walter, Schmitz GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

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Balance sheet as of March 31, 2021

	2021/3/31 €	2021/3/31 Rs.	2020/3/31 €	2020/3/31 Rs.
Assets				
A. Fixed assets				
I. Property, plant and equipment				
1. Other equipment, operational and office equipment	**10,758.00**	**9,26,587**	11,922.00	10,26,842
II. Financial assets				
1. Loans due from affiliated companies	**–**	**–**	1,091,206.69	9,39,85,632
B. Current assets				
I. Accounts receivable and other assets				
1. Accounts receivable, trade	**532,519.19**	**4,58,65,878**	630,299.11	5,42,87,663
2. Receivables due from share-holder	**19,196.66**	**16,53,408**	23,706.46	20,41,837
3. Receivables due from affiliated companies	**–**	**–**	–	–
4. Other assets	**11,737.90**	**10,10,985**	105,696.83	91,03,668
– thereof with a remaining term of more than one year: € 11,737.90 (Rs. 10,10,985) {(prior year: € 11,737.90 (Rs. 10,10,985)}				
	563,453.75	**4,85,30,271**	759,702.40	6,54,33,168
II. Cash in banks	**5,069,994.31**	**43,66,78,610**	3,675,400.64	31,65,62,257
C. Prepaid expenses	**8,250.48**	**7,10,614**	10,808.24	9,30,914
	5,652,456.54	**48,68,46,082**	5,549,039.97	47,79,38,813
Shareholder's equity and liabilities				
A. Equity				
I. Subscribed capital	**50,000.00**	**43,06,500**	50,000.00	43,06,500
II. Capital reserve	**425,000.00**	**3,66,05,250**	425,000.00	3,66,05,250
III. Profit carried forward	**4,389,824.52**	**37,80,95,586**	4,242,124.71	36,53,74,201
IV. Net profit	**24,847.74**	**21,40,136**	147,699.81	1,27,21,385
	4,889,672.26	**42,11,47,472**	4,864,824.52	41,90,07,336
B. Provisions				
1. Tax accruals	**18,022.43**	**15,52,272**	18,239.19	15,70,942
2. Other provisions and accrued liabilities	**412,117.82**	**3,54,95,708**	296,221.76	2,55,13,580
	430,140.25	**3,70,47,980**	314,460.95	2,70,84,522
C. Liabilities				
1. Accounts payable, trade	**33,815.74**	**29,12,550**	32,861.11	28,30,327
– thereof with a remaining term of less than one year: € 33,815.74 (Rs. 29,12,550 {(prior year: € 32,861.11 (Rs. 28,30,327)}				
2. Liabilities due to shareholder	**75,579.32**	**65,09,647**	100,699.78	86,73,272
– thereof with a remaining term of less than one year: € 75,579.32 (Rs. 65,09,647) {(prior year: € 100,699.78 (Rs. 86,73,272)}				
3. Liabilities due to affiliated companies	**190,034.15**	**1,63,67,641**	166,365.56	1,43,29,066
– thereof with a remaining term of less than one year: € 190,034.15 (Rs. 1,63,67,641) {(prior year: € 166,365.56 (Rs. 1,43,29,066)}				
4. Other liabilities	**33,214.82**	**28,60,792**	5,816.38	5,00,965
– thereof with a remaining term of less than one year: € 33,214.82 (Rs. 28,60,792) {(prior year € 5,816.38 (Rs. 5,00,965)}				
– thereof for taxes: € 30,345.49 (Rs. 26,13,657) {(prior year: € - (Rs. -)}				
– thereof for social security: € 2,754.96 (Rs. 2,37,285) {(prior year: € - (Rs. -)}				
	332,644.03	**2,86,50,630**	305,742.83	2,63,33,630
D. Accrued and Deferred Items	**–**	**–**	64,011.67	55,13,325
	5,652,456.54	**48,68,46,082**	5,549,039.97	47,79,38,813

Annexure 2

Income Statement for the Period April 1, 2020 through March 31, 2021

	2020/4/1 - 2021/3/31		2020/4/1 - 2021/3/31		2019/4/1 - 2020/3/31		2019/4/1 - 2020/3/31	
	€	€	Rs.	Rs.	€	€	Rs.	Rs.
1. Sales		**3,311,802.42**		**28,52,45,542**		4,014,164.24		34,57,39,966
2. Other operating income		**186,594.18**		**1,60,71,357**		289,389.15		2,49,25,087
– thereof from foreign currency translation: € 8,673.26 (Rs. 7,47,028) {(prior year: € 182,712.41 (Rs.1,57,37,020)								
3. Costs of purchased services		**1,543,909.73**		**13,29,76,945**		2,504,640.13		21,57,24,654
4. Personnel expenses								
a) Wages and salaries	**1,118,958.09**		**9,63,75,860**		954,147.89		8,21,80,757	
b) Social security, pension and other benefit costs	**150,076.17**		**1.29.26,061**		122,580.34		1,05,57,845	
		1,269,034.26		**10,93,01,921**		1,076,728.23		9,27,38,602
5. Depreciation on intangible assets, plant and Equipment		**3,628.29**		**3,13,366**		4,336.00		3,73,460
6. Other operating expenses		**602,109.96**		**5,18,59,731**		562,006.00		4,84,05,577
– thereof from foreign currency translation: € 185,096.65 (Rs. 1,59,42,374) {(prior year: 108,243.34 (Rs. 93,22,999)}								
7. Other interest and similar income		**3,237.62**		**2,78,857**		46,022.76		39,63,941
8. Other interest and similar expenses		**–**		**–**		1,814.00		1,56,240
9. Taxes on income		**58,094.24**		**50,03,657**		50,659.14		43,63,272
– thereof deferred taxes: € -18,239.19 (Rs. -15,70,941) {(prior year: € -24,492.13) (Rs. 21,09,507)}								
10. **Profit after taxes on income**		**24,847.74**		**21,40,136**		149,392.65		1,28,67,189
11. Other taxes		**–**		**–**		1,692.84		1,45,804
12. **Net profit**		**24,847.74**		**21,40,136**		147,699.81		1,27,21,385

Annexure 3

Notes to the financial statements for the fiscal year from April 1, 2020 to March 31, 2021

I. GENERAL EXPLANATIONS TO THE BALANCE SHEET AND INCOME STATEMENT

Bristlecone GmbH, Frankfurt am Main (referred to below as the "Company"), has its seat in Frankfurt am Main and has been registered in the trade register at the local court in Frankfurt am Main in department B, with number 58387.

The financial statements of the Company for the fiscal year ended March 31, 2021 have been prepared according to the Sect. 242 ff. and 264 ff. of the German Commercial Code (HGB) and the relevant Sections of the Law on Limited Liability Companies (GmbHG).

The income statement is structured towards the cost-summary method in accordance with Sect. 275 Para. 2 German Commercial Code (HGB).

The Company is a small corporation according to Sect. 267 Para. 1 German Commercial Code (HGB).

II. ACCOUNTING POLICIES

1. Fixed assets

Purchased intangible assets are stated at acquisition cost less regular depreciation.

Tangible assets are stated at acquisition or production cost and, if utilizable, depreciated through the useful life.

Depreciation on additions to tangible assets is calculated pro rata temporis.

Low value items are fully depreciated in the year of acquisition.

Depreciation takes place as follows:

Item	Depreciation method	Useful lifetime
Other equipment, operational and office equipment	straight line	3 - 13 years

2. Accounts receivable and other assets

Accounts receivable and other assets are stated at nominal value or their net realizable value.

3. Provisions and accrued liabilities

Tax accruals, other provisions and accrued liabilities are stated with the settlement amount based on reasonable business judgement and cover all identifiable risks from uncertain liabilities and anticipated losses from pending transactions.

4. Liabilities

Liabilities are stated at the settlement amount.

5. Deferred assets and liabilities

Deferred taxes resulting from temporary or quasi-permanent differences between the commercial values and the respective tax base of assets, liabilities and deferred items as well as from tax loss carry forwards are measured at the tax rates specific to the Company that are expected to apply to the period when the asset is realised or the liability is settled and are not discounted. Deferred tax assets and deferred tax liabilities are offset. Deferred taxes were set up according to § 249 HGB and are stated within the tax provisions.

6. Receivables and payables in foreign currencies

Receivables and payables in foreign currencies are evaluated with the exchange rate at the business transaction date.

Receivables and payables in foreign currencies with a remaining term of less than one year are stated with the average spot exchange rate of the balance sheet date.

Receivables and payables in foreign currencies with a remaining term of more than one year are stated with the average spot exchange rate of the balance sheet date or the lower or higher of cost or market value.

III. INDIVIDUAL COMMENTS TO THE BALANCE SHEET

1. Fixed assets

Reference is made to the separate analysis of fixed assets (see page herein of this exhibit).

2. Other provisions and accrued liabilities

Other provisions and accrued liabilities in the amount of K€ 412 (Rs. 3,54,85,560) mainly represent provisions for outstanding invoices (K€ 154) (Rs. 1,32,64,020), accruals for personnel expenses (K€ 246) (Rs. 2,11,87,980) as well as accruals for the audit of the financial statements (K€ 8) (Rs. 6,89,040) and for legal and advisory fees (K€ 8) (Rs. 6,89,040).

3. Receivables and liabilities from shareholder and affiliated companies

Receivables and liabilities from the shareholder and affiliated companies result from current business operations.

IV. OTHER INDIVIDUAL COMMENTS

1. Affiliated companies

Companies which are directly or indirectly controlled by Mahindra & Mahindra Ltd., Mumbai, India, are considered as affiliated companies.

2. Financial commitments

Substantial financial commitments which are not stated in provisions, liabilities or contingent liabilities, exist of the following commitments from a rental and lease agreement:

	Total amount K€	Total amount K Rs.
Office premises	40	34,45,200
Vehicles	15	12,91,950
	55	47,37,150

The payments refer to the following years:

	Total amount K€	Total amount K Rs.
2021 / 2022	52	44,78,760
2022 / 2023	3	2,58,390
	55	47,37,150

3. Contingent liabilities

As of balance sheet date, there are no contingent liabilities according to Sect. 251 German Commercial Code (HGB) which have to be reported on.

4. Headcount

During the fiscal year the Company employed an average of 8 employees (prior year: 6 employees).

5. Consolidation scope

Mahindra & Mahindra Ltd., Mumbai, India is the ultimate parent company responsible for preparing the consolidated financial statements for the largest and smallest group of companies.

6. Translation into Indian Rupees

The financial information in this financial statements is presented in Euro (EUR) and Indian Rupees (INR). EUR amounts as at end of the year ended 31 March 2021 and 31 March 2020 have been translated for convenience into Indian Rupees at the closing exchange rate of EUR 1 = INR 86.13 as at 31 March 2021.

Frankfurt am Main, April 12, 2021

Kulashekar Raghavan

Development of fixed assets for the year ended March 31, 2021

			At costs				Accumulated Depreciation				Net Book Value	
		April 1, 2020	Additions	Retirements	March 31, 2021	April 1, 2020	Additions	Reversals	March 31, 2021	March 31, 2021	March 31, 2020
		€	€	€	€	€	€	€	€	€	€
I. **Property, Plant and Equipment**											
1. Other equipment, operational and office equipment		81,205.77	2,474.29	–	83,680.06	69,283.77	3,638.29	–	72,922.06	10,758.00	11,922.00
	Rs.	69,94,253	2,13,111	–	72,07,364	59,67,411	3,13,366	–	62,80,777	9,26,587	10,26,842
II. **Financial Assets**											
1. Loans due from affiliated companies		1,091,206.69	–	1,091,206.69	–	–	–	–	–	–	1,091,206.69
	Rs.	9,39,85,632	–	9,39,85,632	–	–	–	–	–	–	9,39,85,632
		1,172,412.46	2,474.29	1,091,206.69	83,680.06	69,283.77	3,638.29	–	72,922.06	10,758.00	1,103,128.69
	Rs.	10,09,79,885	2,13,111	9,39,85,632	72,07,364	59,67,411	3,13,366	–	62,80,777	9,26,587	9,50,12,474

Annexure 4

Audit Opinion

To Bristlecone GmbH:

We have audited the annual financial statements of Bristlecone GmbH, Frankfurt am Main, which comprise the balance sheet as at March 31, 2021, and the income statement for the financial year from April 1, 2020 until March 31, 2021, and notes to the financial statements, including the recognition and measurement policies presented therein.

In our opinion, based on the findings of our audit, the accompanying annual financial statements comply in all material respects with the requirements of German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the Company as at March 31, 2021 as well as the results of operations for the financial year from April 1, 2020 until March 31, 2021 in accordance with German principles of proper accounting.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the Audit Opinion

We conducted our audit of the annual financial statements in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the annual financial statements.

Executive Directors' Responsibilities for the Annual Financial Statements

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. Furthermore, management is responsible for such internal control as management determines in accordance with German principles of proper accounting is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these annual financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of this system of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements, if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nettetal, April 20, 2021

WWS Wirtz, Walter, Schmitz GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Post
Wirtschaftsprüfer

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF BRISTLECONE (SINGAPORE) PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bristlecone (Singapore) Pte. Ltd. (the "Company"), which comprise the balance sheet as at 31 March 2021, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages herein.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2021 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages herein.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
23 April 2021

BALANCE SHEET AS AT 31 MARCH 2021

	Note	2021	2020
		$	$
ASSETS			
Current assets			
Cash at bank	**4**	**2,023,954**	299,145
Trade and other receivables	**5**	**368,808**	2,778,484
Contract assets	**10(b)**	**12,320**	100,088
Other current assets	**6**	**14,994**	7,653
Total assets		**2,420,076**	3,185,370
LIABILITIES			
Current liabilities			
Trade and other payables	**7**	**636,149**	1,597,461
Provision	**8**	**71,200**	71,200
Contract liabilities	**10(b)**	**712,061**	877,688
Total liabilities		**1,419,410**	2,546,349
NET ASSETS		**1,000,666**	639,021
EQUITY			
Share capital	**11**	**1,670,000**	1,670,000
Accumulated losses		**(669,334)**	(1,030,979)
		1,000,666	639,021

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	2021	2020
		$	$
Revenue	**10(a)**	**4,096,897**	2,754,858
Cost of sales		**(3,242,131)**	(2,084,954)
Gross profit		**854,766**	669,904
Other income	**15**	**–**	50,000
Other (loss)/gain, net	**11**	**(236,192)**	21,868
Expenses			
– Selling and marketing		**(13,661)**	(22,851)
– Administrative		**(243,268)**	(289,497)
– Finance		**–**	(18,517)
Profit before income tax		**361,645**	410,907
Income tax expense	**14**	**–**	–
Total comprehensive income, representing net profit		**361,645**	410,907

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Share capital	Accumulated losses	Total
	$	$	$
2021			
Beginning of financial year	**1,670,000**	**(1,030,979)**	**639,021**
Total comprehensive income for the financial year	**–**	**361,645**	**361,645**
End of financial year	**1,670,000**	**(669,334)**	**1,000,666**
2020			
Beginning of financial year	1,670,000	(1,441,886)	228,114
Total comprehensive income for the financial year	–	410,907	410,907
End of financial year	1,670,000	(1,030,979)	639,021

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	2021	2020
	$	$
Cash flows from operating activities		
Profit before income tax	**361,645**	410,907
Adjustments for:		
Unrealised foreign exchange loss/(gain)	**163,839**	(26,273)
Interest expense	**–**	18,517
	525,484	403,151
Change in working capital		
– Trade and other receivables	**2,397,800**	(2,221,092)
– Contract assets and liabilities	**(77,859)**	941,527
– Other current assets	**(7,341)**	20,047
– Trade and other payables	**(961,312)**	1,390,875
– Provision	**–**	71,200
Net cash provided by operating activities	**1,876,772**	605,708
Cash flows from financing activities		
– Proceed from borrowings	**–**	–
– Repayment of borrowings	**–**	(250,000)
– Repayment to related corporation	**–**	(1,355,900)
– Interest on borrowings paid	**–**	(29,001)
Net cash used in financing activities	**–**	(1,634,901)
Net increase/(decrease) in cash at bank	**1,876,772**	(1,029,193)
Cash at bank		
Beginning of financial year	**299,145**	1,320,923
Effect on foreign exchange difference	**(151,963)**	7,415
End of financial year	**2,023,954**	299,145

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

				Non-cash changes		
	1 April	Proceeds from borrowings	Principals and interest payments	Interest expense	Foreign exchange movement	31 March
	$	$	$	$	$	$
Borrowings						
2021	**–**	**–**	**–**	**–**	**–**	**–**
2020	1,605,900	–	(1,651,001)	29,001	16,100	–

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

These financial statements for the financial year ended 31 March 2021 were authorised for issue in accordance with a resolution of the directors of Bristlecone (Singapore) Pte. Ltd. on 23 April 2021.

1. GENERAL INFORMATION

The Company is incorporated and domiciled in the Republic of Singapore. The registered office is at 77, Robinson Road, #13-00, Robinson 77, Singapore 068896 and the principal place of business is at 3, Temasek Avenue, #21-00 Centennial Tower, Singapore 039190.

The principal activity of the Company is those of providing software related consulting services.

The Company's immediate holding corporation is Bristlecone India Limited, incorporated in India. The Company's intermediate holding corporation is Bristlecone Limited, incorporated in Cayman Islands. The Company's penultimate holding corporation is Mahindra Holdings Limited, incorporated in India. The Company's ultimate holding corporation is Mahindra & Mahindra Ltd., incorporated in India.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The financial statements are presented in Singapore Dollar ("$"), which is the functional currency of the Company.

Interpretations and amendments to published standards effective in 2020

On 1 April 2020, the Company adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Financial assets

a) Classification and measurement

The Company classifies its financial assets into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The Company classifies and measures its financial assets at amortised cost.

The classification of debt instruments depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

(i) *<u>At initial recognition</u>*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets.

(ii) *<u>At subsequent measurement</u>*

Debt instruments mainly comprise of cash and bank balances, trade and other receivables and other current assets.

The subsequent measurement category depending on the Company's business model formanaging the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assetsis included in interest income using the effective interest rate method.

b) Impairment

The Company assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For trade receivable, the Company applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other financial assets, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2.3 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.4 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring the promised services to a customer. Revenue is recognised when the Company satisfies a performance obligation by transferring a promised service to the customer, which is when the customer obtains control of the service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. Revenue are presented, net of goods and services tax, rebates and discounts.

The Company provide software related consulting services. Revenue is recognised when the control over the agreed services has been transferred to the customer. At contract inception, the Company assesses whether the Company transfers control of the services over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Company; and (b) the Company has an enforceable right to payment for performance completed to date.

For contract where the asset created has no alternative use for the Company due to contractual restriction, and the Company has enforceable rights to payment arising from the contractual terms, revenue is recognised over time by reference to the Company's progress towards completing the asset. The measure of progress is determined based on the proportion of actual service provided to date relative to the estimated total services to be provided. This is determined based on the direct expenses incurred or actual labour hours spent relative to the total expected labour hours.

For contracts where the Company does not have an enforceable right to payment, revenue is recognised only when the asset is delivered to the customers and the customers have accepted it in accordance with the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The customer is invoiced on a milestone payment schedule. A contract asset is recognised when the Company has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Company has not yet performed under the contract but has billed the customer. Contract assets are transferred to the receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue when the Company performs under the contract.

2.5 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

2.6 Leases

When the Company is the lessee

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

  The Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

- Lease liabilities

  Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

  - There is a change in future lease payments arising from changes in an index or rate;
  - There is a change in the Company's assessment of whether it will exercise an extension option; or
  - There is modification in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short-term and low-value leases

  The Company has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- Variable lease payments

  Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Company shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

2.7 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences, except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

2.8 Cash at bank

For the purpose of presentation in the statement of cash flows, cash at bank include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.9 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.10 Currency translation

The financial statements are presented in Singapore Dollar ("$"), which is the functional currency of the Company.

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other gain/(loss), net".

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.12 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Impairment of trade receivables

As at 31 March 2021, the Company's trade receivables amounted to $368,808 (2020: $2,767,317) (Note 5), arising from the Company's software related consulting services.

Based on the Company's historical credit loss experience, management has determined the expected loss rates by grouping the receivables according to the category of internal credit rating.

The Company's credit risk exposure for trade receivables are set out in Note 17(b).

4. CASH AT BANK

	2021	2020
	$	$
Cash at bank	**2,023,954**	299,145

5. TRADE AND OTHER RECEIVABLES

	2021	2020
	$	$
Trade receivables		
– non-related parties	**368,808**	2,767,317
Other receivable		
– related corporation	**–**	11,167
	368,808	2,778,484

Other receivable from related corporation is unsecured, interest free and repayable on demand.

6. OTHER CURRENT ASSETS

	2021	2020
	$	$
Deposits	**10,995**	2,015
Prepayments	**3,999**	3,609
Other current assets	**–**	2,029
	14,994	7,653

7. TRADE AND OTHER PAYABLES

	2021	2020
	$	$
Trade payable		
– immediate holding corporation	**429,199**	1,258,798
Other payable		
– immediate holding corporation	**–**	6,411
– related corporation	**137,235**	68,121
– non-related parties	**656**	11,457
Accrued operating expenses		
– non-related parties	**16,500**	99,662
Goods and Service Tax payable	**52,559**	153,012
	636,149	1,597,461

Other payables to immediate holding corporation and related corporation are unsecured, interest free and repayable on demand.

8. PROVISION

	2021	2020
	$	$
Provision of legal claim	**71,200**	71,200

The provision is in respect of a legal claim brought against the Company by a customer. Since the case remain ongoing, the outcomes of these legal claims cannot be ascertained. However, the Company has recorded a provision of $71,200 as at 31 March 2021 based on management's best estimates.

9. SHARE CAPITAL

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

The Company's share capital comprises fully paid-up 1,670,000 (2020: 1,670,000) ordinary shares with no par value, amounting to a total of $1,670,000 (2020: $1,670,000).

Fully paid ordinary share carry one vote per share and carry a right to dividends as and when declared by the Company.

10. REVENUE

(a) Service revenue from contracts with customer

	2021	2020
	$	$
Rendering of service	**4,096,897**	2,754,858

(b) Contract assets and liabilities

	2021	2020
	$	$
Contract assets	**12,320**	100,088
Contract liabilities	**712,061**	877,688

The contract assets balance decreased due to lesser contracts in which the Company provided more services ahead of the agreed payment schedules.

The contract liabilities balance decreased due lesser contract in which the Company billed ahead of the provision of services to customer.

11. OTHER (LOSS)/GAIN, NET

	2021	2020
	$	$
Currency translation (loss)/gain, net	**(236,192)**	21,868

12. EXPENSES BY NATURE

	2021	2020
	$	$
Employee compensation (Note 13)	**64,344**	153,183
Professional and consulting fee	**19,827**	24,097
Legal fee	**65,069**	140,523

	2021	2020
	$	$
Lease expenses – Short-term lease	**4,026**	3,936
Management fees	**137,235**	74,532
Subcontractor cost	**3,178,999**	1,883,558

13. EMPLOYEE COMPENSATION

	2021	2020
	$	$
Salaries, bonus, commission and allowances	**61,844**	151,058
Directors' fees	**2,500**	2,125
	64,344	153,183

14. INCOME TAX EXPENSE

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax is as follows:

	2021	2020
	$	$
Profit before income tax	**361,645**	410,907
Tax calculated at a tax rate of 17% (2020: 17%)	**61,480**	69,854
Expenses not deductible for tax purposes	**27,853**	19,366
Utilisation of tax losses not recognised previously	**(89,333)**	(89,220)
Tax charge	**–**	–

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Company has unrecognised tax losses of approximately $274,642 (2020: $800,126) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to the agreement of the tax authorities and compliance with certain statutory requirements. The tax losses have no expiry date.

15. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

	2021	2020
	$	$
(a) Sales and purchases of services		
Rendering of services		
Immediate holding corporation		
Marketing fees	**–**	50,000
Related corporation		
Professional service charges	**80,672**	180,921
Purchase of services		
Immediate holding corporation		
Subcontractor fees	**3,154,348**	1,812,505
Management fees (Note 12)	**–**	6,411
Related corporation		
Management fees (Note 12)	**137,235**	68,121
Interest expense	**–**	14,723

Related parties comprise mainly companies which are controlled or significantly influenced by the Company's key management personnel and their close family members.

Outstanding balances as at 31 March 2021 and 2020, arising from sales and purchases of services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 5 and 7 to the financial statements.

(b) *Key management compensation*

Except for the directors of the Company, there are no other key management personnel. Among the three directors, other than Mr Tiong Hin Won, Eric (Note 13), remuneration for one of them is paid by its immediate holding corporation and for other is paid by a related corporation.

16. COMMITMENT

The future minimum lease payable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	2021	2020
	$	$
Not later than one year	**3,222**	2,952

17. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to market risk (including currency risk, interest rate and price risk), credit risk, liquidity risk and capital risk. The financial risk management is handled by the immediate holding corporation as part of the operations of the Group.

(a) *Market risk*

(i) *Currency risk*

The Company is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the Company to which they relate. The currencies giving rise to this risk are mainly the United States Dollar ("USD") and Indonesian Rupiah ("IDR"). Foreign exchange exposures in transactional currencies other than functional currency of the Company are kept to an acceptable level.

The Company's currency exposure based on the information provided to the board of directors is as follows:

	SGD	USD	IDR	Total
	$	**$**	**$**	**$**
2021				
Financial Assets				
Cash at bank	**795,690**	**1,228,264**	**–**	**2,023,954**
Trade and other receivables	**11,787**	**357,021**	**–**	**368,808**
Contract assets	**–**	**12,320**	**–**	**12,320**
Other current assets	**3,196**	**7,799**	**–**	**10,995**
	810,673	**1,605,404**	**–**	**2,416,077**
Financial Liabilities				
Trade and other payables	**446,355**	**137,235**	**–**	**583,590**
	446,355	**137,235**	**–**	**583,590**
Currency exposure of financial assets	**–**	**1,468,169**	**–**	**1,468,169**

	SGD	USD	IDR	Total
	$	$	$	$
2020				
Financial Assets				
Cash at bank	105,298	193,847	–	299,145
Trade and other receivables	11,167	2,312,184	455,133	2,778,484
Contract assets	–	11,984	88,104	100,088
Other current assets	4,044	–	–	4,044
	120,509	2,518,015	543,237	3,181,761
Financial Liabilities				
Trade and other payables	1,300,924	143,525	–	1,444,449
	1,300,924	143,525	–	1,444,449
Currency exposure of financial assets	–	2,374,490	543,237	2,917,727

If the USD and IDR change against the SGD by 5% with all other variables including tax rate being held constant, the effects arising from net financial liabilities/assets position will be as follows:

	Increase/(decrease) 2021		Increase/(decrease) 2020	
	Net profit	**Equity**	Net profit	Equity
	$	**$**	$	$
USD against SGD				
– strengthened	**73,408**	**73,408**	118,725	118,725
– weakened	**(73,408)**	**(73,408)**	(118,725)	(118,725)

	Increase/(decrease) 2021		Increase/(decrease) 2020	
	Net profit	**Equity**	Net profit	Equity
	$	**$**	$	$
IDR against SGD				
– strengthened	**–**	**–**	**27,162**	**27,162**
– weakened	**–**	**–**	**(27,162)**	**(27,162)**

(ii) *Interest rate and price risks*

The Company has no significant financial assets or liabilities that are exposed to floating interest rate and price risks.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligation, resulting in financial loss to the Company.

For banks and financial institutions, the Company mitigates its credit risks by transacting only with counterparties who are rated "A" and above by independent rating agencies.

There are no significant concentration of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Company has applied the simplified approach by using the provision matrix to measure the lifetime expected credit losses for trade receivables from customers.

To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of customers, and adjusts for forward-looking macroeconomic data.

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a receivable for write off when a debtor fails to make contractual payment greater than 180 days past due based on historical collection trend. Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Company's credit risk exposure in relation to trade receivables from customers as at 31 March 2021 and 31 March 2020 are set out in the provision matrix as follows:

		Past due				
	Current	**Within 30 days**	**30 to 60 days**	**60 to 90 days**	**More than 90 days**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
31 March 2021						
Expected loss rate	**–**	**–**	**–**	**–**	**–**	**–**
Trade receivables	**368,808**	**–**	**–**	**–**	**–**	**368,808**
Loss allowance	**–**	**–**	**–**	**–**	**–**	**–**

		Past due				
	Current	Within 30 days	30 to 60 days	60 to 90 days	More than 90 days	Total
	$	$	$	$	$	$
31 March 2020						
Expected loss rate	–	–	–	–	–	–
Trade receivables	2,063,543	703,774	–	–	–	2,767,317
Loss allowance	–	–	–	–	–	–

There are no credit loss allowance for other financial asset at amortised cost as at 31 March 2021 and 2020.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The trade receivables of the Company comprise three debtors (2020: three debtors) that represented 97% (2020: 99%) of trade receivables.

The normal trade credit terms granted to customers ranged from 30 to 60 days (2020: 30 to 60 days) or contractual periods based on project contract sales.

The balance of receivables that are past due but not impaired are unsecured in nature. The management is confident that the remaining receivables are recoverable as these accounts are still active.

(c) Liquidity risk

The Company monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Company's operations and to mitigate effects of fluctuations in cash flows.

All financial liabilities of the Company are current for the financial years ended 31 March 2021 and 2020.

(d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payout to shareholder or obtain borrowings.

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern. The capital structure of the Company comprises only of issued capital.

(e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet, except for the following:

	2021	2020
	$	$
Financial assets, amortised cost	**2,416,077**	3,181,761
Financial liabilities at amortised cost	**583,590**	1,444,449

18. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2021 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA – BT INVESTMENT COMPANY (MAURITIUS) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mahindra – BT Investment Company** (Mauritius) Limited, the "Company", which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The supplementary information presented in Indian Rupee in the financial statements is solely for the convenience of the users of the financial statements. The supplementary information presented in Indian Rupee does not form part of the audited financial statements. We have therefore not audited the supplementary information and, accordingly, we do not express an opinion on this supplementary information. This paragraph has no impact on the audit opinion expressed in this auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises the information included under the Corporate Data and Commentary of the Directors sections but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards of Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Use of this report

Our report is made solely to the members of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton
Chartered Accountants

K RAMCHURUN, FCCA
Licensed by FRC

Date: 22 April 2021

Ebene 72201, Republic of Mauritius

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021	2021	2020	2020
		USD	INR (Note 1)	USD	INR (Note 1)
INCOME					
Interest income on bank deposits	10	**65,990**	**4,856,204**	340,549	25,061,001
Dividends	9(iv)	**64,242**	**4,727,569**	79,351	5,839,440
		130,232	**9,583,773**	419,900	30,900,441
EXPENDITURE					
Professional fees	12	**28,143**	**2,071,043**	39,395	2,899,078
Audit fees		**5,655**	**416,151**	5,590	411,368
Licence fees		**2,700**	**198,693**	2,650	195,014
Bank charges		**2,652**	**195,160**	3,989	293,551
		39,150	**2,881,047**	51,624	3,799,011
PROFIT BEFORE TAX		**91,082**	**6,702,726**	368,276	27,101,430
Tax expense	8	**(13,363)**	**(983,384)**	(2,089)	(153,730)
PROFIT FOR THE YEAR		**77,719**	**5,719,342**	366,187	26,947,700
OTHER COMPREHENSIVE INCOME:					
Items that will not be reclassified subsequently to profit or loss		**–**	**–**	–	–
Items that will be reclassified subsequently to profit or loss					
Fair value gain/(loss) on financial asset at fair value through other comprehensive income	9(i)	**1,471,918**	**108,318,445**	(902,553)	(66,418,875)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**1,471,918**	**108,318,445**	(902,553)	(66,418,875)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**1,549,637**	**114,037,787**	(536,366)	(39,471,175)

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	2021	2021	2020	2020
		USD	**INR (Note 1)**	USD	INR (Note 1)
ASSETS					
Non-current					
Financial asset at fair value through other comprehensive income (''FVOCI'')	9	**3,294,039**	**242,408,330**	1,822,121	134,089,885
Current					
Prepayments		**2,883**	**212,160**	2,883	212,160
Cash and cash equivalents	10	**18,194,837**	**1,338,958,055**	18,124,955	1,333,815,438
Current assets		**18,197,720**	**1,339,170,215**	18,127,838	1,334,027,598
Total assets		**21,491,759**	**1,581,578,545**	19,949,959	1,468,117,483
EQUITY AND LIABILITIES					
Equity					
Stated capital	11	**11,880,000**	**874,249,200**	11,880,000	874,249,200
Retained earnings		**6,398,372**	**470,856,195**	6,320,653	465,136,853
Fair value reserves for financial asset at fair value through other comprehensive income	9(iii)	**3,203,994**	**235,781,918**	1,732,076	127,463,473
Total equity		**21,482,366**	**1,580,887,313**	19,932,729	1,466,849,526
Liabilities					
Current					
Accruals		**9,393**	**691,232**	15,141	1,114,226
Current tax liability	8	**–**	**–**	2,089	153,731
		9,393	**691,232**	17,230	1,267,957
Total equity and liabilities		**21,491,759**	**1,581,578,545**	19,949,959	1,468,117,483

Approved by the Board of Directors on 22 April 2021 and signed on its behalf by:

Pravesh Beeharry
Director

Zakir Hussein Niamut
Director

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Stated capital	Retained earnings	Fair value reserves	Total
			Financial asset at fair value through other comprehensive income	
	USD	USD	USD	USD
Balance at 01 April 2019	11,880,000	5,954,466	2,634,629	20,469,095
Profit for the year	–	366,187	–	366,187
Other comprehensive loss	–	–	(902,553)	(902,553)
Total comprehensive loss for the year	–	366,187	(902,553)	(536,366)
Balance at 31 March 2020	11,880,000	6,320,653	1,732,076	19,932,729
Balance at 01 April 2020	**11,880,000**	**6,320,653**	**1,732,076**	**19,932,729**
Profit for the year	**–**	**77,719**	**–**	**77,719**
Other comprehensive income	**–**	**–**	**1,471,918**	**1,471,918**
Total comprehensive income for the year	**–**	**77,719**	**1,471,918**	**1,549,637**
Balance at 31 March 2021	**11,880,000**	**6,398,372**	**3,203,994**	**21,482,366**

	Stated capital	Retained earnings	Fair value reserves	Total
			Financial asset at fair value through other comprehensive income	
	INR (Note 1)	INR (Note 1)	INR (Note 1)	INR (Note 1)
Balance at 01 April 2019	874,249,200	438,189,153	193,882,348	1,506,320,701
Profit for the year	–	26,947,700	–	26,947,700
Other comprehensive income	–	–	(66,418,875)	(66,418,875)
Total comprehensive loss for the year	–	26,947,700	(66,418,875)	(39,471,175)
Balance at 31 March 2020	874,249,200	465,136,853	127,463,473	1,466,849,526
Balance at 01 April 2020	**874,249,200**	**465,136,853**	**127,463,473**	**1,466,849,526**
Profit for the year	**–**	**5,719,342**	**–**	**5,719,342**
Other comprehensive income	**–**	**–**	**108,318,445**	**108,318,445**
Total comprehensive income for the year	**–**	**5,719,342**	**108,318,445**	**114,037,787**
Balance at 31 March 2021	**874,249,200**	**470,856,195**	**235,781,918**	**1,580,887,313**

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
Operating activities				
Profit before tax	**91,082**	**6,702,726**	368,276	27,101,430
Adjustments for:				
Dividend income	**(64,242)**	**(4,727,569)**	(79,351)	(5,839,440)
Interest income	**(65,990)**	**(4,856,204)**	(340,549)	(25,061,001)
Operating loss before working capital changes	**(39,150)**	**(2,881,047)**	(51,624)	(3,799,011)
Changes in working capital:				
Increase in prepayments	–	–	(444)	(32,675)
(Decrease)/increase in accruals	**(5,748)**	**(422,994)**	6,391	470,314
Total changes in working capital	**(5,748)**	**(422,994)**	5,947	437,639
Tax paid	**(2,089)**	**(153,733)**	(784)	(57,694)
Net cash used in operating activities	**(46,987)**	**(3,457,774)**	(46,461)	(3,419,066)
Investing activities				
Interest received	**65,990**	**4,856,204**	340,549	25,061,001
Dividend received (Net)	**50,879**	**3,744,187**	79,351	5,839,441
Net cash from investing activities	**116,869**	**8,600,391**	419,900	30,900,442
Net change in cash and cash equivalents	**69,882**	**5,142,617**	373,439	27,481,376
Cash and cash equivalents, beginning of year	**18,124,955**	**1,333,815,438**	17,751,516	1,306,334,062
Cash and cash equivalents, end of year	**18,194,837**	**1,338,958,055**	18,124,955	1,333,815,438
Cash and cash equivalents made up of:				
Cash at bank (Note 10)	**18,194,837**	**1,338,958,055**	18,124,955	1,333,815,438

The notes on pages herein form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The Company was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 9 May 2005 as a private company with liability limited by shares and holds a Global Business Licence issued by the Financial Services Commission. The Company's registered office is SANNE House, Bank Street, TwentyEight, Cybercity, Ebene 72201, Republic of Mauritius.

The principal activity of the Company is to hold investments.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Indian Rupee ("INR") amounts are included solely for convenience. These transactions should not be construed as representations that the USD amounts actually represent, or have been or could be converted into INR. As the amounts shown in INR are for convenience only, the rate of 1 USD = INR73.59 has been used for the purpose of presentation of the INR amounts in the accompanying financial statements for the year ended 31 March 2021 and 31 March 2020.

2. ADOPTION OF NEW AND AMENDED IFRS

2.1 New and amended standards that are effective for the current year

The Company has applied the following Standards, amendments and Interpretations to existing Standards for the first time for the annual reporting period commencing on 01 April 2020:

Various	Amendments to References to the Conceptual Framework in IFRS Standards
IFRS 3	Definition of a Business (Amendments to IFRS 3)
IAS 1 and IAS 8	Definition of Material (Amendments to IAS 1 and IAS 9)
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Management has assessed the impact of these new and revised standards and interpretations and concluded that none of these Standards have a material impact on the disclosure of these financial statements.

2.2 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Company.

Management anticipates that all relevant pronouncements, will be adopted in the Company's accounting policies for the first period beginning on or after the effective date of the pronouncement. Information on new Standards, amendments to existing Standards and Interpretations is provided below.

IFRS 16	COVID - 19 Related Rent Concessions (Amendment to IFRS 16)
Various	Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
IFRS 3	References to the Conceptual Framework (Amendments to IFRS 3)
IAS 16	Proceeds before Intended Use (Amendments to IAS 16)
IAS 37	Onerous Contract - Cost of Fulfilling a Contract (Amendments to IAS 37)
IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual improvements to IFRS Standards 2019-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)
IFRS 17	Insurance Contracts
IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)
IAS 1	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

Management has yet to assess the impact of the above Standards, amendments to existing Standards and Interpretations on the Company's financial statements.

3. SUMMARY OF ACCOUNTING POLICIES

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Revenue

Dividend income is recognised when the Company's right to receive such dividend is established.

Interest income is recognised on the accrual basis using the effective interest method, unless collectability is in doubt.

3.3 Expenses

All expenses are accounted for in the statement of comprehensive income on the accrual basis.

3.4 Taxation

Tax expense recognised in the statement of comprehensive income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting years, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

3.5 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs, where appropriate.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI).

In the current year, the Company does not have any financial assets categorised as FVTPL.

The classification is determined by both:

- the Company's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets are recognised in the statement of comprehensive income.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost using the effective interest method if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect their contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income ('FVOCI')

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income will be recycled upon derecognition of the asset.

Subsequent measurement of financial liabilities

The Company's financial liabilities consist of accruals.

Financial liabilities are measured subsequently at amortised costs, using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.7 Equity and reserves

Stated capital is determined using the value of shares that have been issued.

Retained earnings include all current and prior years' results as disclosed in the statement of comprehensive income.

Fair value reserves comprises of accumulated gains and losses relating to financial asset at FVOCI.

3.8 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.9 Foreign currency translation

Functional and presentation currency

The financial statements are presented in United States Dollar ("USD"), which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of comprehensive income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

3.11 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION CERTAINTY

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

Significant management judgement in applying the accounting policies of the Company that has the most significant effect on the financial statements is set below.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the USD.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impact of COVID-19

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets.

The directors have considered the potential adverse impact of the COVID-19 pandemic on the Company's business activities. Given the nature of the outbreak and ongoing development, there is a high degree of uncertainty and it is not possible at this time to predict the nature of the overall impact on the Company.

FINANCIAL INSTRUMENT RISK

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's financial assets and financial liabilities by category are summarised below.

	2021	2021	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
Financial assets				
Non-current				
Financial asset at fair value through other comprehensive income				
Investment in listed equity securities	**3,294,039**	**242,408,330**	1,822,121	134,089,885
Current				
Financial assets measured at amortised cost:				
Cash and cash equivalents	**18,194,837**	**1,338,958,055**	18,124,955	1,333,815,438
Total financial assets	**21,488,876**	**1,581,366,385**	19,947,076	1,467,905,323
Financial liabilities				
Current				
Financial liabilities measured at amortised cost:				
Accruals	**9,393**	**691,232**	15,141	1,114,226

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate measures and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The most significant financial risks to which the Company is exposed are described below.

5.1 Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and other price risk, which result from both its operating and investing activities.

Foreign currency sensitivity

Foreign currency risk, as defined in IFRS 7: Financial Instruments: Disclosures, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

The Company is exposed to foreign exchange risk on account of its financial assets at fair value through other comprehensive income denominated in the Indian Rupee ("INR").

The currency profile of its financial assets and financial liabilities is as follows:

	Financial assets 2021	Financial liabilities 2021	Financial assets 2020	Financial liabilities 2020
	USD	**USD**	USD	USD
Long term exposure				
Indian Rupee (INR)	**3,294,039**	**–**	1,822,121	–
Short term exposure				
United States Dollar (USD)	**18,194,837**	**9,393**	18,124,955	15,141
Total exposure	**21,488,876**	**9,393**	19,947,076	15,141

	Financial assets 2021	Financial liabilities 2021	Financial assets 2020	Financial liabilities 2020
	INR (Note 1)	**INR (Note 1)**	INR (Note 1)	INR (Note 1)
Long term exposure				
Indian Rupee (INR)	**242,408,330**	**–**	134,089,885	–
Short term exposure				
United States Dollar (USD)	**1,338,958,055**	**691,232**	1,333,815,438	1,114,226
Total exposure	**1,581,366,385**	**691,232**	1,467,905,323	1,114,226

The following analysis illustrates the sensitivity of profit and equity with regard to the Company's financial assets and financial liabilities and the USD/INR exchange rate, "all other things being equal".

It assumes a 2% change of the USD/INR exchange rate for the year ended 31 March 2021 (31 March 2020: 9%). The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the USD had strengthened against the INR by 2%, other comprehensive income and equity would have decreased by **USD 65,881** (2020: USD 163,991). If the USD had weakened against the INR by 2%, then other comprehensive income and equity would have increased by **USD 65,881** (2019: USD 163,991). There would be no impact on profit or loss for the year as the investment denominated in INR comprises listed securities classified as financial asset at fair value through other comprehensive income.

Interest rate sensitivity

The Company's exposure to interest rate risk is limited to its bank balance and the interest thereon is based on market interest rates. At 31 March 2021, the bank balance stood at **USD 18,192,255** (2020: USD 18,079,849), excluding interest receivable and bank interest income earned during the year was **USD 65,990** (2020: USD 340,549). A change in the market interest rate would only impact marginally on the Company's operating cash flows.

Other price sensitivity

The Company is exposed to other price risk in respect of the listed securities held by it, which are listed on the Bombay Stock Exchange and the National Stock Exchange of India. The average volatility observed in the share price during the year ended 31 March 2021 is shown in the table below:

Name of investee company	% change in share price 2021	% change in share price 2020
Tech Mahindra Limited	**75%**	28%

	Other comprehensive income and equity			
	2021 USD	**2021 INR (Note 1)**	2020 USD	2020 INR (Note 1)
Increase	**2,470,529**	**181,806,229**	510,194	37,545,176
Decrease	**(2,470,529)**	**(181,806,229)**	(510,194)	(37,545,176)

The listed securities are classified as a financial asset at fair value through other comprehensive income and therefore no effect on profit has occurred.

5.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2021	2021	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
ASSETS				
Non-current				
Financial asset at fair value through other comprehensive income	**3,294,039**	**242,408,330**	1,822,121	134,089,885

	2021	2021	2020	2020
	USD	INR (Note 1)	USD	INR (Note 1)
Current				
Cash and cash equivalents	**18,194,837**	**1,338,958,055**	18,124,955	1,333,815,438
Total assets	**21,488,876**	**1,581,366,385**	19,947,076	1,467,905,323

The Company holds investment in Tech Mahindra Limited, a listed company incorporated in the Republic of India. As at 31 March 2021, the Company held 242,904 ordinary shares in the investee company, representing a 0.0251% of its shareholding. The fair value of the investment has increased as at year end, resulting in a fair value gain of USD 1,471,918 (2020: loss of USD 902,553) (Note 9).

The credit risk for the bank balance is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings. None of the Company's financial assets are secured by collateral or other credit enhancements.

5.3 Liquidity risk analysis

Liquidity risk is the risk that the Company might be unable to meet its obligations.

The Company manages its liquidity risk by carefully monitoring all its cash inflows and outflows. Cash inflows during the year mainly relate to dividend income and interest income and cash outflows mainly relate to operating expenses.

At 31 March 2021, the Company's financial liabilities have contractual maturities which are summarised below:

	Within 1 year	Within 1 year
	USD	INR (Note 1)
Accruals	**9,393**	**691,232**

This compares with the maturity of the Company's financial liabilities in the previous reporting year as follows:

	Within 1 year	Within 1 year
	USD	INR (Note 1)
Accruals	15,141	1,114,226

6. FAIR VALUE MEASUREMENT

6.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

– Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

– Level 3: unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy of financial assets measured at fair value on a recurring basis at 31 March 2021 and 31 March 2020:

31 March 2021	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		USD	**USD**	**USD**	**USD**
Assets					
Listed investment	(i)	**3,294,039**	–	–	**3,294,039**

31 March 2021	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
		INR (Note 1)	**INR (Note 1)**	**INR (Note 1)**	**INR (Note 1)**
Assets					
Listed investment	(i)	**242,408,330**	–	–	**242,408,330**

31 March 2020	Note	Level 1	Level 2	Level 3	Total
		USD	USD	USD	USD
Assets					
Listed investment	(i)	1,822,121	–	–	1,822,121

31 March 2020	Note	Level 1	Level 2	Level 3	Total
		INR (Note 1)	INR (Note 1)	INR (Note 1)	INR (Note 1)
Assets					
Listed investment	(i)	134,089,885	–	–	134,089,885

There has been no transfers between Level 1 and Level 2 during the years ended 31 March 2021 and 31 March 2020.

Measurement of fair value of financial instruments

The methods used for the purpose of measuring fair value are unchanged compared with the previous reporting year.

(i) Listed investment (Level 1)

The listed equity investment is denominated in INR and is publicly traded on the Bombay Stock Exchange and the National Stock Exchange of India. Fair values have been determined by reference to its quoted closing share price at the reporting date.

The Company's other financial assets and financial liabilities are measured at their carrying amounts, which approximate to their fair values.

6.2 Fair value measurement of non-financial assets and non-financial liabilities

The Company's non-financial asset consists of prepayments and non-financial liability consists of current tax liability. For these items, fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position.

7. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to its shareholders.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its members, buy back shares or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. For the years ended 31 March 2021 and 31 March 2020, the Company was not geared.

8. TAXATION

(i) Income tax

The Company, under current laws and regulations, is liable to pay income tax on its net income at the rate of 15%. The Company is, however, entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritian tax payable in respect of its foreign source income. Gains or profits arising from sale of units or securities are exempt from tax in the Republic of Mauritius and any dividends or redemption proceeds paid by the Company to shareholders would not attract withholding tax in the Republic of Mauritius.

The Company holds a Global Business Licence for the purpose of the Financial Services Act 2007 of Mauritius. Pursuant to the Finance Act 2018, with effect as from 1 January 2020, the deemed tax credit has been phased out, through the implementation of a new tax regime. Companies which had obtained their Global Business Licence on or before 16 October 2017, including the Company, have been grandfathered and will benefit from the deemed tax credit regime up to 30 June 2021.

Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax ("Deemed tax credit") on its foreign source income resulting in an effective tax rate on net income of up to 3%, up to 30 June 2021. Further, the Company is exempted from income tax in Mauritius on profits or gains arising from any sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to shareholders or in respect of redemptions or exchanges of shares.

After 30 June 2021, under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the Financial Services Commission, the Company will be entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability computed at 15% on such income, or (b) a partial exemption of 80% of some of the income derived, including but not limited to foreign source dividends or interest income.

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the balance sheet liability method.

At 31 March 2021 the Company has a current tax liability of USD Nil (2020: USD 2,089).

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
31 March 2021	**–**	**–**	2,089	153,730

Movement in current tax liability

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
At 01 April	**2,089**	**153,731**	784	57,696
Charge for the year	–	–	2,089	153,731
Paid during the year	**(2,089)**	**(153,731)**	(784)	(57,696)
Current tax liability	**–**	**–**	2,089	153,731

(ii) Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of 3%. At 31 March 2021, the Company had no temporary differences and hence no deferred taxation is to be recognised in the financial statements

(iii) Income tax reconciliation

The income tax on the Company's profit before tax differs from the theoretical amount that would arise using the effective tax rate of the Company as follows:

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
Profit before tax	**91,082**	**6,702,726**	368,276	27,101,431
Tax calculated at the rate of 3%	**2,732**	**201,048**	11,048	813,022
Exempt income not subject to tax	**(1,980)**	**(145,708)**	(10,216)	(751,794)
Expenses not allowable for tax purposes	**595**	**43,786**	1,257	92,503
Foreign tax credit	**(1,355)**	**(99,715)**	–	–
Tax expense	–	–	2,089	153,731

(iv) Withholding tax

	2021	**2021**	2020	2020
	USD	**INR**	USD	INR
Withholding tax paid	**13,363**	**983,384**	–	–

At 31 March 2021, a withholding tax of 20%, amounting to USD 13,363 was charged on dividend income earned from investment in Tech Mahindra Limited, a listed company in the Republic of India.

9. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
(i) Fair value				
At beginning of year	**1,822,121**	**134,089,885**	2,724,674	200,508,760
Fair value adjustment for the year	**1,471,918**	**108,318,445**	(902,553)	(66,418,875)
At end of year	**3,294,039**	**242,408,330**	1,822,121	134,089,885

(ii) Details pertaining to the listed company incorporated in the Republic of India and representing a stake of 0.0251% are as follows:

Name of investee company	**Cost 2020 & 2021**	**Fair value 2021**	Fair value 2020	**Cost 2020 & 2021**	**Fair value 2021**	Fair value 2020
	USD	**USD**	USD	**INR (Note 1)**	**INR (Note 1)**	INR (Note 1)
Tech Mahindra Limited	**90,045**	**3,294,039**	1,822,121	**6,626,412**	**242,408,330**	134,089,885

(iii) Fair value reserves for financial asset at fair value through other comprehensive income

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
At beginning of year	**1,732,076**	**127,463,473**	2,634,629	193,882,348
Fair value adjustment for the year	**1,471,918**	**108,318,445**	(902,553)	(66,418,875)
At end of year	**3,203,994**	**235,781,918**	1,732,076	127,463,473

The World Health Organisation ("WHO") declared the new coronavirus ("COVID-19") outbreak to be a pandemic on 11 March 2020. The Management acknowledges the current outbreak of COVID-19 and its adverse impact on industries and markets. The Management is monitoring the situation closely and have adopted various measures to mitigate the risk involved such as business continuity planning. The fair value of the financial asset at fair value through other comprehensive income as at 31 March 2021 reflects the conditions known as at that date. On 8 April 2021, the fair value of the investment was USD 3,396,497.

(iv) During the year ended 31 March 2021, the Company has earned a dividend income of USD 64,242 inclusive of withholding tax of USD 13,363 (2020: USD 79,351).

10. CASH AND CASH EQUIVALENTS

	2021	2021	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
Cash at bank – USD	**177,823**	**13,085,995**	735,267	54,108,298
Short term deposits	**18,014,432**	**1,325,682,051**	17,344,582	1,276,387,789
Interest receivable	**2,582**	**190,009**	45,106	3,319,351
Total	**18,194,837**	**1,338,958,055**	18,124,955	1,333,815,438

The Company has fixed deposit placements with HSBC Bank (Mauritius) Limited as at 31 March 2021 which will be matured within three months. During the year ended 31 March 2021, the Company has earned interest income of USD 65,990 (2020: USD 340,549) on its short-term deposits.

11. STATED CAPITAL

	2021& 2020	2021 & 2020
	USD	**INR (Note 1)**
Issued and fully paid:		
11,880,000 Ordinary shares of USD1 each	**11,880,000**	**874,249,200**

In accordance with the Company's Constitution, the main rights and obligations attached to the ordinary shares are as follows:

- confer to its holder the rights to attend and exercise one vote at meetings of members generally and class meetings of the ordinary shares;
- have a right to receive any dividend or distribution; and
- be entitled, on a winding up, to share in the assets of the Company available for distribution.

12. PROFESSIONAL FEES

	2021	2021	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
Administration fees and disbursements	**19,170**	**1,410,720**	22,167	1,631,270
Directors' fees	**3,750**	**275,963**	3,750	275,963
Secretarial fees	**1,500**	**110,385**	1,500	110,385
Professional fees	**450**	**33,115**	10,278	756,357
Tax filing fees	**1,700**	**125,103**	1,700	125,103
Trademark fees	**1,323**	**97,360**	–	–
FATCA filing fees	**250**	**18,397**	–	–
Total	**28,143**	**2,071,043**	39,395	2,899,078

13. CONTINGENT ASSETS AND LIABILITIES

Contingent assets

On 22 March 2010, the Company disposed part of its shareholding in Tech Mahindra Limited, a listed company incorporated in the Republic of India, to AT&T International, Inc. ("AT&T"). Following the withholding tax order received from the Indian Tax Authorities, AT&T withheld an amount of INR190,061,898 as 'withholding tax' under Section 195 of the Indian Income Tax Act and remitted the amount to the treasury of the Government of India. In the opinion of the Company, there is no tax liability on this transaction as the Company is a resident of the Republic of Mauritius and capital gains realised in the Republic of India on this disposal are therefore exempt from tax under the Mauritius- India Tax Treaty. Accordingly, in line with the decision of its Board of Directors, the Company filed an application to the Authority for Advance Rulings ("AAR") in the Republic of India on the taxability of capital gains under the Mauritius-India Tax Treaty. The AAR pronounced its ruling in favour of the Company on 8 August 2016. However, the Indian Tax Authorities have filed a Writ Petition against the AAR ruling in the High Court of Bombay in India. On 24 January 2019, the Counsel granted the Company's Notice of Motion requesting an early hearing of the Writ Petition. The Writ Petition was listed for final hearing as from the week commencing on 11 February 2019 but has not yet been heard, owing to the volume of cases ahead of it in the list.

During the year ended 31 March 2020, the Counsels representing the Company had planned to mention the matter to Court for early hearing. However, the Counsels of the Indian Tax Authorities were not present at Court and hence the matter was postponed.

In January 2020, the tax bench of the Bombay High Court has changed. The Counsels are deliberating regarding mentioning of this matter before the new bench for an early hearing. Due to the COVID-19 pandemic and lockdown in the Republic of India, the Bombay High Court has prioritised to take urgent matters only for the time being. Matters which were filed and admitted in 2017 have still not been taken up by the High Court. Once Court starts functioning normally, the Counsels will strategise on approaching the court for an early hearing.

Contingent liabilities

At 31 March 2021, the Company had no material litigation claims outstanding, pending or threatened against it, which could have a material adverse effect on its financial position or results.

14. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2021, the Company had no transaction with its related parties.

15. EVENTS AFTER REPORTING DATE

There have been no events after the reporting date, which require disclosure or adjustment to the 31 March 2021 financial statements.

16. HOLDING COMPANIES

The directors regard Mahindra Overseas Investment Company (Mauritius) Ltd, a company incorporated in the Republic of Mauritius, as the Company's immediate holding company and Mahindra and Mahindra Limited, a listed company incorporated in India, as the Company's ultimate holding company.

INDEPENDENT AUDITORS' REPORT

To the Members of Mahindra Intertrade Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra Intertrade Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are

appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements - Refer Note 32 to the financial statements

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

   (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

   In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act read with Schedule V of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
(Firm's Registration No: 101248W/W–100022)

Jayesh T Thakkar
Partner
(Membership No. 113959)
UDIN: 21113959AAAACI2685

Place: Mumbai
Date: 26 April 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT – 31 MARCH 2021

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have been physically verified by the management in accordance with regular programme of verification once in three year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification. All discrepancies have been dealt with in the books of account.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company. In respect of leasehold lands, we have verified the lease agreements are duly registered with appropriate authorities.

(ii) The inventories have been physically verified by management, except material in transit at the year end, at reasonable intervals during the year. In our opinion, frequency of verification is reasonable. No material discrepancies were noticed on such physical verification, discrepancies noted have been suitably dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of loans given and investments made. Further, as informed to us the Company has not provided any guarantees and securities during the year.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act, for maintenance of cost records in respect of products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account of the Company, the Company is regular in depositing undisputed statutory dues accrued/ deducted including, Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax and other material statutory dues with the appropriate authorities. Further as informed to us, the Company did not have any dues on account of Sales-tax, Service tax, Customs Duty, Excise Duty, Value Added Tax and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable. Further as informed to us, the Company did not have any dues on Sales-tax, Service tax, Customs Duty, Excise Duty, Value Added Tax and Cess.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Sales-Tax, Service Tax, Customs duty, Excise duty, Value Added Tax, Goods and Service Tax and Cess which have not been deposited with the authorities on account of any dispute other than those mentioned below:

Name of the Statute	Nature of the Dues	Rupees in Crores		Period to which the amount relates	Forum where dispute is pending
		Amount demanded	Amount not deposited under dispute		
Central Sales Tax Act, 1956	Central Sales Tax	1.12	0.94	2010-11	Appellate Tribunal

(viii) In our opinion and according to the information and explanations given to us by the management, the Company has not taken any loans or borrowings from a financial institutions, banks or government nor has issued any debentures during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) According to the information and explanations given to us by the management, the Company did not raise money by way of term loan, initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given by the management, managerial remuneration has been paid or provided is in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V of the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us by the management, the Company has entered into transactions with related parties in compliance with the provisions of Section 177 and Section 188 of the Act, where applicable and the details of such related party transaction have been disclosed in the Ind AS financial statements as required by Ind AS 24 Related Party Disclosures specified under Section 133 of the Act.

(xiv) According to the information and explanations given to us by the management, during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph 3 (xiv)of the Order is not applicable to the company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
(Firm's Registration No: 101248W/W–100022)

Jayesh T Thakkar
Partner
(Membership No. 113959)
UDIN: 21113959AAAACI2685

Place: Mumbai
Date: 26 April 2021

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA INTERTRADE LIMITED FOR THE PERIOD ENDED 31 MARCH 2021

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Intertrade Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
(Membership No. 113959)
UDIN: 21113959AAAACI2685

Place : Mumbai
Date : 26 April 2021

BALANCE SHEET AS AT MARCH 31, 2021

Rs. in Crores

	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
A	**ASSETS**			
	1 Non–current assets			
	a) Property, plant and equipment	5	**58.90**	67.51
	b) Other intangible assets	6	**0.02**	0.01
	c) Financial assets			
	(i) Investments	7	**126.85**	112.46
	(ii) Loans	8	**0.18**	0.17
	d) Other non–current assets	9	**9.19**	7.92
	Total non–current assets		**195.14**	188.07
	2 Current assets			
	a) Inventories	10	**232.06**	233.50
	b) Financial assets			
	(i) Investments	7	**19.50**	27.61
	(ii) Trade receivables	11	**317.75**	187.95
	(iii) Cash and cash equivalents	12	**9.61**	7.89
	(iv) Bank balances other than (iii) above	12	**152.77**	113.90
	(v) Loans	8	**29.95**	56.61
	(vi) Others	13	**4.03**	4.85
	c) Other current assets	9	**13.69**	6.59
	Total current assets		**779.36**	638.90
	Total assets (1+2)		**974.50**	826.97
B	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	a) Equity share capital	14	**16.60**	16.60
	b) Other equity	15	**624.74**	579.21
	Total equity		**641.34**	595.81
	LIABILITIES			
	2 Non–current liabilities			
	a) Financial liabilities			
	Other financial liabilities (other than those specified in item (b))	16	**1.14**	0.90
	b) Provisions	17	**3.56**	3.58
	c) Deferred tax liabilities (Net)	19	**1.82**	1.05
	Total non–current liabilities		**6.52**	5.53
	3 Current liabilities			
	a) Financial liabilities			
	(i) Borrowings	20	**–**	2.06
	(ii) Trade payables			
	(a) total outstanding dues of micro enterprises and small enterprises; and	21	**1.57**	0.49
	(b) total outstanding dues of creditors other than micro enterprises and small enterprises	21	**309.70**	210.20
	(iii) Other financial liabilities (other than those specified in item (c))	22	**5.23**	6.69
	b) Other current liabilities	23	**9.57**	5.37
	c) Provisions	24	**0.48**	0.73
	d) Current tax liabilities (Net)		**0.09**	0.09
	Total current liabilities		**326.64**	225.63
	Total equity and liabilities (1+2+3)		**974.50**	826.97

See accompanying notes to the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's registration number : 101248 W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place: Mumbai
Date: 26 April, 2021

For and on behalf of board of directors
U51900MH1978PLC020222

Bharat Doshi
Chairman
DIN : 00012541

Zhooben Bhiwandiwala
Executive Vice-Chairman
DIN: 00110373

Sumit Issar
Managing Director
DIN: 06951249

Romali Malvankar
Company Secretary
Membership No : A-29447

Saroj Khuntia
Chief Financial Officer

Place: Mumbai
Date: 26 April, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Rs. in Crores

	Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
I	Revenue from operations	25	**1,051.28**	1,043.89
II	Other income	26	**15.48**	18.37
III	**Total revenue (I + II)**		**1,066.76**	1,062.26
IV	**Expenses**			
	a) Cost of materials consumed	27	**683.81**	776.13
	b) Purchases of stock-in-trade (Steel products)		**283.14**	166.19
	c) Changes in inventories finished goods, work–in–progress and stock-in-trade	28	**(34.48)**	0.88
	d) Employee benefits expense	29	**17.90**	19.31
	e) Finance costs	30	**1.69**	4.63
	f) Depreciation and amortisation expense	5 & 6	**8.79**	9.92
	g) Other expenses	31	**25.37**	38.97
	Total expenses		**986.22**	1,016.03
V	**Profit before tax (III – IV)**		**80.54**	46.23
VI	**Tax expense**			
	a) Current tax	18	**19.85**	13.13
	b) Deferred tax	19	**0.80**	(3.35)
	Total tax expense		**20.65**	9.78
VII	**Profit after tax for the year (V – VI)**		**59.89**	36.45
VIII	**Other comprehensive (income)/loss**		**0.08**	(0.45)
	(i) Items that will not be reclassified to profit or loss – Remeasurements of the defined benefit liabilities/(asset)		**0.11**	(0.60)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	19	**(0.03)**	0.15
IX	**Total comprehensive income for the year (VII – VIII)**		**59.81**	36.90
X	**Earnings per equity share (of Rs. 10 each): Basic/Diluted (Rs.)**	33	**36.08**	21.96

See accompanying notes to the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's registration
number : 101248 W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place: Mumbai
Date: 26 April, 2021

For and on behalf of board of directors
U51900MH1978PLC020222

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Chairman
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Executive Vice-Chairman
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Managing Director
DIN: 06951249

Romali Malvankar
Company Secretary
Membership No : A-29447

Saroj Khuntia
Chief Financial Officer

Place: Mumbai
Date: 26 April, 2021

STATEMENT OF CHANGES IN EQUITY

Rs. in Crores

A. Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	**16.60**	16.60
Changes in equity share capital during the year	**–**	–
Balance at the close of the year	**16.60**	16.60

B. Other equity

Particulars	General reserve	Capital redemption reserve	Retained earnings	Total
Balance as at March 31, 2019	**52.87**	**18.75**	**500.05**	**571.67**
Profit for the year	–	–	36.45	36.45
Other comprehensive income (net of tax)	–	–	0.45	0.45
Total comprehensive income for the year	–	–	36.90	36.90
Dividend paid on equity shares (Rs.15 per share on fully paid & Rs. 4.50 per share on partly paid equity share)	–	–	(24.90)	(24.90)
Dividend distribution tax	–	–	(4.46)	(4.46)
Balance as at March 31, 2020	**52.87**	**18.75**	**507.59**	**579.21**
Profit for the year	–	–	59.89	59.89
Other comprehensive loss (net of tax)	–	–	(0.08)	(0.08)
Total comprehensive income for the year	–	–	59.81	59.81
Dividend paid on equity shares (Rs. 8.60 per share on fully paid & Rs. 2.58 per share on partly paid equity share)	–	–	(14.28)	(14.28)
Balance as at March 31, 2021	**52.87**	**18.75**	**553.12**	**624.74**

See accompanying notes to the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's registration number : 101248 W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place: Mumbai
Date: 26 April, 2021

For and on behalf of board of directors
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Bharat Doshi
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Saroj Khuntia
Chief Financial Officer

Place: Mumbai
Date: 26 April, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
			Rs. in Crores
A.	**Cash flows from operating activities**		
	Profit before tax	**80.54**	46.23
	<u>Adjustments for:</u>		
	Finance costs	**1.69**	4.63
	Depreciation and amortisation expense	**8.79**	9.92
	Dividend income	**(0.49)**	(3.73)
	Interest income	**(10.28)**	(6.79)
	Gain on sale of current investments	**(0.41)**	(1.77)
	Unrealised net (gain)/loss on foreign exchange transactions and translations	**(0.19)**	6.12
	Other write backs	**–**	(0.75)
	Net loss arising on financial assets carried at FVTPL	**–**	2.13
	Fair value loss/(gain) on financial instruments at fair value through profit or loss	**2.62**	(4.75)
	Net loss/(gain) on sale/scrapped/write off of property, plant and equipments	**0.01**	(0.03)
		1.74	4.98
	Operating profit before working capital changes	**82.28**	51.21
	<u>Changes in working capital:</u>		
	Decrease in inventories	**1.44**	44.60
	(Increase)/decrease in trade receivable	**(129.80)**	108.39
	(Increase)/decrease in other assets	**(6.65)**	7.61
	Increase/(decrease) in trade payables	**100.78**	(46.00)
	(Decrease)/increase in provision	**(0.38)**	0.40
	Increase/(decrease) in other liabilities	**2.51**	(0.55)
		(32.10)	114.45
	Cash generated from operations	**50.18**	165.66
	Net income tax paid	**(21.09)**	(16.34)
	Net cash from operating activities (A)	**29.09**	149.32
B.	**Cash flows from investing activities**		
	Payment for property , plant and equipment's	**(0.32)**	(2.84)
	Proceeds from sale of property, plant and equipment's	**0.03**	0.29
	Inter corporate deposits placed	**(104.95)**	(130.25)
	Inter corporate deposits matured	**131.60**	100.30
	Bank balances not considered as cash and cash equivalents		
	– Placed	**(535.60)**	(286.60)
	– Matured	**496.73**	192.70
	Investment in equity shares of subsidiaries	**(14.39)**	–
	Current investments not considered as cash and cash equivalents		
	– Purchased	**(636.56)**	(1,670.49)
	– Proceeds from sale	**645.08**	1,663.76
	Proceeds from redemption of optionally convertible debenture	**–**	9.10
	Interest received	**8.62**	6.42

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021 (CONTINUED)

Rs. in Crores

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Dividend received		
– Subsidiaries	**0.49**	3.19
– Others	**-**	0.54
Net cash used in investing activities (B)	**(9.27)**	(113.88)
C. Cash flows from financing activities		
Payments for the principal portion of the lease liability	**(2.06)**	(1.88)
Repayment of borrowings	**(0.07)**	(0.06)
Dividend paid	**(14.28)**	(24.90)
Dividend distribution tax paid	**-**	(4.46)
Payments for the interest portion of the lease liability	**(0.09)**	(0.28)
Finance costs	**(1.60)**	(4.35)
Net cash used in financing activities (C)	**(18.10)**	(35.93)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**1.72**	(0.49)
Cash and cash equivalents at beginning of the year	**7.89**	8.38
Cash and cash equivalents at end of the year	**9.61**	7.89
	1.72	(0.49)
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 12)	**9.61**	7.89

See accompanying notes forming part of the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's registration number : 101248 W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place: Mumbai
Date: 26 April, 2021

For and on behalf of board of directors
U51900MH1978PLC020222

Bharat Doshi
Chairman
DIN : 00012541

Zhooben Bhiwandiwala
Executive Vice-Chairman
DIN: 00110373

Sumit Issar
Managing Director
DIN: 06951249

Romali Malvankar
Company Secretary
Membership No : A-29447

Saroj Khuntia
Chief Financial Officer

Place: Mumbai
Date: 26 April, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1. Corporate information

Mahindra Intertrade Limited is a public limited company domiciled in India and is incorporated on 20 March, 1978 under the erstwhile Companies Act, 1956. The registered office of the Company is located at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai - 400018.

The Company's main activity is steel processing from the plants located at Nashik and Vadodara. The Company is principally engaged in processing of automotive and electrical steel.

2 Statement of Compliance and Basis of preparation and presentation:

2.1 The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act 2013 and other relevant provision of the Act.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All values are rounded to the nearest crores.

The financial statements were approved by the Board of Directors and authorised for issue on April 26, 2021.

2.2 Use of estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note No.3.1	Property, plant & equipment
Note No.3.2	Intangible asset acquired separately
Note No.3.8	Employee benefits
Note No.3.16	Leases

3 Significant accounting policies:

3.1 Property, plant & equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets up to the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset class based on the Company's expected usage pattern :

(a) Vehicles : 5 years

(b) Blanking Line (Nashik) and Roll forming line (Nashik) : 20 years

3.2 Intangible asset acquired separately:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on straight line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effects of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment loss.

3.3 Impairment of assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit or Loss.

3.4 Inventories:

Inventories, except for Stores and spares which are valued at cost, are valued at the lower of cost (on weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary.

Cost comprises of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Net Realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Work-in-progress and finished goods include appropriate proportion of overheads.

3.5 Foreign Currencies:

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of Profit or Loss in the period in which they arise.

3.6 Financial assets and Financial liabilities:

Financial instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit or Loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

Financial liabilities and equity instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instrument issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

All the financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit and loss.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired. An exchange between the lender of debt instrument with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the term of an existing liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit or Loss.

Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately.

3.7 Revenue recognition:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

Revenue is measured based on the transaction price as specified in the contract with the customer. It excludes taxes or other amounts collected from customers in its capacity as an agent. In determining the transaction price, the Company considers:

Significant financing component - Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The accounting policies for specific revenue streams of the company is summarised below:

Sale of goods:

Customers obtain control of the goods when the goods are delivered to and have been accepted.

Sale of Services:

Service income is recognized over time based on as and when service is performed.

3.8 Employee benefits:

Retirement benefit costs and termination benefits:

Payment to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return of plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset. Defined benefit costs are categorised as follows

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit or Loss in the line item “Employee benefits expense”. Curtailment gains and losses are accounted for as past service cost.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for the termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Short-term and other long-term employee benefits:

A liability is recognized for benefits accruing to the employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange of that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange of related service.

Liabilities recognized in respect of other long-term employee benefits are measured at present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employee upto the reporting date.

3.9 Stock appreciation rights (SARs):

For cash-settled share-based payments, a liability is recognized for the services availed, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in the Statement of Profit or Loss for the year.

3.10 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Statement of Profit or Loss in the period in which they are incurred.

3.11 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

3.12 Taxes on income:

Income Tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

3.13 Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.14 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating investing and financing activities of the Company are segregated based on the available information.

3.15 Earning per share:

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year.

3.16 Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee:

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in the statement of financial position.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

4 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013 revising Division I, II and III of Schedule III and are applicable from April 1, 2021. The amendments primarily relate to

a) Change in existing presentation requirements for certain items in Balance sheet, for eg. lease liabilities, security deposits, current maturities of long term borrowings, effect of prior period errors on Equity Share capital.

b) Additional disclosure requirements in specified formats, for eg. ageing of trade receivables, trade payables, capital work in progress, intangible assets, shareholding of promoters, etc.

c) Disclosure if funds have been used other than for the specific purpose for which it was borrowed from banks and financial institutions

d) Additional Regulatory Information, for eg.,compliance with layers of companies, title deeds of immovable properties,financial ratios, loans and advances to key managerial personnel, etc.

e) Disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency.

The amendments are extensive and the Company is evaluating the same.

Note 5 - Property, Plant and Equipment

Rs. in Crores

Description of Assets	Land - freehold	Right of use asset	Land - leasehold	Buildings - freehold*	Plant and equipment	Electrical installations	Office equipment	Furniture and fixtures	Computers	Vehicles	Total
I. Cost											
Balance as at April 1, 2020	**1.11**	**5.09**	**–**	**27.49**	**99.79**	**0.49**	**0.53**	**0.68**	**1.62**	**2.40**	**139.20**
Additions	–	–	–	–	0.12	–	0.04	–	0.06	–	0.22
Disposals	–	–	–	–	–	–	(0.01)	–	–	(0.12)	(0.13)
Balance as at March 31, 2021	**1.11**	**5.09**	**–**	**27.49**	**99.91**	**0.49**	**0.56**	**0.68**	**1.68**	**2.28**	**139.29**
II. Accumulated depreciation											
Balance as at April 1, 2020	**–**	**2.13**	**–**	**9.54**	**56.14**	**0.16**	**0.43**	**0.47**	**1.52**	**1.30**	**71.69**
Depreciation expense for the year	–	1.97	–	1.07	5.19	0.05	0.04	0.04	0.04	0.39	8.79
Eliminated on disposal of assets	–		–	–		–	(0.01)	–	–	(0.08)	(0.09)
Balance as at March 31, 2021	**–**	**4.10**	**–**	**10.61**	**61.33**	**0.21**	**0.46**	**0.51**	**1.56**	**1.61**	**80.39**
Net carrying amount (I–II)											
Balance as at March 31, 2021	**1.11**	**0.99**	**–**	**16.88**	**38.58**	**0.28**	**0.10**	**0.17**	**0.12**	**0.67**	**58.90**
Balance as at March 31, 2020	1.11	2.96	–	17.95	43.65	0.33	0.10	0.21	0.10	1.10	67.51

Rs. in Crores

Description of Assets	Land - freehold	Right of use asset	Land - leasehold	Buildings - freehold*	Plant and equipment	Electrical installations	Office equipment	Furniture and fixtures	Computers	Vehicles	Total
I. Cost											
Balance as at April 1, 2019	1.11	–	1.16	27.40	99.05	0.49	0.58	0.67	1.61	2.82	134.89
Reclassification on transition	–	1.16	(1.16)	–	–	–	–	–	–	–	–
Recognition on transition	–	3.93	–	–	–	–	–	–	–	–	3.93
Additions	–	–	–	0.09	0.84	–	–	0.01	0.04	0.25	1.23
Disposals	–	–	–	–	(0.10)	–	(0.05)	–	(0.03)	(0.67)	(0.85)
Balance as at March 31, 2020	1.11	5.09	–	27.49	99.79	0.49	0.53	0.68	1.62	2.40	139.20
II. Accumulated depreciation											
Balance as at April 1, 2019	–	–	0.16	8.47	49.98	0.12	0.42	0.43	1.48	1.30	62.36
Reclassification on transition	–	0.16	(0.16)	–	–	–	–	–	–	–	–
Depreciation expense for the year	–	1.97	–	1.07	6.23	0.04	0.06	0.04	0.06	0.45	9.92
Eliminated on disposal of assets	–		–	–	(0.07)	–	(0.05)	–	(0.02)	(0.45)	(0.59)
Balance as at March 31, 2020	–	2.13	–	9.54	56.14	0.16	0.43	0.47	1.52	1.30	71.69
Net carrying amount (I–II)											
Balance as at March 31, 2020	1.11	2.96	–	17.95	43.65	0.33	0.10	0.21	0.10	1.10	67.51
Balance as at March 31, 2019	1.11	–	1.00	18.93	49.07	0.37	0.16	0.24	0.13	1.52	72.53

* Includes Rs. 500 (2020: Rs. 500) in respect of 10 shares of Rs. 50 each in Shah and Nahar Industrial Premises (A-1) Co-operative Society Limited.

Note : Estimated amount of contracts remaining to be executed on capital account and not provided for as on March 31, 2021 Rs. NIL (March 31, 2020 Rs. 0.10 Crore)

Note 6 - Other intangible assets

Rs. in Crores

Description of Assets	Computer software	Website	Total
I. Cost			
Balance as at April 1, 2020	**0.59**	**0.47**	**1.06**
Additions	0.01	-	0.01
Disposals	–	–	–
Balance as at March 31, 2021	**0.60**	**0.47**	**1.07**
II. Accumulated amortisation			
Balance as at April 1, 2020	**0.58**	**0.47**	**1.05**
Amortisation expense for the year	*	–	*
Eliminated on disposal of assets	–	–	–
Balance as at March 31, 2021	**0.58**	**0.47**	**1.05**
Net carrying amount (I–II)			
Balance as at March 31, 2021	**0.02**	**-**	**0.02**
Balance as at March 31, 2020	0.01	–	0.01

*** Represent : Rs. 16,933**

Rs. in Crores

Description of Assets	Computer software	Website	Total
I. Cost			
Balance as at April 1, 2019	0.59	0.47	1.06
Additions	–	–	–
Disposals	–	–	–
Balance as at March 31, 2020	0.59	0.47	1.06
II. Accumulated amortisation			
Balance as at April 1, 2019	0.58	0.47	1.05
Amortisation expense for the year	*	–	*
Eliminated on disposal of assets	–	–	–
Balance as at March 31, 2020	0.58	0.47	1.05
Net carrying amount (I–II)			
Balance as at March 31, 2020	0.01	–	0.01
Balance as at March 31, 2019	0.01	–	0.01

*** Represent : Rs. 11,970**

Note 7 - Investments

Rs. in Crores

Particular	As at March 31, 2021 QTY	Amounts Current	Amounts Non–current	As at March 31, 2020 QTY	Amounts Current	Amounts Non–current
A. Investment carried at cost						
Unquoted investments (all fully paid)						
Investments in equity instruments of subsidiaries						
a) Equity shares of USD 550 each in Mahindra Middle East Electrical Steel Service Centre (FZC), Sharjah	**900**	–	**2.25**	900	–	2.25
b) Equity shares of Rs 10 each in Mahindra Electrical Steel Private Limited	**500,000**	–	**0.50**	500,000	–	0.50
c) Equity shares of Rs 10 each in Mahindra Steel Service Centre Limited	**10,089,257**	–	**42.45**	10,089,257	–	42.45
d) Equity shares of Rs 10 each in Mahindra Auto Steel Private Limited	**34,935,000**	–	**34.93**	34,935,000	–	34.93
e) Equity shares of Rs 10 each in Mahindra MSTC Recycling Private Limited	**22,600,000**	–	**22.60**	18,600,000	–	18.60
f) Equity shares of Indonesian Rp. 10,000,000 each in PT Mahindra Accelo Steel Service Indonesia	**4,849**	–	**24.12**	2,824	–	13.73
Investment carried at cost [A]	–	–	**126.85**	–	–	112.46
B. Investments carried at fair value through profit and loss						
Unquoted investments						
Investments in equity instruments (all fully paid)						
500 Ordinary shares of Rs. 1,000 each fully paid up in Seeker Fashions Private Limited	**500**	–	–	500	–	–
Investments in mutual funds						
a) HDFC Overnight Fund - Growth	**16,446**	**5.00**	–	–	–	–
b) SBI Overnight Fund-Reg - Growth	**15,064**	**5.00**	–	–	–	–
c) ICICI Prudential Overnight Fund - Growth	**270,972**	**3.00**	–	–	–	–
d) Aditya Birla SL Overnight Fund-Reg - Growth	**40,557**	**4.50**	–	–	–	–
e) Kotak Overnight Fund – Reg – Growth	**18,246**	**2.00**	–	–	–	–
f) Mahindra Liquid Fund - Reg - Growth	–	–	–	39,193	5.03	–
g) Aditya Birla Sun Life Liquid Fund - Reg - Growth	–	–	–	236,815	7.52	–
h) ICICI Prudential Liquid Fund - Reg - Growth	–	–	–	240,249	7.03	–
i) HDFC Liquid Fund - Growth	–	–	–	20,687	8.03	–
Investment carried at FVTPL [B]		**19.50**	–		27.61	–
Total investments [A] + [B]	–	**19.50**	**126.85**	–	27.61	112.46

Note 8 - Loans

Rs. in Crores

Particulars	As at March 31, 2021 Current	Non-current	Total	As at March 31, 2020 Current	Non-current	Total
Security deposits						
Unsecured considered good						
With others	–	0.18	0.18	–	0.17	0.17
Total (A)	–	0.18	0.18	–	0.17	0.17
Loans						
Inter–corporate deposits given:						
Unsecured considered good to related parties						
a) Mahindra Electrical Steel Private Limited (refer Note 38) *	12.20	–	12.20	11.60	–	11.60
b) Mahindra Steel Service Center Limited (refer Note 38) *	9.25	–	9.25	–	–	–
c) Mahindra Auto Steel Private Limited (refer Note 38) *	3.00	–	3.00	–	–	–
d) Mahindra Rural Housing Finance Limited (refer Note 38)	–	–	–	15.00	–	15.00
to others						
a) Bajaj Finance Limited	–	–	–	10.00	–	10.00
b) Kotak Mahindra Investments Ltd	–	–	–	10.00	–	10.00
c) HDFC Ltd	5.50	–	5.50	10.00	–	10.00
To employees	**	–	–	0.01	–	0.01
Total (B)	29.95	–	29.95	56.61	–	56.61
Total (A+B)	29.95	0.18	30.13	56.61	0.17	56.78

* Private Limited companies in which directors of the Company are directors.

** Represents Rs 50,000/-

Note 9 - Other assets

Rs. in Crores

Particulars	As at March 31, 2021 Current	Non-current	Total	As at March 31, 2020 Current	Non-current	Total
Capital advances	–	0.12	0.12	–	–	–
Prepayments	0.28	–	0.28	0.09	–	0.09
Advance income tax (net of provision for tax)	–	8.08	8.08	–	6.84	6.84
Balances with government authorities						
a) GST credit	12.47	–	12.47	4.70	–	4.70
b) VAT credit	–	–	–	0.10	–	0.10
c) Custom duty	0.58	–	0.58	0.66	–	0.66
	13.05	–	13.05	5.46	–	5.46
Others						
a) Advance to vendors	0.23	–	0.23	0.84	–	0.84
b) Surplus of plan assets over obligation – gratuity	–	0.81	0.81	–	0.90	0.90
c) Others	0.13	0.18	0.31	0.20	0.18	0.38
	0.36	0.99	1.35	1.04	1.08	2.12
Total	13.69	9.19	22.88	6.59	7.92	14.51

Note 10 - Inventories

Rs. in Crores

	Particulars	As at March 31, 2021	As at March 31, 2020
a)	Raw materials [refer note 27]	**122.30**	158.75
b)	Work-in-Progress [refer note 28]	**8.10**	11.29
c)	Finished goods and semi–finished goods [refer note 28]	**11.92**	14.64
d)	Stock-in-trade [refer note 28]	**87.86**	47.47
e)	Stores and spares	**1.88**	1.35
Total		**232.06**	233.50
Included above, goods-in-transit:			
	Raw materials	**20.10**	32.41

Notes:

i) The cost of inventories recognised as an expenses during the year was Rs. 932.47 Crores (March 31, 2020 - 943.20 Crores).

ii) The cost of inventories recognised as an expenses includes Rs. 0.52 Crores (March 31,2020 - Rs. 2.72 Crores) in respect of write-downs of inventory to net realisable value.

iii) The mode of valuation of inventories has been stated in note 3.4

Note 11 - Trade receivables

Rs. in Crores

Particulars		As at March 31, 2021	As at March 31, 2020
Trade receivables			
a)	Considered good-Unsecured	**317.75**	187.95
b)	Credit impaired	**1.57**	1.63
	Less: Allowances for bad and doubtful debts	**(1.57)**	(1.63)
		–	–
Total (a+b)		**317.75**	187.95

Notes:

(i) The average credit period on Job work processing is 30 days and on sales of products ranges between 90 to 120 days.

(ii) There are no trade receivable which have significant increase in credit risk or are credit impaired.

Note 12 - Cash and cash equivalents and Other bank balances

Rs. in Crores

	Particulars	As at March 31, 2021	As at March 31, 2020
a)	Cash and cash equivalents		
	Unrestricted balances with banks		
	In current account	**9.61**	7.89
	Cheques on hand	**–**	–
	Cash on hand	*****	*
		9.61	7.89
b)	Other bank balances		
	In deposit account	**152.77**	113.90
		152.77	113.90

* Represents Rs 37,160 (2020 : Rs 34,813)

Note 13 - Other financial assets

Rs. in Crores

	Particulars	As at March 31, 2021	As at March 31, 2020
Financial assets at amortised cost			
Interest receivable			
a)	Interest accrued on deposits	**2.92**	0.77
b)	Interest accrued on inter–corporate deposit	**0.88**	1.37
Others			
a)	Export rebate receivable	**0.03**	0.05
b)	Export incentive receivable	**0.16**	0.51
Total (A)		**3.99**	2.70
Financial assets at fair value			
Derivatives financial instruments			
	Foreign currency forward contracts	**0.04**	2.15
Total (B)		**0.04**	2.15
Total (A + B)		**4.03**	4.85

Note 14 - Share capital

	Particulars	As at March 31, 2021 Number of Shares	As at March 31, 2021 Rs. in Crores	As at March 31, 2020 Number of Shares	As at March 31, 2020 Rs. in Crores
(a)	**Authorised**				
	Equity shares of Rs. 10 each	**28,000,000**	**28.00**	28,000,000	28.00
	Cumulative redeemable preference shares of Rs. 100 each	**1,875,000**	**18.75**	1,875,000	18.75
		29,875,000	**46.75**	29,875,000	46.75
(b)	**Issued**				
	Equity shares of Rs. 10 each	**27,100,007**	**27.10**	27,100,007	27.10
(c)	**Subscribed and fully paid up**				
	Equity shares of Rs. 10 each	**12,100,007**	**12.10**	12,100,007	12.10
(d)	**Subscribed but not fully paid up**				
	Equity shares of Rs. 10 each, Rs. 7 not paid up	**15,000,000**	**4.50**	15,000,000	4.50
		27,100,007	**16.60**	27,100,007	16.60

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2021 Number of Shares	As at March 31, 2021 Rs. in Crores	As at March 31, 2020 Number of Shares	As at March 31, 2020 Rs. in Crores
Equity shares of Rs. 10 each				
Subscribed and fully paid up				
Opening Balance	**12,100,007**	**12.10**	12,100,007	12.10
Fresh issue	**–**	**–**	–	–
Buy back	**–**	**–**	–	–
Closing Balance	**12,100,007**	**12.10**	12,100,007	12.10

Subscribed but not fully paid up				
Opening Balance	**15,000,000**	**4.50**	15,000,000	4.50
Fresh issue	**–**	**–**	–	–
Buy back	**–**	**–**	–	–
Closing Balance	**15,000,000**	**4.50**	15,000,000	4.50

(ii) The Company has not allotted any equity shares for consideration other than cash , bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person or being a company present by a representative duly authorised shall have one vote. and (ii) On a poll: the voting rights of every member entitled to vote and present in person (including a company present by representative duly authorised) or by proxy shall be in proportion to his share of the paid up equity capital of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(iii) Details of shares held by the holding company

Particulars	**As at March 31, 2021**	As at March 31, 2020
Mahindra Vehicle Manufacturers Limited (including 6 equity shares held jointly with its nominees)	**27,100,007**	27,100,007

(iv) Details of shares held by each shareholder holding more than 5% shares

Particulars	**As at March 31, 2021**		As at March 31, 2020	
	Number of shares	**% of holding**	Number of shares	% of holding
Mahindra Vehicle Manufacturers Limited (including 6 equity shares held jointly with its nominees)	**27,100,007**	**100%**	27,100,007	100%

Note 15 - Other equity

Rs. in Crores

Particulars	General reserve	Capital redemption reserve	Retained earnings	Total
Balance as at March 31, 2019.........................	**52.87**	**18.75**	**500.05**	**571.67**
Profit for the year...........	–	–	36.45	36.45
Other comprehensive income (net of tax)	–	–	0.45	0.45
Total comprehensive income for the year	–	–	36.90	36.90
Dividend paid on equity shares (Rs.15 per share on fully paid & Rs.4.50 per share on partly paid equity share)	–	–	(24.90)	(24.90)
Dividend distribution tax..	–	–	(4.46)	(4.46)
Balance as at March 31, 2020.........................	**52.87**	**18.75**	**507.59**	**579.21**
Profit for the year...........	–	–	59.89	59.89
Other comprehensive loss (net of tax)	–	–	(0.08)	(0.08)
Total comprehensive income for the year	–	–	59.81	59.81
Dividend paid on equity shares (Rs. 8.60 per share on fully paid & Rs. 2.58 per share on partly paid equity share)	–	–	(14.28)	(14.28)
Balance as at March 31, 2021.........................	**52.87**	**18.75**	**553.12**	**624.74**

Proposed dividends on Equity shares

Particulars	**As at March 31, 2021**
Proposed final dividend for the year ended on 31 March 2021: Rs. 20 per share on fully paid & Rs. 6 per share on partly paid .	**33.20**

Proposed dividends on equity shares are subject to approval in annual general meeting and are not recognised as a liability as at March 31, 2021.

Note 16 - Other non-current financial liabilities

Rs. in Crores

Particulars	**As at March 31, 2021**	As at March 31, 2020
Financial liabilities measured at fair value		
Cash-settled share-based payments	**1.14**	0.90
Total	**1.14**	0.90

Note 17 - Non-current Provisions

Rs. in Crores

Particulars	**For the year ended on March 31, 2021**	For the year ended on March 31, 2020
Provision for employee benefits		
a) Provision for compensated absences	**2.92**	3.14
b) Provision for post retirement medical benefit	**0.64**	0.44
Total	**3.56**	3.58

Note 18 - Current tax

(a) Income Tax recognised in profit and loss

Rs. in Crores

Particulars	**For the year ended on March 31, 2021**	For the year ended on March 31, 2020
Current tax:		
In respect of current year	**19.85**	12.94
In respect of prior year	**–**	0.19
Deferred tax:		
In respect of current year origination and reversal of temporary differences	**0.80**	(3.35)
Total	**20.65**	9.78

(b) Income tax recognised in other comprehensive income

Rs. in Crores

Particulars	For the year ended on March 31, 2021	For the year ended on March 31, 2020
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligation	**(0.03)**	0.15
Total	**(0.03)**	0.15
Bifurcation of income tax recognised in other comprehensive income into:		
– Items that will not be reclassified to profit and loss	**(0.03)**	0.15
– Items that may be reclassified to profit and loss	**–**	–

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rs. in Crores

Particulars	For the year ended on March 31, 2021	For the year ended on March 31, 2020
Profit before tax	**80.54**	46.23
Income tax expense calculated at 25.168% (FY 2020: 25.168%)	**20.27**	11.64
Effect of income that is exempt from taxation	**–**	(0.94)
Effect of expenses that is non–deductible in determining taxable profit	**0.44**	0.53
Effect of change in income tax rate	**–**	(1.19)
Others	**(0.09)**	(0.30)
	20.62	9.74
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	**0.19**
Income tax expense recognised in the Statement of profit and loss	**20.62**	9.93

The tax rate used for the year ended March 31, 2021 and March 31, 2020 reconciliations above is the corporate tax rate of 25.168% [including surcharge of 10% and education cess of 4%] payable by corporate entities in India on taxable profits under Indian Income Tax Law.

Note 19 - Deferred tax

Rs. in Crores

Particulars	As at March 31, 2021			
	Opening Balance	Recognised in profit and loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	**4.48**	**(0.23)**	–	**4.25**
Tax effect of items constituting deferred tax assets				
Employee benefits	**(2.25)**	**0.90**	**(0.03)**	**(1.38)**
Allowance for bad and doubtful debts	**(0.41)**	**0.02**	–	**(0.39)**
FVTPL financial instruments including derivatives	**(0.08)**	**(0.05)**	–	**(0.13)**
Others	**(0.69)**	**0.16**	–	**(0.53)**
Total	**1.05**	**0.80**	**(0.03)**	**1.82**

Particulars	As at March 31, 2020			
	Opening Balance	Recognised in profit and loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	6.30	(1.82)	–	4.48
Investment in optionally convertible debentures at fair value	0.77	(0.77)	–	–
Tax effect of items constituting deferred tax assets				
Employee benefits	(1.95)	(0.45)	0.15	(2.25)
Allowance for bad and doubtful debts	(0.56)	0.15	–	(0.41)
FVTPL financial instruments including derivatives	(0.31)	0.23	–	(0.08)
Others	–	(0.69)	–	(0.69)
Total	4.25	(3.35)	0.15	1.05

Note 20 - Borrowings

Rs. in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Current Borrowings:		
Lease Liability	**–**	2.06
Total	**–**	2.06

Note 21 - Trade payable

Rs. in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payable for goods and services		
a) total outstanding dues of micro enterprises and small enterprises; and	**1.57**	0.49
b) total outstanding dues of creditors other than micro enterprise and small enterprises		
i) Trade payable for goods and services	**236.06**	98.13
ii) Acceptances	**73.64**	112.07
Total	**311.27**	210.69

Note: Dues to Micro, Small and Medium Enterprises

Rs. in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
1) The amounts remaining unpaid to micro and small suppliers as at the end of the year Principal	**1.57**	0.49
2) Interest due thereon	–	–
3) The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	–	–

Particulars	As at March 31, 2021	As at March 31, 2020
	Rs. in Crores	
4) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act,2006	–	–
5) The amount of interest accrued and remaining unpaid at the end of each accounting year.	–	–
6) The amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	–	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

Note 22 - Other financial liabilities

Rs. in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
a) Financial liabilities measured at amortised cost		
i) Overdrawn bank balances (as per books)	**0.04**	0.11
ii) Short term deposits	**1.06**	0.73
iii) Creditors for capital supplies/services	**0.06**	0.03
iv) Salary & wages payable	**2.58**	2.09
Total (a)	**3.74**	2.96
b) Financial liabilities measured at fair value		
i) Derivatives financial instruments		
Foreign currency forward contracts	**0.51**	**–**
ii) Others		
Cash–settled share–based payments	**0.98**	3.73
Total (b)	**1.49**	3.73
Total (a+b)	**5.23**	6.69

Note 23 - Other liabilities

Rs. in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
a) Advances received from customers	**1.92**	4.49
b) Others		
– Employee recoveries and employer contributions	**0.16**	0.21
– Statutory dues (TDS, GST payable etc)	**7.49**	0.67
Total	**9.57**	5.37

Note 24 - Provisions

Rs. in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
a) Provision for compensated absences	**0.45**	0.72
b) Provision for post retirement medical benefit	**0.03**	0.01
Total	**0.48**	0.73

Note 25 - Revenue from operations

Rs. in Crores

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from contracts with customers :		
a) Revenue from sale of goods (Refer Note (a) below)	**1,024.25**	1,005.38
b) Revenue from rendering of services (Refer Note (b) below)	**5.05**	5.86
Total (A)	**1,029.30**	1,011.24
Other operating income (Refer Note (c) below) (B)	**21.98**	32.65
Total (A+B)	**1,051.28**	1,043.89

Note :

The management determines that the segment information reported under Note 37 Segment information is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with Customers. Hence, no separate disclosures of disaggregated revenues are reported.

Rs. in Crores

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Note:		
(a) Sale of products comprises:		
Manufactured goods		
– Steel products	**755.44**	823.34
Traded goods		
– Steel products	**268.81**	182.04
Total	**1,024.25**	1,005.38
(b) Rendering of services comprises:		
– Job work processing	**0.86**	0.85
– Installation/repairs	**0.25**	0.44
– Management fees	**3.94**	4.57
Total	**5.05**	5.86
(c) Other operating income comprise:		
– Scrap sales	**19.58**	27.05
– Commission income	**1.87**	3.68
– Insurance claim	**0.10**	0.31
– Other operating income	**0.43**	1.61
Total	**21.98**	32.65
Total	**1,051.28**	1,043.89

Note 26 - Other income

Rs. in Crores

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
a)	**Interest income:**		
	– Bank deposits (at amortised cost)	**6.97**	3.52
	– Investments in debt instruments	**–**	*
	– Interest on inter–corporate deposits	**3.22**	3.25
	– Other	**0.09**	0.02
b)	**Dividend income:**		
	– From long-term investments in subsidiaries	**0.49**	3.19
	– From current investments	**–**	0.54
c)	**Other:**		
	– Liabilities no longer required written back	**0.11**	1.31
	– Net gain on foreign exchange transactions and translations	**4.19**	–
	– Fair value gain on derivatives financial instruments at fair value through profit or loss	**–**	4.74
	– Gain on sale of current investments	**0.41**	1.77
	– Gain on sale of property, plant and equipment (net of loss on property, plant and equipment sold/scrapped/written off)	**–**	0.03
Total		**15.48**	18.37

* Represents Rs. 54,226/-

Note 27 - Cost of materials consumed

Rs. in Crores

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Stock	**158.75**	202.49
Add: Purchases [includes processing charges Rs. 9.24 Crores (FY 2020 Rs. 11.61 Crores)]	**647.36**	732.39
	806.11	934.88
Less: Closing Stock	**122.30**	158.75
Total	**683.81**	776.13

Note 28 - Changes in inventories of finished goods, work-in-progress and stock-in-trade

Rs. in Crores

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the end of the year: Steel products		
Finished goods	**11.92**	14.64
Work-in-progress	**8.10**	11.29
Stock-in-trade	**87.86**	47.47
	107.88	73.40

Rs. in Crores

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the beginning of the year: Steel products		
Finished goods	**14.64**	14.36
Work-in-progress	**11.29**	15.35
Stock-in-trade	**47.47**	44.57
	73.40	74.28
(Increase)/Decrease in Stock	**(34.48)**	0.88

Note 29 - Employee benefits expense

Rs. in Crores

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
a)	Salaries and wages	**15.10**	13.87
b)	Contribution to provident and other funds (refer Note 36)	**1.02**	1.09
c)	Share based payments to employees (refer Note 35)	**1.61**	3.78
d)	Staff welfare expenses	**0.17**	0.57
Total		**17.90**	19.31

Note 30 – Finance costs

Rs. in Crores

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
a)	Usance interest	**0.85**	3.74
b)	Interest expenses on lease liability	**0.09**	0.28
c)	Other finance cost	**0.75**	0.61
Total		**1.69**	4.63

Analysis of interest expenses by category

Rs. in Crores

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
a)	On financial liability at amortised cost	**0.94**	4.02
b)	On non financial liabilities	**0.75**	0.61
Total		**1.69**	4.63

Note 31 - Other expenses

Rs. in Crores

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
a)	Stores and spares consumed	**0.55**	0.66
b)	Power & fuel oil consumed	**0.94**	1.06

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
			Rs. in Crores
c)	Freight and handling charges	**10.62**	11.40
d)	Repairs and maintenance - Buildings	**–**	0.35
e)	Repairs and maintenance - Machinery	**0.40**	0.27
f)	Repairs and maintenance - Others	**0.48**	0.88
g)	Rent	**0.21**	0.23
h)	Rates and taxes	**0.17**	0.21
i)	Insurance charges	**0.69**	0.60
j)	Bad debts written off	**0.01**	0.03
k)	Net loss on foreign currency transactions and translation	**–**	9.78
l)	Fair value loss on derivatives financial instruments at fair value through profit or loss	**2.62**	–
m)	Net loss arising on financial assets designated as at FVTPL	**–**	2.13
n)	Auditors' remuneration (refer Note below)	**0.25**	0.25
o)	Legal and professional fees	**1.43**	1.15
p)	Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013 (refer Note 34)	**1.74**	2.02
q)	Loss on sale of property, plant and equipment (net of gain on property, plant and equipment sold/scrapped/written off)	**0.01**	–
r)	Other general expenses	**5.25**	7.95
Total		**25.37**	38.97

Rs. in Crores

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
Payment to auditors			
To Statutory auditors-			
a)	For audit	**0.24**	0.23
b)	For other services	0.01	–
c)	Reimbursement of expenses	*****	0.02
* Represent Rs. 8,500		**0.25**	0.25

Note 32 - Contingent liabilities and commitments (to the extent not provided for)

Rs. in Crores

Particulars		As at March 31, 2021	As at March 31, 2020
Contingent liabilities and commitments (to the extent not provided for):			
(i)	Claims against the Company not acknowledged as debts:		
	Central Sales Tax (CST) (Gujarat) FY 2010–11	**0.94**	0.94
(ii)	Commitments:		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	**–**	0.10

Note: The Company has given comfort letter to its wholly owned subsidiary Mahindra Electrical Steel Private Limited (MESPL) to provide such financial support as may be required by MESPL from time to time to meet its financial obligations atleast till March 31, 2022.

Note 33 - Earnings per share:

Rs. in Crores

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Basic/Diluted		
Profit after tax for the year (Rs in Crores) (A)	**59.89**	36.45
Weighted average number of shares Basic/Diluted (B)	**16,600,007**	16,600,007
Earnings per share Basic/Diluted (Rupees) (A/B)	**36.08**	21.96
Nominal value of equity share (Rupees)	**10.00**	10.00

Note 34 - Corporate social responsibility

The CSR obligation for the year as computed by the Company and relied upon by the auditors is Rs. 1.74 Crores (FY 2020 Rs. 2.02 Crores). CSR amount spent during the year is Rs. 1.74 Crores (FY 2020 Rs. 2.02 Crores).

Note 35 - Stock Appreciation Rights

In accordance with the directions and recommendations of the Remuneration Committee of the Company, the Company grants SARs to eligible employees/directors. SARs granted would vest over a period of five years, or such period as stipulated by the Remuneration Committee, from the date of grant. Upon vesting of SARs eligible employees are entitled to earn cash benefits as prescribed.

One SAR shall be entitled to a cash benefit which would be the difference between the Fair Value of one fully-paid Equity Share of the Company on the exercise date less the Face Value of the Equity Share of the Company on the grant date. Provided, however, that once SARs have vested, an eligible employee will have the option to exercise the same within a maximum period of three years from the vesting date during such periods of time as determined by the Company.

An Eligible Employee must exercise all the accumulated vested SARs by the Maximum Exercise Period which would be the earlier of the following two events:

(i) 30th June 2024; OR

(ii) Any monetisation event involving the Company, including but not limited to Private Equity Funding/Preferential Allotment of Shares/ Public Offering of Shares/Merger/Demerger, etc.

SARs remaining unexercised at the end of the Maximum Exercise Period (as specified above) or such extended period as may be determined by the Remuneration Committee, shall lapse

The Company has granted Stock Appreciation Rights ("SARs") to eligible employees in accordance with the Stock Appreciation Rights Schemes

The Company has granted Stock Appreciation Rights ("SARs") to eligible employees in accordance with the Stock Appreciation Rights Scheme 2013 (SARS-2013) during the years ended 31st March, 2015, 31st March 2016, 31st March 2017, 31st March 2018, 31st March 2020 and as per Stock Appreciation Rights Scheme 2020 (SARS-2020) during the year ended 31st March 2021.

Details of stock appreciation rights outstanding as on March 31, 2021

					Rs. in Crores
Particulars	**Number of shares**	**Grant date**	**Expiry date**	**Exercise price (In Rs.)**	**Fair value at grant date (In Rs.)**
Cash settled					
F'18 grants	2,786	27/04/2017	30/06/2024	10	108.75
F'18 grants	215	02/08/2017	30/06/2024	10	108.75
F'18 grants	4,237	06/02/2018	30/06/2024	10	108.75
F'18 grants	4,239	06/02/2018	30/06/2024	10	108.75
F'20 grants	68,263	25/04/2019	30/06/2024	10	179.42
F'20 grants	68,263	25/04/2019	30/06/2024	10	179.42
F'20 grants	68,323	25/04/2019	30/06/2024	10	179.42
F'21 grants	1,152	30/01/2021	31/03/2025	10	191.77
F'21 grants	1,152	30/01/2021	31/03/2025	10	191.77
F'21 grants	1,152	30/01/2021	31/03/2025	10	191.77
F'21 grants	1,156	30/01/2021	31/03/2025	10	191.77

Movement in Stock appreciation rights

	Particulars	**Number of shares**
1	The number of share options outstanding at the beginning of the year	431,123
2	Granted during the period	5,764
3	Forfeited during the year	3,564
4	Exercised during the period	212,385
5	Outstanding at the end of the period	220,938

Stock Appreciation Right's exercised during the year

Particulars	**Number of SAR's**	**Exercised date**	**Share price at exercise date (In Rs.)**
Cash settled			
F'15 grant	45,731	15/03/2021	243.36
F'16 grant	6,336	15/03/2021	243.36
F'16 grant	3,293	15/03/2021	243.36
F'17 grant	3,870	15/03/2021	243.36
F'18 grant	2,784	15/03/2021	243.36
F'18 grant	2,784	15/03/2021	243.36
F'18 grant	213	15/03/2021	243.36
F'18 grant	213	15/03/2021	243.36
F'18 grant	118	15/03/2021	243.36
F'18 grant	4,237	15/03/2021	243.36
F'18 grant	4,237	15/03/2021	243.36
F'20 grant	69,154	15/03/2021	243.36
F'20 grant	68,263	15/03/2021	243.36
F'21 grant	1,152	15/03/2021	243.36

The inputs used in the measurement of the fair values at grant date of the cash-settled share-based payment plans were as follows.

	Particulars	**For expiry upto 30 June 2024**	**For expiry upto 31 March 2025**
1	Share price (In Rs.)	243.36	243.36
2	Exercise price (In Rs.)	10	10
3	Expected volatility (weighted-average)	21.64%	19.88%
4	Expected life/Option Life (weighted-average)	3.25	4.00
5	Expected dividends yield	4.94%	4.94%
6	Risk–free interest rate (based on government bonds)	5.41%	5.66%

Note 36 - Employee benefits

(a) Defined Contribution Plan

The Company has recognized, in the Statement of profit and loss for the year, an amount of Rs. 0.83 Crore (March 31, 2020 Rs. 0.87 Crore) as expenses under defined contribution plans.

Benefit (Contribution to)	**For the year ended March 31, 2021**	For the year ended March 31, 2020
Provident fund	**0.42**	0.46
Pension fund	**0.30**	0.28
Superannuation fund	**0.11**	0.13
Total	**0.83**	0.87

(b) Defined Benefit Plans:

(i) Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Nature of benefits:

The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for a gratuity plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the income tax and rules. Besides this if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

Governance of plan:

The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The plan is funded under Group Gratuity Scheme which is administered by LIC. The Company makes annual contribution to the plan.

Inherent risk

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

(ii) Post retirement medical benefits:

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through Mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Nature of benefits:

The Company operates a defined benefit post-retirement medical plan. The benefits payable to the employees are post their retirement from the Company. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for such a post-retirement medical plan in India. The Company has chosen not to fund the post-retirement benefit liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts.

Governance of plan:

The Company is responsible for the overall governance of the plan. Since the plan is unfunded, the governance of the plan is limited to employees being paid the benefits as per the terms of the plan.

Inherent risk

The plan is of a defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse increase in healthcare costs or demographic experience can result in an increase in cost of providing these benefits to employees in future. The benefits are also paid post retirement upto a specified age of the beneficiaries and the plan carries the longevity risks.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Defined benefit plans – as per actuarial valuation on March 31, 2021

				Rs. in Crores
Particulars	Funded Plan		Unfunded Plans	
	Gratuity		Post retirement medical	
	For the year ended March 31, 2021	For the year ended March 31, 2020	**For the year ended March 31, 2021**	For the year ended March 31, 2020
I. Expense recognised in the Statement of Profit and Loss for the year ended March 31:				
1. Current/past service cost	**0.23**	0.30	**0.03**	0.02
2. Interest on net defined benefit liability/ (asset)...	**(0.06)**	(0.05)	**0.03**	0.03
	0.17	0.25	**0.06**	0.05
II. Included in other Comprehensive Income				
1. Actual return on plan assets less interest on plan assets.................	**0.11**	(0.03)	**–**	–
2. Actuarial (Gain)/Loss on account of:..................				
– Financial Assumptions	**(0.01)**	(0.56)	**–**	0.05
– Experience Adjustments.............	**(0.14)**	(0.10)	**0.21**	(0.08)
3. Adjustment to recognise the effect of asset ceiling................	**(0.06)**	0.12	**–**	–
	(0.10)	(0.57)	**0.21**	(0.03)

				Rs. in Crores
Particulars	Funded Plan		Unfunded Plans	
	Gratuity		Post retirement medical	
	For the year ended March 31, 2021	For the year ended March 31, 2020	**For the year ended March 31, 2021**	For the year ended March 31, 2020
III. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March				
1. Present value of defined benefit obligation as at 31st March...................	**3.69**	3.85	**0.67**	0.45
2. Fair value of plan assets as at 31st March	**4.61**	4.90	**–**	–
3. Amount not recognised due to asset limit........	**0.11**	0.15	**–**	–
4. Surplus/(Deficit)	**0.81**	0.90	**(0.67)**	(0.45)
5. Current portion of the above	**–**	–	**(0.03)**	(0.01)
6. Non current portion of the above	**0.81**	0.90	**(0.64)**	(0.44)
IV. Change in the obligation during the year ended 31st March				
1. Present value of defined benefit obligation at the beginning of the year..	**3.85**	3.84	**0.45**	0.42
2. Expenses Recognised in Profit and Loss Account				
– Current Service Cost	**0.23**	0.30	**0.03**	0.02
– Past Service Cost.....	**–**	–	**–**	–
– Interest Expense (Income)..................	**0.23**	0.27	**0.03**	0.03
3. Recognised in Other Comprehensive Income				
Remeasurement gains/ (losses)				
– Actuarial Gain (Loss) arising from:				
i. Financial Assumptions............	**(0.01)**	(0.56)	**–**	0.05
ii. Experience Adjustments............	**(0.14)**	(0.10)	**0.21**	(0.08)
4. Benefit payments	**(0.47)**	(0.02)	**(0.05)**	(0.01)
5. Liabilities assumed/ (settled) on intra group transfer.......................	**–**	0.12	**–**	0.02
6. Present value of defined benefit obligation at the end of the year	**3.69**	3.85	**0.67**	0.45
V. Change in fair value of assets during the year ended March 31				
1. Fair value of plan assets at the beginning of the year	**4.90**	4.45		
2. Interest on plan assets....	**0.29**	0.32		
3. Recognised in Other Comprehensive Income				
Remeasurement gains/ (losses)				

Rs. in Crores

Particulars	Funded Plan		Unfunded Plans	
	Gratuity		Post retirement medical	
	For the year ended March 31, 2021	For the year ended March 31, 2020	**For the year ended March 31, 2021**	For the year ended March 31, 2020
– Actual Return on plan assets in excess of the expected return	**(0.11)**	0.03		
4. Contributions by employer (including benefit payments recoverable)	**–**	0.12	**0.05**	0.01
5. Benefit paid	**(0.47)**	(0.02)	**(0.05)**	(0.01)
6. Assets acquired/(settled) on intra group transfer	**–**			
7. Fair value of plan assets at the end of the year ..	**4.61**	4.90	**–**	–
VI. The Major categories of plan assets				
– List the plan assets by category here				
– Insurer managed funds.......................	**4.61**	4.90	**–**	–
VII. Actuarial assumptions				
1. Discount rate	**6.55%**	6.50%	**6.55%**	6.50%
2. Medical premium inflation	**–**	–	**6%**	6%
3. Rate of increase in compensation levels....	**7%**	7%	**7%**	7%
4. Mortality table	IALM (2012-14) ult	IALM (2012-14) ult	IALM (2012-14) ult	IALM (2012-14) ult

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(c) Sensitivity analysis:

Gratuity

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points.

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs. in Crores

Principal assumptions	Year	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	**2021**	**1%**	**3.45**	**3.97**
	2020	1%	3.61	4.13
Salary growth rate	**2021**	**1%**	**3.97**	**3.45**
	2020	1%	4.12	3.61

Post retirement medical benefits

The benefit obligation results for the cost of paying hospitalization premiums to insurance company in future for the employee/beneficiaries during their lifetime is sensitive to discount rate and future increase in healthcare costs.

The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account changes in these three key parameters:

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rs. in Crores

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	**2021**	**1%**	**0.60**	**0.75**
	2020	1%	0.39	0.52
Medical inflation rate	**2021**	**1%**	**0.75**	**0.60**
	2020	1%	0.52	0.39

(d) Expected contributions for the next year:

The Company expects to contribute Rs. 0.15 Crores to the gratuity trusts during the next financial year of 2022.

(e) Expected future benefits payable :

Gratuity

Rs. in Crores

Maturity profile of defined benefit obligation:	As at March 31, 2021	As at March 31, 2020
Within 1 year	**0.31**	0.63
1 - 2 year..	**0.31**	0.29
2 - 3 year..	**0.47**	0.29
3 - 4 year..	**0.49**	0.44
4 - 5 year..	**0.55**	0.46
5 - 9 years..	**1.08**	1.34
10 years and above...	**3.21**	3.09

Post retirement medical benefits

Rs. in Crores

Maturity profile of defined benefit obligation:	As at March 31, 2021	As at March 31, 2020
Within 1 year	**0.03**	0.01
1 - 2 year..	**0.04**	0.01
2 - 3 year..	**0.03**	0.01
3 - 4 year..	**0.03**	0.01
4 - 5 year..	**0.04**	0.01

		Rs. in Crores
Maturity profile of defined benefit obligation:	**As at March 31, 2021**	As at March 31, 2020
5 - 9 years	**0.15**	0.09
10 years and above	**1.40**	1.16

Note 37 - Segment Reporting

Segment information:

The Company has identified 'Steel Processing' (for steel entities) as its only primary reportable segment. The Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined under Ind AS 108. CODM reviews overall financial information of the Company together for performance evaluation and allocation of resources and does not review any discrete information to evaluate performance of any individual product or geography.

Geographical Information

The amount of the Company's revenue from external customers broken down by location of the customers is shown in the table below:

		Rs. in Crores
Location	**For the year ended March 31, 2021**	For the year ended March 31, 2020
India	**1,017.14**	990.83
Overseas	**12.16**	20.41

The Company operates and has its manufacturing/processing facilities based out of Nashik and Vadodara in India.

There are two customers (FY 2019-20 : 2 Customers) contributing to more than 10% of the Company's revenue, total amount of revenue from such customers for the year ended on 31 March 2021 are Rs 204 Cr and Rs.110.75 Cr respectively (for the year ended on 31 March 2020 was Rs 188.18 Cr and Rs.121.12 Cr respectively).

Note 38 - Related party transactions:

Related party disclosures as required by Ind AS-24 "Related Party Disclosures" are given below :

(A) List of Related Parties:

Ultimate Holding Company

M & M — Mahindra & Mahindra Limited

Holding Company

MVML — Mahindra Vehicle Manufacturers Limited

Subsidiary Companies

MESPL — Mahindra Electrical Steel Private Limited

MMESS — Mahindra MiddleEast Electrical Steel Service Centre (FZC)

MSSCL — Mahindra Steel Service Centre Limited

MASPL — Mahindra Auto Steel Private Limited

MMSTC — Mahindra MSTC Recycling Private Limited

PT MASI — PT Mahindra Accelo Steel Indonesia

Key Managerial Personnel

Mr. Sumit Issar, Managing Director

Mr. Zhooben Bhiwandiwala, Executive Director

Mr. Sudhir Mankad, Independent Director

Dr. Punita Kumar Sinha, Independent Director

Mr. Ashok Kumar Barat, Independent Director

Mr. Parag Shah, Director

Fellow Subsidiaries:

MHRIL — Mahindra Holidays & Resorts India Limited

MRL — Mahindra Retail Private Limited

MBPO — Mahindra Integrated Business Solutions Private Limited

NBS — NBS International Limited

MFCWL — Mahindra First Choice Wheels Limited

MECP — Mahindra Engineering & Chemical Products Limited

MLL — Mahindra Logistics Limited

MEPC — Mahindra Susten Private Limited

MMFSL — Mahindra & Mahindra Financial Services Limited

MFCSL — Mahindra First Choice Services Limited

MRHFL — Mahindra Rural Housing Finance Ltd.

MREVA — Mahindra Electric Mobility Limited

Company which is associate of ultimate holding Company

MCIE — Mahindra CIE Automotive Limited

Companies which are joint venture of ultimate holding Company

MHPL — Mahindra Homes Private Limited

(B) Disclosure of transactions between the Company and related parties during the year ended March 31, 2021

(a)	(Receipt/income)/Expenditure/payment										(Rs. in Crores)	
	Ultimate Holding Company		Holding Company		Subsidiary Companies		Fellow Subsidiaries		Company which is associate of ultimate holding Company		Companies which are joint venture of ultimate holding Company	
Particulars	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Purchase of Raw material/finished goods **	**3.44**	23.98	–	0.26	**1.69**	3.00	–	–	–	–	–	–
Purchase of Property, plant & equipment	–	–	–	–	–	0.04	–	–	–	–	–	–
Sale of Property, plant & equipment	–	–	–	–	–	0.15	–	–	–	–	–	–
Processing charges paid	–	–	–	–	**8.22**	10.65	–	–	–	–	–	–
Sale of finished goods **	**204.00**	188.40	**30.49**	59.81	**16.08**	12.73	**17.08**	1.88	**40.87**	31.39	–	–
Management Fees **	–	–	–	–	**3.94**	4.57	–	–	–	–	–	–
Deputation of personnel to related parties	**0.18**	0.23	–	–	**1.16**	0.78	–	–	–	–	–	–
Deputation of personnel from related parties	**0.17**	–	–	–	**0.21**	0.21	–	–	–	–	–	–

(a)	(Receipt/income)/Expenditure/payment										(Rs. in Crores)	
Particulars	Ultimate Holding Company		Holding Company		Subsidiary Companies		Fellow Subsidiaries		Company which is associate of ultimate holding Company		Companies which are joint venture of ultimate holding Company	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Other income	**0.03**	0.41	–	–	**0.08**	0.07	–	–	–	–	–	–
Other expenses	**2.30**	2.30	–	–	**0.25**	*	**0.45**	0.40	**0.08**	0.07	–	–
Reimbursement received from parties	**0.03**	0.03	–	–	**0.15**	0.41	**0.20**	0.05	–	–	–	–
Reimbursement made to parties	**1.77**	1.29	–	–	**0.11**	0.02	–	0.06	–	–	–	–
Interest received	–	–	–	–	**1.40**	1.13	**0.76**	0.96	–	–	–	–
Dividend received	–	–	–	–	**0.49**	3.19	–	–	–	–	–	–
Inter corporate deposits placed	–	–	–	–	**84.95**	80.25	–	15.00	–	–	–	–
Inter corporate deposits refunded by parties	–	–	–	–	**72.10**	70.30	**15.00**	10.00	–	–	–	–
Other Deposits placed	–	–	–	–	–	–	–	–	**0.02**	0.02	–	–
Investment in Equity Shares	–	–	–	–	**14.39**	–	–	–	–	–	–	–
Proceeds from redemption of Optionally convertible debentures	–	–	–	–	–	9.10			–	–	–	–
Dividend on equity shares paid during the current year	–	–	**14.28**	24.90	–	–			–	–	–	–

* Represents amount less than Rs. 1 lakh

** excluding taxes

(b) Transactions with Key Management Personnel:

(Rs. in Crores)

	As at March 31,2021	As at March 31,2020
Managerial Remuneration		
Mr. Sumit Issar, Managing Director@	**2.45**	1.62
Mr. Zhooben Bhiwandiwala, Executive Director	**0.47**	–

	Commission		Sitting fees	
Sitting fees & commission to :	**As at March 31,2021**	As at March 31,2020	**As at March 31,2021**	As at March 31,2020
Mr. Bharat Doshi, Chairman	**0.12**	0.10	**0.03**	0.02
Mr. Sudhir Mankad, Independent Director	**0.06**	0.05	**0.04**	0.03
Dr. Punita Kumar Sinha, Independent Director	**0.06**	0.05	**0.04**	0.03
Mr. Ashok Kumar Barat, Independent Director	**0.06**	0.05	**0.03**	0.03
Mr. Parag Shah, Director	**0.09**	–	**–**	–

(c) Outstanding receivables:

(Rs. in Crores)

	As at March 31, 2021	As at March 31, 2020
Ultimate Holding Company	**8.53**	–
Holding Company	**0.62**	0.78
Subsidiary Companies	**28.53**	17.24
(including Inter-corporate Deposits & Interest thereon)		
Fellow subsidiaries	**3.10**	17.56
(including Inter-corporate Deposits & Interest thereon)		
Company which is associate of ultimate holding Company	**26.98**	8.08
Companies which are joint venture of ultimate holding Company	**–**	**0.01**

(d) Outstanding payables:

(Rs. in Crores)

	As at March 31, 2021	As at March 31, 2020
Ultimate Holding Company	**–**	2.21
Fellow Subsidiaries	**0.02**	0.03
Key Managerial Personnel		
Mr. Zhooben Bhiwandiwala, Executive Director	**0.43**	–
Mr. Bharat Doshi, Chairman	**0.11**	0.09
Mr. Sudhir Mankad, Independent Director	**0.06**	0.05
Dr. Punita Kumar Sinha, Independent Director	**0.06**	0.05
Mr. Ashok Kumar Barat, Independent Director	**0.06**	0.05
Mr. Parag Shah, Director	**0.09**	0.00

@ Excludes provision for gratuity, compensated absences and post retirement medical benefits, which is determined on the basis of actuarial valuation done on overall basis for the Company.

(e) Disclosure of transactions & outstanding balances between the Company and related parties during the year ended March 31, 2021 (year ended March 31, 2020)

																						Rs. in Crores
	Subsidiary Companies							Fellow Subsidiaries													Companies which are joint venture of ultimate holding Company	
Particulars	MMESS	MSSCL	MESPL	MASPL	MMSTC	PT MASI	TOTAL	MHRIL	MRL	MBPO	NBS	MFCWL	MECP	MLL	MEPC	MMFSL	MFCSL	MRHFL	MREVA	TOTAL	MHPL	TOTAL
Purchase of finished goods **	–	**0.52**	–	**1.17**	–	–	**1.69**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(1.20)	(1.30)	(–)	(0.51)	(–)	(–)	(3.00)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Purchase of Property, plant & equipment..	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(0.04)	(–)	(0.04)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Sale of Property, plant & equipment..	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(0.01)	(–)	(–)	(0.14)	(–)	(0.15)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Processing charges paid..	–	**8.22**	–	*	–	–	**8.22**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(10.65)	(–)	(–)	(–)	(–)	(10.65)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Sale of finished goods **...............	–	**13.05**	–	**3.03**	–	–	**16.08**	–	–	–	–	–	–	–	**17.01**	–	–	–	**0.07**	**17.08**	–	–
	(3.57)	(8.26)	(–)	(0.90)	(–)	(–)	(12.73)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(1.88)	(–)	(–)	(–)	(–)	(1.88)	(–)	–
Management Fees **	**0.54**	**1.40**	–	**2.00**	–	–	**3.94**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(1.01)	(1.56)	(–)	(2.00)	(–)	(–)	(4.57)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Deputation of personnel to related parties..........	–	**0.87**	–	**0.29**	–	–	**1.16**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(0.58)	(–)	(0.19)	(–)	(–)	(0.78)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Deputation of personnel from related parties..........	–	**0.21**	–	–	–	–	**0.21**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(0.21)	(–)	(–)	(0.01)	(–)	(0.22)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Other income.	–	**0.08**	–	–	–	–	**0.08**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(0.07)	(–)	(–)	(–)	(–)	(0.07)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Other expenses.......	–	**0.25**	–	–	–	–	**0.25**	**0.01**	–	**0.01**	*	–	**0.02**	**0.40**	–	–	–	–	–	**0.45**	–	–
	(–)	(–)	(–)	(*)	(–)	(–)	*	(0.01)	(0.02)	(0.01)	(0.02)	(–)	(*)	(0.34)	(–)	(–)	(–)	(–)	(–)	(0.40)	(–)	–
Reimbursement received from parties....	**0.05**	**0.02**	–	**0.01**	**0.07**	–	**0.15**	–	–	–	–	–	–	–	–	–	**0.01**	–	**0.19**	**0.20**	–	–
	(0.04)	(0.04)	(–)	(0.02)	(0.04)	(0.27)	(0.41)	(–)	(*)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(0.05)	(–)	(–)	(*)	(–)	–
Reimbursement made to parties	–	**0.03**	–	–	**0.08**	–	**0.11**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(*)	(–)	(–)	(0.02)	(–)	(0.02)	(–)	(–)	(–)	(–)	(0.02)	(–)	(0.04)	(–)	(–)	(–)	(–)	(–)	(0.06)	(–)	–
Interest received........	–	**0.19**	**1.15**	**0.06**	–	–	**1.40**	–	–	–	–	–	–	–	–	–	–	**0.76**	–	**0.76**	–	–
	(–)	(0.22)	(0.92)	(–)	(–)	(–)	(1.13)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(0.58)	(–)	(0.38)	(–)	(0.96)	(–)	–

																						Rs. in Crores
	Subsidiary Companies							Fellow Subsidiaries													Companies which are joint venture of ultimate holding Company	
Particulars	MMESS	MSSCL	MESPL	MASPL	MMSTC	PT MASI	TOTAL	MHRIL	MRL	MBPO	NBS	MFCWL	MECP	MLL	MEPC	MMFSL	MFCSL	MRHFL	MREVA	TOTAL	MHPL	TOTAL
Dividend Received	–	–	–	**0.49**	–	–	**0.49**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(1.61)	(–)	(1.57)	(–)	(–)	(3.19)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Inter corporate deposits placed	–	**57.00**	**12.20**	**15.75**	–	–	**84.95**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(57.55)	(22.70)	(–)	(–)	(–)	(80.25)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(15.00)	(–)	**(15.00)**	(–)	–
Inter corporate deposits refunded by parties	–	**47.75**	**11.60**	**12.75**	–	–	**72.10**	–	–	–	–	–	–	–	–	–	–	15.00	–	**15.00**	–	–
	(–)	(57.55)	(12.75)	(–)	(–)	(–)	(70.30)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(10.00)	(–)	(–)	(–)	(10.00)	(–)	–
Investment in Equity Shares	–	–	–	–	**4.00**	**10.39**	**14.39**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Proceeds from redemption of Optionally convertible debentures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	(–)	(–)	(9.10)	(–)	(–)	(–)	(9.10)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	–
Outstanding balances as at March 31,2021 (as at March 31, 2020)																						
Outstanding receivables (including Inter corporate deposit & interest thereon)	**0.18**	**11.65**	**13.00**	**3.70**	–	–	**28.53**	–	–	–	–	–	–	–	**3.10**	–	–	–	–	**3.10**	–	–
	(0.28)	(4.48)	(11.85)	(0.39)	(0.15)	(0.08)	(17.24)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(2.22)	(–)	(–)	(15.34)	(–)	(17.56)	(0.01)	**(0.01)**
Outstanding payables	–	–	–	–	–	–	–	–	–	*	*	–	0.02	–	–	–	–	–	–	**0.02**	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(0.02)	(*)	(*)	(–)	(*)	(–)	(–)	(–)	(–)	(–)	(–)	(0.03)	(–)	**(–)**

1. * Represents amount less than Rs. 1 lakh
2. ** excluding taxes
3. Previous year's figures are in brackets
4. No amount has been written off/provided for or written back in respect of amounts receivable from or payable to the related parties.
5. The sales/provision of services to and purchases/provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: INR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note 39 - Financial Instruments

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

[A] CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

(i) Trade receivables:

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on payment performance over the period of time and financial analysis including credit rating issued by credit rating agencies. Outstanding customer receivables are regularly monitored and any shipments to other small customers are generally covered by letters of credit . At 31 March 2021, the Company had 26 customers that owed the Company more than Rs. 1.75 Crores each and accounted for approximately 89% of all the receivables outstanding.

An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company does not hold collateral as security.

(ii) Financial instruments and cash deposits:

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with approved mutual funds or banks and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

[B] LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	Less than 1 Year	1–3 Years	3–4 Years	5 Years and above	Total	Carrying value
Non-derivative financial liabilities						
March 31, 2021						
Non-interest bearing...........	**242.35**	**1.14**			**243.49**	**243.49**
Variable interest rate instruments*...	**73.78**				**73.78**	**73.64**
Total	**316.13**	**1.14**	**–**	**–**	**317.27**	**317.13**
March 31, 2020						
Non-interest bearing...........	105.31	0.90	–	–	106.21	106.21
Variable interest rate instruments*...	114.84	–	–	–	114.84	114.13
Total	220.15	0.90	–	–	221.05	220.34

**** Effective interest rate is 0.75 % (FY 2020 2.81 %)***

Sensitivity interest rate increase by 1%: Profit will decrease by Rs. 0.74 Crore for the year ended March 31, 2021 (Rs. 1.14 Crore for the year ended 31 March, 2020)

Sensitivity interest rate decrease by 1%: Profit will increase by Rs. 0.74 Crore for the year ended March 31, 2021 (Rs. 1.14 Crore for the year ended 31 March, 2020)

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1–3 Years	3–4 Years	5 Years and above	Total	Carrying amount
Non-derivative financial assets						
March 31, 2021						
Non-interest bearing...........	**350.85**	**–**	**–**	**–**	**350.85**	**350.85**
Variable interest rate instruments.....	**–**	**–**	**–**	**0.18**	**0.18**	**0.18**
Fixed interest rate instruments.....	**185.29**	**–**	**–**	**–**	**185.29**	**182.72**
Total...............	**536.14**	**–**	**–**	**0.18**	**536.32**	**533.75**
March 31, 2020						
Non-interest bearing...........	224.01	–	–	–	224.01	224.01
Variable interest rate instruments.....	–	–	–	0.17	0.17	0.17
Fixed interest rate instruments.....	175.84	–	–	–	175.84	170.50
Total	399.85	–	–	0.17	400.02	394.68

**** Effective interest rate is 5.14% (FY 2020 : 7.2%)***

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(iv) Liquidity analysis for its derivative financial instruments

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above
Derivative financial instruments				
March 31, 2021				
Gross settled:				
- foreign exchange forward contracts - liabilities	0.51	–	–	–
- foreign exchange forward contracts - assets....................	0.04	–	–	–
March 31, 2020				
Gross settled:				
- foreign exchange forward contracts - liabilities	–	–	–	–
- foreign exchange forward contracts - assets....................	2.15	–	–	–

(v) **Financing arrangements**

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at March 31, 2021	As at March 31, 2020
Bank Overdraft/ WCDL facility............	**15.50**	22.00
Non-Fund Based facility: (LC, BG, LUT, LER)	**171.86**	168.04

[C] MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

(i) **Currency Risk**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for contracted purchases.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges, the derivatives covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Amounts in Crores

Particulars	Currency	As at March 31, 2021	As at March 31, 2020
Trade Payables	USD	**1.03**	1.69
Trade Receivable	USD	*	*
Receivable towards commission	USD	**0.01**	0.02

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Amounts in Crores

Particulars	Currency	As at March 31, 2021	As at March 31, 2020
Trade Payables	USD	**0.31**	1.00
Trade Receivable	USD	*	*
Receivable towards commission	USD	**0.01**	0.02

* Represent amount USD 24,975 (FY 2020 :USD 48,523)

(ii) **Interest rate risk**

Refer comment given above in maturities of financial liabilities under liquidity risk.

(iii) **Raw material price risk**

The Company dose not have significant risk in raw material price variations. In case of any variation in price same is passed on to customers through appropriate adjustment to selling prices.

Note 40 - Fair value measurement

Fair valuation techniques and inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example
  - interest rates and yield curves observable at commonly quoted intervals
  - implied volatilities
  - credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Fair value of financial assets and financial liabilities that are not measured at fair value

Rs. in Crores

Particulars	Fair value hierarchy as at March 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Trade and other receivables	–	**317.75**	–	**317.75**
– Cash and cash equivalents	–	**162.38**	–	**162.38**
– Deposits and similar assets	–	**0.18**	–	**0.18**
– Inter Corporate Deposits	–	**29.95**	–	**29.95**
– Interest receivable	–	**3.80**	–	**3.80**
– Others.........................	–	**0.19**	–	**0.19**
Total	–	**514.24**	–	**514.24**
Financial liabilities				
Financial liabilities held at amortised cost				
– Lease liabilities...........		–		–
– Short term deposits....	–	**1.06**	–	**1.06**

Rs. in Crores

Particulars	Fair value hierarchy as at March 31, 2021 Level 1	Level 2	Level 3	Total
– Trade and other payables	**–**	**313.95**	**–**	**313.95**
Total	**–**	**315.01**	**–**	**315.01**

Rs. in Crores

Particulars	Fair value hierarchy as at March 31, 2020 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Trade and other receivables	–	187.95	–	187.95
– Cash and cash equivalents	–	121.79	–	121.79
– Deposits and similar assets	–	0.17	–	0.17
– Inter Corporate Deposits	–	56.60	–	56.60
– Interest receivable	–	2.14	–	2.14
– Others	–	0.57	–	0.57
Total	–	369.22	–	369.22
Financial liabilities				
Financial liabilities held at amortised cost				
– Lease liabilities	–	2.06	–	2.06
– Short term deposits	–	0.73	–	0.73
– Trade and other payables	–	212.92	–	212.92
Total	–	215.71	–	215.71

Financial assets/ financial liabilities measured at fair value

Financial assets/ financial liabilities measured at Fair value	Fair value as at As at 31 March, 2021	As at 31 March, 2020	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
Financial assets						
Investments						
Mutual fund investments	**19.50**	27.61	Level 1	Net assets value declared by the respective asset management companies	NA	NA
Other financial assets						
Foreign currency forward contracts	**0.04**	2.15	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contract forward rate that reflects the credit risk of various counter parties.	NA	NA
Total financial assets	**19.54**	29.76				
Financial liabilities						
Other financial liabilities						
Foreign currency forward contracts	**0.51**	-	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contract forward rate that reflects the credit risk of various counter parties.	NA	NA
Cash-settled share-based payments	**2.12**	4.63	Level 2	The Black-Scholes model. Inputs used: Current Stock Price of the base instrument, Annual Volatility based on Sensex, Risk Free Return based on Zero Coupon Yield, Exercise Price, time to option maturity, dividend yield.	NA	NA
Total financial liabilities	**2.63**	4.63				

The fair values of the financial assets and financial liabilities included in the level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value

The Company consider that the carrying amount of financial asset and financial liabilities recognised in the financial statements approximate their fair value.

Note 41 -

Previous year's figure have been regrouped/reclassified wherever necessary.

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's registration
number : 101248 W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place: Mumbai
Date: 26 April, 2021

For and on behalf of board of directors
U51900MH1978PLC020222

Bharat Doshi
Chairman
DIN : 00012541

Zhooben Bhiwandiwala
Executive Vice-Chairman
DIN: 00110373

Sumit Issar
Managing Director
DIN: 06951249

Romali Malvankar
Company Secretary
Membership No : A-29447

Saroj Khuntia
Chief Financial Officer

Place: Mumbai
Date: 26 April, 2021

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
MAHINDRA STEEL SERVICE CENTRE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra Steel Service Centre Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
    d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
    e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

    (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    i. the Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements - Refer Note 31 to the financial statements
    ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
    iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company
    iv. the disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

    (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

    In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act read with Schedule V of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
(Membership No. 113959)
UDIN: 21113959AAAACF4098

Place: Mumbai
Date: 23 April 2021

Annexure A to the Independent Auditor's Report – 31 March 2021

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets are physically verified by the management in accordance with regular program of verifying assets once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in leasehold land are held in the name of the Company.

(ii) The inventories have been physically verified by management at reasonable intervals during the year. In our opinion, frequency of verification is reasonable. No material discrepancies were noticed on such physical verification, discrepancies noted have been suitably dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not granted any loan or made any investment or given any guarantee or security during the year. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, for maintenance of cost records in respect of products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account of the Company, the Company is regular in depositing undisputed statutory dues accrued / deducted including, Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax and other material statutory dues with the appropriate authorities. Further as informed to us, the Company did not have any dues on account of Sales-tax, Service tax, Customs Duty, Excise Duty, Value Added Tax and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable. Further as informed to us, the Company did not have any dues on Sales-tax, Service tax, Customs Duty, Excise Duty, Value Added Tax and Cess.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Sales-Tax, Service Tax, Customs duty, Excise duty, Value Added Tax, Goods and Service Tax and Cess which have not been deposited with the authorities on account of any dispute other than those mentioned below:

		Rupees in Lakhs			
Name of the Statute	**Nature of the Dues**	**Amount demanded**	**Amount not deposited under dispute**	**Period to which the amount relates**	**Forum where dispute is pending**
Central Excise Act, 1944	Excise Duty	406.88	391.62	2013-2014 to 2017-2018	Custom, Excise and Service Tax Appellate Tribunal
Madhya Pradesh Value Added Tax Act, 2002	Value Added Tax	8.95	6.85	2011-2012	Additional Commissioner Commercial Taxes (Appellate Authority)
Madhya Pradesh Value Added Tax Act, 2002 and Central Sales Tax Act, 1956	Value Added Tax	6.51	5.77	2012-2013	Additional Commissioner Commercial Taxes (Appellate Authority)

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to bank. The Company has not taken any loans or borrowings from a financial institutions or government nor has issued any debentures during the year.

(ix) According to the information and explanations given by the management, the term loans taken by the Company has been applied for the purpose for they were raised. The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given by the management, managerial remuneration has been paid or provided is in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V of the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us by the management, the Company has entered into transactions with related parties in compliance with the provisions of Section 177 and Section 188 of the Act, where applicable and the details of such related party transaction have been disclosed in the Ind AS financial statements as required by Ind AS 24 Related Party Disclosures specified under Section 133 of the Act.

(xiv) According to the information and explanations given to us by the management, during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
(Membership No. 113959)
UDIN: 21113959AAAACF4098

Place: Mumbai
Date: 23 April 2021

Annexure B to the Independent Auditors' report on the financial statements of Mahindra Steel Service Centre Limited for the period ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Steel Service Centre Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
(Membership No. 113959)
UDIN: 21113959AAAACF4098

Place: Mumbai
Date: 23 April 2021

BALANCE SHEET AS AT MARCH 31, 2021

Rs. in Lakhs

	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
A	**ASSETS**			
1	**Non-current assets**			
	(a) Property, plant and equipment	4	**12,781.25**	7,008.74
	(b) Capital work-in-progress		**–**	3,808.90
	(c) Financial assets			
	(i) Loans	5	**77.45**	165.23
	(ii) Industrial Investment Promotion Assistance receivable	6	**368.39**	204.87
	(d) Other non-current assets	7	**374.51**	470.17
Total non - current assets			**13,601.60**	11,657.91
2	**Current assets**			
	(a) Inventories	8	**3,570.42**	5,640.64
	(b) Financial assets			
	(i) Trade receivables	9	**6,059.22**	2,639.74
	(ii) Cash and cash equivalents	10	**11.35**	780.77
	(iii) Industrial Investment Promotion Assistance receivable	6	**–**	163.52
	(iv) Derivatives:Foreign currency forward contracts receivable		**–**	68.15
	(c) Other current assets	7	**1,145.05**	1,248.68
Total current assets			**10,786.04**	10,541.50
Total assets (1+2)			**24,387.64**	22,199.41
B	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity share capital	11	**1,653.98**	1,653.98
	(b) Other equity	12	**7,991.13**	8,644.57
Total equity			**9,645.11**	10,298.55
LIABILITIES				
2	**Non-current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	13	**2,455.67**	1,675.32
	(ii) Lease Liability	17	**2,625.94**	67.02
	(iii) Other financial liabilities (other than those specified in (b) below)	18	**24.65**	21.75
	(b) Provisions	15	**126.13**	132.90
	(c) Deferred tax liabilities (Net)	21	**29.80**	294.82
Total non - current liabilities			**5,262.19**	2,191.81
3	**Current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	16	**950.34**	2,050.00
	(ii) Trade payables	14		
	A. Total outstanding dues from micro enterprises and small enterprises, and		**113.91**	34.94
	B. Total outstanding dues of creditors other than micro enterprises and small enterprises		**6,894.57**	6,289.94
	(iii) Lease Liability	17	**105.50**	22.88
	(iv) Other financial liabilities (other than those specified in (b) below)	18	**1,272.09**	1,104.94
	(b) Provisions	15	**19.27**	22.98
	(c) Current tax liabilities (Net)		**–**	–
	(d) Other current liabilities	19	**124.66**	183.37
Total current liabilities			**9,480.34**	9,709.05
Total equity and liabilities (1+2+3)			**24,387.64**	22,199.41

See accompanying notes to the financial statements

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:
101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: April 23 2021

Romali Malvankar
Company Secretary
Membership No-A29447

Jitendra T. Rahate
Chief Financial Officer

Place: Mumbai
Date: April 23 2021

CIN:U27100MH1993PLC070416

Sumit Issar
Managing Director
DIN: 06951249

Vijay Arora
Director
DIN: 07347126

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Rs. in Lakhs

	Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
I	Revenue from operations	22	17,127.27	21,092.47
II	Other Income	23	46.74	83.93
III	**Total Income (I + II)**		17,174.01	21,176.40
IV	**EXPENSES**			
	(a) Cost of materials consumed	24	13,538.30	16,233.00
	(b) Changes in inventories of finished goods, stock-in-trade and work-in-progress	25	219.56	918.89
	(c) Employee benefits expense	26	1,102.34	1,070.06
	(d) Finance costs	27	483.32	320.92
	(e) Depreciation expense	28	1,145.09	1,035.73
	(f) Other expenses	29	1,670.26	2,752.58
	Total Expenses (IV)		18,158.87	22,331.18
V	**Loss before tax (III-IV)**		(984.86)	(1,154.78)
VI	**Tax expense**			
	(1) Current tax	20	(56.74)	(159.17)
	(2) Deferred tax	21	(267.71)	(474.55)
	Total tax expense		(324.45)	(633.72)
VII	**Loss for the year (V-VI)**		(660.41)	(521.06)
VIII	**Other comprehensive income**		6.97	24.89
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plan		(9.66)	(34.49)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		2.69	9.60
IX	**Total comprehensive Loss for the year (VII + VIII)**		(653.44)	(496.17)
	Earning per equity share (of Rs. 10 each):			
	(a) Basic/Diluted	36	(3.99)	(3.15)

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:
101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: April 23 2021

CIN:U27100MH1993PLC070416

Romali Malvankar
Company Secretary
Membership No-A29447

Jitendra T. Rahate
Chief Financial Officer

Place: Mumbai
Date: April 23 2021

Sumit Issar
Managing Director
DIN: 06951249

Vijay Arora
Director
DIN: 07347126

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flow from operating activities		
Loss for the year before tax	**(984.86)**	(1,154.78)
Adjustment for:		
(1) Depreciation expense	**1,145.09**	1,035.73
(2) Bad debts/advances written off	**21.40**	722.25
(3) Finance costs	**483.32**	320.92
(4) unrealised loss/(gain) on foreign exchange transactions and translations	**(15.40)**	182.77
(5) Fair value loss on financial instruments at fair value	**121.37**	(68.15)
(6) Interest income recognised in Statement of Profit and Loss	**(25.47)**	(49.11)
(7) Dividend income recognised in Statement of Profit and Loss	**–**	(0.42)
(8) Profit on sale of current investments	**(2.39)**	(1.94)
(9) Profit on sale of property, plant and equipment	**(4.82)**	(7.26)
(10) Liabilities no longer required written back	**(6.40)**	(25.20)
	731.84	954.81
Movement in working capital:		
(1) (Increase)/Decrease in trade receivable	**(3,419.48)**	3,179.57
(2) Decrease in inventories	**2,070.22**	2,546.33
(3) Decrease/(Increase) in other assets	**177.19**	(399.50)
(4) Increase/(decrease) in trade payable	**705.40**	(2,433.20)
(5) (Decrease)/Increase in provision	**(0.82)**	23.13
(6) (Decrease)/Increase in other liabilities	**(89.20)**	24.52
	(556.69)	2,940.85
Cash generated from operations	**175.15**	3,895.66
Less: income taxes refund - [net]	**131.20**	209.33
Net cash generated from operating activities	**306.35**	4,104.99
Cash flows from investment activities		
(1) Payment for property, plant and equipment	**(535.58)**	(1,930.26)
(2) Proceed from disposal of property, plant and equipment	**41.90**	24.93
(3) Interest received	**25.47**	49.11
(4) Other dividend received	**–**	0.42
(5) Purchase of current investments	**(2,295.00)**	(10,390.42)
(6) Sale of current investments	**2,297.39**	10,392.36
Net cash used in investment activities	**(465.82)**	(1,853.86)
Cash flow from financing activities		
(1) Proceeds of long term borrowings	**1,600.00**	461.97
(2) Repayment of long term borrowings	**(412.31)**	(138.79)
(3) Proceeds from short term borrowings	**15,547.93**	28,455.00
(4) Repayment from short term borrowings	**(16,647.59)**	(30,105.00)
(5) Payments for the principal portion of the lease liability	**(203.76)**	(16.39)
(6) Payments for the interest portion of the lease liability	**(139.22)**	(7.47)
(7) Interest paid	**(355.00)**	(333.88)
(8) Dividend paid (including dividend distribution tax)	**-**	(319.04)
Net cash used in financing activities	**(609.95)**	(2,003.60)
Net (decrease)/increase in cash and cash equivalents	**(769.42)**	247.53
Cash and cash equivalents at the beginning of the year	**780.77**	533.24
Cash and cash equivalents at the end of the year	**11.35**	780.77
Reconciliation of cash and cash equivalents with statement of financial position		
Bank balance in current accounts (refer note 10)	**11.28**	780.39
Cash in hand (refer note 10)	**0.07**	0.38
Total	**11.35**	780.77

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:
101248w/w-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: April 23 2021

CIN:U27100MH1993PLC070416

Romali Malvankar
Company Secretary
Membership No-A29447

Jitendra T. Rahate
Chief Financial Officer

Place: Mumbai
Date: April 23 2021

Sumit Issar
Managing Director
DIN: 06951249

Vijay Arora
Director
DIN: 07347126

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A. Equity share capital

Particulars	Rs. In Lakhs
Balance at April 1, 2019	1,653.98
Changes in equity during the year	–
Balance at March 31, 2020	1,653.98
Changes in equity during the year	–
Balance at March 31, 2021	**1,653.98**

B. Other Equity

Rs. in Lakhs

Particulars		Capital reserve	Securities premium	General reserve	Retained earnings	Total
Balance at April 1, 2019	A	20.00	4,011.15	164.44	5,264.19	9,459.78
Loss for the year	B	–	–	–	(521.06)	(521.06)
Other comprehensive income (net of taxes)	C	–	–	–	24.89	24.89
Total comprehensive loss for the year	**D = (B+C)**	–	–	–	(496.17)	(496.17)
Dividends	E	–	–	–	(264.64)	(264.64)
Dividend distribution tax	F	–	–	–	(54.40)	(54.40)
Balance at March 31, 2020	**G = (A+D+E+F)**	**20.00**	**4,011.15**	**164.44**	**4,448.98**	**8,644.57**
Loss for the year	H	–	–	–	(660.41)	(660.41)
Other comprehensive income (net of taxes)	I	–	–	–	6.97	6.97
Total comprehensive Loss for the year	**J=(H+I)**	–	–	–	(653.44)	(653.44)
Dividends	K	–	–	–	–	–
Dividend distribution tax	L	–	–	–	–	–
Balance at March 31, 2021	**M=(G+J+K+L)**	**20.00**	**4,011.15**	**164.44**	**3,795.54**	**7,991.13**

Description of the nature and purpose of Other Equity:

Capital Reserve: Capital Reserve represents the amount received from SICOM Limited towards Special Capital incentive under 1988 Scheme of Incentives.

Securities Premium: The Securities Premium is created on issue of shares.

General Reserve: The General Reserve comprises of transfer of profits from retained earnings for appropriation purposes. The reserve can be distributed/utilised by the Company in accordance with the Companies Act, 2013.

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:
101248w/w-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: April 23 2021

Romali Malvankar
Company Secretary
Membership No-A29447

Jitendra T. Rahate
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Date: April 23 2021

CIN:U27100MH1993PLC070416

Sumit Issar
Managing Director
DIN: 06951249

Vijay Arora
Director
DIN: 07347126

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1 Corporate information:

Mahindra Steel Service Centre Limited is a public limited company domiciled in India and is incorporated on 15 January 1993 under the erstwhile Companies Act, 1956. The registered office of the Company is located at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai - 400018.

The Company's main activity is steel processing from the plants located at Kanhe (Pune), Bhopal and Noida. The Company is principally engaged in processing of automotive and electrical steel and manufacturing of electrical component.

The Company is the subsidiary of Mahindra Intertrade Limited, Mumbai, a Company incorporated in India. The ultimate parent Company is Mahindra and Mahindra Limited.

2 Significant accounting policies:

2.1 Statement of Compliance and Basis of preparation and presentation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. All values are rounded to the nearest Lakhs.

The financial statements were approved by the Board of Directors and authorised for issue on April 23, 2021.

2.2 Use of estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note No. 2.3 Property, plant & equipment

Note No. 2.10 Employee benefits

2.3 Property, plant & equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets up to the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset class based on the Company's expected usage pattern:

(a) Vehicles - 5 years

(b) Slitting Line (Plant and Equipment) – 20 Years

(c) Blanking Line (Plant and Equipment)-20 Years

(d) Washing Machine (Plant and Equipment)– 20 Years

2.4 Impairment of assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit or Loss.

2.5 Inventories:

Inventories, except for Stores and spares which are valued at cost, are valued at the lower of cost (on weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary.

Cost comprises of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Net Realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

2.6 Foreign exchange transactions and translations:

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise.

2.7 Financial assets and Financial liabilities:

Financial instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

Financial liabilities and equity instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instrument issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

All the financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit and loss.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligation is discharged, cancelled or have expired. An exchange between the lender of debt instrument with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the term of an existing liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately.

2.8 Revenue recognition:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

Revenue is measured based on the transaction price as specified in the contract with the customer. It excludes taxes or other amounts collected from customers in its capacity as an agent. In determining the transaction price, the Company considers:

Significant financing component - Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The accounting policies for specific revenue streams of the company is summarised below:

Sale of goods:

Customers obtain control of the goods when the goods are delivered to and have been accepted.

Sale of Services:

Service income is recognized over time based on as and when service is performed.

2.9 Government grants:

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable for the purpose of giving immediate financial support to the Company with no future related costs are recognized in the Statement of Profit and Loss in the year in which they become receivable.

2.10 Employee benefits:

Retirement benefit costs and termination benefits:

Payment to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return of plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and is not reclassified to Statement of profit and loss. Past service cost is recognised in Statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit or Loss in the line item "Employee benefits expense". Curtailment gains and losses are accounted for as past service cost.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for the termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Short-term and other long-term employee benefits:

A liability is recognized for benefits accruing to the employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange of that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange of related service.

Liabilities recognized in respect of other long-term employee benefits are measured at present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employee up to the reporting date.

2.11 Stock appreciation rights (SARs):

For cash-settled share-based payments, a liability is recognized for the services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in the Statement of Profit and Loss for the year.

2.12 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

2.13 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.14 Taxes on income:

Income Tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.15 Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.16 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.17 Earning per share:

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year.

2.18 Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee:

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in the statement of financial position.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease.

3 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013 revising Division I, II and III of Schedule III and are applicable from April 1, 2021. The amendments primarily relate to

(a) Change in existing presentation requirements for certain items in Balance sheet, for eg. lease liabilities, security deposits, current maturities of long-term borrowings, effect of prior period errors on Equity Share capital

(b) Additional disclosure requirements in specified formats, for eg. ageing of trade receivables, trade payables, capital work in progress, intangible assets, shareholding of promoters, etc.

(c) Disclosure if funds have been used other than for the specific purpose for which it was borrowed from banks and financial institutions.

(d) Additional Regulatory Information, for eg., compliance with layers of companies, title deeds of immovable properties, financial ratios, loans and advances to key managerial personnel, etc.

(e) Disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency.

The amendments are extensive, and the Company is evaluating the same.

Note No. 4 - Property, Plant & Equipment:

Rs. in Lakhs

Description of Assets	Buildings	Right-of-Use Asset-Land and Building	Plant and Equipments	Electric Installations	Office Equipments	Furniture and Fixtures	Vehicles	Computers	Total
I. Cost									
Balance as at 1 April, 2020	**3,086.68**	**150.88**	**13,326.19**	**358.34**	**77.51**	**77.07**	**81.27**	**107.33**	**17,265.27**
Additions (Refer note (ii))	101.94	2,845.30	3,758.29	202.66	12.24	14.68	–	19.57	6,954.68
Disposals	–	–	42.29	–	–	–	–	0.43	42.72
Balance as at March 31, 2021	**3,188.62**	**2,996.18**	**17,042.19**	**561.00**	**89.75**	**91.75**	**81.27**	**126.47**	**24,177.23**
II. Accumulated depreciation									
Balance as at April 1, 2020	**1,113.02**	**24.36**	**8,585.58**	**300.91**	**62.59**	**56.49**	**21.04**	**92.54**	**10,256.53**
Depreciation expense for the year	99.36	158.72	823.47	30.84	4.87	5.98	15.30	6.55	1,145.09
Eliminated on disposal of assets	–	–	5.23	–	–	–	–	0.41	5.64
Balance as at March 31, 2021	**1,212.38**	**183.08**	**9,403.82**	**331.75**	**67.46**	**62.47**	**36.34**	**98.68**	**11,395.98**
Net carrying amount (I-II)									
Balance as on March 31, 2021	**1,976.24**	**2,813.10**	**7,638.37**	**229.25**	**22.29**	**29.28**	**44.93**	**27.79**	**12,781.25**
Balance as on March 31, 2020	1,973.66	126.52	4,740.61	57.43	14.92	20.58	60.23	14.79	7,008.74
I. Cost									
Balance as at April 1, 2019	**3,079.33**	**–**	**13,186.73**	**358.34**	**76.91**	**75.84**	**63.39**	**104.57**	**16,945.11**
Additions	7.35	150.88	144.65	–	1.03	1.23	42.35	3.09	350.58
Disposals	–	–	5.19	–	0.43	–	24.47	0.33	30.42
Balance as at March 31, 2020	**3,086.68**	**150.88**	**13,326.19**	**358.34**	**77.51**	**77.07**	**81.27**	**107.33**	**17,265.27**
II. Accumulated depreciation									
Balance as at April 1, 2019	**1,018.15**	**–**	**7,723.07**	**272.94**	**59.04**	**50.42**	**18.70**	**88.75**	**9,231.07**
Depreciation expense for the year	94.87	24.36	862.60	27.97	3.95	6.07	14.29	4.10	1,038.21
Eliminated on disposal of assets	–	–	0.09	–	0.40	–	11.95	0.31	12.75
Balance as at March 31, 2020	**1,113.02**	**24.36**	**8,585.58**	**300.91**	**62.59**	**56.49**	**21.04**	**92.54**	**10,256.53**
Net carrying amount (I-II)									
Balance as on March 31, 2020	**1,973.66**	**126.52**	**4,740.61**	**57.43**	**14.92**	**20.58**	**60.23**	**14.79**	**7,008.74**
Balance as on March 31, 2019	2,061.18	–	5,463.66	85.40	17.87	25.42	44.69	15.82	7,714.04

Notes:

i) Refer note 13 for details of securities.

Note No. 5 - Loans

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Security Deposits		
– Unsecured, considered good	**77.45**	165.23
	77.45	165.23

Note No. 6 - Industrial Investment Promotion Assistance receivable

Rs. in Lakhs

Particulars	As at March 31, 2021			As at March 31, 2020		
	Current	Non-Current	Total	Current	Non-Current	Total
Industrial Investment Promotion Assistance receivable – Unsecured, considered good	**–**	**368.39**	**368.39**	163.52	204.87	368.39
Refer Note 39	**–**	**368.39**	**368.39**	163.52	204.87	368.39

Note No. 7 - Other assets

Rs. in Lakhs

Particulars	As at March 31, 2021			As at March 31, 2020		
	Current	Non-Current	Total	Current	Non-Current	Total
(i) Advances to suppliers	**30.91**	**–**	**30.91**	54.49	–	54.49
(ii) Capital advances	**–**	**–**	**–**	–	14.02	14.02
(iii) Balances with government authorities (other than income taxes)....						
(i) Custom/Excise deposits	**–**	**29.21**	**29.21**	–	29.21	29.21
(ii) CENVAT/GST input credit	**1,067.54**	**–**	**1,067.54**	1,107.66	–	1,107.66
(iii) Value added tax credit	**–**	**39.26**	**39.26**	–	39.26	39.26
(iv) Prepayments	**46.15**	**11.82**	**57.97**	84.66	10.32	94.98
(v) Income tax assets (net)	**–**	**279.76**	**279.76**	–	354.22	354.22
(vi) Surplus of plan assets over obligation - gratuity	**–**	**14.46**	**14.46**	–	23.14	23.14
(vii) Other advances						
(i) Advance to employees	**0.45**	**–**	**0.45**	1.87	–	1.87
Total	**1,145.05**	**374.51**	**1,519.56**	1,248.68	470.17	1,718.85

Note No. 8 - Inventories

Rs. in Lakhs

	Particulars	As at March 31, 2021	As at March 31, 2020
(a)	Raw materials	**2,673.34**	4,588.21
(b)	Work-in-progress	**333.55**	404.36
(c)	Finished goods	**409.75**	558.50
(d)	Stock in trade	**2.66**	2.66
(e)	Stores and spares	**59.15**	55.49
(f)	Others: Scrap	**91.97**	31.42
	Total Inventories at the lower of cost and net realisable value	**3,570.42**	5,640.64
	Included above, goods-in-transit:		
(i)	Raw materials	**294.28**	2,258.98

Notes:

(i) The cost of inventories recognised as an expense during the year was Rs. 13,757.86 Lakhs (FY 2020: Rs. 17,151.89 Lakhs)

(ii) The cost of inventories recognised as an expenses includes reversal of Rs. 119.22 Lakhs in respect of write-downs of inventory to net realisable value and provision on slow moving inventory. (FY 2020: Rs. 60.97 Lakhs in respects of write-down of inventory to net realisable value and provision on slow moving inventory).

(iii) The mode of valuation of inventories has been stated in note 2.5

(iv) Refer note no 13 and 16 for details of securities.

Note No. 9 - Trade receivables

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables		
Considered good, Unsecured	**6,059.22**	2,639.74
Total	**6,059.22**	2,639.74

Notes:

(i) The average credit period for sales of products ranges between 90 to 120 days and for Job work processing is 30 days.

(ii) There are no trade receivable which have significant increase in credit risk or are credit impaired.

Note No. 10 - Cash and cash equivalents

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents		
(a) Balances with banks	**11.28**	780.39
(b) Cash on hand	**0.07**	0.38
Total	**11.35**	780.77

Note No. 11 - Equity Share Capital

Rs. in Lakhs

Particulars	As at March 31, 2021 No. of shares	As at March 31, 2021 Amount	As at March 31, 2020 No. of shares	As at March 31, 2020 Amount
Authorised:				
Equity shares of Rs. 10 each with voting rights	**17,000,000**	**1,700.00**	17,000,000	1,700.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**16,539,759**	**1,653.98**	16,539,759	1,653.98
Total	**16,539,759**	**1,653.98**	16,539,759	1,653.98

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	Opening Balance	Fresh issue	Buy back	Closing Balance
Equity Shares of Rs. 10 each				
Year ended March 31, 2021				
Number of shares	**16,539,759**	**–**	**–**	**16,539,759**
Amount (in Lakhs)	**1,653.98**	**–**	**–**	**1,653.98**
Year ended March 31, 2020				
Number of shares	16,539,759	–	–	16,539,759
Amount (in Lakhs)	1,653.98	–	–	1,653.98

The Company has not allotted any equity shares for consideration other than cash , bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: one vote for each equity share registered in the name of the member. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

Details of shares held by the holding company

Particulars	As at March 31, 2021	As at March 31, 2020
Mahindra Intertrade Limited, the holding Company (including 7 equity shares held jointly with its nominees)	**10,089,257**	10,089,257

Details of shares held by each shareholder holding more than 5% shares

Particulars	As at March 31, 2021 Number of shares	% of holding	As at March 31, 2020 Number of shares	% of holding
Mahindra Intertrade Limited, the holding Company (including 7 equity shares held jointly with its nominees)	**10,089,257**	**61%**	10,089,257	61%
Metal One Corporation	**6,450,502**	**39%**	6,450,502	39%

Note No. 12 - Other equity

Rs. in Lakhs

Particulars		Capital reserve	Securities premium	General reserve	Retained earnings	Total
Balance at April 1, 2019	A	20.00	4,011.15	164.44	5,264.19	9,459.78
Loss for the year	B	–	–	–	(521.06)	(521.06)
Other comprehensive income (net of taxes)	C	–	–	–	24.89	24.89
Total comprehensive loss for the year	**D(B+C)**	–	–	–	**(496.17)**	**(496.17)**
Dividend (Rs. 1.60 per share)	E	–	–	–	(264.64)	(264.64)
Dividend distribution tax (DDT)	F	–	–	–	(54.40)	(54.40)
Balance at March 31, 2020	G (A+D+E+F)	20.00	4,011.15	164.44	4,448.98	8,644.57
Loss for the year	H	–	–	–	(660.41)	(660.41)
Other comprehensive income (net of taxes)	I	–	–	–	6.97	6.97
Total comprehensive loss for the year	J(H+I)	–	–	–	**(653.44)**	**(653.44)**
Dividend (Rs. 1.60 per share)	K	–	–	–	–	–
Dividend distribution tax (DDT)	L	–	–	–	–	–
Balance at March 31, 2021	**M (G+J+K+L)**	**20.00**	**4,011.15**	**164.44**	**3,795.54**	**7,991.13**

Note No. 13 - Non current borrowings

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Measured at amortised cost		
A. Secured:		
Term loans:		
From banks [Refer note (i)]	**3,275.33**	2,032.69
Less: Current maturities of long term debts	**(819.66)**	(357.37)
Total secured	**2,455.67**	1,675.32
B. Unsecured		
(i) Interest free sales tax loan from SICOM [Refer note (ii)]	**–**	48.40
Less: Current maturities of long term debts	**–**	(48.40)
	–	**–**
(ii) Other Loans		
Deferred payment liabilities [Refer note (iii)]	**–**	6.55
Less: Current maturities of long term debts	**–**	(6.55)
	–	–
Total unsecured	**–**	**–**
Total	**2,455.67**	1,675.32

Notes:

(i) (a) As on 31 March 2021, the Company has taken term loan of Rs 1,675.32 Lakhs (FY 2020: Rs. 2,032.69 Lakhs) under sanction extended by HDFC Bank [interest payable at the rate of 7.30% p.a. to 7.45% p.a.(FY 2020: 8.25% p.a. to 8.45% p.a.) (payable monthly) linked to the base rate], secured by exclusive charge on movable property, plant and equipment situated at Noida and Bhopal plant; and pari-passu charge on property, plant and equipment situated at Chennai plant. The repayment Schedule is as under:

Rs. in Lakhs

Name of the Bank	Rate of Interest	repayable in FY 2021- 22	FY 2022-23	FY 2023-24	Total
HDFC Bank	7.30%	75.00	37.50	–	112.50
HDFC Bank	7.30%	8.95	4.48	–	13.43
HDFC Bank	7.45%	66.35	66.35	92.89	225.59
HDFC Bank	7.45%	0.37	0.37	0.51	1.25
HDFC Bank	7.45%	4.37	4.37	6.12	14.86
HDFC Bank	7.45%	23.24	23.24	32.54	79.02
HDFC Bank	7.45%	6.25	6.25	8.75	21.25
HDFC Bank	7.45%	36.00	36.00	50.40	122.40
HDFC Bank	7.45%	37.50	37.50	52.50	127.50
HDFC Bank	7.45%	12.50	12.50	17.50	42.50
HDFC Bank	7.42%	201.78	201.78	282.50	686.06
HDFC Bank	7.42%	63.78	63.78	89.29	216.85
HDFC Bank	7.42%	3.56	3.56	4.99	12.11
Total		**539.65**	**497.68**	**637.99**	**1,675.32**

(i) (b) As on 31 March 2021, the Company has taken term loan of Rs 1,600 Lakhs (FY 2020: Rs. Nil Lakhs) under sanction extended by Axis Bank [interest payable at the rate of 7.55% p.a.(FY 2020: Not applicable) (payable monthly) linked to the base rate], secured by pari-passu charge on movable property fixed assets situated at Chennai plant. The repayment Schedule is as under:

Rs. in Lakhs

		repayable in				
Name of the Bank	**Rate of Interest**	**FY 2021-22**	**FY 2022-23**	**FY 2023-24**	**FY 2024-25**	**Total**
Axis Bank	7.55%	280.00	480.00	560.00	280.00	1,600.00

(iii) As on March 31, 2020 Company had Interest Free SICOM loan of Rs. 48.40 Lakhs which has been fully repaid during FY 2021.

(iv) The Company had received a Certificate of Entitlement from the Deputy Commissioner of Sales Tax, Maharashtra State, in terms of the Package Scheme of Incentives, 1993 of the Government of Maharashtra, consequent to which the Company had deferred the sales tax liability with effect from May 1, 2002. The Sales Tax liability so deferred was Rs. 6.55 Lakhs as at March 31, 2020 which has been fully repaid during FY 2021.

Note No. 14 Trade payables

Rs. in Lakhs

Particulars	**As at March 31, 2021**	As at March 31, 2020
Trade payable for goods & services		
A. Total outstanding dues from micro enterprises and small enterprises, and	**113.91**	34.94
B. Total outstanding dues of creditors other than micro enterprises and small enterprises	**3,550.38**	3,226.22
Subtotal	**3,664.29**	3,261.16
Acceptances	**3,344.19**	3,063.72
Total	**7,008.48**	6,324.88

Note: Dues to Micro, Small and Medium Enterprises

Particulars	**As at March 31, 2021**	As at March 31, 2020
The amounts remaining unpaid to micro and small suppliers as at the end of the year Principal	**113.91**	34.94
Interest due thereon	**–**	–
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	**–**	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act,2006	**–**	–
The amount of interest accrued and remaining unpaid at the end of each accounting year.	**–**	–
The amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	**–**	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

Note No. 15 Provisions

Rs. in Lakhs

	As at March 31, 2021			As at March 31, 2020		
Particulars	**Current**	**Non-Current**	**Total**	Current	Non-Current	Total
(a) Provision for employee benefits						
(1) Long-term employee benefits						
(i) Provision for compensated absences	**18.94**	**110.54**	**129.48**	22.67	120.70	143.37
(ii) Provision for Post-retirement medical benefit	**0.33**	**15.59**	**15.92**	0.31	12.20	12.51
Total	**19.27**	**126.13**	**145.40**	22.98	132.90	155.88

Note:
The provision for employee benefits includes privileged leave entitlements accrued. The decrease in the carrying amount of the provision for the current year results from accrual of the privileged leave entitlements for the current year. For other disclosures, refer note 31

Note No. 16 - Current borrowings

Particulars		As at March 31, 2021	As at March 31, 2020
			Rs. in Lakhs
A.	**Secured**		
	Loans payable on demand From bank (Refer note (i))	**25.34**	–
	Short term loan from bank (Refer note (ii))	**–**	2,050.00
	Total	**25.34**	2,050.00
B.	**Unsecured**		
	Short term loan:	**–**	–
	Intercorporate Deposit (Refer note (iii))	**925.00**	–
	Total	**925.00**	–
	Total	**950.34**	2,050.00

Notes:

(i) (a) The Cash credit of Rs. 16.34 Lakhs (FY:2020 Rs Nil) from HDFC Bank Limited is secured on pari-passu basis by charge on stock and book debts of the Company. Interest is payable at the rate of 7.60%.

(b) The Cash credit of Rs. 9.00 Lakhs (FY:2020 Rs Nil) from Axis Bank Limited is secured on first pari-passu basis by charge on current assets of the Company. Interest is payable at the rate of 7.30%.

(ii) As at March 31, 2020, the Company had a working capital short term loan of Rs. 2,050 Lakhs under sanction extended by HDFC Bank secured by first pari passu charge on the stock and book debts of the Company. Interest was payable at the rate of 7.90% p.a linked to 3 months MCLR.

(iii) The Company has taken unsecured short term intercorporate deposit of Rs. 925 Lakhs as at March 31,2021 (FY:2020 Rs. Nil) from the Parent Company Mahindra Intertrade Limited. Interest is payable at the rate 6.95% p.a.

Note No. 17 - Lease Liability

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2020	As at March 31, 2020
	Current	**Non-current**	**Total**	Current	Non-current	Total
Lease Liability	**105.50**	**2,625.94**	**2,731.44**	22.88	67.02	89.90
Total	**105.50**	**2,625.94**	**2,731.44**	22.88	67.02	89.90

Note No. 18 - Other financial liabilities

Rs. in Lakhs

	Particulars	As at March 31, 2021	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2020	As at March 31, 2020
		Current	**Non–current**	**Total**	Current	Non–current	Total
	Other financial liabilities measured at amortised cost						
(a)	Current maturities of long-term debt (refer note below)	**819.66**	–	**819.66**	412.32	–	412.32
(b)	Interest accrued but not due on borrowings	**16.65**	–	**16.65**	27.55	–	27.55
(c)	Other liabilities						
	(1) Creditors for capital supplies/services	**179.59**	–	**179.59**	428.71	–	428.71
	(2) Dealer deposit	**42.24**	–	**42.24**	37.72	–	37.72
	(3) Employee wages and salary payable	**135.22**	–	**135.22**	114.18	–	114.18
	Total	**1,193.36**	–	**1,193.36**	1,020.48	–	1,020.48
	Other financial liabilities measured at fair value						
(1)	Derivatives						
	Foreign currency forward contracts	**53.22**	–	**53.22**	–	–	–
(2)	Other						
	Liability for Cash-settled share-based payments	**25.51**	**24.65**	**50.16**	84.46	21.75	106.21
	Total	**78.73**	**24.65**	**103.38**	84.46	21.75	106.21
	Total	**1,272.09**	**24.65**	**1,296.74**	1,104.94	21.75	1,126.69

Note: Refer note 13 for details of securities.

Note No. 19 - Other current liabilities

Rs. in Lakhs

Particulars		As at March 31, 2021	As at March 31, 2020
a.	Advances received from customers	**75.56**	96.62
b.	Others		
	(i) Employee recoveries and employer contributions	**14.38**	12.21
	(ii) Statutory remittances (withholding taxes, GST etc.)	**34.72**	74.54
	Total	**124.66**	183.37

Note No. 20 - Current Tax and deferred tax

(a) Income tax recognised in Statement of Profit and Loss

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax:		
In respect of prior year	**(56.74)**	(159.17)
Deferred tax:		
In respect of current year origination and reversal of temporary differences	**(267.71)**	(474.55)
Total	**(324.45)**	(633.72)

(b) Income tax recognised in other comprehensive income

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current Tax		
Remeasurement of defined benefit obligations	–	–
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	**2.69**	9.60
Total	**2.69**	9.60
Bifurcation of income tax recognised in other comprehensive income into:		
– Items that will not be reclassified to profit and loss	**2.69**	9.60
Total	**2.69**	9.60

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax	**(984.86)**	(1,154.78)
Income tax expense calculated at 27.82% (2020: 27.82%)	**(273.99)**	(321.26)
Effect of income that is exempt from taxation	–	(0.12)
Effect of expenses that are non-deductible in determining taxable profit	**2.71**	7.26
Others	**3.57**	(10.13)
Effect of expenses due to change in income tax rate	–	(150.30)
Current tax in respect of prior period	**(56.74)**	(159.17)
Income tax (income)/expense recognised in Statement of Profit and Loss	**(324.45)**	(633.72)

Note:

The tax rate used for the 31 March 2021 and 31 March 2020 reconciliations above is the corporate tax rate of 27.82% and 27.82% [including surcharge of 7% and 12% respectively and Health and Education Cess of 4% payable by corporate entities in India on taxable profits under Indian income tax laws.

Note No. 21 - Deferred tax

Rs. in Lakhs

For the year ended March 31, 2021

Particulars	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income (OCI)	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	(604.16)	(288.89)	–	(893.05)
Tax effect of items constituting deferred tax assets				
Employee benefits	72.91	(20.26)	(2.69)	49.96
FVTPL financial liabilities including derivatives	3.81	7.24	–	11.05
Carried forward loss of current year	218.16	584.18	–	802.34
Other	14.46	(14.56)	–	(0.10)
Net tax asset/(liabilities)	**(294.82)**	**267.71**	**(2.69)**	**(29.80)**

Rs. in Lakhs

For the year ended March 31, 2020

Particulars	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income (OCI)	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	(830.20)	226.04	–	(604.16)
Tax effect of items constituting deferred tax assets				
Employee benefits	63.28	19.23	(9.60)	72.91
FVTPL financial liabilities including derivatives	7.15	(3.34)	–	3.81
Carried forward loss of current year	–	218.16	–	218.16
Other	–	14.46	–	14.46
Net tax asset/(liabilities)	**(759.77)**	**474.55**	**(9.60)**	**(294.82)**

Note No. 22 - Revenue from operations

The following is an analysis of the company's revenue for the year from continuing operations.

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. Revenue from contract with customers: (Refer Note (i)		
(a) Revenue sale of products (Refer note (ii) below)	**14,787.63**	18,042.36
(b) Revenue from rendering of services (Refer note (iii) below)	**1,351.24**	1,727.12
Less: Capitalised	**–**	(0.08)
Subtotal	**16,138.87**	19,769.40
B. Other operating revenue (Refer note (iv) below)	**988.40**	1,323.07
Total	**17,127.27**	21,092.47

Notes:

(i) The management determines that the segment information reported under Note 22 A above Segment information is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with Customers. Hence, no separate disclosures of disaggregated revenues are reported.

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(ii) Sale of products comprises:		
Manufactured goods		
Steel products	**14,787.63**	18,042.36
Total	**14,787.63**	18,042.36
(iii) Sale of services comprises:		
Steel processing	**1,351.24**	1,727.12
(iv) Other operating revenues comprise**:**		
Scrap sales	**948.35**	1,195.70
Insurance claim	**9.46**	22.98
Industrial Investment Promotion Assistance (Refer note 39)	**–**	95.83
Other operating income	**30.59**	8.56
Total	**988.40**	1,323.07

Note No. 23 - Other Income

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Interest income		
Other	**25.47**	49.11
(b) Dividend income		
Others	**–**	0.42
(c) Profit on sale of current investments	**2.39**	1.94
(d) Profit on sale of property, plant and equipment	**4.82**	7.26
(e) Liabilities no longer required written back	**6.40**	25.20
(f) Net gain on foreign currency transactions and translations	**7.66**	–
Total	**46.74**	83.93

Note No. 24 - Cost of materials consumed

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening stock	**4,588.21**	6,139.43
Add: Purchases	**11,623.43**	14,713.38
Less: Capitalised	**–**	(31.60)
Less: Closing stock	**(2,673.34)**	(4,588.21)
Cost of materials consumed - Steel Products	**13,538.30**	16,233.00

Note No. 25 - Changes in inventories of finished goods, stock-in-trade and work-in-progress

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the end of the year:		
Finished goods - Steel Products	**409.75**	558.50
Work-in-progress - Steel Products	**333.55**	404.36
Stock in trade - Steel Products	**2.66**	2.66
	745.96	965.52
Inventories at the beginning of the year:		
Finished goods - Steel Products	**558.50**	1,060.88
Work-in-progress - Steel Products	**404.36**	820.87
Stock in trade - Steel Products	**2.66**	2.66
	965.52	1,884.41
Net decrease	**219.56**	918.89

Note No. 26 - Employee benefits expense

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Salaries and wages	**931.04**	910.36
(b) Contribution to provident and other funds	**79.11**	83.50
(c) Share based payment to employees	**43.40**	83.81
(d) Post-retirement medical benefit expense	**1.94**	1.64
(e) Staff welfare expenses	**46.85**	83.68
Sub-Total	**1,102.34**	1,162.99
Less: Capitalised	**–**	92.93
Total	**1,102.34**	1,070.06

Note No. 27 - Finance costs

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense on financial liability measured at amortised cost		
(a) Borrowings	**295.38**	388.12
(b) Lease Liability	**139.22**	7.47
(c) Other		
- Usance Interest	**47.36**	104.01
- delayed/deferred payment of tax	**1.36**	–
Sub-Total	**483.32**	499.60
Less: Capitalised	**–**	178.68
Total	**483.32**	320.92

Note No. 28 - Depreciation expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on		
Property, plant and equipment (Refer Note 4)	**1,145.09**	1,038.21
Less: Capitalised	**–**	2.48
Total	**1,145.09**	1,035.73

Note No. 29 - Other expenses

Rs. in Lakhs

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a)	Stores and tools consumed	**47.24**	45.52
(b)	Power & fuel	**378.26**	482.42
(c)	Rent including lease rentals	**0.33**	11.75
(d)	Rates and taxes	**34.06**	27.88
(e)	Insurance	**45.14**	46.66
(f)	Repairs and maintenance - Buildings	**10.86**	19.43
(g)	Repairs and maintenance - Machinery	**40.54**	41.79
(h)	Repairs and maintenance - Others	**89.29**	193.19
(i)	Freight outward	**282.68**	307.14
(j)	Subcontracting, hire and service charges	**342.18**	426.21
(k)	Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013. (Refer note No. 37)	**10.60**	21.54
(l)	Net loss on foreign currency transactions and translations	**–**	155.39
(m)	Fair value loss on financial instruments at fair value through profit and loss	**53.22**	–
(n)	Auditors remuneration and out-of-pocket expenses(note below)	**9.67**	9.29
(o)	Legal and other professional costs	**154.55**	128.73
(p)	Bad debts / advances written off	**21.40**	0.12
(q)	Industrial Investment Promotion Assistance written off (Refer note 39)	**–**	722.13
(r)	Software charges	**43.32**	40.50
(s)	Miscellaneous expenses	**106.92**	162.86
	Total	**1,670.26**	2,842.55
	Less: Capitalised	**–**	89.97
	Total	**1,670.26**	2,752.58

Note

Rs. in Lakhs

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	Payment to statutory auditors (excluding GST):		
(i)	For Audit	**9.45**	9.00
(ii)	For other services	**0.22**	–
(iii)	For reimbursement of expenses	**–**	0.29
	Total	**9.67**	9.29

Note No. 30 - Contingent liabilities and commitments (to the extent not provided for)

Rs. in Lakhs

	Particulars	As at March 31, 2021	As at March 31, 2020
(i)	**Claims against the Company not acknowledged as debts:**		
	(a) Excise duty demand for FY 13-14 to June 17	**406.88**	406.88
	(b) Custom duty demand for the financial year 2009-10	**2.53**	13.95
	(c) Madhya Pradesh VAT/CST demand Financial Year 2011-12	**8.95**	8.95
	(d) Madhya Pradesh VAT/CST demand Financial Year 2012-13	**6.51**	7.21
(ii)	**Commitments:**		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for		
	Tangible assets	**9.99**	255.53
(iii)	**Other money for which the Company is contingently liable**		
	(a) Corporate guarantee given by the Company to M/s SHV Energy Private Limited	**12.00**	12.00

Note No. 31 - Employee benefits

(a) Defined Contribution Plan

The Company has recognized, in the Statement of Profit and Loss for the year, an amount of Rs. 57.13 Lakhs (FY 2020: Rs. 56.63 Lakhs as expenses under defined contribution plans).

Rs. in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Provident Fund	**37.15**	38.38
Pension Fund	**19.98**	18.25
Total	**57.13**	56.63

(b) Defined benefit plans:

(i) GRATUITY

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Nature of Benefits:

The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for a gratuity plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the income tax and rules. Besides this if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

Governance of Plan:

The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The plan is funded under Group Gratuity Scheme which is administered by LIC. The Company makes annual contribution to the plan.

Inherent Risk:

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

(ii) POST-RETIREMENT MEDICAL BENEFITS

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse up to a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Nature of Benefits:

The Company operates a defined benefit post-retirement medical plan. The benefits payable to the employees are post their retirement from the Company. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for such a post-retirement medical plan in India. The Company has chosen not to fund the post-retirement benefit liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts.

Governance of Plan:

The Company is responsible for the overall governance of the plan. Since the plan is unfunded, the governance of the plan is limited to employees being paid the benefits as per the terms of the plan.

Inherent Risk:

The plan is of a defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse increase in healthcare costs or demographic experience can result in an increase in cost of providing these benefits to employees in future. The benefits are also paid post retirement up to a specified age of the beneficiaries and the plan carries the longevity risks.

Life expectancy:

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Defined benefit plans – as per actuarial valuation on 31st March, 2021

Rs. in Lakhs

Particulars	Funded Plan		Unfunded Plans	
	Gratuity		Post-retirement medical benefit	
	2021	2020	**2021**	2020
(iii) Expense recognised in the Statement of Profit and Loss for the year ended March 31:				
1) Current service cost	**21.60**	23.33	**1.14**	0.89
2) Past service credit	**–**	–		–
3) Interest on net defined benefit liability/ (asset)	**(1.83)**	0.64	**0.80**	0.75
	19.77	23.97	**1.94**	1.64

Rs. in Lakhs

Particulars	Funded Plan		Unfunded Plans	
	Gratuity		Post-retirement medical benefit	
	2021	2020	**2021**	2020
(iv) Included in Other Comprehensive Income				
1) Actual return on plan assets less interest on plan assets	**(6.29)**	0.34	**–**	–
2) Actuarial (gain)/loss on account of :				
– Changes in demographic assumptions	**–**	–	**–**	–
– Financial assumptions	**(0.79)**	(31.10)	**(0.12)**	1.64
– Experience adjustments	**(4.36)**	(5.13)	**1.90**	(0.24)
	(11.44)	(35.89)	**1.78**	1.40
(v) Net asset/(liability) recognised in the Balance Sheet as at March 31				
1) Present value of defined benefit obligation as at March 31	**208.43**	192.38	**15.92**	12.51
2) Fair value of plan assets as at March 31	**222.89**	215.52		–
3) Surplus/(Deficit)	**14.46**	23.14	**(15.92)**	(12.51)
4) Current portion of the above	**–**	–	**(0.33)**	(0.31)
5) Non current portion of the above	**14.46**	23.14	**(15.59)**	(12.20)
(vi) Change in the obligation during the year ended March 31				
1) Present value of defined benefit obligation at the beginning of the year	**192.38**	204.32	**12.51**	9.98
2) Expenses recognised in Statement of Profit and Loss account				
– Current service cost	**21.60**	23.33	**1.14**	0.89
– Past Service Cost	**–**	–	**–**	–
– Interest expense (income)	**11.67**	14.39	**0.80**	0.75
3) Recognised in Other Comprehensive Income				
Remeasurement gains/(losses)				
– Actuarial gain (loss) arising from:				
(i) Changes in demographic assumptions	**–**	–	**–**	–
(ii) Financial assumptions	**(0.79)**	(31.10)	**(0.12)**	1.64
(iii) Experience adjustments	**(4.36)**	(5.13)	**1.90**	(0.24)
4) Benefit payments	**(12.42)**	(3.14)	**(0.33)**	–
5) Liabilities settled	**0.35**	(10.29)	**0.02**	(0.51)
6) Present value of defined benefit obligation at the end of the year	**208.43**	192.38	**15.92**	12.51
(vii) Change in fair value of assets during the year ended March 31				
1) Fair value of plan assets at the beginning of the year	**215.52**	195.69	**–**	–
2) Expenses recognised in Statement of Profit and Loss account				
– interest on plan assets	**13.50**	14.12	**–**	–
3) Recognised in Other Comprehensive Income				
Remeasurement gains/(losses)				

Rs. in Lakhs

Particulars	Funded Plan Gratuity 2021	2020	Unfunded Plans Post-retirement medical benefit 2021	2020
– Actual return on plan assets in excess of the expected return	**6.29**	(0.34)	**–**	–
– Others (specify)	**–**	–	**–**	–
4) Contributions by employer (including benefit payments recoverable)	**–**	9.19	**–**	–
5) Benefit payments	**(12.42)**	(3.14)	**–**	–
6) Assets settled	**–**	–	**–**	–
7) Fair value of plan assets at the end of the year	**222.89**	215.52	**–**	–
(viii) The major categories of plan assets				
List the plan assets by category here				
– Insurer managed funds	**222.89**	215.52	**–**	–
(ix) Actuarial assumptions				
1) Discount rate	**6.55%**	6.50%	**6.55%**	6.50%
2) Medical premium inflation	**–**	–	**6.00%**	6.00%
3) Rate of increase in compensation levels	**7.00%**	7.00%	**–**	–
4) Mortality table	**IALM(2012-14) ult**			

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(x) Sensitivity analysis:

Gratuity

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points.

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

The sensitivity of the gratuity benefits to changes in the weighted principal assumptions is:

Rs. in Lakhs

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	**2021**	**1%**	**193.70**	**225.19**
	2020	1%	179.06	207.58
Salary growth rate	**2021**	**1%**	**224.95**	**193.63**
	2020	1%	207.35	179.00

Post retirement medical benefits

The benefit obligation results for the cost of paying future hospitalization premiums to insurance company in future for the employee / beneficiaries during their lifetime is sensitive to discount rate and future increase in healthcare costs.

The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account changes in these three key parameters:

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

The sensitivity of the post retirement medical benefit obligation to changes in the weighted principal assumptions is:

Rs. in Lakhs

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	**2021**	**1%**	**13.79**	**18.54**
	2020	1%	10.87	14.53
Medical inflation rate	**2021**	**1%**	**18.53**	**13.76**
	2020	1%	14.52	10.85

(xi) Expected contributions for the next year:

The Company expects to contribute Rs. 10 lakhs to the gratuity trusts during the next financial year of 2021.

(xii) Maturity profile:

Gratuity — Rs. in Lakhs

Maturity profile of defined benefit obligation:	2021	2020
Within 1 year	**26.59**	25.74
1 - 2 year	**17.72**	23.17
2 - 3 year	**18.12**	15.31
3 - 4 year	**19.69**	15.46
4 - 5 year	**28.87**	16.78
5 - 10 years	**80.56**	74.56
More than 10 years	**187.06**	175.14

Post-retirement medical benefits — Rs. in Lakhs

Maturity profile of defined benefit obligation:	2021	2020
Within 1 year	**0.33**	0.31
1 - 2 year	**0.35**	0.33
2 - 3 year	**0.37**	0.35
3 - 4 year	**0.39**	0.37
4 - 5 year	**0.42**	0.39
5 - 10 years	**2.88**	2.23
More than 10 years	**46.39**	35.27

Note No. 32 - Segment reporting

Segment information:

The company has identified ‘Steel Processing’ as its only primary reportable segment. The Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined under Ind AS 108. CODM reviews overall financial information of the Company together for performance evaluation and allocation of resources and does not review any discrete information to evaluate performance of any individual product or geography.

Geographical Information:

Almost all of the company's customer are located within India.

The Company operates and has its manufacturing / processing facilities based out of Pune, Bhopal and Noida in India.

There are 3 customers (having revenue more than Rs. 2057.99 Lakhs from each customer) who are individually contributing to more than 10% of the Company's revenue. [FY 2020: There were 2 customers (having revenue more than Rs. 4,217.92 Lakhs from each customer) who were individually contributing to more than 10% of the Company's revenue.]

Note No. 33 Related party transactions

Related party disclosures as required by IND AS 24 "Related Party Disclosures" are given below.

Relation	**Name**
Ultimate holding company	Mahindra & Mahindra Ltd.
Holding company	Mahindra Intertrade Limited
Key management personnel (KMP)	Mr. Rajeev Dubey (Non-Executive Chairman)
	Mr. Sumit Issar (Managing Director)
	Mr. P. R. Barpande (Independent Director)
	Mr. Ajay Mehta (Independent Director)
Other parties with whom transactions have taken place during the year.	
(i) Fellow Subsidiaries	Mahindra Integrated Business Solutions Pvt. Limited (MIBS)
	Mahindra Auto Steel Private Limited (MASPL)
	Mahindra MiddleEast Electrical Steel Service Centre (FZC) (MME)
	Mahindra First Choice Services Limited (MFCSL)
	Mahindra Retail Limited (formally known as Mahindra Retail Private Limited) (MRL)
	Mahindra Susten Private Limited (MSL)
	Mahindra MSTC Recycling Private Limited (MMRPL)
	Mahindra Logistics Limited (MLL)
	Mahindra Electric Mobility Ltd. (MEML)
	Mahindra Engineering & Chemical Products Ltd
	(MECPL)
(ii) Company which is associate of ultimate holding company	Mahindra CIE Limited (MCIE)
(iii) A Company having significant influence	Metal One Corporation

Managerial Remuneration

The Company is not required to pay any managerial remuneration to the Managing Director as per the terms of appointment.

(a) Disclosure of transactions (net of duties and taxes) between the company and related parties during the year ended March 31, 2021:

Rs. in Lakhs

													Fellow subsidiary													
	Ultimate holding company		Holding company		MME		MASPL		MIBS		MRL		MSL		MMRPL		MLL		MEML		MECPL		Company which is associate of ultimate holding company		A Company having Significant influence	
Nature of transactions	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Dividend paid	–	–	–	161.43	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	103.21
Processing Income	–	–	**846.64**	1,064.91	–	–	**1.20**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Processing Expense	–	–	–	–	–	–	**0.09**	0.09	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sales	–	–	**52.31**	129.78	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**76.03**	8.34	–	–	–	–	–	–
Scrap sales	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Purchases	–	–	**1,302.94**	825.92	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**4,461.92**	5,704.33
Purchase of Scrap	–	–	**2.33**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Purchase of spares	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Purchase of miscellaneous material	–	–	–	–	–	–	–	–	–	–	–	3.71	–	–	–	–	–	–	–	–	**3.84**	0.14	–	–	–	–
Purchase of solar power	–	–	–	–	–	–	–	–	–	–	–	–	**43.30**	41.82	–	–	–	–	–	–	–	–	–	–	–	–
Marketing and support service charges	–	–	**140.38**	155.89	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sublease expenses	–	–	**7.53**	6.85	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Professional expenses	**28.44**	4.85	–	–	–	–	–	–	**1.24**	1.15	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**7.12**	–
Freight Charges paid	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**66.58**	29.71	–	–	–	–	–	–	–	–
Interest on loan paid	–	–	**18.80**	21.64	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**1.58**	–
Recovery for tool development	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	11.35	–	–	–	–	–	–
Balance written back	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.06	–	–
Reimbursement received from parties	–	–	**3.08**	0.29	–	–	**6.89**	11.45	–	–	–	–	–	–	**0.09**	–	–	–	–	–	–	–	–	–	–	–
Reimbursement made to parties	**44.75**	41.13	**2.46**	3.55	–	–	**2.91**	–	–	–	–	–	–	–	**8.64**	7.28	–	1.96	–	–	–	–	–	–	–	–
Deputation of personnel to related parties	–	–	**21.47**	20.53	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deputation of personnel from related parties	–	–	**87.18**	58.27	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Purchase of property, plant and equipment	**0.60**	58.05	–	0.58	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sale of property, plant and equipment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Intercorporate Deposit Received	–	–	**5,700.00**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Intercorporate Deposit Repaid	–	–	**4,775.00**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deposit for appointment of director received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deposit for appointment of director paid	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

(b) Details of related party transactions with Key Management Personnel (KMP) for the year ended 31 March 2021:

Nature of Transactions	Designation	Director/KMP	March 31, 2021	March 31, 2020
Commission and Sitting Fees	Chairman	Mr. Rajeev Dubey	3.80	–
Commission and Sitting Fees	Independent Director	Mr. P. R. Barpande	4.30	1.80
Commission and Sitting Fees	Independent Director	Mr. Ajay Mehta	4.10	1.70

(c) Outstanding receivable from and payable to related parties

Rs. in Lakhs

													Fellow subsidiary													
	Ultimate holding company		Holding company		MME		MASPL		MIBS		MRL		MSL		MMRPL		MLL		MEML		MECPL		Company which is associate of ultimate holding company		A Company having Significant influence	
Nature of transactions	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Outstanding receivable	-	-	-	-	-	-	**3.64**	1.07	-	-	-	-	-	-	-		-	-	**16.81**	3.96	-	-	-	-	-	-
Outstanding payable	**22.29**	4.61	**239.82**	447.79	-	-	-	-	**0.16**	0.15	-	-	-	-	**0.74**	1.94	**18.80**	0.43	-	-	**2.67**	0.16	**134.58**	134.58	**2,721.63**	2,387.05

Notes:

1) In respect of the outstanding balances recoverable, no provision for doubtful debts was made in respect of these parties.

2) During FY 2020: 0.06 was written off from such parties.

3) The sales/provision of services to and purchases/provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. During the year, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note No. 34 - Financial instruments

[I] Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Company consists of net debt (borrowings as detailed in note 13 and 16 and offset by cash and cash equivalents) and total equity of the Company.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital. The Company's policy is to keep the gearing ratio within 150%.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Debt	**4,225.67**	4,137.64
Less: Cash and cash equivalents (Refer note 10)	**11.35**	780.77
Net debt	**4,214.32**	3,356.87
Equity	**9,645.11**	10,298.55
Gearing ratio	**44%**	33%

[II] Financial risk management framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A. CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primary trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

(i) Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on payment performance over the period of time and financial analysis including credit rating issued by credit rating agencies. Outstanding customer receivables are regularly monitored and any shipments to other small customers are generally covered by letters of credit.

The Company follows expected credit loss method for determination of impairment of trade receivable. Additionally, an impairment analysis is performed at each reporting date on specific case basis for major customers.

(ii) Financial instruments and cash deposits:

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with approved mutual fund or banks and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

B. LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above	Total	Carrying amount
Non-derivative financial liabilities						
As at March 31, 2021						
Non-interest bearing	**4,046.85**	**24.65**	**–**	**–**	**4,071.50**	**4,071.50**
Variable interest rate instruments	**5,662.03**	**3,016.86**	**831.50**	**3,127.22**	**12,637.61**	**10,317.95**
Total	**9,708.88**	**3,041.51**	**831.50**	**3,127.22**	**16,709.11**	**14,389.45**
As at March 31, 2020						
Non-interest bearing	2,985.76	17.68	4.07	–	3,007.51	3,007.51
Variable interest rate instruments	6,706.16	1,269.94	682.21	24.61	8,682.92	8,259.28
Total	9,691.92	1,287.62	686.28	24.61	11,690.43	11,266.79

Sensitivity interest rate increase by 1%:

Profit will decrease on variable interest rate instrument by Rs. 103.18 lakhs for the year ended 31 March, 2021 (Rs. 82.59 lakhs for the year ended March 31, 2020)

Sensitivity interest rate decrease by 1%:

Profit will increase on variable interest rate instrument by Rs. 103.18 lakhs for the year ended 31 March, 2021 (Rs. 82.59 lakhs for the year ended March 31, 2020)

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above
Derivative financial instruments				
31 March, 2021				
Gross settled:				
– foreign exchange forward contract payable	**53.22**	**–**	**–**	**–**
31 March, 2020				
Gross settled:				
– Foreign Exchange forward contracts receivable	68.15	–	–	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above	Carrying amount
Non-derivative financial assets					
As at 31 March, 2021					
Non-interest bearing	**6,070.57**	**368.39**	–	**55.84**	**6,494.80**
Variable interest rate instruments	–	–	–	**21.61**	**21.61**
Total	**6,070.57**	**368.39**	–	**77.45**	**6,516.41**
As at 31 March 2020					
Non-interest bearing	3,584.03	204.87	–	143.26	3,932.16
Variable interest rate instruments	–	–	–	21.97	21.97
Total	3,584.03	204.87	–	165.23	3,954.13

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(iv) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Secured bank overdraft/ WCDL facility	**3,974.49**	950.00
– Expiring within one year	**3,974.49**	950.00
Unsecured working capital short term loan facility	**1,000.00**	1,700.00
– Expiring within one year	**1,000.00**	1,700.00
Secured working capital non-fund based facility: (LC, BG, LUT, LER)	**975.08**	1,111.00
– Expiring within one year	**975.08**	1,111.00
Unsecured working capital non-fund based facility: (LC, BG, LUT, LER)	**4,975.28**	4,500.00
– Expiring within one year	**4,975.28**	4,500.00
Secured Capex Rupee Term Loan	–	–
– Expiring beyond one year	–	–
Total	**10,924.85**	8,261.00

C. MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors.

(i) Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases and for 36 months period for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Figures in Lakhs

Particulars	Currency	As at March 31, 2021	As at March 31, 2020
Trade payables/acceptance	USD	**45.38**	53.48
Creditors for capital supplies/services	EURO	–	4.47

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

Figures in Lakhs

Particulars	Currency	As at March 31, 2021	As at March 31, 2020
Trade payables/acceptance	USD	**5.90**	28.14
Creditors for capital supplies/services	EURO	–	0.19

(ii) Interest rate risk

Refer note B (ii) for interest rate sensitivity

(iii) Raw material price risk

The Company does not have significant risk in raw material price variations. In case of any variation in price same is passed on to the customer through appropriate adjustments to selling prices.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Note No. 35 - Fair value measurement

Fair valuation techniques and inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 inputs:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs:

Level 2 inputs are other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval
- implied volatilities
- credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 inputs:

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Rs. in Lakhs

	Fair value hierarchy as at March 31, 2021			
Financial assets/ financial liabilities	**Level-1**	**Level-2**	**Level-3**	**Total**
Financial assets				
Financial assets carried at amortised cost				
– Cash and cash equivalents	–	**11.35**	–	**11.35**
– Trade and other receivables	–	**6,059.22**	–	**6,059.22**
– Industrial Investment Promotion Assistance receivable.................	–	**368.39**	–	**368.39**
– Deposits and similar assets	–	**77.45**	–	**77.45**
Total	–	**6,516.41**	–	**6,516.41**
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans.................................	–	**4,242.32**	–	**4,242.32**
– Short term deposits...................	–	**42.24**	–	**42.24**
– Trade and other payables...........	–	**10,054.73**	–	**10,054.73**
Total	–	**14,339.29**	–	**14,339.29**

Rs. in Lakhs

	Fair value hierarchy as at March 31, 2020			
Financial assets/ financial liabilities	Level-1	Level-2	Level-3	Total
Financial assets				
Financial assets carried at amortised cost				
– Cash and cash equivalents	–	780.77	–	780.77
– Trade and other receivables	–	2,639.74	–	2,639.74
– Industrial Investment Promotion Assistance receivable.................	–	368.39	–	368.39
– Deposits and similar assets	–	165.23	–	165.23
Total	–	3,954.13	–	3,954.13
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans.................................	–	4,165.19	–	4,165.19
– Short term deposits...................	–	37.72	–	37.72
– Trade and other payables...........	–	6,957.67	–	6,957.67
Total	–	11,160.58	–	11,160.58

Financial assets/ financial liabilities measured at Fair value

Financial assets/financial liabilities	**Mar 31, 2021**	Mar 31, 2020	Fair value hierarchy	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value and sensitivity**
Other Financial Liabilities....................						
Foreign currency forward contracts	**53.22**	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contract forward rate that reflects the credit risk of various counter parties.	NA	NA
Liability for Cash-settled share-based payments...................	**50.16**	106.21	Level 2	The Black-Scholes model. Inputs used: Current Stock Price of the base instrument, Annual Volatility based on Sensex, Risk Free Return based on Zero Coupon Yield, Exercise Price, time to option maturity, dividend yield.	NA	NA
Total financial liabilities...................	**103.38**	106.21				
Other Financial Assets						
Foreign currency forward contracts	**–**	68.15	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contract forward rate that reflects the credit risk of various counter parties.	NA	NA
Other Financial Assets	**–**	68.15				

The fair values of the financial assets and financial liabilities included in the level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value

The Company consider that the carrying amount of financial asset and financial liabilities recognised in the financial statements approximate their fair value.

Note No. 36 - Earnings per share

Particulars	As at March 31, 2021	As at March 31, 2020
(loss)/Profit after tax (Rs. in Lakhs) (A).....	**(660.41)**	(521.06)
Weighted average number of shares Basic (B)	**16,539,759**	16,539,759
Earnings per share basic/diluted (Rupees) (A/B)	**(3.99)**	(3.15)
Nominal value of equity share (Rupees)...	**10.00**	10.00

Note No. 37 - Corporate social responsibility (CSR)

The CSR obligation for the year as computed by the Company and relied upon by the auditors is Rs. 10.19 Lakhs (F.Y 2020 Rs. 21.43 Lakhs). CSR amount spent during the year is Rs. 10.60 Lakhs (F.Y 2020 Rs. 21.54 Lakhs).

Note No. 38 Stock Appreciation Rights

In accordance with the directions and recommendations of the Remuneration Committee of the Company, the Company grants SARs to eligible employees/ directors. SARs granted would vest over a period of five years, or such period as stipulated by the Remuneration Committee, from the date of grant. Upon vesting of SARs eligible employees are entitled to earn cash benefits as prescribed.

One SAR shall be entitled to a cash benefit which would be the difference between the Fair Value of one fully-paid Equity Share of the holding company on the exercise date less the face value of the equity share of the holding company on the grant date. Provided, however, that once SARs have vested, an eligible employee will have the option to exercise the same within a maximum period of three years from the vesting date during such periods of time as determined by the Company.

Once SARs are vested and exercised by an employee, the Company would, within a period of 90 days from the exercise date, compute the cash benefit due in respect of those SARs and pay the same to the employee after deducting the applicable income tax at source. The latest available fair value of the Company's equity share would be considered for computing the said cash benefit.

If an eligible employee fails to exercise the SARs within a period of three years as aforesaid, the unexercised SARs will lapse and the Company's liability for such unexercised SARs will cease.

The Company has granted Stock Appreciation Rights ("SARs") to eligible employees in accordance with the Stock Appreciation Rights Scheme 2013 (SARS-2013) during the years ended March 31, 2015, March 31, 2016, March 31, 2017, March 31, 2018 and March 31, 2020.

Details of stock appreciation rights outstanding as on March 31, 2021

Particulars	Number of Grants	Grant Date	Expiry Date	Exercise Price	Fair value at Grant Date
Cash settled					
F'18 grant	3,486	Apr 27, 2017	Feb 28, 2025	10.00	118.40
F'18 grant	789	Jan 29, 2018	Feb 28, 2025	10.00	118.40
F'18 grant	792	Jan 29, 2018	Feb 28, 2026	10.00	118.40
F'20 grant	14,653	Apr 23, 2019	Feb 28, 2022	10.00	178.76
F'20 grant	14,653	Apr 23, 2019	Feb 28, 2023	10.00	178.76
F'20 grant	14,694	Apr 23, 2019	Feb 28, 2024	10.00	178.76

Movement in Stock appreciation rights

Particulars	Number of Shares
(1) The number of share options outstanding at the beginning of the year;	97,871
(2) Granted during the year..	–
(3) Exercised during the year	48,804
(4) Expired/forfeited during the year	–
(5) Outstanding at the end of the year	49,067

Stock Appreciation Right's vested during the year

Persuant to the circular resolution passed by the Nomination and Remuneration Committee of the Board, during the financial year 2020, on account of business uncertainty & outbreak of COVID 19, the Company had deferred the opening of its exercise window for SARs in case of the following SARs which had vested on 28 February 2020. According to the resolution, the Excercise window will be opened before 31 Jan 2021 at an exercise price of Rs 236.57 per SARs being the share valuation of the holding company, Mahindra Intertrade Limited as on 31st March 2020. Accordingly, the SARs vested, but deferred for excercise has been paid at 226.57 per SARs being Rs. 236.57 (Excercise Price) less Rs. 10 (Grant Price) during the year. The details of such SARs as below:

SARs vested during the previous year but deferred for excercise and paid during the year

Particulars	Number of SAR's	Vesting date	Share price at Exercise date
F'15 grant	8,328	Feb 28, 2020	236.57
F'16 grant	1,311	Feb 28, 2020	236.57
F'18 grant	4,274	Feb 28, 2020	236.57
F'20 grant	14,653	Feb 28, 2020	236.57
Total	**28,566**		

The inputs used in the measurement of the fair values at grant date of the cash-settled share-based payment plans were as follows.

Particulars	Cash settled share appreciation rights
(1) Share price..	243.36
(2) Exercise price	10.00
(3) Expected volatility (weighted-average)	21.64%
(4) Option Life...	3.25
(5) Expected dividends yield	4.92%
(6) Risk-free interest rate (based on government bonds)	5.41%

Note No. 39 - Madhya Pradesh Industrial Investment Promotion Assistance

In terms of Madhya Pradesh Industrial Investment Promotion Assistance Scheme, the Company in respect of Plant set up in an earlier year at Bhopal is entitled for Industrial Investment Promotion Assistance (IIPA) equivalent to 75% of amount deposited as VAT or CST during each of the 10 years ending March 2020. During the year ended on 31 March 2018, the Company had recognised income of Rs 69.18 Lakhs for the period 1 April 2017 to 30 June 2017.

W.e.f. 1 July 2017, VAT has been subsumed in GST. On 22 June 2018 Madhyapradesh Government provided the notification for computation of Subsidy from 1 June 2017 under GST regime. Pursuant to the notification the Company had accounted for the benefit under the scheme of

Rs. 380.05 Lakhs for the period from 1 July 2017 to 31 March 2018 and Rs. 451.12 Lakhs for the financial year ended on 31 March 2019.

However, during F 20, the Madhya Pradesh Government issued a Notification dated 6 August 2019 which effectively adds restrictions on claiming the Subsidy retrospectively from 1 July 2017 (post GST) and revising the formula for computing the Subsidy. The order had certain ambiguities.

Based on the opinion taken by the Company from the leading GST consultant, the figure of Subsidy available for the year 2018 and 2019 had been recomputed in the light of the order dated 6 Aug 2019, read with the IIPA Scheme. The revised Subsidy receivable for the period 1 July 2017 to 31 March 2018 was revised to Rs. 19.06 Lakhs (instead of Rs 380. 05 Lakhs accrued earlier) and for the year ended 31 March 2019 was Rs. 89.98 Lakhs (instead of Rs 451.12 Lakhs accrued earlier) . Accordingly, in FY 2020, the Company had written off a figure of Rs 722.13 Lakhs accounted for the above period, being in excess of the revised computation pursuant to the Notification dated 6th August 2019.

Subsequently, during the current year, on 15 March 2021, The Madhya Pradesh State Government issued order revising the conditions for claiming the Subsidy under 'The Madhya Pradesh Industrial Investment Promotion Assistance'. However, there is still ambiguity in the said order. Due to ambiguity, being conservative, the Company has not revised the originally recognised Subsidy.

Note No. 40 - Previous year's figures have been regrouped/reclassified wherever necessary.

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No:
101248w/w-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: April 23 2021

CIN:U27100MH1993PLC070416

Romali Malvankar
Company Secretary
Membership No-A29447

Jitendra T. Rahate
Chief Financial Officer

Place: Mumbai
Date: April 23 2021

Sumit Issar
Managing Director
DIN: 06951249

Vijay Arora
Director
DIN: 07347126

INDEPENDENT AUDITORS' REPORT

To the Members of
Mahindra Electrical Steel Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra Electrical Steel Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company does not have any pending litigations which would impact its financial position

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

   (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

   In our opinion and according to the information and explanations given to us, there was no remuneration paid by the company to its directors during the current year and hence the provisions of Section 197 of the Act read with Schedule V of the Act are no applicable to the Company. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No. 113959
UDIN: 21113959AAAACG7665

Place: Mumbai
Date: 23rd April 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT – 31 MARCH 2021

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets are physically verified by the management in accordance with regular program of verifying assets once in a year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in leasehold land are held in the name of the Company.

(ii) The Company does not have any physical inventories and, Accordingly, the requirement under paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not granted any loan or made any investment or given any guarantee or security during the year. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the products of the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account of the Company, the Company has generally been regular in depositing undisputed statutory dues accrued/deducted including, Income-tax and other material statutory dues with the appropriate authorities. Further as informed to us, the Company did not have any dues on account of Provident Fund, Employees' State Insurance, Sales-tax, Service tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable. Further as informed to us, the Company did not have any dues on Provident Fund, Employees' State Insurance, Sales-tax, Service tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax and Cess.

(b) According to the information and explanations given to us, there are no dues of Income tax, sales tax, service tax, custom duty, excise duty, value added tax and goods and service tax and cess which have not been deposited with the authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us by the management, the company has not taken any loans or borrowings from a financial institutions, banks or government nor has issued any debentures during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) The Company did not raise money by way of term loans, initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given by the management, there was no remuneration paid by the Company to its directors during the current year and hence the provision of Section 197 read with schedule V of the Act are not applicable to the company and hence reporting under paragraph 3(xi) of the Order is not applicable and hence not commented upon.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us by the management, the Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act, where applicable and the details of such related party transaction have been disclosed in the Ind AS financial statements as required by Ind AS 24 Related Party Disclosures specified under Section 133 of the Act. The provisions of Section 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to Section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) According to the information and explanations given to us by the management, during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No. 113959
UDIN: 21113959AAAACG7665

Place: Mumbai
Date: 23rd April 2021

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA ELECTRICAL STEEL PRIVATE LIMITED FOR THE PERIOD ENDED 31 MARCH 2021

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Electrical Steel Private Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No. 113959
UDIN: 21113959AAAACG7665

Place: Mumbai
Date: 23rd April 2021

BALANCE SHEET AS AT MARCH 31, 2021

Amount in Rs.

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
A ASSETS			
1 Non-current assets			
a) Property, plant and equipment	3	**68,523,381**	69,286,657
b) Other non-current assets	4	**–**	11,032
Total non-current assets		**68,523,381**	69,297,689
2 Current assets			
Financial assets			
(i) Cash and cash equivalents	5	**1,393,975**	2,104,041
(ii) Others	6	**947,848**	947,848
Total current assets		**2,341,823**	3,051,889
Total assets (1+2)		**70,865,204**	72,349,578
B EQUITY AND LIABILITIES			
1 Equity			
a) Equity share capital	7	**5,000,000**	5,000,000
b) Other equity	8	**(76,959,258)**	(51,622,776)
Total equity		**(71,959,258)**	(46,622,776)
LIABILITIES			
2 Current liabilities			
a) Financial liabilities			
(i) Borrowings	11	**122,000,000**	116,000,000
(ii) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises; and	12	**–**	–
(b) total outstanding dues of creditors other than micro enterprise and small enterprises	12	**12,745,230**	351,650
(iii) Other financial liabilities	13	**7,992,129**	2,503,034
b) Other current liabilities	14	**87,103**	117,670
Total current liabilities		**142,824,462**	118,972,354
Total equity and liabilities (1+2)		**70,865,204**	72,349,578

See accompanying notes to the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's registration number: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place : Mumbai
Date: 23rd April 2021

For and on behalf of the Board of Directors

CIN: U27100MH2009PTC193205

Sumit Issar
DIN: 06951249

Vijay Arora
DIN: 07347126

Place : Mumbai
Date: 23rd April 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Amount in Rs.

Particulars		Note No.	**For the year ended March 31, 2021**	For the year ended March 31, 2020
I	Other income	15	**16,211**	109,061
I	**Total Revenue**		**16,211**	109,061
II	**EXPENSES**			
	a) Finance costs	16	**11,421,421**	11,002,588
	b) Depreciation	3	**763,276**	765,367
	c) Other expenses	17	**13,167,996**	659,248
	Total expenses		**25,352,693**	12,427,203
III	**Loss before tax (I - II)**		**(25,336,482)**	(12,318,142)
IV	**Tax expense**			
	a) Current tax	9	**–**	–
	b) Deferred tax	10	**–**	(430,359)
	Total tax expense		**–**	(430,359)
V	**Loss after tax (III - IV)**		**(25,336,482)**	(11,887,783)
VI	**Other comprehensive income**		**–**	–
	a) Items that will not be reclassified to profit or loss		**–**	–
	b) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
VII	**Total comprehensive income for the year (V + VI)**		**(25,336,482)**	(11,887,783)
VIII	**Earnings per equity share (of Rs. 10 each)**			
	Basic/Diluted (Rs.)	19	**(50.67)**	(23.78)

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's registration number: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place : Mumbai
Date: 23rd April 2021

For and on behalf of the Board of Directors

CIN: U27100MH2009PTC193205

Sumit Issar
DIN: 06951249

Vijay Arora
DIN: 07347126

Place : Mumbai
Date: 23rd April 2021

STATEMENT OF CHANGES IN EQUITY

A. Equity share capital

Amount in Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	**5,000,000**	5,000,000
Changes in equity share capital during the year	**–**	–
Balance at the close of the year	**5,000,000**	5,000,000

B. Other equity

Particulars	Equity component of compound financial instruments	Retained earnings	Total
Balance as at April 1, 2019	**51,196,650**	**(90,931,643)**	**(39,734,993)**
Loss for the year	–	(11,887,783)	(11,887,783)
Other comprehensive income [Net of tax]	–	–	–
Total comprehensive loss for the year	–	(11,887,783)	(11,887,783)
Balance as at March 31, 2020	**51,196,650**	**(102,819,426)**	**(51,622,776)**
Loss for the year	–	(25,336,482)	(25,336,482)
Other comprehensive income [Net of tax]	–	–	–
Total comprehensive loss for the year	–	(25,336,482)	(25,336,482)
Balance as at March 31, 2021	**51,196,650**	**(128,155,908)**	**(76,959,258)**

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's registration number: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place : Mumbai
Date: 23rd April 2021

For and on behalf of the Board of Directors

CIN: U27100MH2009PTC193205

Sumit Issar
DIN: 06951249

Vijay Arora
DIN: 07347126

Place : Mumbai
Date: 23rd April 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

Amount in Rs.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. Cash flow from operating activities		
Loss for the year	**(25,336,482)**	(12,318,142)
Adjustments for:		
Interest income	**(16,211)**	(109,061)
Depreciation	**763,276**	765,367
Finance costs	**11,421,421**	11,002,588
	12,168,486	11,658,894
Operating loss before working capital changes	**(13,167,996)**	(659,248)
Changes in working capital:		
Increase in trade payables	**12,393,580**	27,810
(Decrease)/Increase in other current liabilities	**(30,567)**	89,678
	12,363,013	117,488
Cash used from operations	**(804,983)**	(541,760)
Net income tax refund/(paid)	**11,680**	(2,439)
Net cash flow used in operating activities (A)	**(793,303)**	(544,199)
B. Cash flow from investing activities		
Interest received	**15,563**	120,157
Net cash flow from investing activities (B)	**15,563**	120,157
C. Cash flow from financing activitiess		
Redemption of debentures	**–**	(91,000,000)
Inter-corporate deposit taken	**122,000,000**	227,000,000
Inter-corporate deposit repaid	**(116,000,000)**	(127,500,000)
Interest paid	**(5,932,326)**	(7,405,285)
Net cash flow from financing activities (C)	**67,674**	1,094,715
Net (decrease)/increase in cash and cash equivalents (A + B + C)	**(710,066)**	670,673
Cash and cash equivalents at beginning of the year	**2,104,041**	1,433,368
Cash and cash equivalents at end of the year	**1,393,975**	2,104,041
	(710,066)	670,673
Reconciliation of cash and cash equivalents with statement of financial position		
Bank balance in current accounts (refer note 5)	**1,393,975**	2,104,041
Total	**1,393,975**	2,104,041

See accompanying notes forming part of the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's registration number: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place : Mumbai
Date: 23rd April 2021

For and on behalf of the Board of Directors

CIN: U27100MH2009PTC193205

Sumit Issar
DIN: 06951249

Vijay Arora
DIN: 07347126

Place : Mumbai
Date: 23rd April 2021

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 Corporate information:

Mahindra Electrical Steel Limited ('the Company') was incorporated in India on 10 June, 2009 as a Public Company with authorised share capital of Rs.150,000,000. The Ministry of Corporate Affairs approved the change of name from Mahindra Electrical Steel Limited to Mahindra Electrical Steel Private Limited with effect from 13 January, 2012. The Company is a public Company by virtue of provision to Section 2(71) of the Companies Act, 2013 ("the 2013 Act") as it is a subsidiary of Mahindra Intertrade Limited a public limited Company. The Company's main object is to trade in or process non-ferrous/ferrous materials including various grades of steel.

2 Significant Accounting Policies followed by the Company

2.1 Statement of Compliance and Basis of preparation and presentation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act 2013 and other relevant provision of the Act.

Going concern:

As at 31 March 2021, the Company's paid up capital stands at Rs 5,000,000 and correspondingly, the Company's accumulated loss aggregated Rs 76,959,258. The Company's current liabilities exceed the current assets by Rs 140,482,639. However, the financial statements have been prepared on a going-concern basis based on a letter of support from Mahindra Intertrade Limited, the holding company, stating that it will continue to provide such financial support to the Company as is necessary to maintain the Company as a going concern for the foreseeable future and to meet its debts and liabilities, both present as well as in the future (until 31 March 2022), as and when they fall due for payment in the normal course of business. Accordingly, these financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 23 April 2021.

2.2 Use of estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

2.3 Property, plant & equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets up to the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013

Right-of-use assets are amortised over the period of lease.

2.4 Financial assets and Financial liabilities:

Financial instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit or Loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial liabilities and equity instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instrument issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

All the financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit and loss.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired. An exchange between the lender of debt instrument with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the term of an existing liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit or loss.

Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

2.5 Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.6 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.7 Earnings per share:

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

2.8 Taxes on income:

Income Tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.9 Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee:

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

2.10 Provisions and contingencies:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.11 Recent accounting pronouncements:

The following amendments to the existing Ind AS standards are not expected to have a significant impact on the Company’s financial statements.

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013 revising Division I, II and III of Schedule III and are applicable from April 1, 2021. The amendments primarily relate to

a) Change in existing presentation requirements for certain items in Balance sheet, for e.g. lease liabilities, security deposits, current maturities of long term borrowings, effect of prior period errors on Equity Share capital

b) Additional disclosure requirements in specified formats, for e.g. ageing of trade receivables, trade payables, capital work in progress, intangible assets, shareholding of promoters, etc.

c) Disclosure if funds have been used other than for the specific purpose for which it was borrowed from banks and financial institutions.

d) Additional Regulatory Information, for e.g., compliance with layers of companies, title deeds of immovable properties, financial ratios, loans and advances to key managerial personnel, etc.

e) Disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency.

The amendments are extensive and the Company is evaluating the same.

Note 3 - Property, plant and equipment

Amount in Rs.

Description of Assets	**ROU**
I. Cost	
Balance as at April 1, 2020	**75,676,646**
Additions	**–**
Disposals	**–**
Other changes	**–**
Balance as at March 31, 2021	**75,676,646**
II. Accumulated depreciation	
Balance as at April 1, 2020	**6,389,989**
Depreciation for the year	763,276
Eliminated on disposal of assets	–
Balance as at March 31, 2021	**7,153,265**
Net carrying amount (I-II)	
Balance as at March 31, 2021	**68,523,381**
Balance as at March 31, 2020	69,286,657

Description of Assets	**ROU**	**Land – Leasehold**
I. Cost		
Balance as at April 1, 2019		**75,676,646**
Reclassification on transition (refer note 2.9)	**75,676,646**	**(75,676,646)**
Additions	–	–
Disposals	–	–
Other changes	–	–
Balance as at March 31, 2020	**75,676,646**	–
II. Accumulated depreciation		
Balance as at April 1, 2019	–	**5,624,622**
Reclassification on transition (refer note 2.9)	**5,624,622**	**(5,624,622)**
Depreciation for the year	**765,367**	
Eliminated on disposal of assets	–	–
Balance as at March 31, 2020	**6,389,989**	–
Net carrying amount (I-II)		
Balance as at March 31, 2020	**69,286,657**	–
Balance as at March 31, 2019	–	70,052,024

Note 4 - Other non current assets

Amount in Rs.

Particulars	**As at March 31, 2021**	As at March 31, 2020
Non current portion		
Advance income tax (net of provision for tax)	**–**	11,032
Total other non current assets	**–**	11,032

Note 5 - Cash and cash equivalents

Particulars	**As at March 31, 2021**	As at March 31, 2020
Cash and cash equivalents		
Unrestricted balances with banks		
In current account	**1,393,975**	2,104,041
Total	**1,393,975**	2,104,041

Note 6 - Other financial assets

Particulars	**As at March 31, 2021**	As at March 31, 2020
Refund due from GIDC - leasehold land at Dahej	**947,848**	947,848
Total	**947,848**	958,944

Note 7 - Share capital

Amount in Rs.

Particulars	**As at March 31, 2021 Number of shares**	**Rupees**	As at March 31, 2020 Number of shares	Rupees
(a) Authorised				
Equity shares of Rs. 10 each	**15,000,000**	**150,000,000**	15,000,000	150,000,000
	15,000,000	**150,000,000**	15,000,000	150,000,000
(b) Issued, subscribed and fully paid up				
Equity shares of Rs. 10 each	**500,000**	**5,000,000**	500,000	5,000,000
	500,000	**5,000,000**	500,000	5,000,000

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	**Opening balance**	**Fresh issue**	**Buy back**	**Closing balance**
Issued, subscribed and fully paid up				
Equity Shares of Rs. 10 each				
For the year ended March 31, 2021				
Number of shares	**500,000**	–	–	**500,000**
Amount (in Rupees)	**5,000,000**	–	–	**5,000,000**
For the year ended March 31, 2020				
Number of shares	500,000	`–	–	500,000
Amount (in Rupees)	5,000,000	–	–	5,000,000

The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

(ii) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: in proportion to the share in paid-up equity share capital of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, if the assets available for distribution are less/more than sufficient to repay the whole of the paid up share capital, the losses/excess shall be borne/distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively.

(iii) Details of shares held by the holding company

Amount in Rs.

Particulars	As at March 31, 2021 Number of shares	As at March 31, 2020 Number of shares
Mahindra Intertrade Limited (Including 6 equity shares held jointly with its nominees)	**500,000**	500,000

(iv) Details of shares held by each shareholder holding more than 5% shares

Particulars	As at March 31, 2021 Number of shares	% of holding	As at March 31, 2020 Number of shares	% of holding
Mahindra Intertrade Limited (Including 6 equity shares held jointly with its nominees)	**500,000**	**100%**	500,000	100%

Note 8 - Other equity

Amount in Rs.

Particulars	Equity component of compound financial instruments	Retained earnings	Total
Balance as at April 1, 2019	**51,196,650**	**(90,931,643)**	**(39,734,993)**
Loss for the year	–	(11,887,783)	(11,887,783)
Other comprehensive income [Net of tax]	–	–	–
Total comprehensive loss for the year	–	(11,887,783)	(11,887,783)
Balance as at March 31, 2020	**51,196,650**	**(102,819,426)**	**(51,622,776)**
Loss for the year	–	(25,336,482)	(25,336,482)
Other comprehensive income [Net of tax]	–	–	–
Total comprehensive loss for the year	–	(25,336,482)	(25,336,482)
Balance as at March 31, 2021	**51,196,650**	**(128,155,908)**	**(76,959,258)**

Note 9 - Current tax

(a) Income Tax recognised in profit and loss

Amount in Rs.

Particulars	For the year ended on March 31, 2021	For the year ended on March 31, 2020
Current tax:		
In respect of current year	–	–
Excess provision for income tax for prior year	–	–
Total	–	–
Deferred tax:		
In respect of current year origination and reversal of temporary differences	–	(430,359)
Due to change in income tax rate	–	–
Total	–	(430,359)

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Amount in Rs.

Particulars	For the year ended on March 31, 2021	For the year ended on March 31, 2020
Loss before tax	**(25,336,482)**	(12,318,142)
Income tax expense calculated at 31.20%	**(7,904,982)**	(3,806,306)
Effect of current year losses for which no deferred tax asset is recognised	**7,904,982**	3,806,306
Deferred tax on accrued interest on liability portion of compound financial instrument	–	(430,359)
	–	(430,359)
Adjustments recognised in the current year in relation to the current tax of prior years	–	–
Income tax expense recognised in the Statement of profit and loss	–	(430,359)

Note 10 - Deferred tax

As at March 31, 2021

Particulars	Opening Balance	Recognised in profit and loss	Recognised in equity	Recognised in equity
Tax effect of items constituting deferred tax liabilities				
- Deferred tax -on recognition of equity component	**15,343,054**	–	–	**15,343,054**
Tax effect of items constituting deferred tax assets				
- Deferred tax - on recognition of accrued interest on compound financial instrument	**15,343,054**	–	–	**15,343,054**
Total	–	–	–	–

As at March 31, 2020

Particulars	Opening Balance	Recognised in profit and loss	Recognised in equity	Closing Balance
Tax effect of items constituting deferred tax liabilities				
- Deferred tax -on recognition of equity component	15,343,054	–	–	15,343,054
Tax effect of items constituting deferred tax assets				
- Deferred tax - on recognition of accrued interest on compound financial instrument	14,912,695	430,359	–	15,343,054
Total	430,359	(430,359)	–	–

Note 11 - Borrowings

Amount in Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
Measured at amortised cost		
Unsecured borrowings - at amortised Cost		
Loans		
Inter-corporate deposits taken:		
Unsecured		
From related parties		
Mahindra Intertrade Limited*	**122,000,000**	**116,000,000**
Total current borrowings	**122,000,000**	116,000,000

* Public Limited companies in which directors of the Company are directors.

Note 12 - Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
Creditors for supplies/services		
(a) total outstanding dues of micro enterprises and small enterprises; and	**–**	–
(b) total outstanding dues of creditors other than micro enterprise and small enterprises		
	12,745,230	351,650
Total	**12,745,230**	351,650

Note - There are no Micro and Small Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. This has been determined to the extent such parties have been identified based on the information available with the Company which has been relied upon by the auditors.

Note 13 – Other financial liabilities

Amount in Rs.

Particulars	As at March 31, 2021	As at March 31, 2020
Financial liabilities measured at amortised cost		
Interest accrued on inter corporate deposits	**7,992,129**	2,503,034
Total	**7,992,129**	2,503,034

Note 14 - Other liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Others		
- Statutory Dues (TDS)	**87,103**	117,670
Total	**87,103**	117,670

Note 15 - Other income

Amount in Rs.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income:		
- Bank deposits (at amortised cost)	**15,563**	108,725
- On income tax refund	**648**	**336**
Total	**16,211**	109,061

Note 16 - Finance costs

Amount in Rs.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense		
(a) Interest on debentures	**–**	54,226
(b) Unwinding of interest on liability portion of compound financial instrument	**–**	1,828,502
(c) Interest on inter corporate deposit	**11,421,421**	9,119,860
Total	**11,421,421**	11,002,588

Analysis of interest expenses by category

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) On financial liability at amortised cost	**11,421,421**	11,002,588
Total	**11,421,421**	11,002,588

Note 17 - Other expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Provision for non utilisation fees on leasehold land	**12,505,943**	–
(b) Rates and taxes	**174,094**	154,919
(c) Legal & professional expenses	**334,275**	350,929
(d) Auditors' remuneration (refer Note below)	**153,400**	153,400
(e) Other general expenses	**284**	–
Total	**13,167,996**	659,248

Note

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Payment to statutory auditors:		
For audit (Including GST)	**153,400**	153,400
Total	**153,400**	153,400

Note 18 - Related Party Disclosures

Related party disclosures as required by Ind AS-24 " Related Party Disclosures" are given below.

(A) List of Related Parties:

Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Intertrade Limited

(B) Transactions with Related Parties:

(a) Disclosure of transactions between the Company and related parties during the year ended March 31, 2021:

	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Ultimate Holding Company		
Professional fees	**248,400**	230,000
(ii) Holding Company		
Interest on Debentures	**–**	54,226
Interest on Inter Corporate Deposits	**11,421,421**	9,119,860
Unwinding of interest on liability portion of compound financial instrument	**–**	1,828,502

(b) Outstanding balances:

Amount in Rs.

	As at March 31, 2021	As at March 31, 2020
Outstanding payables		
Holding Company: borrowings	**122,000,000**	116,000,000
Ultimate Holding Company	**72,036**	187,650

During the year, there is no amount written off or written back in respect of such parties.

Note 19 - Earnings per share

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Loss after tax (Rs.) (A)	**(25,336,482)**	(11,887,783)
Weighted average number of shares (B)	**500,000**	500,000
Earnings per share [Basic/Diluted] (Rs.) (A/B)	**(50.67)**	(23.78)
Nominal value of equity share (Rs.)	**10.00**	10.00

Note 20

As at March 31, 2021 the Company is having negative net worth of Rs. 71,959,258 (FY 2020: Rs. 46,622,776). The Company has taken Leasehold land at Dahej (Gujarat) and is currently in process of evaluating options for its project. In view of the foregoing and on account of the continuing support from the holding company, the financial statements have been prepared on a going concern basis.

Note 21 - Financial Instruments

Financial Risk Management Framework

The Company's activities expose it to liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flow, and by matching the monitoring profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flow.

Amount in Rs.

Particulars	Effective interest rate	Less than 1 Year	1–3 Years	3–4 Years	5 Years and above	Total	Carrying value
Non-derivative financial liabilities							
March 31, 2021							
Non-interest bearing		**20,737,359**	**–**	**–**	**–**	**20,737,359**	**20,737,359**
Variable interest rate instruments	**9.40%**	**122,000,000**	**–**	**–**	**–**	**122,000,000**	**122,000,000**
Total		**142,737,359**		**–**	**–**	**142,737,359**	**142,737,359**
March 31, 2020							
Non-interest bearing		2,854,684	–	–	–	2,854,684	2,854,684
Variable interest rate instruments	9.75%	116,000,000	–	–	–	116,000,000	116,000,000
Total		118,854,684	–	–	–	118,854,684	118,854,684

Sensitivity interest rate increase by 1%: Profit will decrease by Rs. 12,200,000 for the year ended March 31, 2021 (Rs. 11,600,000 March 31, 2020)

Sensitivity interest rate decrease by 1%: Profit will increase by Rs. 12,200,000 for the year ended March 31, 2021 (Rs. 11,600,000 March 31, 2020)

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Amount in Rs.

Particulars	Effective interest rate	Less than 1 Year	1–3 Years	3–4 Years	5 Years and above	Total	Carrying amount
Non-derivative financial assets							
March 31, 2021							
Interest bearing		**–**	**–**	**–**	**–**	**–**	**–**
Non-interest bearing		**2,341,823**	**–**	**–**	**–**	**2,341,823**	**2,341,823**
Total		**2,341,823**	**–**	**–**	**–**	**2,341,823**	**2,341,823**
March 31, 2020							
Interest bearing		–	–	–	–	–	–
Non-interest bearing		3,051,889	–	–	–	3,051,889	3,051,889
Total		**3,051,889**	**–**	**–**	**–**	**3,051,889**	**3,051,889**

Note 22 - Fair Value Measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example
  - interest rates and yield curves observable at commonly quoted intervals
  - implied volatilities
  - credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Amount in Rs.

Particulars	Fair value hierarchy as at March 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalents	**–**	**1,393,975**	**–**	**1,393,975**
– Others	**–**	**947,848**	**–**	**947,848**
Total	**–**	**2,341,823**	**–**	**2,341,823**
Financial liabilities				
Financial liabilities held at amortised cost				
– Inter corporate deposit	**–**	**122,000,000**	**–**	**122,000,000**
– trade and other payables	**–**	**20,737,359**	**–**	**20,737,359**
Total	**–**	**142,737,359**	–	**142,737,359**

Particulars	Fair value hierarchy as at March 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalents	–	2,104,041	–	2,104,041
– Others	–	947,848	–	947,848
Total	–	3,051,889	–	3,051,889
Financial liabilities				
Financial liabilities held at amortised cost				
– Inter corporate deposit	–	116,000,000	–	116,000,000
– trade and other payables	–	2,854,684	–	2,854,684
Total	–	118,854,684	–	118,854,684

Fair value of financial assets and financial liabilities that are not measured at fair value

The Company consider that the carrying amount of financial asset and financial liabilities recognised in the financial statements approximate their fair value.

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's registration number: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place : Mumbai
Date: 23rd April 2021

For and on behalf of the Board of Directors

Sumit Issar
DIN: 06951249

Vijay Arora
DIN: 07347126

Place : Mumbai
Date: 23rd April 2021

INDEPENDENT AUDITORS' REPORT

To the Members of Mahindra MSTC Recycling Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra MSTC Recycling Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we

are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
   i. the Company does not have any pending litigations which would impact its financial position
   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company
   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

   (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

   In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act read with Schedule V of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No.101248W/W-100022)

Jayesh T Thakkar
Partner
(Membership No. 113959)
UDIN: 21113959AAAACH6232

Mumbai
24 April 2021

Annexure A to the Independent Auditor's Report – 31 March 2021

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have been physically verified by the management during the year in accordance with regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the Company does not own any immovable properties. In respect of leasehold lands, we have verified the lease agreements are duly registered with appropriate authorities.

(ii) The inventories have been physically verified by management at reasonable intervals during the year. In our opinion, frequency of verification is reasonable. No material discrepancies were noticed on such physical verification, discrepancies noted have been suitably dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not granted any loan or made any investment or given any guarantee or security during the year. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanation given to us, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account of the Company, the Company is regular in depositing undisputed statutory dues accrued / deducted including, Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax and other material statutory dues with the appropriate authorities. Further as informed to us, the Company did not have any dues on account of Sales-tax, Service tax, Customs Duty, Excise Duty, Value Added Tax and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable. Further as informed to us, the Company did not have any dues on Sales-tax, Service tax, Customs Duty, Excise Duty, Value Added Tax and Cess.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Sales-Tax, Service Tax, Customs duty, Excise duty, Value Added Tax, Goods and Service Tax and Cess which have not been deposited with the authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us by the management, the company has not taken any loans or borrowings from a financial institutions, banks or government nor has issued any debentures during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) According to the information and explanations given to us by the management, the Company did not raise money by way of term loan, initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given by the management, managerial remuneration has been paid or provided is in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V of the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us by the management, the Company has entered into transactions with related parties in compliance with the provisions of Section 177 and Section 188 of the Act, where applicable and the details of such related party transaction have been disclosed in the Ind AS financial statements as required by Ind AS 24 Related Party Disclosures specified under Section 133 of the Act.

(xiv) According to the information and explanations given to us by the management, during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph 3(xiv)of the Order is not applicable to the company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
(Membership No: 113959)
UDIN: 21113959AAAACH6232

Mumbai
24 April 2021

Annexure B to the Independent Auditors' report on the financial statements of Mahindra MSTC Recycling Private Limited for the period ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra MSTC Recycling Private Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jayesh T Thakkar
Partner
(Membership No.113959)
UDIN: 21113959AAAACH6232

Mumbai
24 April 2021

BALANCE SHEET AS AT 31 MARCH, 2021

Amount (Rs)

Particulars				Note No.	As at 31 March, 2021	As at 31 March, 2020
A	**ASSETS**					
1	**Non-current assets**					
	(a)	Property, plant and equipment		4	**17,68,43,583**	20,48,71,690
	(b)	Capital work-in-progress			**–**	8,02,577
	(c)	Intangible assets		5	**11,16,185**	20,75,779
	(d)	Intangible assets under development			**4,50,000**	–
	(e)	Financial assets				
		Others		6	**50,96,100**	46,63,125
	(f)	Other non-current assets		7	**22,24,777**	17,58,579
	Total Non-Current Assets				**18,57,30,645**	21,41,71,750
2	**Current assets**					
	(a)	Inventories		8	**7343014**	5281,131
	(b)	Financial assets				
		(i) Trade receivables		9	**46,89,017**	20,74,423
		(ii) Cash and cash equivalents		10a	**2,88,01,834**	4,00,48,379
		(iii) Other bank balances		10b	**9,97,00,000**	–
		(iv) Others		6	**5,77,324**	16,61,690
	(c)	Other current assets		7	**2,03,79,691**	2,81,94,807
	Total Current Assets				**16,14,90,880**	7,72,60,430
	Total Assets (1+2)				**34,72,21,525**	29,14,32,180
B	**EQUITY AND LIABILITIES**					
1	**Equity**					
	(a)	Equity share capital		11	**45,20,00,000**	37,20,00,000
	(b)	Other equity		12	**(16,50,65,241)**	(14,80,51,799)
					28,69,34,759	22,39,48,201
		Total equity			**28,69,34,759**	22,39,48,201
	LIABILITIES					
2	**Non-current liabilities**					
	(a)	Financial liabilities				
		(i) Lease liability		15	**1,72,36,435**	2,97,27,969
	(b)	Deferred tax liabilities (net)		19	**47,70,375**	41,38,180
	(c)	Provisions		13	**26,12,901**	35,66,836
		Total Non-Current Liabilities			**2,46,19,711**	3,74,32,985

BALANCE SHEET AS AT 31 MARCH, 2021 (Contd...)

Amount (Rs)

Particulars	Note No.	As at 31 March, 2021	As at 31 March, 2020
3 **Current liabilities**			
(a) Financial liabilities			
(i) Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	14	**3,16,919**	1,43,067
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	14	**97,57,323**	54,49,516
(ii) Lease liability	15	**1,52,53,995**	1,52,53,995
(iii) Other financial liabilities	16	**45,79,118**	52,07,305
(b) Provisions	13	**3,06,037**	3,60,804
(c) Other current liabilities	17	**54,53,663**	36,36,307
Total Current Liabilities		**3,56,67,055**	3,00,50,994
Total Equity and Liabilities (1+2+3)		**34,72,21,525**	29,14,32,180

See accompanying notes forming part of the financial statements

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
24 April 2021

For and on behalf of the Board of Directors of
Mahindra MSTC Recycling Private Limited
CIN No: U37100MH2016PTC288535

Surinder Kumar Gupta DIN: 08643406
Chairman

Sumit Issar DIN: 06951249
Director

Satya Prakash Shaw
Chief Financial Officer

Dolly Dhandhresha
Company Secretary

Mumbai
24 April 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2021

Amount (Rs)

	Particulars	Note No.	For the year ended 31 March, 2021	For the year ended 31 March, 2020
	Revenue from operations	20	**9,52,34,017**	5,37,44,657
	Other income	21	**35,38,612**	45,78,470
I	**Total Income**		**9,87,72,629**	5,83,23,127
II	**EXPENSES**			
	(a) Cost of materials consumed	22a	**1,98,88,811**	2,19,89,846
	(b) Changes in stock of finished goods and work-in-progress	22b	**(2,78,808)**	3,75,775
	(c) Employee benefits expense	23	**2,88,78,606**	2,66,55,733
	(d) Finance costs	24	**50,80,852**	62,93,504
	(e) Depreciation and amortisation expenses	4 & 5	**3,21,28,072**	2,98,43,752
	(f) Other expenses	25	**2,97,21,170**	2,60,67,027
	Total Expenses (II)		**11,54,18,703**	11,12,25,637
III	**Loss before tax (I - II)**		**(1,66,46,074)**	(5,29,02,510)
IV	**Tax Expense**			
	(a) Current tax	18	**–**	–
	(b) Deferred tax	19	**5,63,340**	9,76,372
	Total tax expense		**5,63,340**	9,76,372
V	**Loss after tax (III - IV)**		**(1,72,09,414)**	(5,38,78,882)
VI	**Other comprehensive income**		**1,95,972**	4,01,937
(i)	Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit (asset)		**(2,64,827)**	(5,43,158)
(ii)	Income tax relating to items that will not be reclassified to profit or loss	19	**68,855**	1,41,221
VII	**Total comprehensive loss for the year (V + VI)**		**(1,70,13,442)**	(5,34,76,945)
	Earnings per equity share (of Rs. 10/- each)	32		
	(a) Basic		**(0.46)**	(1.45)
	(b) Diluted		**(0.46)**	(1.45)

See accompanying notes forming part of the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
24 April 2021

For and on behalf of the Board of Directors of
Mahindra MSTC Recycling Private Limited
CIN No: U37100MH2016PTC288535

Surinder Kumar Gupta DIN: 08643406
Chairman

Sumit Issar DIN: 06951249
Director

Satya Prakash Shaw
Chief Financial Officer

Dolly Dhandhresha
Company Secretary

Mumbai
24 April 2021

STATEMENT OF CHANGES IN EQUITY

A. Equity share capital

For the year ended 31 March, 2021 — Amount (Rs)

Particulars	**As at 31 March, 2021**	As at 31 March, 2020
Balance at the beginning of the year	**37,20,00,000**	37,20,00,000
Changes in equity share capital during the year	**8,00,00,000**	–
Balance at the end of the year	**45,20,00,000**	37,20,00,000

B. Other equity

For the year ended 31 March, 2021 — **Amount (Rs)**

Particulars	**Retained earnings**	
	As at 31 March, 2021	As at 31 March, 2020
Balance at the beginning of year (A)	**(14,80,51,799)**	(9,45,74,854)
Loss for the year (B)	**(1,72,09,414)**	(5,38,78,882)
Other comprehensive income (net of taxes) (C)	**1,95,972**	4,01,937
Total comprehensive loss for the year (D)=(B)+(C)	**(1,70,13,442)**	(5,34,76,945)
Balance at the end of year (A)+(D)-(E)	**(16,50,65,241)**	(14,80,51,799)

See accompanying notes forming part of the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
24 April 2021

For and on behalf of the Board of Directors of
Mahindra MSTC Recycling Private Limited
CIN No: U37100MH2016PTC288535

Surinder Kumar Gupta DIN: 08643406
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Sumit Issar DIN: 06951249
Director

Satya Prakash Shaw
Chief Financial Officer

Dolly Dhandhresha
Company Secretary

Mumbai
24 April 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2021

Amount (Rs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Cash flow from operating activities		
Loss before tax for the year ended	**(1,66,46,074)**	(5,29,02,510)
Adjustment for:		
(1) Depreciation and amortisation expenses	**3,21,28,072**	2,98,43,752
(2) Finance cost	**50,80,852**	62,93,504
(3) Interest income	**(11,53,538)**	(34,86,970)
(4) Net gain arising on financial assets designated as FVTPL	**(4,32,976)**	(3,88,867)
(5) Lease rent concession (practical expedient)	**(8,17,434)**	–
(6) Loss on sale of property, plant and equipment	**–**	2,70,799
	18158,902	(2,03,70,292)
Movement in working capital:		
(1) (Increase)/decrease in inventories	**(20,61,883)**	44,12,314
(2) Decrease in other assets	**92,68,904**	35,526
(3) Increase in trade payables	**44,81,659**	21,63,179
(4) (Increase) in trade receivables	**(26,14,594)**	(20,74,423)
(5) (Decrease) in provisions	**(7,43,875)**	(42,74,870)
(6) Increase in other liabilities	**22,71,303**	26,03,165
	1,06,01,514	28,64,891
Cash generated from/(used in) operations	**2,87,60,416**	(1,75,05,401)
Less: income taxes paid	**(9,46,198)**	(6,76,733)
Net cash generated from/(used in) operating activities	**2,78,14,218**	(1,81,82,134)
Cash flows from investment activities		
(1) Payment for property, plant and equipment	**(33,89,928)**	(2,59,10,437)
(2) Proceeds from disposal of property, plant and equipment	**–**	3,53,738
(3) Bank balances not considered as cash and cash equivalents		
- Placed	**(9,97,00,000)**	–
- Matured	**–**	5,00,00,000
(4) Interest received	**7,84,117**	35,93,528
Net cash generated/(used in) investment activities	**(10,23,05,811)**	2,80,36,829
Cash flow from financing activities		
(1) Proceeds from issue of equity shares	**8,00,00,000**	–
(2) Repayment of lease liability	**(1,67,54,952)**	(1,67,95,132)
Net cash (used in)/generated from financing activities	**6,32,45,048**	(1,67,95,132)
Net (decrease)/increase in cash and cash equivalents	**(1,12,46,545)**	(69,40,437)
Cash and cash equivalents at the beginning of the year	**4,00,48,379**	4,69,88,816
Cash and cash equivalents at the end of the year	**2,88,01,834**	4,00,48,379
Reconciliation of cash and cash equivalents with the balance sheet:		
Cash and cash equivalents as per balance sheet (refer Note no. 10a)	**2,88,01,834**	4,00,48,379
Balance as per statement of cash flows	**2,88,01,834**	4,00,48,379

See accompanying notes forming part of the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
24 April 2021

For and on behalf of the Board of Directors of
Mahindra MSTC Recycling Private Limited
CIN No: U37100MH2016PTC288535

Surinder Kumar Gupta DIN: 08643406
Chairman

Sumit Issar DIN: 06951249
Director

Satya Prakash Shaw
Chief Financial Officer

Dolly Dhandhresha
Company Secretary

Mumbai
24 April 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

1 Corporate information

Mahindra MSTC Recycling Private Limited is a private limited company incorporated in Mumbai, India on 16 December, 2016 under the Companies Act 2013. The registered office of the company is located at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018.

The Company's main activity is carrying on the business of setting up, owning, maintenance and operation of shredding plants and facilities for purchase, storage, collection, segregating, processing, recycling and importing of end of life vehicles and end of life white goods and other materials and sale there from of shredded ferrous and non-ferrous metal scrap and all other types of scrap including E-waste scrap, plastics, rubber, spare parts and any other disposable items, within and outside India.

2 Significant accounting policies:

2.1 Statement of Compliance and Basis of preparation and presentation :

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act 2013 (the 'Act') and other relevant provisions of the act.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on April 24, 2021.

2.2 Use of estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

2.3 Property, plant & equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset class based on the Company's expected usage pattern:

(a) Building - over the lease period

(b) Plant & Machinery - 5 to 20 years

(c) Vehicles - 5 years

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet is classified as capital advances and cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress.

2.4 Intangible asset:

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Advances paid towards the acquisition of intangible assets outstanding at each balance sheet is classified as capital advances and cost of assets not ready for use at the balance sheet date are disclosed under Intangible asset under development."

2.5 Impairment of assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss."

2.6 Inventories:

Inventories are valued at the lower of cost (on weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary.

Cost comprises of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Net Realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, taxes.

2.7 Foreign exchange transactions and translations:

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest cost on those foreign currency borrowings.

2.8 Financial assets and Financial liabilities:

Financial instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets."

Derecognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

Equity instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instrument issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

All the financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit and loss.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired. An exchange between the lender of debt instrument with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the term of an existing liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

2.9 Revenue recognition:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

Revenue is measured based on the transaction price as specified in the contract with the customer. It excludes taxes or other amounts collected from customers in its capacity as an agent. In determining the transaction price, the Company considers:

Significant financing component - Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The accounting policies for specific revenue streams of the company is summarised below:

Sale of goods: Customers obtain control of the goods when the goods are delivered to and have been accepted.

Sale of Services: Service income is recognized over time based on as and when service is performed. "

Other income:

Interest income is accounted on time proportionate basis.

2.10 Employee benefits:

Retirement benefit costs and termination benefits:

Payment to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return of plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and is not reclassified to Statement of profit and loss. Past service cost is recognised in Statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset. Defined benefit costs are categorised as follows

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit and Loss in the line item "Employee benefits expense". Curtailment gains and losses are accounted for as past service cost.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for the termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits:

A liability is recognised for benefits accruing to the employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange of that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange of related service.

Liabilities recognized in respect of other long-term employee benefits are measured at present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employee upto the reporting date.

2.11 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

2.12 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations are recognised at the time of sale of the relevant products, at the best estimate of the expenditure required to settle the Company's obligation.

2.13 Taxes on income:

Income Tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax:
The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax:
Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:
Current and deferred tax are recognized in the Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

2.14 Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Bank overdrafts are shown within borrowings in other financial liabilities.

2.15 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating investing and financing activities of the Company are segregated based on the available information.

2.16 Earnings per share:

Basic earnings per share is computed by dividing the profit/loss after tax by the weighted average number of equity shares outstanding during the year.

2.17 Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee:
At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in the statement of financial position.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease."

3 Recent Indian Accounting Standards (Ind AS):

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

Recent pronouncements
On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013 revising Division I, II and III of Schedule III and are applicable from April 1, 2021. The amendments primarily relate to

a) Change in existing presentation requirements for certain items in Balance sheet, for eg. lease liabilities, security deposits, current maturities of long term borrowings, effect of prior period errors on Equity Share capital.

b) Additional disclosure requirements in specified formats, for eg. ageing of trade receivables, trade payables, capital work in progress, intangible assets, shareholding of promoters, etc.

c) Disclosure if funds have been used other than for the specific purpose for which it was borrowed from banks and financial institutions.

d) Additional Regulatory Information, for eg.,compliance with layers of companies, title deeds of immovable properties, financial ratios, loans and advances to key managerial personnel, etc.

e) Disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency.

The amendments are extensive and the Company is evaluating the same.

NOTES FORMING PART OF FINANCIAL STATEMENTS

Note No. 4 - Property, plant and equipment

Amount (Rs)

Description of Assets	Building *	Right of use Asset (Leasehold land & Buidling)	Plant equipments	Furniture and fixtures	Office equipments	Electrical Installations	Vehicles	Computers & data processing units	Total
I. Cost									
Balance as at 1 April, 2020	**2,84,47,343**	**5,76,48,915**	**13,36,91,774**	**11,58,100**	**32,12,319**	**88,59,056**	**23,53,937**	**13,96,990**	**23,67,68,434**
Additions during the year	7,72,476	–	13,73,740	2,52,165	1,23,540	30,100	–	1,38,350	26,90,371
Balance as at 31 March 2021	**2,92,19,819**	**5,76,48,915**	**13,50,65,514**	**14,10,265**	**33,35,859**	**88,89,156**	**23,53,937**	**15,35,340**	**23,94,58,805**
II. Accumulated depreciation									
Balance as at 1 April, 2020	**78,30,591**	**1,44,69,630**	**73,30,061**	**90,056**	**4,45,628**	**8,33,713**	**3,66,883**	**5,30,182**	**3,18,96,744**
Depreciation for the year	72,36,850	1,44,69,631	66,70,719	1,21,529	6,14,353	8,43,015	4,47,301	3,15,080	3,07,18,478
Balance as at 31 March 2021	**1,50,67,441**	**2,89,39,261**	**1,40,00,780**	**2,11,585**	**10,59,981**	**16,76,728**	**8,14,184**	**8,45,262**	**6,26,15,222**
Net carrying amount (I-II)									
Balance as at 31 March 2021	**1,41,52,378**	**2,87,09,654**	**12,10,64,734**	**11,98,680**	**22,75,878**	**72,12,428**	**15,39,753**	**6,90,078**	**17,68,43,583**
Balance as at 31 March 2020	**2,06,16,752**	**4,31,79,285**	**12,63,61,713**	**10,68,044**	**27,66,691**	**80,25,343**	**19,87,054**	**8,66,808**	**20,48,71,690**
I. Cost									
Balance as at 1 April, 2019	**22578796**	**–**	**11,67,98,279**	**4,75,109**	**14,64,568**	**66,80,065**	**20,27,621**	**10,29,551**	**15,10,53,989**
Additions during the year	58,68,547	5,76,48,915	1,68,93,495	6,82,991	17,47,751	21,78,991	14,14,405	4,18,700	8,68,53,795
Disposals during the year	–	–	–	–	–	–	(10,88,089)	(51,261)	(11,39,350)
Balance as at 31 March, 2020	**2,84,47,343**	**5,76,48,915**	**13,36,91,774**	**11,58,100**	**32,12,319**	**88,59,056**	**23,53,937**	**13,96,990**	**23,67,68,434**
II. Accumulated depreciation									
Balance as at 1 April, 2019	**15,22,971**	**–**	**14,18,960**	**21,008**	**85,411**	**1,65,172**	**4,43,165**	**2,70,710**	**39,27,397**
Depreciation for the year	63,07,620	1,44,69,630	59,11,101	69,048	3,60,217	6,68,541	4,05,915	2,92,087	2,84,84,159
Eliminated on disposal of assets	–	–	–	–	–	–	(4,82,197)	(32,615)	(5,14,812)
Balance as at 31 March, 2020	**78,30,591**	**1,44,69,630**	**73,30,061**	**90,056**	**4,45,628**	**8,33,713**	**3,66,883**	**530182**	**31896744**
Net carrying amount (I-II)									
Balance as at 31 March, 2020	**2,06,16,752**	**4,31,79,285**	**12,63,61,713**	**10,68,044**	**27,66,691**	**80,25,343**	**19,87,054**	**8,66,808**	**20,48,71,690**
Balance as at 31 March, 2019	**2,10,55,825**	**–**	**11,53,79,319**	**4,54,101**	**13,79,157**	**65,14,893**	**15,84,456**	**7,58,841**	**14,71,26,592**

* It includes the capital expenditure incurred on Leasehold land.

Note No. 5 - Intangible Assets

Amount (Rs)

Description of Assets	**Software**	**Website**	**Total**
I. Cost			
Balance as at 1 April, 2020	37,03,780	3,75,000	40,78,780
Additions	4,50,000	–	4,50,000
	41,53,780	**3,75,000**	**45,28,780**
II. Accumulated depreciation			
Balance as at 1 April, 2020	**18,36,334**	**1,66,667**	**20,03,001**
Amortisation for the year	12,84,594	1,25,000	14,09,594
Balance as at 31 March 2021	**31,20,928**	**2,91,667**	**34,12,595**
Net carrying amount (I-II)			
Balance as at 31 March 2021	**10,32,852**	**83,333**	**11,16,185**
Balance as at 31 March 2020	18,67,446	2,08,333	20,75,779

Amount (Rs)

Description of Assets	Software	Website	Total
I. Cost			
Balance as at 1 April, 2019	37,03,780	3,75,000	40,78,780
Additions	–	–	–
Balance as at 31 March, 2020	**37,03,780**	**3,75,000**	**40,78,780**
II. Accumulated depreciation			
Balance as at 1 April, 2019	**6,01,741**	**41,667**	**6,43,408**
Amortisation for the year	12,34,593	1,25,000	13,59,593
Balance as at 31 March, 2020	**18,36,334**	**1,66,667**	**20,03,001**
Net carrying amount (I-II)			
Balance as at 31 March, 2020	**18,67,446**	**2,08,333**	**20,75,779**
Balance as at 31 March, 2019	31,02,039	3,33,333	34,35,372

Note No. 6 - Other financial assets

Amount (Rs)

Particulars	As at 31 March, 2021			As at 31 March, 2020		
	Current	**Non-Current**	**Total**	Current	Non-Current	Total
Financial assets at amortised cost						
Security Deposits						
Unsecured, considered good						
With others	**50,000**	**50,96,100**	**51,46,100**	–	46,63,125	46,63,125
Other receivables						
From related parties	**84,930**	–	**84,930**	14,63,563	–	14,63,563
From others	–	–	–	1,25,154	–	1,25,154
Interest receivable						
Interest accrued on deposits	**4,42,394**	–	**4,42,394**	72,973	–	72,973
Total	**5,77,324**	**50,96,100**	**56,73,424**	16,61,690	46,63,125	63,24,815

Note No. 7 - Other assets

Amount (Rs)

Particulars	As at 31 March, 2021			As at 31 March, 2020		
	Current	**Non-Current**	**Total**	Current	Non-Current	Total
Capital advances	–	–	–	–	4,80,000	4,80,000
Total (A)	–	–	–	–	**4,80,000**	**4,80,000**
Advances other than capital advances						
Unsecured, considered good						
(i) Prepayments	**4,76,951**	–	**4,76,951**	3,20,168	–	3,20,168
(ii) Income tax assets (net)	–	**22,24,777**	**22,24,777**	–	12,78,579	12,78,579
(iii) Balances with government authorities (other than income taxes)						–
(a) GST input tax credit	**1,92,48,016**	–	**1,92,48,016**	2,70,17,805	–	2,70,17,805
(b) Others	**1,20,000**	–	**1,20,000**	–	–	–
(iv) Other advances						
(a) Defined contribution plan assets receivable in respect of employees transferred to the company	–	–	–	5,69,047	–	5,69,047
(b) Advances to employees	**5,34,724**	–	**5,34,724**	2,87,787	–	2,87,787
Total (B)	**2,03,79,691**	**22,24,777**	**2,26,04,468**	2,81,94,807	12,78,579	2,94,73,386
Total (A + B)	**2,03,79,691**	**22,24,777**	**2,26,04,468**	2,81,94,807	17,58,579	2,99,53,386

Note No. 8 - Inventories

Amount (Rs)

Particulars		As at 31 March, 2021	As at 31 March, 2020
(a)	Raw material	**37,15,651**	18,71,556
(b)	Work in progress	**2,52,594**	5,25,149
(c)	Finished goods	**31,54,701**	26,03,338
(d)	Stores and spares	**2,20,068**	2,81,088
		73,43,014	**52,81,131**

(a) Raw material comprises of End of life Vehicles (ELVs) and industrial scrap.

(b) Work in process comprises of hulk dismantled out of ELVs.

(c) Finished goods comprises of processed material i.e. steel scrap, accessories (preowned spare parts), etc.

The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 1,96,10,003 (2020 : Rs 2,23,65,621)

The cost of inventories recognised as an expense includes Rs. 94,544 (2020 : Rs. 57,971) in respect of write-downs of inventory to net realisable value and provision on slow moving inventory.

The mode of valuation of inventories has been stated in Note no. 2.6

Note No. 9 - Trade receivables

Amount (Rs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Trade receivables		
Considered good, Unsecured	**46,89,017**	20,74,423
Total	**46,89,017**	20,74,423

Note: There are no trade receivables which have significant increase in credit risk or are credit impaired.

Note No. 10a - Cash and cash equivalents

Amount (Rs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
(a) Balances with banks		
With scheduled banks		
(i) In Current accounts	**3,9,01,834**	2,15,48,379
(ii) In Deposit accounts (refer note below)	**2,49,00,000**	1,85,00,000
Total	**2,88,01,834**	4,00,48,379

Note: Lien has been created on a fixed deposit of Rs 500,000 in favour of banks as a security for their guarantees.

Note No. 10b - Other bank balances

Amount (Rs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
(a) Balances with banks		
With scheduled banks		
(i) In Deposit accounts with maturity greater than 3 months but less than 12 months at inception	**9,97,00,000**	–
Total	**9,97,00,000**	–

Note No. 11 - Equity share capital

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Number of shares	Amount (Rs)	Number of shares	Amount (Rs)
(a) Authorised				
Equity Shares of Rs.10 each	**6,00,00,000**	**6,00,00,000**	6,00,00,000	6,00,00,000
	6,00,00,000	**6,00,00,000**	6,00,00,000	6,00,00,000
(b) Issued, subscribed and fully paid up				
Equity Shares of Rs.10 each	**4,52,00,000**	**45,20,00,000**	3,72,00,000	3,72,00,0000
	4,52,00,000	**45,20,00,000**	3,72,00,000	3,720,00,000

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Number of shares	Amount (Rs)	Number of shares	Amount (Rs)
Equity Shares of Rs. 10 each				
Subscribed and fully paid				
Opening balance	**3,72,00,000**	**37,20,00,000**	3,72,00,000	37,20,00,000
Add: Fresh issue	**80,00,000**	**8,00,00,000**	–	–
Closing balance	**4,52,00,000**	**45,20,00,000**	3,72,00,000	37,20,00,000

(ii) The Company has not allotted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back since its incorporation (i.e. 16 December, 2016).

Terms and rights attached to equity shares

The Company has only one class of equity share having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: in proportion to his share in the paid up equity share capital of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

As laid down in Articles of Association of the Company, there is a restriction on transfer of Company's shares for a lock-in period of 3 years from the date of issue of share certificate(s) of the Memorandum of Association, during which period Shares of the Company cannot be transferred by the Parties. After the expiry of the Lock-in Period, the shareholders may transfer the shares in accordance with the provisions of the Articles of Association.

(iii) Details of shares held by the holding company:

Particulars	As at 31 March, 2021	As at 31 March, 2020
	Number of shares	Number of shares
Mahindra Intertrade Limited, the holding company	2,26,00,000	1,86,00,000

(iv) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Number of shares	% of holding	Number of shares	% of holding
Mahindra Intertrade Limited	2,26,00,000	50.00%	1,86,00,000	50.00%
MSTC Limited	2,26,00,000	50.00%	1,86,00,000	50.00%

Note No. 12 - Other equity

Amount (Rs)

Particulars	Retained earnings	
	As at 31 March, 2021	As at 31 March, 2020
Balance at the beginning of year (A)	(14,80,51,799)	(9,45,74,854)
Loss for the year (B)	(1,72,09,414)	(5,38,78,882)
Other comprehensive income (net of taxes) (C)	1,95,972	4,01,937
Total comprehensive loss for the year (D)=(B)+(C)	(1,70,13,442)	(5,34,76,945)
Balance at the end of year (A)+(D) - (E)	(16,50,65,241)	(14,80,51,799)

Note No. 13 - Provisions

Amount (Rs)

Particulars	As at 31 March, 2021			As at 31 March, 2020		
	Current	Non-Current	Total	Current	Non-Current	Total
Provision for employee benefits						
Long-term employee benefits						
(i) Provision for gratuity	–	33,528	33,528	–	6,55,656	6,55,656
(ii) Provision for compensated absences	3,06,037	21,57,219	24,63,256	3,60,804	25,51,132	29,11,936
(iii) Provision for post retirement medical benefit	–	4,22,154	4,22,154	–	3,60,048	3,60,048
Total	3,06,037	26,12,901	29,18,938	3,60,804	35,66,836	39,27,640

Note:
The provision for employee benefits includes privileged leave entitlements accrued. The decrease in the carrying amount of the provision for the current year results from accrual of the privileged leave entitlements for the current year. For other disclosures, refer note 26.

Note No. 14 - Trade payables

Amount (Rs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Trade payables for goods and services		
(a) Micro enterprises and small enterprises	3,16,919	1,43,067
(b) Other than micro enterprises and small enterprises	97,57,323	54,49,516
Total	1,00,74,242	55,92,583

Note: Dues of micro, small and medium enterprises

Amount (Rs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
Principal	3,16,919	1,43,067
Interest due thereon	–	–
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	–	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	–	–
The amount of interest accrued and remaining unpaid at the end of each accounting year.	–	–
The amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	–	–

Dues of micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

Note No. 15 - Lease liability

Amount (Rs)

Particulars	As at 31 March, 2021			As at 31 March, 2020		
	Current	Non-Current	Total	Current	Non-Current	Total
Lease liability	1,52,53,995	1,72,36,435	3,24,90,430	1,52,53,995	2,97,27,969	4,49,81,964
Total	1,52,53,995	1,72,36,435	3,24,90,430	1,52,53,995	2,97,27,969	4,49,81,964

Note No. 16 - Other financial liabilities

Amount (Rs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Other Financial Liabilities Measured at Amortised Cost		
(a) Other liabilities		
(i) Creditors for capital supplies/services	**90,418**	11,72,552
(ii) Employee related liabilities	**44,88,700**	40,34,753
Total	**45,79,118**	52,07,305

Note No. 17 - Other current liabilities

Amount (Rs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
(a) Others		
(1) Employee recoveries and employer contributions	**2,15,225**	2,06,293
(2) Statutory dues payable	**4,53,058**	3,42,796
(3) GST payable	**76,530**	22,157
(4) Dealers deposit	**4,01,122**	–
(5) Advance received from customers	**41,83,139**	30,65,061
(6) Defined contribution plan assets payable in respect of employees transferred from the company	**1,24,589**	–
Total	**54,53,663**	36,36,307

Note No. 18 - Current tax

(a) Income tax recognised in statement of profit and loss

Amount (Rs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Current tax:		
In respect of current year	–	–
Deferred tax:		
Origination and reversal of temporary differences	**5,63,340**	9,76,372
	5,63,340	9,76,372
Total	**5,63,340**	9,76,372

(b) Income Tax recognised in other comprehensive income

Amount (Rs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Deferred tax related to items recognised in other comprehensive income		
Remeasurement of defined obligations	**68,855**	1,41,221
Total	**68,855**	1,41,221
Bifurcation of income tax recognised in other comprehensive income into:		
– Items that will not be reclassified to profit and loss	**68,855**	1,41,221
Total	**68,855**	1,41,221

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Amount (Rs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Loss before tax	**(1,66,46,074)**	(5,29,02,510)
Income tax expense calculated at 26% (2020: 26%)	**(43,27,979)**	(1,37,54,653)
Effect of unused tax losses for which no deferred tax asset is recognised	**50,76,914**	1,54,21,010
Others	**(1,85,595)**	(6,89,985)
	5,63,340	97,6372
Adjustments recognised in the current year in relation to the current tax of prior years	–	–
Income tax expense recognised in statement of profit and loss	**5,63,340**	9,76,372

Note:

The tax rate used for the year ended 31 March, 2021 and 31 March 2020 reconciliations above is the corporate tax rate of 26% (including Health and Education cess of 4% respectively) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

Note No. 19 - Deferred tax

Amount (Rs)

Particulars	For the year ended 31 March, 2021			
	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income (OCI)	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, plant and equipment	**59,09,283**	**2,47,909**	–	**61,57,192**
Tax effect of items constituting deferred tax assets				
Employee benefits	**(8,50,714)**	**1,41,414**	**68,855**	**(6,40,445)**
Preliminary expenses	**(9,13,458)**	**3,04,486**	–	**(6,08,972)**
Others	**(6,931)**	**(130,469)**	–	**(1,37,400)**
Net deferred tax liabilities	**41,38,180**	**5,63,340**	**68,855**	**47,70,375**

Amount (Rs)

Particulars	For the Year ended 31 March, 2020			
	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income (OCI)	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	**50,26,927**	**8,82,356**	–	**59,09,283**
Tax effect of items constituting deferred tax assets				
Employee benefits	**(20,06,340)**	**10,14,405**	**1,41,221**	**(8,50,714)**
Preliminary expenses	–	**(9,13,458)**	–	**(9,13,458)**
Others	–	**(6,931)**	–	**(6,931)**
Net deferred tax (asset)/ liabilities	**30,20,587**	**9,76,372**	**1,41,221**	**4,138,180**

Note No. 20 - Revenue from operations

Amount (Rs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Revenue from contracts with customers:		
Sale of goods (refer Note below)	8,57,70,922	4,27,32,412
Sale of services (refer Note below)	**94,63,095**	1,10,12,245
Total	**9,52,34,017**	5,37,44,657

Note:

Revenue from sale of goods mainly comprises of sale of processed material i.e. steel scrap, accessories (preowned spare parts), processed industrial scrap, etc.

The management determines that the segment information reported under Note No. 30 - Segment information is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with Customers. Hence, no separate disclosures of disaggregated revenues are reported.

Note No. 21 - Other income

Amount (Rs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
(a) Interest Income:		
On fixed deposits with banks	**11,42,639**	34,86,970
Others	**10,899**	24,710
(b) Net gain arising on financial assets designated as FVTPL	**4,32,976**	3,88,867
(c) Lease rent concession (practical expedient) (refer Note below)	**8,17,434**	–
(d) Insurance claim received	**55,000**	–
(e) Other income including earnest money deposit forfeited	**10,79,664**	6,77,923
Total	**35,38,612**	45,78,470

Note:
The Company has applied practical expedient available under Ind 116 with respect to lease concession received during the year on leasehold land. Lessor has extended lease concession as direct consequence of Covid-19 pandemic.

Note No 22(a) - Cost of materials consumed

Amount (Rs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Opening stock	**18,71,556**	58,68,915
Add: Purchases	**2,17,32,906**	1,79,92,487
	2,36,04,462	2,38,61,402
Less: Closing stock	**(37,15,651)**	(18,71,556)
Total cost of materials consumed	**1,98,88,811**	2,19,89,846

Note No 22(b) - Change in stock of finished goods and work in progress

Amount (Rs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Inventories at the end of the year:		
Finished goods	**31,54,701**	26,03,338
Work-in-progress	**2,52,594**	5,25,149
	34,07,295	31,28,487
Inventories at the beginning of the year:		
Finished goods	**26,03,338**	34,04,925
Work-in-progress	**5,25,149**	99,337
	31,28,487	35,04,262
Net decrease/(increase)	**(2,78,808)**	3,75,775

Note No. 23 - Employee benefits expenses

Amount (Rs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
(a) Salaries and wages	**2,62,09,364**	2,39,01,233
(b) Contribution to provident and other funds	**17,34,987**	19,30,390
(c) Post retirement medical benefit expenses	**63,858**	75,410
(d) Staff welfare expenses	**8,70,397**	7,48,700
Total	**2,88,78,606**	2,66,55,733

Note No. 24 - Finance cost

Amount (Rs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Interest expense on		
(a) Lease liability	**50,80,852**	62,93,504
Total	**50,80,852**	62,93,504

Analysis of interest expense by category

Amount (Rs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Interest Expense		
(a) On financial liabilities at amortised cost	**50,80,852**	62,93,504
Total	**50,80,852**	62,93,504

Note No. 25 - Other expenses

Amount (Rs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
(a) Power and fuel	**15,61,117**	15,86,625
(b) Rates and taxes	**3,26,679**	8,36,051
(c) Security expenses	**30,18,177**	21,30,478
(d) Insurance charges	**1,56,885**	2,03,446
(e) Repairs and maintenance - others	**7,11,479**	5,21,763
(f) Rent expenses	**3,70,500**	17,84,842
(g) Freight and handling charges	**46,44,113**	21,35,499
(h) Advertisement expenses	**60,967**	1,19,004
(i) Auditors' remuneration (refer Note below)	**9,25,000**	9,00,000
(j) Directors' fees	**4,80,000**	4,40,000
(k) Net loss on foreign currency transactions	–	60,134
(l) Loss on sale of property, plant and equipment	–	2,70,799
(m) Printing and stationery	**1,62,490**	2,41,872
(n) Legal and professional expenses	**55,46,218**	50,01,844
(o) Subcontracting and hire charges	**72,45,380**	22,42,531
(p) Travelling expenses	**4,38,564**	36,07,267
(q) Other general expenses	**40,73,601**	39,84,872
Total	**2,97,21,170**	2,60,67,027

Note Amount (Rs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Payment to Statutory Auditors (excluding GST)		
(a) For audit	**3,25,000**	3,00,000
(b) For other services	**6,00,000**	6,00,000
	9,25,000	9,00,000

Note No. 26 - Employee benefits

(a) Defined contribution plan:

The Company has recognized, in the statement of profit and loss for the year ended, an amount of Rs 1,078,140 (2020: 1,051,162) pertaining to defined contribution plans.

Amount (Rs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Provident Fund	**6,87,148**	7,31,155
Pension Fund	**3,90,992**	3,20,007
Total	**10,78,140**	10,51,162

(b) Defined benefit plan:

(i) GRATUITY

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Nature of benefits:

The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for a gratuity plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the income tax and rules. Besides this if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

Governance of plan:

The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The plan is funded under Group Gratuity Scheme which is administered by LIC. The Company makes annual contribution to the plan.

Inherent risk

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature the plan is not subject to any longevity risks.

(ii) POST RETIREMENT MEDICAL BENEFITS

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Nature of benefits:

The Company operates a defined benefit post-retirement medical plan. The benefits payable to the employees are post their retirement from the Company. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for such a post-retirement medical plan in India. The Company has chosen not to fund the post-retirement benefit liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts.

Governance of plan:

The Company is responsible for the overall governance of the plan. Since the plan is unfunded, the governance of the plan is limited to employees being paid the benefits as per the terms of the plan.

Inherent risk

The plan is of a defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse increase in healthcare costs or demographic experience can result in an increase in cost of providing these benefits to employees in future. The benefits are also paid post retirement upto a specified age of the beneficiary and plan carries the longevity risks.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Note No. 26 - Employee benefits

Defined benefit plans – as per actuarial valuation as on 31 March, 2021

Particulars				**Amount (Rs)**
	Funded Plan	**Unfunded Plan**	Unfunded Plan	Unfunded Plan
	Gratuity	**Post retirement medical benefit**	Gratuity	Post retirement medical benefit
	31 March, 2021	**31 March, 2021**	31 March, 2020	31 March, 2020
(i). Expense recognised in the statement of profit and loss for the year ended:				
1. Current service cost	**4,20,128**	**86,498**	4,73,538	51,779
2. Interest on net defined benefit liability	**37,547**	**23,403**	2,62,746	23,631
	4,57,675	**1,09,901**	7,36,284	75,410
(ii). Included in other comprehensive income				
1. Return on assets less interest on assets	**(61,204)**	–	(1,34,298)	–
2. Actuarial (Gain)/Loss on account of:				
– Financial assumptions	**(10,699)**	**(3,728)**	(4,36,833)	54,107
– Experience adjustments	**(1,46,881)**	**(42,315)**	(78,476)	52,342
– Demographic assumptions	–		–	–
	(2,18,784)	**(46,043)**	(6,49,607)	1,06,449
(iii). Net asset/(liability) recognised in the balance sheet as at 31 March				
1. Present value of defined benefit obligation as at 31 March	**25,96,607**	**4,22,154**	23,86,780	3,60,048
2. Fair value of plan assets as at 31 March	**25,63,079**	–	17,31,124	–
2. (Deficit)	**(33,528)**	**(4,22,154)**	(6,55,656)	(3,60,048)
3. Current portion of the above	–	–	–	–
4. Non current portion of the above	**(6,55,656)**	**(3,60,048)**	(6,55,656)	(3,60,048)
(iv). Change in the obligation during the year ended				
1. Present value of defined benefit obligation at the beginning of the year	**23,86,780**	**3,60,048**	36,24,241	3,15,074
2. Add/(Less) on account of Scheme of Arrangement/Business transfer	–	–	–	–
2. Expenses recognised in statement of profit and loss account				
– Current service Cost	**4,20,128**	**86,498**	4,73,538	51,779
– Interest expense (Income)	**1,50,070**	**23,403**	2,62,746	23,631

Particulars	Amount (Rs)			
	Funded Plan	Unfunded Plan	Unfunded Plan	Unfunded Plan
	Gratuity	Post retirement medical benefit	Gratuity	Post retirement medical benefit
	31 March, 2021	31 March, 2021	31 March, 2020	31 March, 2020
3. Recognised in other comprehensive income				
Remeasurement gains / (losses)				
– Actuarial gain (loss) arising from:				
i. Demographic assumptions	–	–	–	–
ii. Financial assumptions	**(10,699)**	**(3,728)**	(4,36,833)	54,107
iii. Experience adjustments	**(1,46,881)**	**(42,315)**	(78,476)	52,342
4. Benefit payments	**(1,67,383)**	–	(3,68,174)	–
5. Impact of liability assumed or (settled)	**(35,408)**	**(1,752)**	(10,90,262)	(1,36,885)
6. Present value of defined benefit obligation at the end of the year	**25,96,607**	**4,22,154**	23,86,780	3,60,048
(v). Change in fair value of assets during the year ended				
1. Fair value of plan assets at the beginning of the year	**17,31,124**	–	–	–
2. Expenses recognised in statement of profit and loss account				
– Interest on plan assets	**1,12,523**	–	–	–
3. Recognised in other comprehensive income				
Remeasurement gains/(losses)				
– Actual return on plan assets in excess of the expected return	**61,204**	–	1,34,298	–
– Others (specify)	–	–	–	–
4. Contributions by employer (including benefit payments recoverable)	**1,67,383**	–	19,65,000	–
5. Benefit payments	**(1,67,383)**	–	(3,68,174)	–
6. Assets acquired/(settled)	**6,58,228**	–	–	–
7. Fair value of plan assets at the end of the year	**25,63,079**	–	17,31,124	–
(vi). The major categories of plan assets				
– List the plan assets by category here				
– Insurer managed funds	**25,63,079**	–	17,31,124	–
(vii). Actuarial assumptions				
1. Discount rate	**6.55%**	**6.50%**	6.50%	6.50%
2. Attrition rate	**8.00%**	**8.00%**	8.00%	8.00%
3. Medical premium inflation	–	**6.00%**	–	6.00%
4. Rate of increase in compensation levels	**7.00%**	**7.00%**	7.00%	7.00%
5. Mortality table	**IALM(2012-14)**	**IALM(2012-14)**	IALM(2012-14)	IALM(2012-14)

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(viii) Sensitivity analysis:

Gratuity

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key aerial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points.

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The sensitivity of the gratuity benefits to changes in the weighted principal assumptions is:

Amount (Rs)

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	**31 March, 2021**	1%	23,96,540	28,24,740
	31 March, 2020	1%	22,01,267	25,98,416
Salary growth rate	**31 March, 2021**	1%	28,21,468	23,95,567
	31 March, 2020	1%	25,95,276	22,00,446

Post retirement medical benefits

The benefit obligation results for the cost of paying future hospitalization premiums to insurance company in future for the employee / beneficiaries during their lifetime is sensitive to discount rate and future increase in healthcare costs.

The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account changes in these three key parameters:

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The sensitivity of the post retirement medical benefit obligation to changes in the weighted principal assumptions is:

Amount (Rs)

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation	
			Increase in assumption	Decrease in assumption
Discount rate	31 March, 2021	1%	3,55,113	5,04,677
	31 March, 2020	1%	3,05,941	4,26,302
Medical inflation rate	31 March, 2021	1%	5,04,292	3,54,222
	31 March, 2020	1%	4,25,960	3,05,243

(ix) Expected contributions for the next year:

The expected contribution payable to the plan next year is Rs. 194,877.

(x) Maturity profile:

Gratuity — Amount (Rs)

Maturity profile of defined benefit obligation:	31 March, 2021	31 March, 2020
Within 1 year	**1,94,877**	1,56,034
1 - 2 year	**2,00,967**	1,75,748
2 - 3 year	**2,00,553**	1,91,254
3 - 4 year	**2,12,641**	1,91,081
4 - 5 year	**2,09,382**	3,23,278
5 - 10 years	**15,91,844**	9,68,488
More than 10 years	**23,25,878**	25,30,302

Post retirement medical benefits — Amount (Rs)

Maturity profile of defined benefit obligation:	31 March, 2021	31 March, 2020
Within 1 year	–	–
1 - 2 year	–	–
2 - 3 year	–	–
3 - 4 year	–	–
4 - 5 year	–	–
5 - 10 years	**11,501**	42,107
More than 10 years	**15,19,025**	11,83,272

Note No. 27 - Related party transactions

Related party transactions as required by IND AS 24 “Related Party Disclosures” are given below.

(A) List of related parties:

Ultimate Holding Company	Mahindra & Mahindra Limited (M&M)
Holding Company	Mahindra Intertrade Limited (MIL)
Other parties with whom transactions have taken place during the year	
(i) Fellow Subsidiaries	Mahindra Integrated Business Solutions Private Limited (MIBS) Mahindra Steel Service Centre Limited (MSSCL) Mahindra Auto Steel Private Limited (MASPL) Mahindra Retail Limited (MRL), formerly known as Mahindra Retail Private Limited Mahindra Lifespace Developers Limited (MLDL) Mahindra Engineering and Chemical Products Limited (MECP) Mahindra Logistics Limited (MLL) Mahindra Firct Choice Wheels Limited (MFCWL)
(ii) Companies having significant influence	MSTC Limited (MSTC)
(iii) Key Management Personnel (KMP)	Mr. Ashish Bhagra, Chief Operating Officer and Manager (appointed w.e.f. 1st December, 2019) Mr. L. B. Popalghat, Chief Operating Officer and Manager (resigned on 4th November, 2019) Mr. P. R. Barpande (Independent Director) Mr. Bansh Bahadur Singh (Independent Director)

(B) Disclosure of transactions (net of duties and taxes) between the Company and related parties during the financial year ended 31 March, 2021:

Amount (Rs)

	Ultimate Holding Company		Holding Company		A Company having significant influence		Fellow Subsidiary	
	M&M		MIL		MSTC		MIBS	
	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020
Issue of equity share capital	–	–	**4,00,00,000**	–	**4,00,00,000**	–	–	–
Purchase of property, plant and equipment	–	–	–	14,16,405	–	–	–	–
Sale of property, plant and equipment	–	–	–	3,53,738	–	–	–	–
Purchase of raw material	**39,81,550**	6,84,000	–	–	–	–	–	–
Rent paid	**3,70,500**	17,84,842	–	–	–	–	–	–
Reimbursement made to related parties	**19,46,896**	19,75,065	**18,15,116**	4,20,208	**6,56,740**	6,58,410	–	–
Reimbursement received from related parties	–	–	**8,24,720**	2,15,467	**6,00,000**	6,11,600	–	–
Legal and professional expenses	**1,00,000**	1,10,950	–	–	**1,37,588**	2,27,144	–	–
Services rendered	**77,000**	–	–	–	–	–	–	–
Deputation of key managerial personnel from related parties	–	–	–	–	**9,96,577**	–	–	–
Payroll processing fees	–	–	–	–	–	–	**90,200**	71,500
Business support (manpower arrangement) charges	–	–	–	–	–	–	**9,26,480**	6,24,812

(C) Outstanding receivable from and payable to related parties **Amount (Rs)**

	Ultimate Holding Company		Holding Company		A Company having significant influence		Fellow Subsidiary	
	M&M		MIL		MSTC		MIBS	
	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020
Outstanding receivable	–	–	–	3,73,979	–	8,30,193	–	–
Outstanding payable	**29,38,830**	10,58,543	–	19,04,205	**2,49,343**	54,373	**1,45,899**	97,087

Note No. 27 - Related party transactions (Contd...)

Amount (Rs)

	Fellow Subsidiary MSSCL		**Fellow Subsidiary MASPL**		**Fellow Subsidiary MRL**		**Fellow Subsidiary MLDL**		**Fellow Subsidiary MECP**		**Fellow Subsidiary MLL**		**Fellow Subsidiary MFCWL**	
	31 March, 2021	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020
Reimbursement received from related parties	**7,39,140**	7,28,438	–	60,579	–	–	–	–	–	–	–	–	–	–
Reimbursement made to related parties	**1,25,154**	–	–	–	–	–	–	1,46,913	–	–	–	–	–	–
Other expenses	**9,144**	–	–	–	–	1,27,792	–	–	**1,11,403**	2,373	**90,000**	–	**2,20,000**	–
Freight charges paid	–	–	–	–	–	–	–	–	–	–	**16,19,650**	–	–	–

	Fellow Subsidiary MSSCL		**Fellow Subsidiary MASPL**		**Fellow Subsidiary MECP**		**Fellow Subsidiary MLL**		**Fellow Subsidiary MFCWL**	
	31 March, 2021	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020
Outstanding receivable	**84,930**	1,93,966	–	65,425	–	–	–	–	–	–
Outstanding payable	**10,817**	–	–	–	**76,908**	2,800	10,27,189	–	2,20,000	–

	KMP* Mr. L. B. Popalghat		**KMP* Mr. Ashish Bhagra**		**KMP* Mr. P R Barpande**		**KMP* Mr. Bansh Bahadur Singh**	
	31 March, 2021	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020
Sitting fees paid	–	–	–	–	2,40,000	2,20,000	2,40,000	2,20,000
Managerial remuneration paid	–	24,55,555	**44,95,526**	9,72,258	–	–	–	–

* excludes provision for gratuity and compensated absences, which is determined on the basis of actuarial valuation done on overall basis for the Company.

Note:

1. The sales/provision of services to and purchases/provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Note No. 28 - Financial instruments

[I] Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Company consists of total equity of the Company.

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Amount (Rs)

	31 March, 2021	**31 March, 2020**
Equity	**28,69,34,759**	22,39,48,201
Less:- Cash and cash equivalents	**(12,85,01,834)**	(4,00,48,379)
	15,84,32,925	18,38,99,822

[II] Financial risk management framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

(A) CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade and other receivables

As at 31 March 2021, the Company had receivables majorly from a single customer. The Company does not expect any credit loss.

Financial instruments and cash deposits:

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with banks and within credit limits assigned to each counterparty.

(B) LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Amount (Rs)

	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above	Total	Carrying amount
Non-derivative financial liabilities						
31 March 2021						
Non-interest bearing	**1,46,53,360**	–	–	–	**1,46,53,360**	**1,46,53,360**
Fixed interest rate instruments	**1,52,53,995**	**1,72,36,435**		–	**3,24,90,430**	**3,24,90,430**
Total	**2,99,07,355**	**1,72,36,435**	–	–	**4,71,43,790**	**4,71,43,790**
31 March 2020						
Non-interest bearing	1,07,99,888	–	–	–	1,07,99,888	1,07,99,888
Fixed interest rate instruments	1,52,53,995	2,97,27,969	–	–	4,49,81,964	4,49,81,964
Total	2,60,53,883	2,97,27,969	–	–	5,57,81,852	5,57,81,852

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Amount (Rs)

	Less than 1 Year	1-3 Years	3-4 Years	5 Years and above	Total	Carrying value
Non-derivative financial assets						
31 March 2021						
Non-interest bearing	**91,68,175**	–	**50,96,100**	–	**1,42,64,275**	**1,42,64,275**
Fixed interest rate instruments	**12,46,00,000**	–	–	–	**12,46,00,000**	**12,46,00,000**
Total	**13,37,68,175**	–	**50,96,100**	–	**13,88,64,275**	**13,88,64,275**
31 March 2020						
Non-interest bearing	2,52,84,492	–	46,63,125	–	2,99,47,617	2,99,47,617
Fixed interest rate instruments	1,85,00,000	–	–	–	1,85,00,000	1,85,00,000
Total	4,37,84,492	–	46,63,125	–	4,84,47,617	4,84,47,617

(iv) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Amount (Rs)

	31 March, 2021	31 March, 2020
Working Capital Non-Fund Based facility: (LC, BG, LUT, LER)		
Expiring beyond one year (unsecured)	**10,00,000**	10,00,000

(C) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

Note No. 29 - Fair value measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval
- implied volatilities
- credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Amount (Rs)

Financial assets/financial liabilities	Fair value hierarchy as at 31 March 2021			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– cash and cash equivalents	–	**2,88,01,834**	–	**2,88,01,834**
– other bank balances	–	**9,97,00,000**	–	**9,97,00,000**
– trade receivables	–	**46,89,017**	–	**46,89,017**
– other receivables	–	**84,930**	–	**84,930**
– deposits	–	**51,46,100**	–	**51,46,100**
– Interest receivable	–	**4,42,394**	–	**4,42,394**
Total	–	**13,88,64,275**	–	**13,88,64,275**
Financial liabilities				
Financial liabilities held at amortised cost				
– trade payables	–	**1,00,74,242**	–	**10074242**
– lease liability	–	**3,24,90,430**	–	**32490430**
– creditors for capital supplies/ services	–	**90,418**		**90418**
– employee related liabilities	–	**44,88,700**	–	**4488700**
Total	–	**4,71,43,790**	–	**47143790**

Amount (Rs)

Financial assets/ financial liabilities	Fair value hierarchy as at 31 March 2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– cash and cash equivalents	–	4,00,48,379	–	4,00,48,379
– trade receivables	–	20,74,423	–	20,74,423
– other receivables	–	15,88,717	–	15,88,717
– deposits	–	46,63,125	–	46,63,125
– Interest receivable	–	72,973	–	72,973
Total	–	4,84,47,617	–	4,84,47,617

Amount (Rs)

Financial assets/ financial liabilities	Fair value hierarchy as at 31 March 2020			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities held at amortised cost				
– trade payables	–	55,92,583	–	55,92,583
– lease liability	–	4,49,81,964	–	4,49,81,964
– creditors for capital supplies/ services	–	11,72,552	–	11,72,552
– employee related liabilities	–	40,34,753	–	40,34,753
Total	–	5,57,81,852	–	5,57,81,852

The fair values of the financial assets and financial liabilities included in the level 2 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value

The Company considers that the carrying amount of financial assets and financial liabilities recognised in financial statements approximates their fair value.

Note No. 30 – Segment reporting

Segment Information

The company has identified 'Processing of End of life vehicles (ELVs) and Industrial steel scrap' as its only primary reportable segment. The Chief Operating Officer of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined under Ind AS 108. CODM reviews overall financial information of the Company together for performance evaluation and allocation of resources and does not review any discrete information to evaluate performance of any individual product or geography.

Geographical Information

All customers of the Company are located within India.

The Company operates and has its processing facilities based out at Greater Noida and Chennai in India.

There is only one customer (2020 : Nil) who is individually contributing to more than 10% of the Company's revenue. Total amount of revenue from such customer for the year ended on 31 March 2021 is Rs. 13,067,743 (2020 : Nil)

Note No. 31 - Commitments (to the extent not provided for)

Amount (Rs)

Particulars	**For the year ended 31 March, 2021**	**For the year ended 31 March, 2020**
Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**2,84,597**	36,19,511

Note No. 32 - Earnings per share

Amount (Rs)

Particulars	**For the year ended 31 March, 2021**	For the year ended 31 March, 2020
Loss after tax (Rs.) (A)	**(1,72,09,414)**	(5,38,78,882)
Weighted average number of shares (B)	**3,72,21,918**	3,72,00,000
Earnings per share [basic / diluted] (Rs.) (A/B)	**(0.46)**	(1.45)
Nominal value of equity share (Rs.)	**10.00**	10.00

Note No. 33

Previous year's figures have been regrouped/reclassified wherever necessary.

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Mumbai
24 April 2021

For and on behalf of the Board of Directors of
Mahindra MSTC Recycling Private Limited
CIN No: U37100MH2016PTC288535

Surinder Kumar Gupta DIN: 08643406
Chairman

Sumit Issar DIN: 06951249
Director

Satya Prakash Shaw
Chief Financial Officer

Dolly Dhandhresha
Company Secretary

Mumbai
24 April 2021

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
MAHINDRA AUTO STEEL PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra Auto Steel Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with

reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company does not have any pending litigations which would impact its financial position

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

   iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

   (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

   In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act read with Schedule V of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No. 113959
UDIN: 21113959AAAACE6899

Place: Mumbai
Date: 22 April 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT – 31 MARCH 2021

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets are physically verified by the management in accordance with regular program of verifying assets once in a year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in leasehold land are held in the name of the Company.

(ii) The inventories have been physically verified by management at reasonable intervals during the year. In our opinion, frequency of verification is reasonable. No material discrepancies were noticed on such physical verification, discrepancies noted have been suitably dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not granted any loan or made any investment or given any guarantee or security during the year. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act, for maintenance of cost records in respect of products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account of the Company, the Company has been regular in depositing undisputed statutory dues accrued / deducted including, Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax and other material statutory dues with the appropriate authorities. Further as informed to us, the Company did not have any dues on account of Sales-tax, Service tax, Customs Duty, Excise Duty, Value Added Tax and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable. Further as informed to us, the Company did not have any dues on Sales-tax, Service tax, Customs Duty, Excise Duty, Value Added Tax and Cess.

(b) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax, goods and service tax and cess which have not been deposited with the authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management, the company has not defaulted in repayment of loans or borrowing to bank. The Company has not taken any loans or borrowings from a financial institutions or government nor has issued any debentures during the year.

(ix) According to the information and explanations given by the management, the term loans taken by the Company has been applied for the purpose for they were raised. The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given by the management, managerial remuneration has been paid or provided is in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V of the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us by the management, the Company has entered into transactions with related parties in compliance with the provisions of Section 177 and Section 188 of the Act, where applicable and the details of such related party transaction have been disclosed in the Ind AS financial statements as required by Ind AS 24 Related Party Disclosures specified under Section 133 of the Act.

(xiv) According to the information and explanations given to us by the management, during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph 3(xiv) of the Order is not applicable to the company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No. 113959
UDIN: 21113959AAAACE6899

Place: Mumbai
Date: 22 April 2021

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA AUTO STEEL PRIVATE LIMITED FOR THE PERIOD ENDED 31 MARCH 2021

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Auto Steel Private Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
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Place: Mumbai
Date: 22 April 2021

BALANCE SHEET AS AT 31 MARCH, 2021

Amount (Rs)

	Particulars	Note No.	As at 31 March, 2021	As at 31 March, 2020
A	**ASSETS**			
	1 Non-current assets			
	(a) Property, Plant and Equipment	4	**705,667,620**	739,472,643
	(b) Capital work in progress		**307,672,878**	38,632,942
	(c) Financial Assets			
	(i) Loans	5	**2,395,430**	2,395,430
	(ii) Others	11	**92,611,500**	106,679,000
	(d) Other non-current assets	6	**4,746,677**	45,980,358
	Total Non - Current Assets		**1,113,094,105**	933,160,373
	2 Current assets			
	(a) Inventories	7	**121,143,910**	103,288,956
	(b) Financial Assets			
	(i) Investments	8	**–**	40,089,505
	(ii) Trade receivables	9	**230,456,335**	131,231,456
	(iii) Cash and cash equivalents	10	**11,633,416**	54,262,025
	(iv) Loans	5	**–**	100,000
	(v) Others	11	**3,377,000**	7,141,823
	(c) Other current assets	6	**15,824,812**	9,137,812
	Total Current Assets		**382,435,473**	345,251,577
	Total Assets (1+2)		**1,495,529,578**	1,278,411,950
B	**EQUITY AND LIABILITIES**			
	1 Equity			
	(a) Equity Share capital	12	**685,000,000**	685,000,000
	(b) Other Equity	13	**281,674,612**	279,200,470
			966,674,612	964,200,470
	Total equity		**966,674,612**	964,200,470
	LIABILITIES			
	2 Non-current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	14	**170,880,000**	36,900,000
	(ii) Other financial liabilities (other than those specified in (c) below)	18	**565,023**	427,782
	(b) Deferred tax Liabilities (net)	22	**28,878,403**	21,192,268
	(c) Provisions	15	**3,092,296**	3,108,407
	Total Non - Current Liabilities		**203,415,722**	61,628,457
	3 Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	16	**30,000,000**	40,980,159
	(ii) Trade payables			
	(a) total outstanding dues of Micro enterprises and Small enterprises	17	**4,132,488**	1,165,521
	(b) total outstanding dues of creditors other than Micro enterprises and Small enterprises	17	**214,477,048**	144,325,058
	(iii) Other financial liabilities (other than those specified in (b) below)	18	**69,554,777**	61,480,332
	(b) Provisions	15	**289,391**	322,712
	(c) Current Tax Liabilities (Net)	19	**406,325**	2,249,563
	(d) Other current liabilities	20	**6,579,215**	2,059,678
	Total Current Liabilities		**325,439,244**	252,583,023
	Total Equity and Liabilities (1+2+3)		**1,495,529,578**	1,278,411,950

See accompanying notes forming part of the financial statements

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration
No: 101248W/W-100022

Saroj Khuntia
Chief Financial Officer

For and on behalf of the Board of Directors of
Mahindra Auto Steel Private Limited
CIN No: U27100MH2013PTC250979

Zhooben Bhiwandiwala DIN: 00110373
Sumit Issar DIN 06951249
Directors

Jayesh T Thakkar
Partner
Membership No: 113959

Bhavna Awatramani
Company Secretary

Place: Mumbai
Date: 22 April, 2021

Place: Mumbai
Date: 22 April, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2021

Amount (Rs)

	Particulars	Note No.	**For the year ended 31 March, 2021**	For the year ended 31 March, 2020
I	Revenue from operations	23	**681,721,378**	886,969,926
II	Other Income	24	**4,386,242**	9,493,299
III	**Total Revenue (I + II)**		**686,107,620**	896,463,225
IV	**EXPENSES**			
	(a) Cost of materials consumed	25(a)	**534,714,256**	631,364,237
	(b) Purchases of stock-in-trade		**160,503**	43,514,071
	(c) Changes in stock of finished goods and stock-in-trade	25(b)	**(3,231,798)**	15,554,337
	(d) Employee benefits expense	26	**21,609,891**	21,789,832
	(e) Finance costs	27	**2,102,901**	8,281,109
	(f) Depreciation and amortisation	4	**43,423,108**	43,889,443
	(g) Other expenses	28	**68,735,454**	62,337,271
	Total Expenses (IV)		**667,514,315**	826,730,300
V	**Profit before tax (III - IV)**		**18,593,305**	69,732,925
VI	**Tax Expense**			
	(a) Current tax	21	**(1,057,127)**	10,329,926
	(b) Deferred tax	21	**7,704,415**	7,262,725
	Total tax expense		**6,647,288**	17,592,651
VII	**Profit for the year (V - VI)**		**11,946,017**	52,140,274
VIII	**Other comprehensive income**		**118,125**	326,901
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plans		**(163,654)**	(452,897)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**45,529**	125,996
IX	**Total comprehensive income for the year (VII + VIII)**		**12,064,142**	52,467,175
	Earnings per equity share (of Rs. 10/- each)			
	Basic/Diluted	35	**0.17**	0.76

See accompanying notes forming part of the financial statements

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Zhooben Bhiwandiwala DIN: 00110373
Sumit Issar DIN 06951249
Directors

Jayesh T Thakkar
Partner
Membership No: 113959

Bhavna Awatramani
Company Secretary

Place: Mumbai
Date: 22 April, 2021

Place: Mumbai
Date: 22 April, 2021

STATEMENT OF CHANGES IN EQUITY

A. Equity share capital

Particulars	Amount (Rs)
Balance at 1 April, 2019	685,000,000
Changes in equity during the year	–
Balance at 31 March, 2020	685,000,000
Changes in equity during the year	–
Balance at 31 March, 2021	**685,000,000**

B. Other Equity

For the year ended 31 March, 2021

Particulars	Retained earnings
Balance at 1 April, 2019 (A)	263,894,465
Profit for the year (B)	52,140,274
Other comprehensive income (C)	326,901
Total comprehensive income for the year (D)=(B)+(C)	**52,467,175**
Dividend paid on Equity Shares (E)	(30,825,000)
Dividend Distribution Tax (F)	(6,336,170)
Balance at 31 March, 2020 (G)=(A)+(D)+(E)+(F)	**279,200,470**
Profit for the year (H)	**11,946,017**
Other comprehensive income (I)	**118,125**
Total comprehensive income for the year (J)=(H)+(I)	**12,064,142**
Dividend paid on Equity Shares (K)	(9,590,000)
Balance at 31 March, 2021 (G)+(J)+(K)	**281,674,612**

In terms of our report attached
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Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: 22 April, 2021

Saroj Khuntia
Chief Financial Officer

Bhavna Awatramani
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For and on behalf of the Board of Directors of
Mahindra Auto Steel Private Limited
CIN No: U27100MH2013PTC250979

Zhooben Bhiwandiwala DIN: 00110373
Sumit Issar DIN 06951249
Directors

Place: Mumbai
Date: 22 April, 2021

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2021

Amount (Rs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Cash flow from operating activities		
Profit before tax for the year	**18,593,305**	69,732,925
Adjustment for:		
(1) Income tax expense recognised in statement of profit and loss		
(2) Depreciation and amortisation	**43,423,108**	43,889,443
(3) Finance costs	**2,102,901**	8,281,109
(4) Unrealised loss/(gain) on derivative contracts	**2,513,868**	(2,268,405)
(5) Interest income recognised in Statement of Profit and Loss	**(1,023,635)**	(491,391)
(6) Dividend income recognised in Statement of Profit and Loss	**–**	(9,557)
(7) Profit on sale of current investments	**(122,050)**	(1,277,716)
(8) Net gain arising on financial assets designated as FVTPL	**–**	(89,269)
(9) Loss on sale of property, plant and equipment	**42,230**	–
	65,529,727	117,767,139
Movement in working capital:		
(1) (Increase)/decrease in trade receivable	**(99,224,879)**	127,362,934
(2) (Increase)/decrease in inventories	**(17,854,954)**	10,347,030
(3) Decrease/(increase) in other assets	**9,256,321**	(15,714,035)
(4) Increase in trade payable	**73,118,957**	29,800,142
(5) Increase in provision	**114,222**	1,502,720
(6) Increase/(decrease) in other liabilities	**4,281,380**	(15,436,848)
	(30,308,953)	137,861,943
Cash generated from operations	**35,220,774**	255,629,082
Less: income taxes paid/(refund)	**299,888**	(8,919,293)
Net cash generated by operating activities	**35,520,662**	246,709,789
Cash flows from investment activities		
(1) Payment for property, plant and equipment	**(236,682,239)**	(73,631,908)
(2) Proceed from disposal of property, plant and equipment	**19,680**	–
(3) Interest received	**1,023,635**	491,391
(4) Other dividend received	**–**	9,557
(5) Purchase of current investments	**–**	(1,050,000,236)
(6) Sale of current investments	**40,211,555**	1,011,277,715
Net cash used in investment activities	**(195,427,369)**	(111,853,481)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2021 (CONTD...)

Amount (Rs)

Particulars	**For the year ended 31 March, 2021**	For the year ended 31 March, 2020
Cash flow from financing activities		
(1) Proceeds from long term borrowings	**176,700,000**	36,900,000
(2) Repayment of long term borrowings	**(37,500,000)**	(74,973,185)
(3) Proceeds from short term borrowings	**–**	77,943,639
(4) Repayment of short term borrowings	**(40,980,159)**	(75,015,389)
(5) Inter corporate Deposit taken	**157,500,000**	
(6) Inter corporate Deposit repaid	**(127,500,000)**	
(7) Interest paid	**(1,351,743)**	(8,591,881)
(8) Dividend paid (including dividend distribution tax)	**(9,590,000)**	(37,161,170)
Net cash Generated/(used in) financing activities	**117,278,098**	(80,897,986)
Net (Decrease)/increase in cash and cash equivalents	**(42,628,609)**	53,958,322
Cash and cash equivalents at the beginning of the year	**54,262,025**	303,703
Cash and cash equivalents at the end of the year	**11,633,416**	54,262,025

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Saroj Khuntia
Chief Financial Officer

For and on behalf of the Board of Directors of
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Zhooben Bhiwandiwala DIN: 00110373
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Directors

Jayesh T Thakkar
Partner
Membership No: 113959

Bhavna Awatramani
Company Secretary

Place: Mumbai
Date: 22 April, 2021

Place: Mumbai
Date: 22 April, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

1 Corporate information

Mahindra Auto Steel Private Limited ("the Company") is incorporated on December 12, 2013 under the Companies Act, 2013. The Company is a public company by virtue of proviso to Section 2(71) of Companies Act, 2013 (''the 2013 Act'') as it is a subsidiary of a public limited company. The registered office of the Company is located at Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai - 400018.

The Company's main activity is processing and trading of various grades of steel. The Company's steel processing plant is located at Chakan.

The Company is the subsidiary of Mahindra Intertrade Limited, Mumbai, a Company incorporated in India. The ultimate parent Company is Mahindra and Mahindra Limited.

2 Significant accounting policies:

2.1 Statement of Compliance and Basis of preparation and presentation:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. For all periods upto and including the financial year ended 31 March, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013 (Previous GAAP) which includes standards notified under the Companies (Accounting Standards) Rules, 2006.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

The financial statements were approved by the Board of Directors and authorised for issue on 22 April, 2021.

2.2 Use of estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Note No.2.3 Property, plant & equipment

Note No.2.10 Employee benefits

2.3 Property, plant & equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful lives, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013, other than the following class based on the technical advise which has considered estimated usage and operating condition of the assets:

(a) Blanking line (plant and equipment) - 20 years

(b) Vehicles - 5 years

2.4 Impairment of assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted at their present value using the pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit or Loss.

2.5 Inventories:

Inventories, except for stores and spares which are valued at cost, are valued at the lower of cost (on weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary.

Cost comprises of all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Net Realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

2.6 Foreign Currencies:

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of Profit or Loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest cost on those foreign currency borrowings.

2.7 Financial assets and Financial liabilities:

Financial instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit or Loss.

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets. With respect to trade receivables the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

Financial liabilities and equity instruments:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instrument issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

All the financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit and loss.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligation are discharged, cancelled or have expired. An exchange between the lender of debt instrument with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the term of an existing liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit or Loss.

Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and cross currency swaps. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately.

2.8 Revenue recognition:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

Revenue is measured based on the transaction price as specified in the contract with the customer. It excludes taxes or other amounts collected from customers in its capacity as an agent. In determining the transaction price, the Company considers:

Significant financing component - Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The accounting policies for specific revenue streams of the company is summarised below:

Sale of goods:

Customers obtain control of the goods when the goods are delivered to and have been accepted.

Sale of services:

Service income is recognised over time based on as and when service is performed.

2.9 Government grants:

The Company is entitled to incentives from government authority in respect of manufacturing unit located in developing region. The Company accounts for its entitlement as income on an accrual basis.

2.10 Employee benefits:

Retirement benefit costs and termination benefits:

Payment to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return of plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and is not reclassified to Statement of profit or loss. Past service cost is recognised in Statement of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability or asset. Defined benefit costs are categorised as follows

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit or Loss in the line item “Employee benefits expense”. Curtailment gains and losses are accounted for as past service cost.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for the termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits:

A liability is recognised for benefits accruing to the employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange of that service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange of related service.

Liabilities recognized in respect of other long-term employee benefits are measured at present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employee upto the reporting date.

2.11 Stock appreciation rights (SARs):

For cash-settled share-based payments, a liability is recognized for the services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in the Statement of Profit or Loss for the year.

2.12 Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Statement of Profit or Loss in the period in which they are incurred.

2.13 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.14 Taxes on income:

Income Tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax:

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax (MAT):

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.15 Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.16 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating investing and financing activities of the Company are segregated based on the available information.

2.17 Earning per share:

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year.

2.18 Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company presents right-of-use assets that do not meet the definition of investment property in ‘property and equipment’ and lease liabilities in the statement of financial position.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

3 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs (“MCA”) through a notification, amended Schedule III of the Companies Act, 2013 revising Division I, II and III of Schedule III and are applicable from April 1, 2021. The amendments primarily relate to

a) Change in existing presentation requirements for certain items in Balance sheet, for eg. lease liabilities, security deposits, current maturities of long term borrowings, effect of prior period errors on Equity Share capital.

b) Additional disclosure requirements in specified formats, for eg. ageing of trade receivables, trade payables, capital work in progress, intangible assets, shareholding of promoters, etc.

c) Disclosure if funds have been used other than for the specific purpose for which it was borrowed from banks and financial institutions

d) Additional Regulatory Information, for eg.,compliance with layers of companies, title deeds of immovable properties,financial ratios, loans and advances to key managerial personnel, etc.

e) Disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency.

The amendments are extensive and the Company is evaluating the same.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Note No. 4: Property, Plant and Equipment

Amount (Rs)

Description of Assets	Right of use asset	Land-Leasehold	Buildings	Plant and Equipment	Electrical installations	Office Equipment	Furniture and Fixtures	Computers	Vehicles	Total
I. Cost or deemed cost										
Balance as at 1 April, 2020	246,635,528	–	210,189,328	465,766,879	21,614,440	1,851,570	1,941,085	1,338,261	3,906,711	953,243,802
Additions	–	–	–	4,049,550	3,546,463	30,352	395,360	131,250	1,527,020	9,679,995
Disposals	–	–	–	–	120,654	–	–	–	–	120,654
Balance as at 31 March, 2021	**246,635,528**	–	**210,189,328**	**469,816,429**	**25,040,249**	**1,881,922**	**2,336,445**	**1,469,511**	**5,433,731**	**962,803,143**
II. Accumulated depreciation										
Balance as at 1 April, 2020	15,676,567	–	36,207,505	146,872,461	9,061,497	1,428,407	804,897	1,077,189	2,642,636	213,771,159
Depreciation and amortisation for the year	2,613,954	–	7,417,369	30,210,495	2,183,655	189,384	203,958	149,034	455,259	43,423,108
Eliminated on disposal of assets	–		–	–	58,744	–	–	–	–	58,744
Balance as at 31 March 2021	**18,290,521**	–	**43,624,874**	**177,082,956**	**11,186,408**	**1,617,791**	**1,008,855**	**1,226,223**	**3,097,895**	**257,135,523**
Net carrying amount (I-II)										
Balance as on 31 March, 2021	**228,345,007**	–	**166,564,454**	**292,733,473**	**13,853,841**	**264,131**	**1,327,590**	**243,288**	**2,335,836**	**705,667,620**
Balance as on 31 March, 2020	230,958,961	–	173,981,823	318,894,418	12,552,943	423,163	1,136,188	261,072	1,264,075	739,472,643

Description of Assets	Right of use asset	Land-Leasehold	Buildings	Plant and Equipment	Electrical installations	Office Equipment	Furniture and Fixtures	Computers	Vehicles	Total
I. Cost or deemed cost										
Balance as at 1 April, 2019	–	246,635,528	210,189,328	457,652,981	20,069,940	1,726,268	1,941,085	1,338,261	2,971,237	942,524,628
Reclassification on transition	246,635,528	(246,635,528)	–	–	–	–	–	–	–	–
Additions	–	–	–	8,113,898	1,544,500	125,302	–	–	935,474	10,719,174
Balance as at 31 March, 2020	246,635,528	–	210,189,328	465,766,879	21,614,440	1,851,570	1,941,085	1,338,261	3,906,711	953,243,802
II. Accumulated depreciation										
Balance as at 1 April, 2019	–	13,055,451	28,790,134	116,323,051	7,077,797	1,087,238	619,769	903,318	2,024,958	169,881,716
Reclassification on transition	13,055,451	(13,055,451)	–	–	–	–	–	–	–	–
Depreciation and amortisation for the year	2,621,116		7,417,371	30,549,410	1,983,700	341,169	185,128	173,871	617,678	43,889,443
Balance as at 31 March, 2020	15,676,567	–	36,207,505	146,872,461	9,061,497	1,428,407	804,897	1,077,189	2,642,636	213,771,159
Net carrying amount (I-II)										
Balance as on 31 March, 2020	230,958,961	–	173,981,823	318,894,418	12,552,943	423,163	1,136,188	261,072	1,264,075	739,472,643
Balance as on 31 March, 2019	–	233,580,077	181,399,194	341,329,930	12,992,143	639,030	1,321,316	434,943	946,279	772,642,912

Notes:

(i) Refer note 14 for details of securities

Note No. 5: Loans

Amount (Rs)

Particulars	As at 31 March, 2021			As at 31 March, 2020		
Financial assets at amortised cost	**Current**	**Non-Current**	**Total**	Current	Non-Current	Total
Security Deposits						
Unsecured, considered good						
With others	–	**2,395,430**	**2,395,430**	100,000	2,395,430	2,495,430
Total	–	**2,395,430**	**2,395,430**	100,000	2,395,430	2,495,430

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Note No. 6: Other assets

Amount (Rs)

Particulars	As at 31 March, 2021 Current	As at 31 March, 2021 Non–Current	As at 31 March, 2021 Total	As at 31 March, 2020 Current	As at 31 March, 2020 Non–Current	As at 31 March, 2020 Total
(i) Capital advances	–	1,920,000	1,920,000	–	41,724,470	41,724,470
(ii) Prepayments	1,592,597	838,470	2,431,067	1,608,533	1,117,873	2,726,406
(iii) Income tax assets (net)	–	1,988,207	1,988,207	–	3,138,015	3,138,015
(iv) Balances with government authorities (other than income taxes)	13,449,911	–	13,449,911	6,692,530	–	6,692,530
(v) Others advances						
(a) Defined contribution plan assets receivable in respect of employees transferred to the company	763,607		763,607	763,607		763,607
(b) Advances to suppliers	–	–	–	73,142	–	73,142
(c) Advances to employee	18,697	–	18,697	–	–	–
Total	15,824,812	4,746,677	20,571,489	9,137,812	45,980,358	55,118,170

Note No. 7: Inventories

Amount (Rs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
(a) Raw materials	82,586,720	67,878,337
(b) Finished goods	32,618,795	16,570,761
(c) Stock-in-trade	–	12,816,236
(d) Stores and spares	5,938,395	6,023,622
Total inventories at the lower of cost or net realisable value	121,143,910	103,288,956

(i) The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 531,642,961 (2020: Rs. 690,432,645)

(ii) The cost of inventories recognised as an expenses includes Rs. 1,036,882 (2020: Rs 2,907,059) in respect of write-downs of inventory to net realisable value.

(iii) The mode of valuation of inventories has been stated in note 2.5

Note No. 8: Investments

Amount (Rs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Current		
Unquoted investments		
Investments in Mutual Funds		
NIL (2020: 22,291.776) units of Rs.10 each in Mahindra Liquid Fund-Regular-Growth	–	28,587,789
NIL (2020: 3,566.957) units of Rs.10 each in SBI Overnight Fund Regular Growth	–	11,501,716
Aggregate carrying value of Unquoted investments	–	40,089,505

Note No. 9: Trade receivables

Amount (Rs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Trade receivables		
Unsecured, considered good	230,456,335	131,231,456
Total	230,456,335	131,231,456

Notes:

(i) The average credit period for sales of products ranges between 10 to 90 days and for Job work processing ranges between 10 to 60 days.

(ii) There are no trade receivable which have significant increase in credit risk or are credit impaired.

Note No. 10: Cash and cash equivalents

Amount (Rs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
(a) Cash in hand	507	16,412
(b) Cheque on hand	–	917,730
(c) Balances with banks		
In Current Account	11,632,909	53,327,883
Total	11,633,416	54,262,025

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Note No. 11: Other financial assets

Amount (Rs)

Particulars		As at 31 March, 2021 Current	As at 31 March, 2021 Non-Current	As at 31 March, 2021 Total	As at 31 March, 2020 Current	As at 31 March, 2020 Non-Current	As at 31 March, 2020 Total
(a)	**Financial assets at amortised cost**						
	Industrial promotion subsidy receivable	**3,377,000**	**92,611,500**	**95,988,500**	–	106,679,000	106,679,000
Total		**3,377,000**	**92,611,500**	**95,988,500**	–	106,679,000	106,679,000
(b)	**Financial assets at fair value**						
	Derivative financial instruments						
	Forward contracts	**–**	**–**	**–**	2,268,405	–	2,268,405
	Amount receivable from bank	**–**	**–**	**–**	4,873,418	–	4,873,418
		–	**–**	**–**	7,141,823	–	7,141,823
Total		**3,377,000**	**92,611,500**	**95,988,500**	7,141,823	106,679,000	113,820,823

Note No. 12: Share capital

	Particulars	As at 31 March, 2021 Number of shares	As at 31 March, 2021 Amount (Rs)	As at 31 March, 2020 Number of shares	As at 31 March, 2020 Amount (Rs)
(a)	**Authorised**				
	Equity Shares of Rs. 10 each	**76,000,000**	**760,000,000**	76,000,000	760,000,000
		76,000,000	**760,000,000**	76,000,000	760,000,000
(b)	**Issued, subscribed and fully paid up**				
	Equity Shares of Rs. 10 each	**68,500,000**	**685,000,000**	68,500,000	685,000,000
		68,500,000	**685,000,000**	68,500,000	685,000,000

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Buy back	Closing Balance
Equity Shares of Rs. 10 each				
Year ended 31 March, 2021				
Number of shares	**68,500,000**	**–**	**–**	**68,500,000**
Amount (Rs.)	**685,000,000**	**–**	**–**	**685,000,000**
Year ended 31 March, 2020				
Number of shares	68,500,000	–	–	68,500,000
Amount (Rs.)	685,000,000	–	–	685,000,000

(ii) The Company has not alloted any equity shares for consideration other than cash, bonus shares, nor have any shares been bought back since its incorporation (i.e. 12 December, 2013).

Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: in proportion to the share in paid-up equity share capital of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of winding up, if the assets available for distribution are less/ more than sufficient to repay the whole of the paid up share capital, the losses/ excess shall be borne/ distributed amongst the members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively.

(iii) Details of shares held by the holding company:

Particulars	As at 31 March, 2021 Number of shares	As at 31 March, 2020 Number of shares
Mahindra Intertrade Limited (Including 2 equity shares held jointly with its nominees)	**34,935,000**	34,935,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(iv) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Number of shares	% of holding	Number of shares	% of holding
Mahindra Intertrade Limited (Including 2 equity shares held jointly with its nominees)	**34,935,000**	**51.00%**	34,935,000	51.00%
CSGT International Corporation	**16,782,500**	**24.50%**	16,782,500	24.50%
Mitsui & Co.Ltd	**16,782,500**	**24.50%**	16,782,500	24.50%

Note No. 13: Other Equity

Amount (Rs)

Particulars	Retained earnings As at 31 March, 2021	As at 31 March, 2020
Balance at beginning of year (A)	**279,200,470**	263,894,465
Profit for the year (B)	**11,946,017**	52,140,274
Other comprehensive income (net of taxes) (C)	**118,125**	326,901
Total comprehensive income for the year (D)=(B)+(C)	**12,064,142**	52,467,175
Dividend (Rs. 0.14 per share) (2020: Rs.0.45 per share) (E)	**(9,590,000)**	(30,825,000)
Dividend Distribution tax (DDT) (F)	**–**	(6,336,170)
Balance at end of year (A)+(D)+(E)+(F)	**281,674,612**	279,200,470

Particulars	As at 31 March, 2021
Proposed dividends on Equity shares	
Final dividend for the year ended on 31 March, 2021: Rs. 0.029 per share	**2,000,000**
	2,000,000

Proposed dividends on equity shares are subject to approval in annual general meeting and are not recognised as a liability As at 31 March, 2021.

Note No. 14: Non Current Borrowings

Amount (Rs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Measured at amortised cost		
Secured		
Term loans from banks		
Rupee term loan (Refer Note 1, 2 and 3)	**213,626,815**	74,426,815
Less: Current maturities of long term debts	**42,746,815**	37,526,815
Total	**170,880,000**	36,900,000

Note 1 : The Company has taken Rupee term loan at MCLR plus 0.30% of Rs 200,000,000 on 31st January 2018 repayable in 16 quaterly installments commencing from June 2018.

Note 2 : As on 31st March 2021 the Company has taken Rupee term loan at MCLR plus 0.40% of Rs 213,600,000. The repayment Schedule is as under:

Name of the Bank	Rate of Interest	repayable in			
		FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
HDFC Bank	7.30%	26,815	–	–	–
HDFC Bank	7.45%	42,720,000	42,720,000	64,080,000	64,080,000

Note 3 : Secured by first pari passu charge on the moveable fixed assets of the Company, present and future. Further, the Company has created negative lien on other fixed assets in favour of HDFC Bank limited.

Note No. 15: Provisions

Amount (Rs)

Particulars	As at 31 March, 2021			As at 31 March, 2020		
	Current	Non-Current	Total	Current	Non-Current	Total
Provision for employee benefits						
Long–term Employee Benefits						
(i) Provision for gratuity	**–**	**540,810**	**540,810**	–	413,478	413,478
(ii) Provision for compensated absences	**289,391**	**1,940,329**	**2,229,720**	322,712	2,221,580	2,544,292
(iii) Provision for post retirement medical benefit	**–**	**611,157**	**611,157**	–	473,349	473,349
Total	**289,391**	**3,092,296**	**3,381,687**	322,712	3,108,407	3,431,119

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Note No. 16: Current borrowings

Amount (Rs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Unsecured		
Loan repayable on demand from Banks	**–**	40,980,159
Inter-corporate deposit payable	**30,000,000**	–
Total	**30,000,000**	40,980,159

Note No. 17: Trade payables

Amount (Rs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Trade payable for goods & services		
(a) Micro and Small enterprises	**4,132,488**	1,165,521
(b) Other than Micro and Small enterprises	**214,477,048**	144,325,058
Total	**218,609,536**	145,490,579

Note: Dues to Micro, Small and Medium Enterprises

Particulars	As at 31 March, 2021	As at 31 March, 2020
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
Principal	**4,132,488**	1,165,521
Interest due thereon	–	–
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	–	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	–	–
The amount of interest accrued and remaining unpaid at the end of each accounting year.	–	–
The amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	–	–

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

Note No. 18: Other financial liabilities

Amount (Rs)

Particulars	As at 31 March, 2021			As at 31 March, 2020		
	Current	**Non-Current**	**Total**	Current	Non-Current	Total
Other Financial Liabilities Measured at Amortised Cost						
(a) Current maturities of long -term debt	**42,746,815**	–	**42,746,815**	37,526,815	–	37,526,815
(b) Interest accrued but not due on borrowings	**1,366,328**	–	**1,366,328**	615,170	–	615,170
(c) Other liabilities						
(1) Dealer deposit	**1,510,950**	–	**1,510,950**	959,500	–	959,500
(2) Other deposit	–	–	–	–	–	–
(3) Creditors for capital supplies/services	**19,677,900**	–	**19,677,900**	17,444,678	–	17,444,678
(4) Others	**3,523,796**	–	**3,523,796**	2,656,908	–	2,656,908
	68,825,789	–	**68,825,789**	59,203,071	–	59,203,071
Other Financial Liabilities Measured at Fair value						
(a) Liability for Cash-settled share-based payments	**483,525**	**565,023**	**1,048,548**	2,277,261	427,782	2,705,043
(b) Derivative financial instruments Forward contracts	**245,463**	–	**245,463**	–	–	–
	728,988	**565,023**	**1,294,011**	2,277,261	427,782	2,705,043
Total	**69,554,777**	**565,023**	**70,119,800**	61,480,332	427,782	61,908,114

Note: Refer note 14 for details of securities

Note No. 19: Current tax liabilities

Amount (Rs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Provision for tax (Net of advance income tax)	**406,325**	2,249,563
Total	**406,325**	2,249,563

Note No. 20: Other current liabilities

Amount (Rs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
(a) Advances received from customers	**836,141**	419,752
(b) Others		
(1) Employee Recoveries and Employer Contributions	**152,279**	161,595
(2) Statutory Dues (TDS,TCS etc)	**1,429,911**	1,270,893
(3) GST payable	**4,160,884**	207,438
Total	**6,579,215**	2,059,678

Note No. 21: Current Tax and Deferred Tax

(a) Income Tax recognised in Statement of profit or loss

Amount (Rs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Current Tax:		
In respect of current year	**1,133,464**	10,329,926
In respect of earlier years	**(2,190,591)**	–
	(1,057,127)	10,329,926
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**1,259,409**	1,367,470
Minimum Alternate Tax Credit	**6,445,006**	5,895,255
	7,704,415	7,262,725
Total	**6,647,288**	17,592,651

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(b) Income Tax recognised in other comprehensive income

Amount (Rs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Current Tax:		
Remeasurement of defined benefit obligations	**63,809**	177,977
Deferred tax related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligations	**(18,280)**	(51,981)
Total	**45,529**	125,996
Bifurcation of income tax recognised in other comprehensive income into:		
– Items that will not be reclassified to profit and loss	**45,529**	125,996
– Items that will be reclassified to profit and loss	–	–
Total	**45,529**	125,996

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Amount (Rs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Profit before tax	**18,593,305**	69,732,925
Income tax expense calculated at 27.82% (2020: 27.82%)	**5,172,657**	19,399,700
Effect of income that is exempt from taxation	–	(2,659)
Effect of expenses that is non–deductible in determining taxable profit	**1,277,619**	1,213,030
Others	**2,387,603**	(720,158)
Decrease/(Increase) in tax rate	–	(2,297,262)
	8,837,879	17,592,651
Adjustments recognised in the current year in relation to the current tax of prior years	**(2,190,591)**	–
Income tax expense recognised In profit or loss	**6,647,288**	17,592,651

Note:

The tax rate used for the 31 March 2021 and 31 March 2020 reconciliations above is the corporate tax rate of 27.82% (including surcharge 7% and Education and higher education cess of 3% and 1% respectively) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

Note No. 22: Deferred Tax

Amount (Rs)

For the Year ended 31 March, 2021

Particulars	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income (OCI)	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	**(53,427,819)**	**507,815**	–	**(53,935,634)**
FVTPL financial asset including derivatives	**(1,963,371)**	**71,031**	–	**(2,034,402)**
Tax effect of items constituting deferred tax assets				
Minimum Alternate Tax Credit	**32,302,336**	**6,445,006**	–	**25,857,330**
Unabsorbed depreciation	–	–	–	–
Employee Benefits	**839,509**	**237,482**	**(18,280)**	**620,307**
Cash-Settled Share Based payments	**752,543**	**460,837**	–	**291,706**
Others	**304,534**	**(17,756)**	–	**322,290**
Net Tax Asset (Liabilities)	**(21,192,268)**	**7,704,415**	**(18,280)**	**(28,878,403)**

Amount (Rs)

For the Year ended 31 March, 2020

Particulars	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in Other Comprehensive Income (OCI)	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	(53,397,822)	29,997	–	(53,427,819)
FVTPL financial asset including derivatives	–	1,963,371	–	(1,963,371)
Tax effect of items constituting deferred tax assets				
Minimum Alternate Tax Credit	38,197,591	5,895,255	–	32,302,336
Employee Benefits	693,433	(94,094)	(51,981)	839,509
Cash-Settled Share Based payments	215,562	(536,981)	–	752,543
Others	309,711	5,177	–	304,534
Net Tax Asset (Liabilities)	(13,981,525)	7,262,725	(51,981)	(21,192,268)

Note No. 23: Revenue from operations

The following is an analysis of the company's revenue for the year from continuing operations.

Amount (Rs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
(a) Revenue from sale of goods (Refer Note (i) below)	**602,814,856**	776,452,412
(b) Revenue from rendering of services (Refer Note (ii) below)	**33,380,763**	41,901,103
(c) Other operating revenue (Refer Note (iii) below)	**45,525,759**	68,616,411
Total	**681,721,378**	886,969,926

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Notes: (i)

Amount (Rs)

Particulars		For the year ended 31 March, 2021	For the year ended 31 March, 2020
(i)	Revenue from sale of goods comprises: Manufactured goods		
	– Steel products	**590,955,612**	741,815,990
	Traded goods		
	– Steel products	**11,859,244**	34,636,422
(ii)	Revenue from rendering of services comprises:		
	– Job work processing	**33,380,763**	41,901,103
(iii)	Other operating revenue comprises:		
	– Scrap sales	**26,393,759**	34,852,411
	– Industrial promotion subsidy	**19,132,000**	33,764,000

Notes: (ii)

The management determines that the segment information reported under Note 31 Segment information is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with Customers. Hence, no seperate disclosures of disaggregated revenues are reported.

Note No. 24: Other income

Amount (Rs)

Particulars		For the year ended 31 March, 2021	For the year ended 31 March, 2020
(a)	Interest Income:		
	On fixed deposits	**538,431**	4,686
	On others	**485,204**	486,705
(b)	Dividend Income on current investments	–	9,557
(c)	Gain on sale of current investments	**122,050**	1,277,716
(d)	Net gain arising on financial assets designated as FVTPL	–	89,269
(e)	Fair value gain on financial instruments at fair value through profit and loss	–	2,268,405
(f)	Net gain on foreign currency transactions	**2,890,557**	4,703,933
(g)	Others	**350,000**	653,028
Total		**4,386,242**	9,493,299

Note No. 25(a): Cost of materials consumed

Amount (Rs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Opening stock	**67,878,337**	61,966,290
Add: Purchases	**549,422,639**	637,276,284
	617,300,976	699,242,574
Less: Closing stock-Steel	**82,586,720**	67,878,337
Cost of materials consumed-Steel	**534,714,256**	631,364,237

Note No. 25(b): Change in stock of finished goods

Amount (Rs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Inventories at the end of the year:		
Finished goods-Steel	**32,618,795**	16,570,761
Stock-in-trade	–	12,816,236
	32,618,795	29,386,997
Inventories at the beginning of the year:		
Finished goods-Steel	**16,570,761**	44,941,334
Stock-in-trade	**12,816,236**	–
	29,386,997	44,941,334
Net (increase)/decrease	**(3,231,798)**	15,554,337

Note No. 26: Employee benefits expense

Amount (Rs)

Particulars		For the year ended 31 March, 2021	For the year ended 31 March, 2020
(a)	Salaries and wages	**18,721,964**	17,833,371
(b)	Contribution to provident and other funds	**1,324,978**	1,371,349
(c)	Share based payment to employees	**1,195,130**	1,964,790
(d)	Post retirement medical benefit expense	**72,100**	47,694
(e)	Staff welfare expenses	**295,719**	572,628
Total		**21,609,891**	21,789,832

Note No. 27: Finance cost

Amount (Rs)

Particulars		For the year ended 31 March, 2021	For the year ended 31 March, 2020
(a)	Interest expense on		
	(i) Borrowings	**1,575,117**	7,861,933
(b)	Other finance cost	**527,784**	419,176
Total		**2,102,901**	8,281,109

Analysis of interest expense by category

Amount (Rs)

Particulars		For the year ended 31 March, 2021	For the year ended 31 March, 2020
Interest Expense			
(a)	On financial liability at amortised cost	**2,102,901**	8,281,109
(b)	On non-financial liabilities	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Note No. 28: Other Expenses

Amount (Rs)

Particulars		For the year ended 31 March, 2021	For the year ended 31 March, 2020
(a)	Stores and spares consumed	**312,829**	433,533
(b)	Power & fuel	**6,472,641**	6,777,239
(c)	Rates and taxes	**1,205,408**	1,242,313
(d)	Insurance charges	**1,670,706**	1,116,159
(e)	Repairs and maintenance - Building	**280,240**	203,419
(f)	Repairs and maintenance - machinery	**662,267**	3,036,587
(g)	Repairs and maintenance - others	**968,311**	1,565,803
(h)	Freight and handling charges	**7,905,558**	8,473,261
(i)	Management fees	**20,000,000**	20,000,000
(j)	Auditors' remuneration (refer note below)	**938,600**	904,120
(k)	Directors' fees	**460,000**	370,000
(l)	Commission to non whole time directors	**1,000,000**	1,000,000
(m)	Fair value loss on financial instruments at fair value through profit and loss	**2,513,868**	–
(n)	Printing and stationery	**100,857**	164,533
(o)	Legal and professional	**7,175,367**	4,594,810
(p)	Loss on sale of Property, Plant and Equipment	**42,230**	–
(q)	Travelling expenses	**81,451**	662,084
(r)	Industrial promotion subsidy written off	**7,095,000**	–
(s)	Expenditure on corporate social responsibilty (CSR) under section 135 of the Companies Act, 2013	**2,601,265**	2,938,927
(t)	Other general expenses	**7,248,856**	8,854,483
Total		**68,735,454**	62,337,271

Note

Amount (Rs)

Particulars		For the year ended 31 March, 2021	For the year ended 31 March, 2020
Payment to Auditor			
(a)	For audit	**550,000**	525,000
(b)	For certification	**35,000**	20,000
(c)	For other services	**350,000**	325,000
(d)	For reimbursement of expenses	**3,600**	34,120
		938,600	904,120

Note No. 29: Commitments (to the extent not provided for)

Amount (Rs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**2,857,500**	205,590,526

Note No. 30: Employee benefits

(a) Defined Contribution Plan

The Company has recognized, in statement of profit and loss for the year, an amount of Rs 874,603 (2020: Rs. 907,249) pertaining to defined contribution plans.

Amount (Rs)

Benefit (Contribution to)	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Provident Fund	**556,423**	548,330
Pension Fund	**318,180**	358,919
Total	**874,603**	907,249

(b) Defined Benefit Plans:

(i) GRATUITY

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Nature of Benefits:

The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for a gratuity plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the income tax and rules. Besides this if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

Governance of Plan:

The Company has setup an income tax approved irrevocable trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The plan is funded under Group Gratuity Scheme which is administered by LIC. The Company makes annual contribution to the plan.

Inherent Risk

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse salary growth or demographic experience or inadequate returns on underlying plan assets can result in an increase in cost of providing these benefits to employees in future. since the benefits are lump sum in nature the plan is not subject to any longevity risks.

(ii) POST RETIREMENTS MEDICAL BENEFITS

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Nature of Benefits:

The Company operates a defined benefit post-retirement medical plan. The benefits payable to the employees are post their retirement from the Company. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company.

Regulatory framework:

There are no minimum funding requirements for such a post-retirement medical plan in India. The Company has chosen not to fund the post-retirement benefit liabilities of the plan but instead carry a provision based on actuarial valuation in its books of accounts.

Governance of Plan:

The Company is responsible for the overall governance of the plan. Since the plan is unfunded, the governance of the plan is limited to employees being paid the benefits as per the terms of the plan.

Inherent Risk

The plan is of a defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse increase in healthcare costs or demographic experience can result in an increase in cost of providing these benefits to employees in future. The benefits are also paid post retirement upto a specified age of the beneficiary and plan carries the longevity risks.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Defined benefit plans – as per actuarial valuation on 31st March, 2021

Amount (Rs.)

Particulars	**Funded Plan Gratuity 31-Mar-21**	**Unfunded Plan Post retirement medical benefit 31-Mar-21**	Funded Plan Gratuity 31-Mar-20	Unfunded Plan Post retirement medical benefit 31-Mar-20
(iii) Expense recognised in the Statement of Profit and Loss for the year ended 31st March:				
1. Current service cost	**346,068**	**41,332**	408,045	29,783
2. Past service cost	–	–	–	–
3. Interest on net defined benefit liability/(asset)	**10,626**	**30,768**	(33,352)	17,911
	356,694	**72,100**	374,693	47,694
(iv). Included in other Comprehensive Income				
1. Actual return on plan assets less interest on plan assets	**57,895**	–	12,352	–
2. Actuarial (Gain)/Loss on account of:				
– Financial Assumptions	**(12,741)**	**(4,596)**	(519,807)	68,851
– Demographic Assumptions	–	–	–	–
– Experience Adjustments	**(274,516)**	**70,304**	(132,288)	117,995
	(229,362)	**65,708**	(639,743)	186,846
(v). Net Asset/(Liability) recognised in the Balance Sheet as at 31st March				
1. Present value of defined benefit obligation as at 31st March	**3,603,023**	**611,157**	3,336,105	473,349
2. Fair value of plan assets as at 31st March	**3,062,213**	–	2,922,627	–
3. Surplus/(Deficit)	**(540,810)**	**(611,157)**	(413,478)	(473,349)
4. Current portion of the above	–	–	–	–
5. Non current portion of the above	**(540,810)**	**(611,157)**	(413,478)	(473,349)
(vi). Change in the obligation during the year ended 31st March				
1. Present value of defined benefit obligation at the beginning of the year	**3,336,105**	**473,349**	2,524,030	238,809
2. Expenses Recognised in Statement of Profit and Loss Account				
– Current Service Cost	**346,068**	**41,332**	408,045	29,783
– Past Service Cost	–	–	–	–
– Interest Expense (Income)	**208,107**	**30,768**	182,904	17,911
3. Recognised in Other Comprehensive Income				
Remeasurement gains/(losses)				
– Actuarial Gain (Loss) arising from:				
i. Financial Assumptions	**(12,741)**	**(4,596)**	(519,807)	68,851
ii. Demographic Assumptions	–	–	–	–
iii. Experience Adjustments	**(274,516)**	**70,304**	(132,288)	117,995
4. Benefit payments	–	–	–	–
5. Impact of liability assumed or (settled)	–	–	873,221	–
6. Present value of defined benefit obligation at the end of the year	**3,603,023**	**611,157**	3,336,105	473,349
(vii). Change in fair value of assets during the year ended 31st March				
1. Fair value of plan assets at the beginning of the year	**2,922,627**	–	2,718,723	–
2. Expenses Recognised in Statement of Profit and Loss Account				
– interest on plan assets	**197,481**	–	216,256	–
3. Recognised in Other Comprehensive Income				
Remeasurement gains/(losses)				
– Actual Return on plan assets in excess of the expected return	**(57,895)**	–	(12,352)	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Amount (Rs.)

Particulars		Funded Plan Gratuity 31-Mar-21	Unfunded Plan Post retirement medical benefit 31-Mar-21	Funded Plan Gratuity 31-Mar-20	Unfunded Plan Post retirement medical benefit 31-Mar-20
4.	Contributions by employer (including benefit payments recoverable)	–	–	–	–
5.	Benefit payments	–	–	–	–
6.	Assets acquired/(settled)	–	–	–	–
7.	Fair value of plan assets at the end of the year	**3,062,213**	–	2,922,627	–
(viii).	**The Major categories of plan assets**				
–	List the plan assets by category here				
	– Insurer managed funds	**3,062,213**	–	2,922,627	–
(ix).	**Actuarial assumptions**				
1.	Discount rate	**6.55%**	**6.55%**	6.50%	6.50%
2.	Attrition rate	**8.00%**	**8.00%**	8.00%	8.00%
3.	Medical premium inflation	–	**6.00%**	–	6.00%
4.	Rate of increase in compensation levels	**7.00%**	**7.00%**	7.00%	7.00%
5.	Mortality table	**IALM(2012-14) ult**	**IALM(2012-14) ult**	IALM(2012-14) ult	IALM(2012-14) ult

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(x) Sensitivity analysis:

Gratuity

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points.

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The sensitivity of the Gratuity Benefits to changes in the weighted principal assumptions is:

Amount (Rs)

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	**2021**	**1%**	**3,363,017**	**3,872,728**
	2020	1%	3,103,181	3,598,325
Salary growth rate	**2021**	**1%**	**3,868,889**	**3,361,842**
	2020	1%	3,594,461	3,102,145

Post retirement medical benefits

The benefit obligation results for the cost of paying future hospitalization premiums to insurance company in future for the employee / beneficiaries during their lifetime is sensitive to discount rate and future increase in healthcare costs.

The following table summarizes the impact on the reported defined benefit obligation at the end of the reporting period arising on account changes in these three key parameters:

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The sensitivity of the post retirement medical benefit obligation to changes in the weighted principal assumptions is:

Amount (Rs)

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	**2021**	**1%**	**527,573**	**711,830**
	2020	1%	404,497	556,968
Medical inflation rate	**2021**	**1%**	**711,365**	**526,450**
	2020	1%	556,538	403,606

(xi) Expected contributions for the next year:

The Company expects to contribute Rs. 500,000 to the gratuity trusts during the next financial year.

(xii) Maturity profile:

Gratuity

Maturity profile of defined benefit obligation:

Amount (Rs)

	2021	2020
Within 1 year	**299,586**	268,930
1 – 2 year	**296,434**	274,184
2 – 3 year	**300,349**	272,893
3 – 4 year	**970,391**	274,754
4 – 5 year	**231,113**	867,828
5 – 10 years	**894,092**	827,446
More than 10 years	**3,226,747**	3,071,283

Post retirement medical benefits

Maturity profile of defined benefit obligation:

	2021	2020
Within 1 year	–	–
1 – 2 year	–	–
2 – 3 year	–	–
3 – 4 year	–	–
4 – 5 year	**22,353**	–
5 – 10 years	**103,651**	78,320
More than 10 years	**1,729,809**	1,444,046

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Note No. 31: Segment Reporting

The Company has identified 'steel Processing', as its only primary reportable segment. The Manager (as appointed under Companies Act, 2013) have been identified as the Chief Operating Decision Maker (CODM) as defined under Ind AS 108. CODM reviews overall financial information of the Company together for performance evaluation and allocation of resources and does not review any discrete information to evaluate performance of any individual product or geography.

Geographical Information

All the customers of the company are located within india.

The Company operates and has its processing facility based out of Chakan in India.

There are 4 customers (2020 : 5 customers) those are individually contributing to more than 10% of the Company's revenue, Total amount of revenue from such customers for the year ended on 31 March 2021 are Rs. 434,760,453 (2020 : 621,116,055).

Note No. 32: Related Party Disclosures

Related party disclosures as required by IND AS 24 " Related Party Disclosures" are given below.

(A) List of Related Parties:

Ultimate Holding Company	Mahindra & Mahindra Limited (M&M)
Intermediate Holding Company	Mahindra Vehicle Manufacturers Limited (MVML)
Holding Company	Mahindra Intertrade Limited (MIL)

Other parties with whom transactions have taken place during the year

(i) Fellow Subsidiaries	Mahindra Integrated Business Solutions Private Limited (MIBS)
	Mahindra Steel Service Centre Limited (MSSCL)
	Mahindra Logistics Limited (MLL)
	Mahindra Retail limited (MRL)
	Mahindra MSTC Recycling Private Limited (MMRPL)
	Mahindra Engineering & Chemical Products Ltd. (MECP)
	Mahindra Electric Mobility Limited(MEML)
(ii) Company which is Associate of Ultimate Holding Company	Mahindra CIE Limited (MCIE)
(iii) Companies having significant influence	CSGT International Corporation (CSGT)
	Mitsui & Co. Ltd (Mitsui)
(iv) Key Management Personnel (KMP)	Mr. Sanjay Somkumar, Manager w.e.f. 29 April, 2015
	Ms. Smita Mankad, Independent Director
	Mr. P. R. Barpande, Independent Director

(B) Disclosure of transactions (net of duties and taxes) between the Company and related parties during the period ended 31 March, 2021:

Amount (Rs)

	Ultimate Holding Company		Intermediate Holding Company		Holding Company		A Company having significant influence		A Company having significant influence	
	M&M		MVML		MIL		CSGT		Mitsui	
	31 March, 2021	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020
Dividend paid	–	–	–	–	**4,890,900**	15,720,750	**2,349,550**	7,552,125	**2,349,550**	7,552,125
Inter corporate deposit taken	–	–	–	–	**157,500,000**	–	–	–	–	–
Inter corporate deposit repaid	–	–	–	–	**127,500,000**	–	–	–	–	–
Purchase of vehicles	**934,308**	–	–	–	–	–	–	–	–	–
Purchase of raw materials	**2,471,679**	5,071,209	–	–	**30,277,577**	9,014,092	–	–	–	–
Sale of Traded goods	–	–	–	–	**11,669,120**	5,070,618	–	–	–	–
Sale of finished goods	**4,568,661**	13,937,015	**83,270,165**	110,887,862	–	–	–	–	–	–
Job work processing	–	–	–	–	**34,977**	11,527	–	–	–	–
Other expenses	**945,787**	766,464	–	–	–	–	–	–	–	–
Legal and professional	**2,385,600**	599,000	–	–	–	–	–	–	–	–
Management fees	–	–	–	–	**20,000,000**	20,000,000	–	–	–	–
Interest on Inter corporate deposit	–	–	–	–	**640,091**	–	–	–	–	–
Reimbursement received from parties	–	–	–	–	–	–	**350,000**	331,500	–	–
Reimbursement made to parties	–	–	–	–	**2,955,856**	2,123,708	–	–	–	–

(C) Outstanding receivable from and payable to related parties

	Ultimate Holding Company		Intermediate Holding Company		Holding Company	
	M&M		MVML		MIL	
	31 March, 2021	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020
Outstanding receivable	**1,448,276**	1,717,238	**47,126**	1,542,791	**2,296,691**	1,789,172
Outstanding payable	**3,225,281**	6,318,712	–	–	**9,270,223**	5,737,894

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Amount (Rs)

	Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary	
	MSSCL		MIBS		MLL		MRL		MMRPL		MECP	
	31 March, 2021	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020
Purchase of Property, Plant and Equipment	–	–	–	–	**3,361,355**	–	–	–	–	–	–	–
Job work processing	**8,522**	9,347	–	–	–	–	–	–	–	–	–	–
Legal and professional	–	–	**145,183**	113,500	–	–	–	–	–	60,579	–	–
Reimbursement received from parties	**290,748**	–	–	–	–	–	–	–	–	–	–	–
Reimbursement made to parties	**688,623**	1,145,146	–	–	–	–	–	–	–	–	–	–
Processing charges	**119,648**	–	–	–	–	–	–	–	–	–	–	–
Other expenses	–	–	–	–	–	–	–	79,328	–	–	**100,878**	**2,373**

	Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary	
	MSSCL		MIBS		MMRPL		MECP	
	31 March, 2021	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020
Outstanding receivable	–	–	–	–	–	–	–	–
Outstanding payable	**364,469**	107,309	**42,436**	15,336	–	65,425	**50,597**	2,800

Note:

1. The sales/provision of services to and purchases/provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: Rs Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Amount (Rs)

	Fellow Subsidiary		Company which is Associate of Ultimate Holding Company		Name of KMP*		Name of KMP		Name of KMP	
	MEML		MCIE		Mr. Sanjay Somkumar		Ms. Smita Mankad		Mr. P.R.Barpande	
	31 March, 2021	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020
Sale of finished goods	**230,361**	–	**97,139,992**	127,557,211	–	–	–	–	–	–
Sitting fees paid	–	–	–	–	–	–	**240,000**	190,000	**220,000**	180,000
Commission	–	–	–	–	–	–	**500,000**	500,000	**500,000**	500,000
Managerial Remuneration	–	–	–	–	**4,609,120**	4,084,071	–	–	–	–

	Company which is Associate of Ultimate Holding Company		KMP		KMP	
	MCIE		Ms.Smita Makad		Mr. P.R.Barpande	
	31 March, 2021	31 March, 2020	**31 March, 2021**	31 March, 2020	**31 March, 2021**	31 March, 2020
Outstanding receivable	**55,979,928**	25,663,805	–	–	–	–
Outstanding payable	–	–	**450,000**	450,000	**450,000**	450,000

* excludes provision for gratuity and compensated absences, which is determined on the basis of actuarial valuation done on overall basis for the Company.

Note:

1. The sales/provision of services to and purchases/provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: Rs Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note No. 33: Financial Instruments

[I] Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Company consists of net debt (borrowings as detailed in note 14 and offset by cash and cash equivalents and current investments) and total equity of the Company.

The Company monitors capital using a gearing ratio, which is Net Debt divided by total capital. The Company's policy is to keep the gearing ratio within 150%.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Amount (Rs)

	31 March, 2021	31 March, 2020
Debt	**243,626,815**	115,406,974
Less:– Cash and Cash Equivalent including current investments	**11,633,416**	54,262,025
Net Debt	**231,993,399**	61,144,949
Equity	**966,674,612**	964,200,470
Gearing ratio	**24%**	6%

[II] Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

(A) CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Companies's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on payment performance over the period of time and financial analysis including credit rating issued by credit rating agencies. Outstanding customer receivables are regularly monitored and any shipments to other small customers are generally covered by letters of credit.

The company follows expected credit loss method for determination of impairment of trade receivable. Additionally, an impairment analysis is performed at each reporting date on specfic case basis for major customers.

Financial instruments and cash deposits:

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with approved mutual fund or banks and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

[B] LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Amount (Rs)

	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above	Total	Carrying amount
Non-derivative financial liabilities						
31 March 2021						
Non-interest bearing	**243,805,707**	**565,023**	**–**	**–**	**244,370,730**	**244,370,730**
Variable interest rate instruments	**88,976,124**	**127,203,774**	**67,591,803**	**–**	**283,771,701**	**243,626,815**
Total	**332,781,831**	**127,768,797**	**67,591,803**	**–**	**528,142,431**	**487,997,545**
31 March 2020						
Non-interest bearing	168,828,926	427,782	–	–	169,256,708	169,256,708
Variable interest rate instruments	83,756,682	20,011,487	24,441,771	–	128,209,940	115,406,974
Total	252,585,608	20,439,269	24,441,771	–	297,466,648	284,663,682

Sensitivity interest rate increase by 1%: Profit will decrease by Rs. 2,436,268 for the year ended 31 March, 2021 (Rs. 1,154,070 for the year ended 31 March, 2020)

Sensitivity interest rate decrease by 1%: Profit will increase by Rs. 2,436,268 for the year ended 31 March, 2021 (Rs. 1,154,070 for the year ended 31 March, 2020)

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Amount (Rs)

	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above	Total
Derivative financial instruments					
31 March 2021					
Gross settled:					
– foreign exchange forward contracts	**245,463**	**–**	**–**	**–**	**245,463**
31 March 2020					
Gross settled:					
– foreign exchange forward contracts	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(iii) Maturities of financial assets

Amount (Rs)

	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above	Total	Carrying value
Non–derivative financial assets						
31 March 2021						
Non–interest bearing	**245,466,751**	**92,611,500**	**–**	**–**	**338,078,251**	**338,078,251**
Variable interest rate instruments	**–**	**–**	**–**	**2,395,430**	**2,395,430**	**2,395,430**
Total	**245,466,751**	**92,611,500**	**–**	**2,395,430**	**340,473,681**	**340,473,681**
31 March 2020						
Non–interest bearing	192,735,304	106,679,000	–	–	299,414,304	299,414,304
Variable interest rate instruments	–	–	–	2,395,430	2,395,430	2,395,430
Total	192,735,304	106,679,000	–	2,395,430	301,809,734	301,809,734

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

Amount (Rs)

	Less than 1 Year	1-3 Years	3-5 Years	5 Years and above	Total
Derivative financial instruments					
31 March 2021					
Gross settled:					
– foreign exchange forward contracts	**–**	**–**	**–**	**–**	**–**
31 March 2020					
Gross settled:					
– foreign exchange forward contracts	7,141,823	–	–	–	7,141,823

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(iv) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Amount (Rs)

	31-Mar-21	31-Mar-20
Bank Overdraft/ WCDL facility	**100,000,000**	59,019,841
– Expiring within one year (Unsecured)	**100,000,000**	59,019,841
Working Capital Non-Fund Based facility: (LC, BG, LUT, LER)	**371,589,660**	362,076,600
– Expiring within one year (Unsecured)	**371,589,660**	362,076,600
Capex Rupee Term Loan	–	176,700,000
– Expiring within one year	–	176,700,000

[C] MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors.

(i) Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases and for 36 months period for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Currency	**2021**	2020
Trade payables/acceptance	USD	**108,921**	–
Creditors for capital supplies/services	USD	**267,000**	–

Of the above foreign currency exposures, the following exposures are not hedged by a derivative:

	Currency	**2021**	2020
Trade payables/acceptance	USD	–	–
Creditors for capital supplies/services	USD	–	–

(ii) Interest Rate Risk

Refer Note B (ii) for interest rate sensitivity

(iii) Raw material price risk

The Company does not have significant risk in raw material price variations. In case of any variation in price, same is passed on to the customer through appropriate adjustments to selling prices

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Note No. 34: Fair Value Measurement

Fair Valuation Techniques and Inputs used

This section explains the judgment and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval
- implied volatilities
- credit spreads
- inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Amount (Rs)

Financial assets/financial liabilities	**Fair value hierarchy as at 31 March, 2021**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalent	**–**	**11,633,416**	**–**	**11,633,416**
– trade receivables	**–**	**230,456,335**	**–**	**230,456,335**
– deposits	**–**	**2,395,430**	**–**	**2,395,430**
– Industrial promotion subsidy receivable	**–**	**95,988,500**	**–**	**95,988,500**
Total	**–**	**340,473,681**	**–**	**340,473,681**
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans	**–**	**243,626,815**	**–**	**243,626,815**
– Short term deposits	**–**	**1,510,950**	**–**	**1,510,950**
– trade and other payables	**–**	**241,811,232**	**–**	**241,811,232**
– Interest payable		**1,366,328**	**–**	**1,366,328**
Total	**–**	**488,315,325**	**–**	**488,315,325**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Amount (Rs)

Financial assets/financial liabilities	Fair value hierarchy as at 31 March, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalent	–	54,262,025	–	54,262,025
– trade receivables	–	131,231,456	–	131,231,456
– deposits	–	2,495,430	–	2,495,430
– Industrial promotion subsidy receivable	–	106,679,000	–	106,679,000
Total	–	294,667,911	–	294,667,911
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans	–	115,406,974	–	115,406,974
– Short term deposits	–	959,500	–	959,500
– trade and other payables	–	165,592,165	–	165,592,165
– Interest payable		615,170	–	615,170
Total	–	282,573,809	–	282,573,809

Financial assets/financial liabilities measured at Fair value

Amount (Rs.)

Financial assets/financial liabilities	Fair value as at 31-Mar-21	Fair value as at 31-Mar-20	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
Financial assets						
Investments						
Mutual fund investments	–	40,089,505	Level 2	Net assets value declared by the respective asset management companies	NA	NA
Other Financial Assets						
Forward contracts	–	7,141,823	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contract forward rate that reflects the credit risk of various counter parties.	NA	NA
Total financial assets	–	47,231,328				
Financial liabilities						
Other Financial Liabilities						
Liability for Cash-settled share-based payments	**1,048,548**	2,705,043	Level 2	Black Scholes option model	NA	NA
Forward contracts	**245,463**	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contract forward rate that reflects the credit risk of various counter parties.	NA	NA
Total financial liabilities	**1,294,011**	2,705,043				

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

The fair values of the financial assets and financial liabilities included in the level 2 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value

The Company considers that the carrying amount of financial assets and financial liabilities recognised in financial statements approximates their fair value.

Note No. 35: Earnings per share

Amount (Rs)

Particulars	For the Year ended 31 March, 2021	For the Year ended 31 March, 2020
Profit after tax (Rs.) (A)	**11,946,017**	52,140,274
Weighted average number of shares (B)	**68,500,000**	68,500,000
Earnings per share [Basic/Diluted] (Rs.) (A/B)	**0.17**	0.76
Nominal value of equity share (Rs.)	**10.00**	10.00

Note No. 36: Corporate Social Responsibility (CSR)

The CSR obligation for the year as computed by the Company and relied upon by the auditors is Rs. 2,599,712 (2020: 2,901,393). CSR amount spent during the year is Rs. 2,601,265 (2020: 2,938,927).

Note No. 37: Stock Appreciation Rights

In accordance with the directions and recommendations of the Remuneration Committee of the Company, the Company grants SARs to eligible employees/ directors. SARs granted would vest over a period of five years, or such period as stipulated by the Remuneration Committee, from the date of grant. Upon vesting of SARs eligible employees are entitled to earn cash benefits as prescribed.

One SAR shall be entitled to a cash benefit which would be the difference between the Fair Value of one fully-paid Equity Share of the holding company on the exercise date less the Face Value of the Equity Share of the holding company on the grant date. Provided, however, that once SARs have vested, an eligible employee will have the option to exercise the same within a maximum period of three years from the vesting date during such periods of time as determined by the Company.

Once SARs are vested and exercised by an employee, the Company would, within a period of 90 days from the exercise date, compute the cash benefit due in respect of those SARs and pay the same to the employee after deducting the applicable income tax at source. The latest available Fair Value of the Company's Equity Share would be considered for computing the said cash benefit.

If an eligible employee fails to exercise the SARs within a period of three years as aforesaid, the unexercised SARs will lapse and the Company's liability for such unexercised SARs will cease.

The Company has granted Stock Appreciation Rights ("SARs") to eligible employees in accordance with the Stock Appreciation Rights Scheme 2015 (SARS-2015) during the year ended 31st March, 2015, 31st March, 2016, 31st March 2018 and 31st March, 2020.

Details of stock appreciation rights outstanding as on 31st March 2021

	Number of Shares	Grant Date	Expiry Date	Exercise Price (Rs.)	Fair value at Grant Date (Rs.)
Cash settled					
F'18 grant	205	28 Apr 2017	28 Feb 2025	10	125.38
F'20 grant	3,498	24 Apr 2019	28 Feb 2025	10	178.89
F'20 grant	3,498	24 Apr 2019	28 Feb 2026	10	178.89
F'20 grant	3,503	24 Apr 2019	28 Feb 2027	10	178.89

Movement in Stock appreciation rights

		Number of Shares
1.	The number of share options outstanding at the beginning of the year;	23,030
2.	Granted during the period	–
3.	Exercised during the period	12,326
4.	Outstanding at the end of the period	10,704

Details of stock appreciation rights exercised during the year 31st March 2021

	Number of SAR's	Vesting date	Share price at Exercise date
Cash settled			
F'15 grant	3,507	28-02-2020	236.57
F'16 grant	1,409	28-02-2020	236.57
F'18 grant	207	28-02-2020	236.57
F'20 grant	1,409	28-02-2020	236.57
F'18 grant	207	28-02-2021	243.36
F'20 grant	3,498	28-02-2021	243.36

The inputs used in the measurement of the fair values at grant date of the cash-settled share-based payment plans were as follows.

		Cash settled Share Appreciation Rights
1.	Share price	243.36
2.	Exercise price	10
3.	Expected volatility (weighted-average)	21.64%
4.	Expected life/Option Life (weighted-average)	3.25
5.	Expected dividends yield	4.94%
6.	Risk-free interest rate (based on government bonds)	5.41%

Note No. 38

Previous year's figure have been regrouped/reclassfied wherever necessary.

In terms of our report attached
For B S R & Co. LLP
Chartered Accountants
Firm's Registration
No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No: 113959

Place: Mumbai
Date: 22 April, 2021

Saroj Khuntia
Chief Financial Officer

Bhavna Awatramani
Company Secretary

For and on behalf of the Board of Directors of
Mahindra Auto Steel Private Limited
CIN No: U27100MH2013PTC250979

Zhooben Bhiwandiwala DIN: 00110373
Sumit Issar DIN 06951249
Directors

Place: Mumbai
Date: 22 April, 2021

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Mahindra MiddleEast Electrical Steel Service Centre (FZC)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra MiddleEast Electrical Steel Service Centre (FZC) ("the Company"), which comprise the statement of financial position as at 31 March 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Supplementary Information

We draw attention to Note 2(c) of the financial statements, which describes the fact that the United Arab Emirate Dirhams and Indian Rupee amounts in the accompanying financial statements are presented as supplementary information solely for the convenience of users which does not form part of the financial statements and have not been audited. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and their preparation in accordance with the applicable implementing rules and regulations of Sharjah Airport International Free Zone, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

We further report that the financial statements comply, in all materials respects, with applicable implementing rules and regulations of Sharjah Airport International Free Zone.

KPMG Lower Gulf Limited-SHJ-BR

Fawzi AbuRass

Registration No.: 968

Place: Sharjah, United Arab Emirates
Date: 6th May 2021

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

				Unaudited supplementary information (refer note 2 (c))			
	Note	**31 March 2021**	31 March 2020	**31 March 2021**		31 March 2020	
		USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
ASSETS							
Property, plant and equipment	4	**3,177,796**	3,497,635	**11,662,508**	**233,854,009**	12,836,318	257,390,960
Capital advances		**404,230**	276,700	**1,483,524**	**29,747,286**	1,015,489	20,362,353
Non-current assets		**3,582,026**	3,774,335	**13,146,032**	**263,601,295**	13,851,807	277,753,313
Inventories	5	**1,998,169**	1,206,821	**7,333,283**	**147,045,257**	4,429,033	88,809,957
Trade and other receivables	6	**1,017,077**	879,163	**3,732,671**	**74,846,697**	3,226,529	64,697,604
Prepayments	7	**13,306**	3,645	**48,832**	**979,189**	13,378	268,236
Cash and bank balances	8	**231,886**	164,009	**851,019**	**17,064,490**	601,913	12,069,422
Current assets		**3,260,438**	2,253,638	**11,965,805**	**239,935,633**	8,270,853	165,845,219
Total assets		**6,842,464**	6,027,973	**25,111,837**	**503,536,928**	22,122,660	443,598,532
EQUITY							
Share capital	9	**550,000**	550,000	**2,018,500**	**40,474,500**	2,018,500	40,474,500
Retained earnings		**2,176,142**	2,648,815	**7,986,454**	**160,142,291**	9,721,153	194,926,296
Statutory reserves	17	**275,063**	275,063	**1,009,481**	**20,241,886**	1,009,481	20,241,886
Total equity		**3,001,205**	3,473,878	**11,014,435**	**220,858,677**	12,749,134	255,642,682
LIABILITIES							
Employee end of service benefits		**33,036**	38,923	**121,241**	**2,431,119**	142,848	2,864,344
Lease liabilities	19	**624,593**	**691,137**	**2,292,257**	**45,963,799**	**2,536,472**	**50,860,772**
Non-current liabilities		**657,629**	730,060	**2,413,498**	**48,394,918**	2,679,320	53,725,116
Short-term borrowings	10	**1,596,081**	1,581,843	**5,857,616**	**117,455,601**	5,805,362	116,407,827
Trade and other payables	11	**1,587,549**	242,192	**5,826,288**	**116,827,732**	888,844	17,822,907
Current liabilities		**3,183,630**	1,824,035	**11,683,904**	**234,283,333**	6,694,206	134,230,734
Total liabilities		**3,841,259**	2,554,095	**14,097,402**	**282,678,251**	9,373,526	187,955,850
Total equity and liabilities		**6,842,464**	6,027,973	**25,111,837**	**503,536,928**	22,122,660	443,598,532

The attached notes 1 to 21 are an integral part of these financial statements.

The independent auditors' report is set out on pages herein.

To the best of our knowledge, the financial statements fairly present, in all material respects, the financial position, results of operation and cash flows of the Company as of, and for, the year ended 31 March 2021.

The Board of Directors has authorised the issue of these financial statements on 15th April 2021 and signed on behalf of the Board of Directors by:

Mr. Zhooben Bhiwandiwala
Mr. Sumit Issar
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

				Unaudited supplementary information (refer note 2 (c))			
	Note	**31 March 2021**	31 March 2020	**31 March 2021**		31 March 2020	
		USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Revenue	12	**7,586,401**	4,036,313	**27,842,091**	**558,283,249**	14,813,268	297,032,274
Cost of sales	13.1	**(7,465,527)**	(4,472,423)	**(27,398,484)**	**(549,388,131)**	(16,413,792)	(329,125,609)
Gross profit / (loss)		**120,874**	(436,110)	**443,607**	**8,895,118**	(1,600,524)	(32,093,335)
Other income	14	**11,763**	69,956	**43,172**	**865,639**	256,738	5,148,062
Selling and distribution expenses		**(197,071)**	(63,024)	**(723,251)**	**(14,502,455)**	(231,299)	(4,637,936)
Administrative and general expenses	13.2	**(265,853)**	(333,581)	**(975,671)**	**(19,564,121)**	(1,224,239)	(24,548,226)
Operating loss		**(330,287)**	(762,759)	**(1,212,143)**	**(24,305,819)**	(2,799,324)	(56,131,435)
Finance cost	15	**(142,386)**	(88,480)	**(522,556)**	**(10,478,186)**	(324,720)	(6,511,243)
Loss for the year		**(472,673)**	(851,239)	**(1,734,699)**	**(34,784,005)**	(3,124,044)	(62,642,678)
Other comprehensive income		**–**	–	**–**	**–**	–	–
Total comprehensive loss for the year		**(472,673)**	(851,239)	**(1,734,699)**	**(34,784,005)**	(3,124,044)	(62,642,678)
Earning per equity share *(Basic and diluted)* 1000 Shares of USD 550 (Dhs. 2,019) (Rs. 35,703) *(Refer note 21)*		**(473)**	(851)	**(1,735)**	**(34,784)**	(3,124)	(62,643)

The attached notes 1 to 21 are an integral part of these financial statements.

The independent auditors' report is set out on pages herein.

The Board of Directors has authorised the issue of these financial statements on 15th April 2021 and signed on behalf of the Board of Directors by:

Mr. Zhooben Bhiwandiwala
Mr. Sumit Issar
} Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

					Unaudited supplementary information (refer note 2 (c))							
	Share capital USD	Retained earnings USD	Statutory reserve USD	Total equity USD	Share capital Dhs.	Share capital Rs.	Retained earnings Dhs.	Retained earnings Rs.	Statutory reserve Dhs.	Statutory reserve Rs.	Total equity Dhs.	Total equity Rs.
Balance as at 1 April 2019	550,000	3,500,054	275,063	4,325,117	2,018,500	40,474,500	12,845,197	257,568,974	1,009,481	20,241,886	15,873,178	318,285,360
Total comprehensive income for the year												
Loss for the year	–	(851,239)	–	(851,239)	–	–	(3,124,044)	(62,642,678)	–	–	(3,124,044)	(62,642,678)
Balance as at 31 March 2020	550,000	2,648,815	275,063	3,473,878	2,018,500	40,474,500	9,721,153	194,926,296	1,009,481	20,241,886	12,749,134	255,642,682
Balance as at 1 April 2020	550,000	2,648,815	275,063	3,473,878	2,018,500	40,474,500	9,721,153	194,926,296	1,009,481	20,241,886	12,749,134	255,642,682
Total comprehensive income for the year												
Loss for the year	–	(472,673)	–	(472,673)	–	–	(1,734,699)	(34,784,005)	–	–	(1,734,699)	(34,784,005)
Balance as at 31 March 2021	**550,000**	**2,176,142**	**275,063**	**3,001,205**	**2,018,500**	**40,474,500**	**7,986,454**	**160,142,291**	**1,009,481**	**20,241,886**	**11,014,435**	**220,858,677**

The attached notes 1 to 21 are an integral part of these financial statements.

The Board of Directors has authorised the issue of these financial statements on 15th April 2021 and signed on behalf of the Board of Directors by:

Mr. Zhooben Bhiwandiwala
Mr. Sumit Issar
Director

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

				Unaudited supplementary information (refernote 2 (c))			
	Note	**31 March 2021**	31 March 2020	**31 March 2021**		31 March 2020	
		USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Cash flows from operating activities:							
Loss for the year		**(472,673)**	(851,239)	**(1,734,699)**	**(34,784,005)**	(3,124,044)	(62,642,678)
Adjustments for:							
Depreciation		**339,897**	345,061	**1,247,425**	**25,013,020**	1,266,372	25,393,039
Loss on disposal of property, plant and equipment		**1,750**	–	**6,422**	**128,783**	–	–
Interest expenses		**30,235**	53,432	**110,961**	**2,224,994**	196,094	3,932,061
Interest on lease liabilities (refer note 15)		**32,311**	35,048	**118,581**	**2,377,766**	128,626	2,579,182
Movement in end of service benefits		**(5,887)**	(7,162)	**(21,607)**	**(433,225)**	(26,285)	(527,052)
		(74,367)	(424,860)	**(272,917)**	**(5,472,667)**	(1,559,237)	(31,265,448)
Changes in working capital:							
Inventories		**(791,348)**	631,129	**(2,904,250)**	**(58,235,300)**	2,316,247	46,444,783
Trade and other receivables		**(137,914)**	800,080	**(506,142)**	**(10,149,093)**	2,936,292	58,877,887
Prepayments		**(9,661)**	15,529	**(35,454)**	**(710,953)**	56,991	1,142,779
Trade and other payables		**1,349,694**	(2,113,180)	**4,953,340**	**99,323,985**	(7,755,369)	(155,508,916)
Net cash from / (used in) operating activities		**336,404**	(1,091,302)	**1,234,577**	**24,755,972**	(4,005,076)	(80,308,915)
Investing activities:							
Acquisition of property, plant and equipment		**(24,397)**	**(2,883)**	**(89,537)**	**(1,795,376)**	**(10,580)**	**(212,160)**
Paid for capital advances		**(127,530)**	(276,700)	**(468,035)**	**(9,384,933)**	(1,015,489)	(20,362,353)
Proceeds from sale of an asset		**2,589**	**–**	**9,500**	**190,524**	–	–
Net cash used in investing activities		**(149,338)**	(279,583)	**(548,072)**	**(10,989,785)**	(1,026,069)	(20,574,513)
Financing activity							
Interest paid		**(34,572)**	(63,173)	**(126,878)**	**(2,544,154)**	(231,843)	(4,648,901)
Short term borrowings taken		**4,114,517**	5,926,839	**15,100,277**	**302,787,306**	21,751,501	436,156,082
Short term borrowings repayment		**(3,659,691)**	(4,785,665)	**(13,431,066)**	**(269,316,661)**	(17,563,391)	(352,177,087)
Repayment of lease liabilities		**(98,855)**	(98,856)	**(362,775)**	**(7,274,739)**	(362,805)	(7,274,813)
Net cash generated from financing activities		**321,399**	979,145	**1,179,558**	**23,651,752**	3,593,462	72,055,281
Net increase / (decrease) in cash and cash equivalents		**508,465**	(391,740)	**1,866,063**	**37,417,939**	(1,437,683)	(28,828,147)
Cash and cash equivalents at the beginning of the year		**(276,660)**	115,080	**(1,015,340)**	**(20,359,410)**	422,343	8,468,737
Cash and cash equivalents at the end of the year		**231,805**	(276,660)	**850,723**	**17,058,529**	(1,015,340)	(20,359,410)
These comprise of:							
Cash on hand (Refer note 8)		**365**	7,460	**1,338**	**26,860**	27,377	548,981
Bank balance in current accounts (Refer note 8)		**231,521**	156,549	**849,681**	**17,037,630**	574,536	11,520,441
Bank overdraft repayable on demand (Refer note 10)		**(81)**	(440,669)	**(296)**	**(5,961)**	(1,617,253)	(32,428,832)
Total		**231,805**	(276,660)	**850,723**	**17,058,529**	(1,015,340)	(20,359,410)

The attached notes 1 to 21 are an integral part of these financial statements.
The independent auditors' report is set out on pages herein.
The Board of Directors has authorised the issue of these financial statements on 15th April 2021 and signed on behalf of the Board of Directors by:

Mr. Zhooben Bhiwandiwala
Mr. Sumit Issar
} Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Reporting entity

Mahindra MiddleEast Electrical Steel Service Centre (FZC) ("the Company"), was incorporated and licensed on 8 August 2004 at Sharjah Airport International Free Zone, Sharjah (FZ) with limited liability in the United Arab Emirates (UAE). Subsequently, the Company has entered into an agreement for subscription of capital by Nippon Steel Corporation (NSC) formerly known as Nippon Steel & Sumitomo Metal Corporation (NSSMC), Japan to reorganise the Company and manage it as a Free Zone Company (FZC). Consequent upon the induction of NSSMC as a shareholder, the status changed from Free Zone Establishment (FZE) to Free Zone Company (FZC) with limited liability with effect from 28 November 2005. The Company is engaged in processing of steel coils and supply of slit coils and laminations. The shareholding pattern as of 31 March 2021 is as follows:

Shareholders	Percentage
Mahindra Intertrade Limited	90%
Nippon Steel Corporation (formarly known as Nippon Steel & Sumitomo Metal Corporation)	10%

The ultimate holding company is Mahindra & Mahindra Limited.

2 Basis of preparation

The financial statements have been prepared under the historical cost convention.

(a) Statement of compliance

The financial statements have been prepared in compliance with International Financial Reporting Standards issued by the International Accounting Standards Board and the rules and regulations of the Sharjah Airport International Free Zone Authority (SAIF Zone).

(b) Functional and presentation currency

These financial statements are presented in United States Dollars ("USD"), which is the Company's functional currency.

(c) Convenience translation

In addition to presenting the financial statements in USD, unaudited supplementary information in United Arab Emirates Dirham ("Dhs") and Indian Rupee ("Rs") has been prepared for the convenience of users of the financials statements.

All amounts (including previous year information) are translated from USD to Dhs. and Rs. at the closing exchange rate at 31 March 2021 based on average of the telegraphic transfer buying and selling rates quoted by the Mumbai Branch of State Bank of India of Dhs. 3.67 to USD 1 and Rs. 73.59 to USD 1 respectively.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in every future period affected.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i) Impairment losses on trade receivables

The Company follows expected credit loss model for creating provision for loss allowance relating to trade receivables. Additionally, management review outstanding trade receivables on specific case to case basis at each year end to determine provision for loss allowance. The Company's credit risk is primarily attributable to its trade receivables.

ii) Provision for obsolete and expired inventory

The Company reviews its inventory to assess loss on account of obsolescence and expiry on a regular basis. In determining whether provision for obsolescence should be recorded in the profit or loss, the Company makes judgements as to whether there is any observable data indicating that there is any future saleability of the product and the net realisable value for such product. Accordingly, provision for impairment is made where the net realisable value is less than cost based on best estimates by the management. The provision for obsolescence of inventory is based on the aging and past movement of the inventory.

iii) Estimated useful lives of property, plant and equipment

The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and on the historical experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

(e) Impact of COVID-19 outbreak on the financial statements

The World Health Organisation declared COVID-19 as a pandemic in March 2020. Escalation of COVID-19 has impacted the global economic growth and business developments. Most countries have enacted protection measures against COVID-19, with a significant impact on the daily life, production and supply chain of goods in these countries and beyond.

The evolution of COVID-19 as well as its impact on the global economy, and more specifically, on the Company's business activities, is subject to levels of uncertainty, with the full range of possible effects unknown including but not limited to: the success of support measures introduced by governments, a smooth supply chain, customer behavioural patterns and sentiments, volume and velocity of tourism, ability of the wider economy to recover, timing and manner of the easing of restrictions (such as lockdowns and social distancing) and successful vaccination campaigns.

The Company has proactively introduced comprehensive measures to address and mitigate key operational and financial issues arising from the current situation. The Company continues to adopt strict social distancing safety measures and other hygiene practices across its office facilities, factory, warehouses and staff accommodations, enabling it to continue operations with minimal disruptions.

Management, based on its assessment, believes that the cashflows from operations will allow the Company to continue to operate and meet its liabilities whenever they fall due in foreseeable future.

3 Significant accounting policies

The accounting policies set out below, which comply with IFRS, have been consistently applied to all periods presented in these financial statements.

(a) Property, plant and equipment and depreciation

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives for the current and comparative periods are as follows:

Factory Building	18 years
Plant and Machinery	20 years
Vehicles	5 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Computers	5 years

Residual value of the property plant and equipments has been estimated at 5% of its capitalised value for the purpose of calculating depreciation.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

The components of an asset are identified and depreciated separately, if they have differing patterns of benefits and are significant to the total cost of the item. The overall value of an asset is split fairly between significant components and accounted for separately. The components' useful lives and the method of depreciation are determined on a reasonable and consistent basis.

(b) Inventories

Inventories are measured at the lower of cost and net realizable value, after making due allowance for any obsolete or slow moving items. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined as follows:

Raw materials

The cost of raw materials includes insurance, freight and other incidental charges incurred in acquiring the inventories and bringing them to their present location and condition. Valuation of the raw materials is determined on a weighted average cost basis.

Work-in-progress

The cost of work in progress includes cost of raw material and an appropriate share of production overheads based on normal operating capacity.

Finished goods

The cost of finished goods is arrived at on a weighted average cost basis and includes cost of direct materials and direct labour plus an appropriate share of production overheads based on normal operating capacity.

(c) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer. Revenue is recognised when the goods are delivered and have been accepted by customers at their premises. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific products. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods.

(d) Finance income and finance costs

Finance income comprises interest income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expenses on borrowings and preshipment credit. Interest costs is recognised as it accrues in profit or loss, using the effective interest method.

(e) Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency ("USD") at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

(f) Employee benefit

The provision for staff terminal benefits is calculated in accordance with the provisions of the UAE Labour Law and is based on the liability that would arise if the employment of all staff were to be terminated at the reporting date.

(g) Assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at lower of their carrying amount and fair value less cost to sale. Impairment losses on initial classification as held for sale and subsequent gain / losses on measurement are recognized in profit and loss. Once classified as held for sale, intangible assets and property plant and equipment are no longer amortized or depreciated.

(h) Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets

i) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

ii) Financial liabilities and equity instruments

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Derivative financial instruments

The Company holds derivative financial instruments (currency forward contracts) to hedge its foreign currency risk exposure.

Derivatives are recognised initially at fair value attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes there in are recognised in the profit or loss.

Financial liabilities

Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost and are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

i) Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

ii) Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(i) Impairment

Non-derivative financial assets

Financial instruments and contract assets

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances and other debt securities for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For its customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(j) Earning per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the reporting period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares), if any occurred during the reporting period, that have changed the number of equity shares outstanding,without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

The number of shares and potential dilutive equity shares are adjusted retrospectively for all periods presented for any bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

(k) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(l) Lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments; and
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(m) Standards issued but yet not effective

Several new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2020 and early adoption is permitted; however, the Company has not early adopted the new or amended standards in these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements in the period of initial application:

- Onerous contracts – Cost of fulfilling a contract (Amendments to IAS 37);
- Property, plant and equipment: Proceeds before intended use (Amendments to IAS 16);
- Annual improvements to IFRS Standards 2018-2020;
- Reference to conceptual framework (Amendments to IFRS 3);
- Classification of liabilities as current or non-current (Amendments to IAS 1); and
- IFRS 17 *Insurance Contracts* and amendments to IFRS 17 *Insurance Contracts*.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2021 – (CONTINUED)

4. PROPERTY, PLANT AND EQUIPMENT

Particulars	Factory building	Plant and machinery	Vehicles	Furniture and fixtures	Office equipment	Computers	Right of use assets - Land	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Cost:								
At 1 April 2019	641,164	4,540,160	36,962	27,753	3,681	4,132	866,166	6,120,018
Additions	–	983	–	–	878	1,022	–	2,883
At 31 March 2020	641,164	4,541,143	36,962	27,753	4,559	5,154	866,166	6,122,901
At 1 April 2020	641,164	4,541,143	36,962	27,753	4,559	5,154	866,166	6,122,901
Additions	–	23,639	–	240	518	–	–	24,397
Disposals	–	(20,954)	–	–	–	–	–	(20,954)
At 31 March 2021	**641,164**	**4,543,828**	**36,962**	**27,993**	**5,077**	**5,154**	**866,166**	**6,126,344**
Depreciation:								
At 1 April 2019	250,165	1,965,449	35,873	22,380	2,380	3,958	–	2,280,205
Charge for the year	35,620	227,359	–	2,215	395	128	79,344	345,061
At 31 March 2020	285,785	2,192,808	35,873	24,595	2,775	4,086	79,344	2,625,266
At 1 April 2020	285,785	2,192,808	35,873	24,595	2,775	4,086	79,344	2,625,266
Charge for the year	35,620	223,266	–	930	534	204	79,343	339,897
On disposals	–	(16,615)	–	–	–	–		(16,615)
At 31 March 2021	**321,405**	**2,399,459**	**35,873**	**25,525**	**3,309**	**4,290**	**158,687**	**2,948,548**
Net Book Value:								
At 31 March 2021	**319,759**	**2,144,369**	**1,089**	**2,468**	**1,768**	**864**	**707,479**	**3,177,796**
At 31 March 2020	355,379	2,348,335	1,089	3,158	1,784	1,068	786,822	3,497,635

Unaudited supplementary information (refer note 2 (c))

Particulars	Factory building		Plant and machinery		Vehicles		Furniture and fixtures		Office equipment		Computers		Right of use assets - Land		Under construction		Total	
	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.	Dhs.	Rs.
Cost:																		
At 1 April 2019	2,353,074	47,183,259	16,662,386	334,110,374	135,651	2,720,034	101,853	2,042,343	13,511	270,885	15,162	304,074	3,178,828	63,741,156	–	–	22,460,465	450,372,125
Additions	–	–	3,608	72,339	–	–	–	–	3,222	64,612	3,750	75,209	–	–	–	–	10,580	212,160
At 31 March 2020	2,353,074	47,183,259	16,665,994	334,182,713	135,651	2,720,034	101,853	2,042,343	16,733	335,497	18,912	379,283	3,178,828	63,741,156	–	–	22,471,045	450,584,285
At 1 April 2020	2,353,074	47,183,259	16,665,994	334,182,713	135,651	2,720,034	101,853	2,042,343	16,733	335,497	18,912	379,283	3,178,828	63,741,156	–	–	22,471,045	450,584,285
Additions	–	–	86,755	1,739,594	–	–	881	17,662	1,901	38,120	–	–	–	–	–	–	89,537	1,795,376
Disposals	–	–	(76,900)	(1,542,005)	–	–	–	–	–	–	–	–	–	–	–	–	(76,900)	(1,542,005)
At 31 March 2021	**2,353,074**	**47,183,259**	**16,675,849**	**334,380,302**	**135,651**	**2,720,034**	**102,734**	**2,060,005**	**18,634**	**373,617**	**18,912**	**379,283**	**3,178,828**	**63,741,156**	**–**	**–**	**22,483,682**	**450,837,656**
Depreciation:																		
At 1 April 2019	918,109	18,409,642	7,213,187	144,637,392	131,656	2,639,894	82,137	1,646,944	8,738	175,144	14,528	291,269	–	–	–	–	8,368,355	167,800,285
Charge for the year	130,726	2,621,276	834,406	16,731,349	–	–	8,130	163,002	1,449	29,068	470	9,420	291,191	5,838,925	–	–	1,266,372	25,393,040
At 31 March 2020	1,048,835	21,030,918	8,047,593	161,368,741	131,656	2,639,894	90,267	1,809,946	10,187	204,212	14,998	300,689	291,191	5,838,925	–	–	9,634,727	193,193,325
At 1 April 2020	1,048,835	21,030,918	8,047,593	161,368,741	131,656	2,639,894	90,267	1,809,946	10,187	204,212	14,998	300,689	291,191	5,838,925	–	–	9,634,727	193,193,325
Charge for the year	130,726	2,621,276	819,387	16,430,145	–	–	3,414	68,439	1,958	39,297	750	15,012	291,190	5,838,851	–	–	1,247,425	25,013,020
On disposals	–	–	(60,978)	(1,222,698)	–	–	–	–	–	–	–	–	–	–	–	–	(60,978)	(1,222,698)
At 31 March 2021	**1,179,561**	**23,652,194**	**8,806,002**	**176,576,188**	**131,656**	**2,639,894**	**93,681**	**1,878,385**	**12,145**	**243,509**	**15,748**	**315,701**	**582,381**	**11,677,776**	**–**	**–**	**10,821,174**	**216,983,647**
Net Book Value:																		
At 31 March 2021	**1,173,513**	**23,531,065**	**7,869,847**	**157,804,114**	**3,995**	**80,140**	**9,053**	**181,620**	**6,489**	**130,108**	**3,164**	**63,582**	**2,596,447**	**52,063,380**	**–**	**–**	**11,662,508**	**233,854,009**
At 31 March 2020	1,304,239	26,152,341	8,618,401	172,813,972	3,995	80,140	11,586	232,397	6,546	131,285	3,914	78,594	2,887,637	57,902,231	–	–	12,836,318	257,390,960

4(i) Depreciation expenses has been allocated as follows:

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Cost of sales (refer note 13.1)	**338,433**	342,450	**1,242,053**	**24,905,284**	1,256,793	25,200,896
Administrative and general expenses (refer note 13.2)	**1,464**	2,611	**5,372**	**107,736**	9,579	192,144
	339,897	345,061	**1,247,425**	**25,013,020**	1,266,372	25,393,040

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2021 – (CONTINUED)

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
5. INVENTORIES						
Raw materials and consumables	**872,427**	463,385	**3,201,808**	**64,201,903**	1,700,622	34,100,502
Work-in-progress	**680,559**	630,610	**2,497,652**	**50,082,337**	2,314,338	46,406,590
Finished goods	**445,183**	112,826	**1,633,823**	**32,761,017**	414,073	8,302,865
	1,998,169	1,206,821	**7,333,283**	**147,045,257**	4,429,033	88,809,957

The cost of inventories recognised as an expenses includes USD 139,769 (2020: USD 143,729) in respect provision for slow moving and write-downs of inventory to net realisable value.

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
6. TRADE AND OTHER RECEIVABLES						
Trade receivables	**971,947**	842,449	**3,567,044**	**71,525,580**	3,091,789	61,995,821
Deposits	**22,113**	17,988	**81,155**	**1,627,296**	66,017	1,323,737
Advance to suppliers	**6,909**	9,954	**25,355**	**508,433**	36,530	732,515
Vat receivable	**16,108**	8,772	**59,117**	**1,185,388**	32,193	645,531
	1,017,077	879,163	**3,732,671**	**74,846,697**	3,226,529	64,697,604

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
7. PREPAYMENTS						
Prepayments of expenses	**10,840**	3,645	**39,782**	**797,716**	13,378	**268,236**
Other prepayments	**2,466**	–	**9,050**	**181,473**	–	–
	13,306	3,645	**48,832**	**979,189**	13,378	268,236

Other prepayments includes the costs incurred for decommissioning of the TBA 1000 line to be given on lease.

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
8. CASH AND BANK BALANCES						
Cash on hand	**365**	7,460	**1,338**	**26,860**	27,377	5,48,981
Bank balance in current accounts	**231,521**	156,549	**849,681**	**17,037,630**	574,536	11,520,441
	231,886	164,009	**851,019**	**17,064,490**	601,913	12,069,422

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
9. SHARE CAPITAL						
Authorized, issued and paid						
1,000 shares of USD 550	**550,000**	550,000	**2,018,500**	**40,474,500**	2,018,500	40,474,500
(Dhs. 2,019) (Rs. 35,703) each	**550,000**	550,000	**2,018,500**	**40,474,500**	2,018,500	40,474,500

[900 Shares of USD 550 (Dhs. 2,019) (Rs. 35,703) each held by Mahindra Intertrade Limited, which is a subsidiary of Mahindra & Mahindra Limited] [100 Shares of USD 550 (Dhs. 2,019) (Rs. 35,703) each held by Nippon Steel Corporation, Japan (formerly known as Nippon Steel & Sumitomo Metal Corporation, Japan).]

Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of USD 550 per share. Each shareholder is entitled to one vote per share at general meetings of the Company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2021 – (CONTINUED)

	31 March 2021 USD	31 March 2020 USD	Unaudited supplementary information (refer note 2 (c)) 31 March 2021 Dhs.	31 March 2021 Rs.	31 March 2020 Dhs.	31 March 2020 Rs.
10. SHORT-TERM BORROWINGS						
Trust receipts	**–**	641,174	**–**	**–**	2,353,109	47,183,995
Working capital demand loans	**1,596,000**	500,000	**5,857,320**	**117,449,640**	1,835,000	36,795,000
Bank overdraft	**81**	440,669	**296**	**5,961**	1,617,253	32,428,832
	1,596,081	1,581,843	**5,857,616**	**117,455,601**	5,805,362	116,407,827

During the year, the Company obtained several trust receipts, working capital demand loans, which are unsecured, repayable within 30-90 days and carry interest rate of USD Libor plus spread of 2.4%. The Company has also availed a bank overdraft facility during the year at USD Libor plus 1.5%

During the year the company has availed unsecured bank overdraft facility from BNP Paribas for short term working capital requirements. One of the covenant under the loan arrangement is for the Company to have a minimum net-worth of USD 3.50 milion. As at 31 March 2021, management has assessed that net-worth of the Company is marginally lower than prescribed threshold leading to a breach of covenant. Management has already reached out to the bank to obtain waiver for the said breach. Considering that borrowing facility is of short term nature, there is no implication on classification of loan in the financial statements at 31 March 2021.

	31 March 2021 USD	31 March 2020 USD	Unaudited supplementary information (refer note 2 (c)) 31 March 2021 Dhs.	31 March 2021 Rs.	31 March 2020 Dhs.	31 March 2020 Rs.
11. TRADE AND OTHER PAYABLES:						
Due to related parties (refer note 18)	**29,715**	40,809	**109,053**	**2,186,727**	149,770	3,003,134
Trade payables	**1,420,997**	50,143	**5,215,022**	**104,571,233**	184,026	3,690,023
Accrued expenses	**33,452**	45,449	**122,748**	**2,461,734**	166,795	3,344,591
Trade payables	**1,484,154**	136,401	**5,446,823**	**109,218,894**	500,591	10,037,748
Interest payable	**2,055**	6,392	**7,543**	**151,227**	23,460	470,387
Advance from customers	**6**	–	**23**	**442**	–	–
Others	**2,474**	544	**9,081**	**182,062**	1,996	40,033
Lease liabilities	**98,860**	98,855	**362,818**	**7,275,107**	362,797	7,274,739
Other payables	**103,395**	105,791	**379,465**	**7,608,838**	388,253	7,785,159
Trade and other payables	**1,587,549**	**242,192**	**5,826,288**	**116,827,732**	888,844	17,822,907

	31 March 2021 USD	31 March 2020 USD	Unaudited supplementary information (refer note 2 (c)) 31 March 2021 Dhs.	31 March 2021 Rs.	31 March 2020 Dhs.	31 March 2020 Rs.
12. REVENUE						
Sale of goods - *point-in-time*	**7,476,887**	4,030,912	**27,440,174**	**550,224,114**	14,793,448	296,634,814
Sale of services - *point-in-time*	**109,514**	5,401	**401,917**	**8,059,135**	19,820	397,460
	7,586,401	4,036,313	**27,842,091**	**558,283,249**	14,813,268	297,032,274

GEOGRAPHICAL INFORMATION

The amount of the company's revenue from external customers broken down by location of the customers is shown in the table below:

	31 March 2021 USD	31 March 2020 USD	Unaudited supplementary information (refer note 2 (c)) 31 March 2021 Dhs.	31 March 2021 Rs.	31 March 2020 Dhs.	31 March 2020 Rs.
Domestic	**716,541**	475,045	**2,629,707**	**52,730,252**	1,743,414	34,958,562
Other GCC countries	**1,037,662**	1,575,373	**3,808,218**	**76,361,547**	5,781,619	115,931,699
Exports	**5,832,198**	1,985,895	**21,404,166**	**429,191,450**	7,288,235	146,142,013
	7,586,401	4,036,313	**27,842,091**	**558,283,249**	14,813,268	297,032,274

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2021 – (CONTINUED)

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
13. EXPENSES BY NATURE						
Changes in inventories of finished goods and work-in-progress	**(382,306)**	142,685	**(1,403,064)**	**(28,133,899)**	523,654	10,500,189
Raw materials and consumables used	**7,160,993**	3,630,101	**26,280,846**	**526,977,475**	13,322,470	267,139,133
Employee benefit expenses	**276,829**	314,892	**1,015,962**	**20,371,846**	1,155,653	23,172,902
Depreciation	**339,897**	345,061	**1,247,425**	**25,013,020**	1,266,372	25,393,040
Other expenses	**71,578**	42,295	**262,687**	**5,267,425**	155,222	3,112,489
Freight	**197,071**	63,024	**723,251**	**14,502,455**	231,299	4,637,936
Travelling and conveyance	**6,217**	17,645	**22,812**	**457,509**	64,752	1,298,496
Communication expenses	**10,221**	22,624	**37,510**	**752,163**	83,030	1,664,900
Audit fees (includes out of pocket expenses)	**14,731**	13,979	**54,064**	**1,084,054**	51,304	1,028,715
Repairs and maintenance	**29,894**	51,547	**109,710**	**2,199,899**	189,176	3,793,344
Insurance	**7,146**	6,587	**26,224**	**525,874**	24,175	484,737
Service charges	**73,417**	141,592	**269,439**	**5,402,757**	519,644	10,419,755
Bank charges	**45,951**	37,156	**168,640**	**3,381,534**	136,364	2,734,310
General expenses	**76,812**	39,840	**281,900**	**5,652,595**	146,215	2,931,825
	7,928,451	4,869,028	**29,097,406**	**583,454,707**	17,869,330	358,311,771

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
13.1. COST OF SALES						
Changes in inventories of finished goods and work-in-progress	**(382,306)**	142,685	**(1,403,064)**	**(28,133,899)**	523,654	10,500,189
Raw materials and consumables used	**7,160,993**	3,630,101	**26,280,846**	**526,977,475**	13,322,470	267,139,133
Employee benefit expenses	**276,829**	314,892	**1,015,962**	**20,371,846**	1,155,653	23,172,902
Depreciation on plant and machinery and building	**338,433**	342,450	**1,242,053**	**24,905,284**	1,256,793	25,200,896
Other expenses	**71,578**	42,295	**262,687**	**5,267,425**	155,222	3,112,489
	7,465,527	4,472,423	**27,398,484**	**549,388,131**	16,413,792	329,125,609

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
13.2. ADMINISTRATIVE AND GENERAL EXPENSES						
Travelling and conveyance	**6,217**	17,645	**22,812**	**457,509**	64,752	1,298,496
Communication expenses	**10,221**	22,624	**37,510**	**752,163**	83,030	1,664,900
Audit fees (includes out of pocket expenses)	**14,731**	13,979	**54,064**	**1,084,054**	51,304	1,028,715
Repairs and maintenance	**29,894**	51,547	**109,710**	**2,199,899**	189,176	3,793,344
Depreciation on others	**1,464**	2,611	**5,372**	**107,736**	9,579	192,144
Insurance	**7,146**	6,587	**26,224**	**525,874**	24,175	484,737
Service charges	**73,417**	141,592	**269,439**	**5,402,757**	519,644	10,419,755
Bank charges	**45,951**	37,156	**168,640**	**3,381,534**	136,364	2,734,310
General expenses	**76,812**	39,840	**281,900**	**5,652,595**	146,215	2,931,825
	265,853	333,581	**975,671**	**19,564,121**	1,224,239	24,548,226

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 – (CONTINUED)

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
14. OTHER INCOME						
Exchange gain (net)	**–**	2,101	**–**	**–**	7,711	154,613
Other miscellaneous income	**11,763**	67,855	**43,172**	**865,639**	249,027	4,993,449
	11,763	69,956	**43,172**	**865,639**	256,738	5,148,062

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
15. FINANCE COST						
Interest expenses	**30,235**	53,432	**110,961**	**2,224,994**	196,094	3,932,061
Interest on lease liabilities	**32,311**	35,048	**118,581**	**2,377,766**	128,626	2,579,182
Exchange loss (net)	**79,840**	–	**293,014**	**5,875,426**	–	–
	1,42,386	88,480	**5,22,556**	**1,04,78,186**	3,24,720	65,11,243

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
16. CONTINGENCIES AND COMMITMENTS						
Letters of credit	**892,731**	1,052,714	**3,276,324**	**65,696,074**	3,863,461	77,469,223
	892,731	1,052,714	**3,276,324**	**65,696,074**	3,863,461	77,469,223

17. STATUTORY RESERVE

According to the articles of association of the Company, 10% of the net profit for each year is required to be transferred to a statutory reserve. The management may resolve to discontinue such annual transfers when the reserve reaches 50% of the paid up share capital. The reserve is not available for distribution. No appropriations to the statutory reserve have been made in current year (*2020: Nil*) as the statutory reserve has accumulated to 50% of the paid up share capital.

18. RELATED PARTIES

Management's policy is to conduct transactions with related parties on prices at mutually agreed terms.

List of related parties:

Ultimate Holding Company

Mahindra & Mahindra Limited

Holding Company

Mahindra Intertrade Limited – Shareholder

Fellow Subsidiaries

Mahindra Integrated Business Solution

Transactions with related parties

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Mahindra Intertrade Limited:						
Reimbursement of expenses by the company	**6,651**	6,123	**24,409**	**489,447**	22,471	450,592
Reimbursements received	**–**	–	**–**	**–**		–
Service charges*	**73,369**	141,573	**269,264**	**5,399,225**	519,573	10,418,357

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 – (CONTINUED)

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Sales	**–**	165,310	**–**	**–**	606,688	12,165,163
Purchase	**–**	500,522	**–**	**–**	1,836,916	36,833,414
Mahindra & Mahindra Limited:						
Reimbursement of expenses by company	**4,226**	2,897	**15,508**	**310,969**	10,633	213,190
Mahindra Integrated Business Solution:						
Service Charges (Salary processing cost)	**1,141**	869	**4,187**	**83,966**	3,188	63,950

* The managerial services are rendered by Mahindra Intertrade Limited, shareholder and the same is paid as service charges.

Outstanding balances

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Outstanding payable						
Mahindra Intertrade Limited	**24,975**	37,043	**91,659**	**1,837,910**	135,949	2,725,994
Mahindra & Mahindra Limited	**4,226**	2,897	**15,508**	**310,991**	10,633	213,190
Mahindra Integrated Business Solutions Pvt Ltd	**514**	869	**1,886**	**37,826**	3,188	63,950
	29,715	40,809	**109,053**	**2,186,727**	149,770	3,003,134

19. LEASES

The Company has entered into lease arrangements with Government of Sharjah, represented by Sharjah Airport International Free Zone (SAIF Zone) The tenure of the lease agreement is generally for a period of 25 years, renewable thereafter for another equal term.

While measuring lease liabilities, the company discounted lease payments using its incremental borrowing rate at 1 April 2019. The average rate applied is 4.23%

Lease liabilities included in the statement of financial position

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
At 1 April	**789,992**	–	**2,899,269**	**58,135,511**	–	–
On initial adoption of IFRS 16	**–**	853,800	**–**	**–**	3,133,448	62,831,142
Interest on lease liabilities (refer note 15)	**32,311**	35,048	**118,581**	**2,377,766**	128,626	2,579,182
Payments made against lease liabilities	**(98,850)**	(98,856)	**(362,775)**	**(7,274,371)**	(362,805)	(7,274,813)
At 31 March	**723,453**	789,992	**2,655,075**	**53,238,906**	2,899,269	58,135,511
Less: current portion of lease liabilities	**(98,860)**	(98,855)	**(362,818)**	**(7,275,107)**	(362,797)	(7,274,739)
Non-current portion of lease liabilities	**624,593**	691,137	**2,292,257**	**45,963,799**	2,536,472	50,860,772

Amount recognised in profit and loss statement

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Depreciation on right-of-use assets	**79,343**	79,344	**291,190**	**5,838,851**	291,191	5,838,925
Interest on lease liabilities	**32,311**	35,048	**118,581**	**2,377,766**	128,626	2,579,182
	111,654	114,392	**409,771**	**8,216,617**	419,817	8,418,107

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 – (CONTINUED)

Maturity analysis

The following table sets out a maturity analysis of lease payables showing the undiscounted lease payments to be payable after the reporting date:

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Less than one year	**98,855**	98,855	**362,797**	**7,274,739**	362,797	7,274,739
Between one and five years	**395,419**	395,419	**1,451,188**	**29,098,884**	1,451,188	29,098,884
More than five years	**378,948**	477,798	**1,390,744**	**27,886,784**	1,753,519	35,161,155
	873,222	972,072	**3,204,729**	**64,260,407**	3,567,504	71,534,778

20. FINANCIAL INSTRUMENTS

Overview

The Company has exposure to the following risks from its use of financial instruments:

– Credit risk
– Liquidity risk
– Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

A) Credit risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to cash at bank and trade and other receivables.

Trade receivables

The exposure to credit risk on trade receivables is monitored on an ongoing basis by the management and these are considered recoverable by the Company's management. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represent the maximum open amount.

The Company follows expected credit loss method for determination of impairment for trade receivable, additionally an impairment analysis is performed on each reporting date on specific case basis for major customer.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Trade receivables	**971,947**	842,449	**3,567,044**	**71,525,580**	3,091,789	61,995,821
Other receivables (excluding advances and Vat receivable)	**22,113**	17,988	**81,155**	**1,627,296**	66,017	1,323,737
Cash at banks	**231,521**	156,549	**849,681**	**17,037,630**	574,536	11,520,441
	1,225,581	1,016,986	**4,497,880**	**90,190,506**	3,732,342	74,839,999

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Domestic	**39,110**	135,552	**143,532**	**2,878,105**	497,477	9,975,272
Other GCC countries	**268,599**	254,060	**985,758**	**19,766,200**	932,399	18,696,275
Exports	**664,238**	452,837	**2,437,754**	**48,881,275**	1,661,913	33,324,274
	971,947	842,449	**3,567,044**	**71,525,580**	3,091,789	61,995,821

Impairment losses

Expected credit loss assessment

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 – (CONTINUED)

The age of trade receivables at the reporting date was:

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Not past due	**611,906**	768,045	**2,245,696**	**45,030,163**	2,818,724	56,520,432
Past due 0 - 180 days	**359,595**	65,294	**1,319,715**	**26,462,596**	239,629	4,804,985
Past due more than 180 days	**446**	9,110	**1,633**	**32,821**	33,436	670,404
	971,947	842,449	**3,567,044**	**71,525,580**	3,091,789	61,995,821

B) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk mainly relates to amounts due to related parties, short term borrowings and trade and other payables. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of letter of credit facilities.

The following are the contractual maturities of financial liabilities (including estimated interest payments).

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Carrying amount						
Lease liabilities	**723,453**	789,992	**2,655,075**	**53,238,906**	2,899,269	58,135,511
Short-term borrowings	**1,596,081**	1,581,843	**5,857,616**	**117,455,601**	5,805,362	116,407,827
Trade and other payables (excluding advances)	**1,555,773**	194,991	**5,709,669**	**114,489,336**	715,614	14,349,386
Due to related parties	**29,715**	40,809	**109,053**	**2,186,727**	149,770	3,003,134
Interest payable	**2,055**	6,392	**7,543**	**151,227**	23,460	470,387
	3,907,075	2,614,027	**14,338,956**	**287,521,797**	9,593,475	192,366,245
Contractual cash flows						
Lease liabilities	**873,222**	**972,072**	**3,204,729**	**64,260,407**	3,567,504	71,534,778
Short-term borrowings	**1,596,081**	**1,581,843**	**5,857,616**	**117,455,601**	5,805,362	116,407,827
Trade and other payables	**1,555,773**	**194,991**	**5,709,669**	**114,489,336**	715,614	14,349,386
Due to related parties	**29,715**	**40,809**	**109,053**	**2,186,727**	149,770	3,003,134
Interest payable	**2,055**	**6,392**	**7,543**	**151,227**	23,460	470,387
	4,056,846	**2,796,107**	**14,888,610**	**298,543,298**	10,261,710	205,765,512
1 year or less						
Lease liabilities	**98,855**	98,855	**362,797**	**7,274,739**	362,797	7,274,739
Short-term borrowings	**1,596,081**	1,581,843	**5,857,616**	**117,455,601**	5,818,293	116,407,826
Trade and other payables	**1,555,773**	194,991	**5,709,669**	**114,489,336**	715,617	14,349,388
Due to related parties	**29,715**	40,809	**109,053**	**2,186,727**	149,770	3,003,134
Interest payable	**2,055**	6,392	**7,543**	**151,227**	23,460	470,387
	3,282,479	1,922,890	**12,046,678**	**241,557,630**	7,069,937	141,505,475
More than 1 year						
Lease liabilities	**774,367**	873,217	**2,841,932**	**56,985,668**	3,204,707	64,260,039
Short-term borrowings	**–**	–	**–**	**–**	–	–
Trade and other payables	**–**	–	**–**	**–**	–	–
Due to related parties	**–**	–	**–**	**–**	–	–
Interest payable	**–**	–	**–**	**–**	–	–
	774,367	873,217	**2,841,932**	**56,985,668**	3,204,707	64,260,039

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 – (CONTINUED)

C) Market risk

(i) Currency risk

Foreign exchange risk is limited since all significant transactions are either in USD or Dhs. (which is currently fixed to USD).

(ii) Interest rate risk

The Company has placed fixed deposits / margin money in form of fixed deposits with banks at normal commercial rates. Short term borrowings (Trust Receipts and working capital demand loans) carry interest at fixed rate linked to USD Libor.

Interest rate sensitivity analysis

A resonably possible change of 100 basis point in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Interest rate increase by 1%	**(15,961)**	(15,818)	**(58,576)**	**(1,174,556)**	(58,054)	(1,164,078)
Interest rate decrease by 1%	**15,961**	15,818	**58,576**	**1,174,556**	58,054	1,164,078

(iii) Price risk

The Company dose not have a significant risk in raw material price variation. In case of any variation in price same is passed on to customer through appropriate adjustment to selling price.

21. EARNINGS PER SHARE

			Unaudited supplementary information (refer note 2 (c))			
	31 March 2021	31 March 2020	**31 March 2021**		31 March 2020	
	USD	USD	**Dhs.**	**Rs.**	Dhs.	Rs.
Basic and diluted						
Loss for the year (A)	**(472,673)**	(851,239)	**(1,734,699)**	**(34,784,005)**	(3,124,044)	(62,642,678)
Weighted average number of shares (B)	**1,000**	1,000	**1,000**	**1,000**	1,000	1,000
Earnings per share basic / diluted (A/B)	**(473)**	(851)	**(1,735)**	**(34,784)**	(3,124)	(62,643)
Nominal value of equity share	**550**	550	**2,019**	**35,703**	2,019	35,703

Mr. Zhooben Bhiwandiwala
Mr. Sumit Issar
Directors

BOARD OF DIRECTOR'S STATEMENT LETTER RELATING TO THE RESPONSIBILITY ON THE FINANCIAL STATEMENTS OF PT. MAHINDRA ACCELO STEEL INDONESIA AS OF MARCH 31, 2021 AND FOR THE YEAR THEN ENDED

We the undersigned :

Name	: Mr. Dharmesh Vipinchandra Modi
Office Address	: Jl.Albasia Selatan block K6-09, Delta Silicon 8, Desa Sukasari, Kecamatan Serang Baru, Kabupaten Bekasi, Jawa Barat 17530
Position	: Director
Phone Number	: 062 - 8118201918

declare that:

1. We are responsible for the preparation and presentation of the Financial Statements PT. MAHINDRA ACCELO STEEL.
2. The Financial Statements have been prepared and presented in accordance with Indonesian Accounting Standard
3. All information contained in the Financial Statements are complete and correct, and the Financial Statements do not contain misleading material information or facts, and do not omit material information and facts.
4. We are responsible for the Company's Internal Control System.

April 24, 2021

For and on behalf of the Board of Directors

Mr. Dharmesh Vipinchandra Modi
Director

INDEPENDENT AUDITORS' REPORT

The Stockholders, Board of Commissioners, Directors

PT. MAHINDRA ACCELO STEEL INDONESIA

Preface

We have audited the accompanying financial statements of **PT. MAHINDRA ACCELO STEEL INDONESIA** as of financial position at March 31, 2021 and March 31, 2020, and the statements of profit and loss and other comprehensive income, changes in equity and satements of cash flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesia Financial Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on such financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose expressing an opinion on the effectiveness of entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **PT. MAHINDRA ACCELO STEEL INDONESIA** as of March 31, 2021 and March 31, 2020, and their financial performance and its cash flows for the year ended, in accordance with Indonesian Financial Accounting Standards.

REGISTERED PUBLIC ACCOUNTANT
DRS. SJARIFUDDIN CHAN

Drs. Sjarifuddin Chan, Ak.CA

NR AP : 0015

Reg Neg : D - 1817

SI No. : 390/KM.1/2021

Jakarta, April 24, 2021

STATEMENTS OF FINANCIAL POSITION AS OF MARCH 31, 2021
(Figures in table are expressed in Rupiah, unless otherwise stated)

	Notes	2021	2020
ASSETS			
CURRENT ASSETS			
Cash and bank	3	**6,049,560,947**	3,819,017,926
Prepaid tax	4	**5,685,164,607**	1,925,787,701
Other Current Assets	5	**104,421,000**	1,656,418,400
TOTAL CURRENT ASSETS		**11,839,146,554**	7,401,224,027
NON-CURRENT ASSETS			
Fixed assets — net	6	**18,983,663,409**	17,908,310,990
Construction in progress	7	**41,129,222,134**	1,535,694,997
Other asset	8	**173,131,024**	1,000,000
TOTAL NON-CURRENT ASSETS		**60,286,016,567**	19,445,005,987
TOTAL ASSETS		**72,125,163,121**	26,846,230,014
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade payable			
Third parties	**9**	**4,317,200**	114,968,315
Related parties	**10a**	**–**	171,199,520
Other payables	**10b**	**42,406,847**	210,914,233
Tax payable	**11**	**151,580,209**	18,805,614
Accrued expenses	**12**	**391,041,346**	758,939,66
TOTAL CURRENT LIABILITIES		**589,345,602**	591,781,648
NON CURRENT LIABILITIES			
Loan from banks	**13**	**24,981,201,600**	**–**
TOTAL NON CURRENT LIABILITIES		**24,981,201,600**	**–**
TOTAL LIABILITIES		**25,570,547,202**	**591,781,648**
EQUITY			
Capital stock – Rp 10,000,000 par value per share			
Authorized – 11,300 shares			
Issued and fully paid – 4,850 shares	14	**48,500,000,000**	28,250,000,000
Retained earning		**(1,94,53,84,081)**	(1,995,551,634)
TOTAL EQUITY		**46,55,46,15,919**	26,254,448,366
TOTAL LIABILITIES AND EQUITY		**72,125,163,121**	26,846,230,014

The accompanying notes to the financial statements are an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2021

(Figures in table are expressed in Rupiah, unless otherwise stated)

	Notes	2021	2020
REVENUES		**–**	–
COST OF REVENUES		**–**	–
GROSS PROFIT		**–**	–
OPERATIONAL EXPENSES			
Operational expense	15	**1,142,948,552**	1,928,643,293
Operating loss		**(1,14,29,48,552)**	(1,928,643,293)
Other Incomes-net	16	**1,19,31,16,105**	482,891,693
PROFIT(LOSS) BEFORE TAX		**50,167,553**	(1,445,751,600)
TAX EXPENSE			
Current		**–**	–
TOTAL TAX EXPENSE		**–**	–
TOTAL COMPREHENSIVE INCOME/(LOSS)		**50,167,553**	(1,445,751,600)

The accompanying notes to the financial statements are an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITIES FOR THE YEAR ENDED MARCH 31, 2021
(Figures in table are expressed in Rupiah, unless otherwise stated)

	Share Capital	Retained Earning	Total Equity
Paid Up Capital	28,250,000,000	–	28,250,000,000
Total Comprehensive Income/loss		(1,995,551,634)	(1,995,551,634)
Balance as of March 31, 2020	28,250,000,000	(1,995,551,634)	26,254,448,366
Paid Up Capital	**20,250,000,000**		**20,250,000,000**
Total Comprehensive Income/loss	–	**50,167,553**	**50,167,553**
Balance as of March 31, 2021	**48,500,000,000**	**(1,945,384,081)**	**46,554,615,919**

The accompanying notes to the financial statements are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021
(Figures in table are expressed in Rupiah, unless otherwise stated)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income (loss)	**50,167,553**	(1,445,751,600)
The adjustment to reconcile total comprehensive income (loss) to net cash:		
Depreciation	**2,927,068**	1,187,284
Changes in operating assets and liabilities:		
Increase (decrease) Prepaid tax	**(3,759,376,906)**	(1,925,787,701)
Increase (decrease) other current assets	**1,551,997,400**	(1,656,418,400)
Increase (decrease) other asset	**(172,131,024)**	(1,000,000)
Increase (decrease) Accounts payables	**(281,850,635)**	286,167,835
Increase (decrease) Other payables	**(168,507,386)**	210,914,233
Increase (decrease) Tax payable	**132,774,595**	18,805,614
Increase (decrease) Accrued expenses	**315,147,380**	(473,900,068)
Net Cash Used for operating activities	**(2,328,851,955)**	(4,985,782,803)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	**(1,078,279,487)**	(17,909,498,274)
Construction work in progress	**(39,593,527,137)**	(1,535,694,997)
Net Cash Used By Investing Activities	**(40,671,806,624)**	(19,445,193,271)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of equity instruments of the Company	**20,250,000,000**	–
Proceeds/(repayment) of borrowings	**24,981,201,600**	–
Net cash used for financing activities	**45,231,201,600**	–
NET (DECREASE) INCREASE CASH AND CASH EQUIVALENTS	**2,230,543,021**	(24,430,976,074)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**3,819,017,926**	28,249,994,000
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**6,049,560,947**	3,819,017,926

The accompanying notes to the financial statements are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS AS OF MARCH 31, 2021 AND FOR THE YEAR ENDED
(Figures in table expressed in Rupiah, unless otherwise stated)

1. GENERAL

a. Establishment and General Information

PT. Mahindra Accelo Steel Indonesia (“ the “Company”) was established based on deed No. 65 of Notary Mala Mukti, SH, LL.M, dated 18 December 2018. The deed of establishment of the company was approved by the Ministry of Law and Human Rights Republic of Indonesia based on Decree No. AHU-0060888.AH.01.01. Tahun 2018 dated 19 December 2018.

The articles of association of the Company have been amended based on deed No. 23 from Notary Hasbullah Abdul Rasyid, S.H, M.Kn, dated October 2, 2018, regarding the change in the composition of the Company’s board of directors.

In accordance with Article 3 of its Articles of Association, the Company conducts business within the scope of its activities, which primarily is steel processing.

PT. Mahindra Accelo Steel Indonesia (the “Company”) have been amended based on deed No. 355 from Notary Hambit Maseh, S.H. dated September 4, 2020 regarding changes to the board of directors and commissioners, the full address of the company. The deed of establishment of the company was approved by the Ministry of Law and Human Rights Republic of Indonesia based on Decree No. AHU-0148649.AH.01.11TAHUN 2020 dated 8 September 2020.

PT. Mahindra Accelo Steel Indonesia (the “Company”) have been amended based on deed No. 233 from Notary Hambit Maseh, S.H. dated March 4, 2021 regarding issuance of shares that are still in savings and changes in the board of directors and commissioners. The deed of establishment of the company was approved by the Ministry of Law and Human Rights Republic of Indonesia based on Decree No. AHU-0044178.AH.01.11 TAHUN 2021 dated 9 March 2021.

The company is domiciled in Jalan Albasia Selatan Blok K6-09 Delta Silicon 8, Sukasari, Serang Baru, Cikarang, Jawa Barat , Indonesia. The company is registered as a taxpayer at the Cikarang Selatan Tax Office (KPP) with a NPWP of 90.338.648.0-018.000..

b. Commissioners and Directors

The composition of the Company’s commissioners and directors as of March 31, 2021 and 2020 is as follows:

Commissioners	**2021**	**2020**
President Commissioner	Mr. Zhooben Dossabhoy Bhiwandiwala	Mr. Zhooben Dossabhoy Bhiwandiwala
Commissioner	Mr. Sumit Issar	Mr. Sumit Issar
Directors		
President Director	Mr. Vijay Arora	Mr. Vijay Arora
Director	Mr. Dharmesh Vipinchandra Modi	Mr. Dharmesh Vipinchandra Modi
Director	Tn. Rudy E. Tiendas	Mr. Rudy E. Tiendas
Director		Mr. Percy Dara Mahernosh

The number of Company employees as of March 31, 2021 and March 31, 2020 were 2 permanent employees (unaudited).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of the Financial Statements

Based on the requirements and criteria in the Indonesian Financial Accounting Standards, the Company fulfills the criteria as an entity consisting of Statements and Interpretations issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants.

The financial statements use the historical cost basis of accounting, except for certain accounts which are measured on the basis described in the related accounting policies. The financial statements have been prepared on accrual basis.

The statements of cash flows are prepared using the indirect method with classifications of cash flows into operating, investing, and financing activities.

The Company that chooses the reporting currency used in the preparation of the financial statements is the Rupiah. Unless otherwise stated, all figures presented in the financial statements are stated in full amount of Rupiah.

b. Changes to Statements of Financial Accounting Standards (PSAK) and Interpretations of Statements of Financial Accounting Standards (ISAK)

The adoption of the following new PSAK, amendments and improvements to PSAKs which are effective for periods beginning on or after January 1, 2019 have no material impact to disclosures or on the amounts recognized in the current and prior year financial statements:

– ISAK 33: “Foreign Currency Transactions and Advance Consideration”;

– PSAK 15: (amendment), “Investments in Associates and Joint Ventures: Long Term Interest In Associate and Joint Ventures”;

– PSAK 62: “Insurance Contract”;

– PSAK 71: “Financial Instruments”;

– PSAK 71: (amendment), “Financial Instruments: Prepayment Features with Negative Compensation”,

– PSAK 72: “Revenue from Contracts with Customers”, and

– PSAK 73: “Leases”.

All new PSAKs and amendments to PSAKs are effective for periods beginning on or after January 1, 2020, while the new ISAK is effective for periods beginning on or after January 1, 2019. Early adoption of the new PSAKs and amendments to PSAKs is permitted, while early adoption of PSAK 73 is permitted only upon early adoption of PSAK 72.

c. Financial Instruments

i. Financial assets

Initial recognition

Financial asset within the scope of PSAK No. 55 (Revised 2014) are classified as financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments and available for sale financial assets. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All financial assets are recognized initially at fair value plus transaction costs, except in the case of financial assets which are recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the assets.

Initial recognition

As of March 31, 2021, the Company’s financial assets included cash and bank. The Company has determined that these financial assets are included in the loans and receivables category.

Subsequent Measurement

Loans and receivables are non-derivative financial assets with fixed determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate (“EIR”), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are an integral part of the EIR. The EIR amortization is included in the statement of comprehensive income. Losses arising from impairment are also recognized in the statements of comprehensive income.

NOTES TO FINANCIAL STATEMENTS (Continued) AS OF MARCH 31, 2021 AND FOR THE YEAR ENDED
(Expressed in Rupiah, unless otherwise stated)

ii. Financial liabilities

Initial recognition

Financial liabilities within the scope of PSAK No. 55 (Revised 2014) are classified as financial liabilities at fair value through profit and loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, include directly attributable transaction costs.

As of March 31, 2021, the Company's financial liabilities include account payable, other payable and accrued expenses. The Company has determined that all of these financial liabilities are included in the loans and borrowings category.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method.

Gains and losses are recognized in the statements of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and the liabilities simultaneously.

iv. Fair value of financial instruments

The fair value of financial instruments that are actively traded in-organized financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting year. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transaction, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models.

Credit risk adjustment

The Company adjust the price in the observable market to reflect any differences in counterparty credit risk between instruments traded in that market and the ones being valued for financial asset positions. In determining the fair value of financial liability positions, the Company's own credit risks associated with the instrument are taken into account.

v. Amortized cost of financial instruments

Amortized cost is computed using the EIR method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

vi. Impairment of financial assets

The Company assesses at the end of each reporting periods whether there is any objective evidence that a financial asset or a Company of financial assets is impaired.

For loans and receivables carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a Company of financial assets with similar credit risk characteristics and the asset is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognized, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flow is discounted at the financial assets' original effective interest rate. If a "loans and receivables" financial asset has a variable interest rate, the discount rate for measuring impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance accounts and the amount of the loss is recognized in the statements of comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the rate of interest used to discount future cash flow for the purpose of measuring impairment loss. Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized the previously recognized impairment loss is increase or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognized in the statements of comprehensive income.

vii. Derecognition of financial assets and liabilities

Financial assets

A financial asset (or where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognized when: (1) the rights to receive cash flows from the asset have expired; or (2) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement, and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognized in the consolidated statements of comprehensive income.

d. Fixed Assets

All fixed assets are initially recognized at cost which comprises their purchase price and any costs directly attributable in bringing the asset to its working condition and to the location where it is intended to be used. Costs of replacing part of fixed assets, which met the recognition criteria, is recognized as part of cost. Subsequent to initial recognition, fixed assets are carried at cost less any subsequent accumulated depreciation and impairment losses.

Fixed assets of direct acquisition are stated at cost less accumulated depreciation, except for land, which is not depreciated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

	Years
Computer	4

e. Revenue Recognition and Burden

The Company has transactions with certain parties who have related party relationship as defined under. PSAK No. 7 (Revised 2015) on "Related Party Disclosures". According to this PSAK

1) A person or a close member of that person's family is related to Company if that person:

NOTES TO FINANCIAL STATEMENTS (Continued) AS OF MARCH 31, 2021 AND FOR THE YEAR ENDED
(Expressed in Rupiah, unless otherwise stated)

(i). has control or joint control over the Company;

(ii). has significant influence over the Company; or.

(iii). is a member of the key management personnel of the Company or parent of the Company.

2) An entity is related to the Company if any of the following conditions applies:

(i). the entity and the Company are members of the same group;

(ii). the entity is an associate or a joint venture of the Company (or associate or joint venture of a member of a group of which the Company is a member);

(iii). the entity and the Company are joint ventures of the same third party;

(iv). in entity which is a joint venture of the Company and other entity which is an associate of the Company;

(v). the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company:

(vi). the entity is controlled or jointly controlled by a person identified in (1);

(vii). a person identified in (1) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or parent of the entity);

(viii). the entity, or a member of a group to which the entity is part of the group, providing services tothe key management personnel of the Company or to the parent entity of the Company.

All significant transactions and balance with related parties are disclosed in Notes to Financial Statements

f. Foreign Currency Transactions and Balances

Transactions during the year involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At financial position date, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the rates of exchange prevailing at that date. The resulting gains or losses are credited in or charged to current operations.

Exchange rates used were Rp 14,572.00/US$ and Rp 16,367.01/US$ as of March 31, 2021 and 2020, respectively.

g. Expenses

Expenses are recognized as incurred.

h. Taxation

Current Tax

Income tax expense represents the sum of the corporate income tax currently payable and deferred tax.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as of the reporting date.

Current income taxes are recognized in the statement of profrt or loss and other comprehensive income, except to the extent that the tax relates to items recognized outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions when appropriate.

Deferred tax is recognized using the liability method or temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii. In respect of taxable temporary differences associated with investment in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

ii. In respect of deductible temporary differences associated with investment in subsidiaries, deferred tax assets are recognized only to the extent that is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which temporary differences can be utilized.

Value Added Tax

Revenue, expenses and assets are recognized net of the amount of VAT except:

i, The VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

ii. Receivables and payables that are stated inclusive of the VAT amount.

The net amount of VAT recoverable from, or payable to, the taxation authorities is included as part of receivables or payables in the statement of financial position.

3. CASH AND BANK

	2021	2020
Cash on hand	**6,002,110**	1,498,679
Cash in bank		
In rupiah		
The Hongkong and Shanghai Banking Corporation	**1,043,558,837**	3,817,519,247
Deposit with Bank	**5,000,000,000**	–
Total	**6,049,560,947**	3,819,017,926

4. PREPAID TAX

	2021	2020
VAT In	**5,272,715,607**	1,925,787,701
Withholding Taxes 22	**412,449,000**	–
Total	**5,685,164,607**	1,925,787,701

5. OTHER CURRENT ASSETS

	2021	2020
Interest accured on FD	**401,389**	–
Prepaid Expenses	**36,769,611**	–
Advance payment for purchasing asset	–	1,65,64,18,400
Deposit for Warehouse Rental	**47,250,000**	–
Deposit for Construction Permit	**20,000,000**	–
Total	**104,421,000**	1,656,418,400

6. FIXED ASSETS

	March 31, 2021			
	beginning balance	**addition**	**Disposais**	**Ending balance**
At cost:				
Direct acquisitions				
Land	17,900,000,000	1,073,859,487		18,973,859,487
Computer	9,498,274	4,420,000		13,918,274
Total	**17,909,498,274**	**1,078,279,487**		**18,987,777,761**
Accumulated depreciation				
Direct acquisitions				
Computer	1,187,284	2,927,068		4,114,352
Total	**1,187,284**	**2,927,068**		**4,114,352**
Net Book Value	**17,908,310,990**			**18,983,663,409**

NOTES TO FINANCIAL STATEMENTS (Continued) AS OF MARCH 31, 2021 AND FOR THE YEAR ENDED
(Expressed in Rupiah, unless otherwise stated)

7. CONSTRUCTION IN PROGRESS

This account consists of construction in progress amounted of Rp 41,129,222,134 as of March 31, 2021 and Rp 1,535,694,997 as of March 31, 2020.

8. OTHER ASSET

	2021	2020
Deposit for Electrical Connection	**173,131,024**	–
Deposit for Car Rental	**–**	1,000,000
Total	**173,131,024**	1,000,000

9. ACCOUNTS PAYABLE - THIRD PARTIES

This account arise mainly from the professional service rendered related to business activities. The aging analysis of accounts payable is as follows

	2021	2020
1-30 days	**–**	103,028,315
31-60 days	**4,317,200**	11,940,000
Total	**4,317,200**	114,968,315

10. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The Company entered in to certain transactions with related parties as follows:

a. Related parties

	2021	2020
TLO Advocates	**–**	147,906,000
Rudy E. Tiendas	**–**	23,293,520
Total	**–**	171,199,520

b. Other payables

	2021	2020
Mahindra Intertrade Ltd	**–**	187,238,800
Mahindra & Mahindra Ltd	**42,406,847**	23,675,433
Total	**42,406,847**	210,914,233

c. Construction in progress

The company appointed Pininfarina S.p.A for the project of façade design of the company factory. During the year March 31, 2021 the company has paid Euro 13,500, or equal to Rp 214,852,500. For the year ended March 31, 2020 an amonut of EURO 76,500 or equal to Rp 1,195,155,000 was paid and recorded in construction work in progress.

The nature of transactions and relationship with the related parties is as follows:

d. Key management compensation

Key management personnel are the board of Commissioners, Board of Directors and key employees of the Group. The compensation paid to key management for the year ended March 31, 2021 amounted to Rp 762,944,948 and for the year ended March 31, 2020, amounted to Rp 392,680,787.

Related parties	Relationship	Nature of Transactions
Mahindra Intertrade Ltd.	Shareholder	Reimbursement expenses
Pininfarina Spa	Affiliate	Purchase of design
Mahindra & Mahindra ltd	Ultimate holding	Reimbursement of expenses
Dhamesh Vipinchandra Modi	Key management person	Director Salary
Rudy E. Tiendas	Key management person	Director Fee
TLO Advocates	Affiliate	Accounts payable

11. TAXATION

a. Taxes payable

Income taxes	2021	2020
Article 21	**10,910,883**	12,799,408
Article 23	**290,202**	6,006,206
Article 4 (2)	**140,379,124**	–
Total	**151,580,209**	18,805,614

b. Reconciliations between the loss before income tax and estimated taxable income of year ended March 31, 2021 and March 31, 2020

	2021	2020
Loss before income tax per statements of profit or loss and other comprehensive income	**50,167,553**	(1,445,751,600)
Fiscal corrections:		
Staff welfare	**1,884,495**	3,182,016
Miscellaneous expenses	**33,825,500**	20,008,614
Interest income - net	**(49,552,225)**	(667,341,904)
Estimated taxable loss	**36,325,323**	(2,089,902,874)

Under Indonesian Tax Law, the tax loss can be carry forward for five years.

12. ACCRUED EXPENSES

	2021	2020
Salaries	**181,478,032**	46,619,772
Professional fees	**65,000,000**	27,500,000
Rent	**–**	1,774,194
Interest accured on Loan	**144,563,314**	–
Total	**391,041,346**	75,893,966

13. LOAN FROM BANKS

	2021	2020
PT Bank HSBC, Indonesia	**24,981,201,600**	–
Refer Note 18 (b)	**24,981,201,600**	–

14. CAPITAL STOCK

The details of share ownership of the Company as of March 31, 2021 and 2020 are as follows:

	2021			2020		
Shareholders	**Number of Shares**	**Percentage of Owners**	**Amount**	**Number of Shares**	**Percentage of Owners**	**Amount**
Mahindra Intertrade Limited	**4,849**	**99.98%**	**48,490,000,000**	2,824	99.96%	28,240,000,000
Karthick Gnanasekaran	**1**	**0.02%**	**10,000,000**	1	0.04%	10,000,000
Total	**4,850**	**100%**	**48,500,000,000**	2,825	100%	28,250,000,000

NOTES TO FINANCIAL STATEMENTS (Continued) AS OF MARCH 31, 2021 AND FOR THE YEAR ENDED
(Expressed in Rupiah, unless otherwise stated)

15. OPERATING EXPENSES

	2021	2020
Professional fees	**303,471,414**	1,056,863,574
Salary	**489,241,681**	204,169,236
Travelling	**13,112,276**	169,883,643
Rent	**47,203,306**	125,422,565
Directors fees	**85,800,000**	52,140,790
Repairs & Maintenance	**156,739,790**	24,671,222
Others (each below Rp 50,000,000)	47,380,085	295,492,263
Total	**1,142,948,552**	1,928,643,293

16. OTHER INCOME

	2021	2020
Interest Income Net	**49,552,225**	667,341,904
Finance charges	**–**	(136,450,000)
Bank charges	**(18,690,720)**	(48,000,211)
Exchange gain/(loss)	**1,162,254,600**	–
Total Other Income or net	**1,193,116,105**	482,891,693

17. MONETARY ACCOUNTS

The following table shows the Company's liability in foreign currency as of March 31, 2021 and as of March 31, 2020 as follow :

	2021		2020	
	US$	Equivalent in Rp	US$	Equivalent in Rp
Accounts payable to related parties (see Note 10)	**2,774**	**42,406,847**	**12,931.59**	**210,914,233**

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table sets out the carrying values, which also represent the estimated fair values, of the Company's financial instruments as of March 31, 2021, and 2020:

	2021	2020
Financial assets:		
Cash and bank	**6,049,560,947**	3,819,017,926
Total Financial Assets	**6,049,560,947**	3,819,017,926
Financial liabilities:		
Accounts payables	**4,317,200**	286,167,835
Other payables	**42,406,847**	210,914,233
Accrued expenses	**391,041,346**	75,893,966
Loans from Banks	**24,981,201,600**	-
Total Financial Liabilities	**25,418,966,993**	572,976,034

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The following method and assumption are used to estimate the fair value of each class of financial instruments is Short-term financial assets and liabilities. The fair value of cash and bank, trade payables, other payables and accrued expenses approximate their carrying values due to their short-term nature.

19. SIGNIFICANT AGREEMENTS

a. Based on lease agreement dated January 31, 2019 between the Company and TLO Advocates, the Company has agreed to lease an office at Menara Imperium 22nd floor suite D JI. HR. Rasuna Said Kav. 1 Guntur, Setiabudi South Jakarta with a rental fee of USO $500 per month. The lease period is 2 years from December 19, 2018 to December 18, 2020. This was extended till August 2020.

b. Based on Notarial Deed of Mala Mukti, S.H., LL.M. No. 28 dated January 16, 2020, the Company obtained loan facilities from Hongkong Shanghai Bank Corporation as follows:

   a. Combined Credit Facility amounted to USD 4,000,000.

   b. Documentary Credit Facility amounted to USD 4,000,000, which is used for machineries import transaction.

   c. Irregular Installment Loan amounted to USD 4,000,000 to pay off the Documentary Credit Facility which is used to purchase the machinery.

   These loan facilities will be available until December 31, 2020 with a grace period 1 year from the first loan drawing. The due date for the loans will be 5 years from the first loan drawing. The interest rate applied for the year ended March 31, 2021 is 9.85%

   The loan facilities will be guaranteed by:

   a. Letter of Comfort issued by Mahindra Intertrade Limited, the Company's Majority shareholder.

   b. Fiduciary guarantee for Land, Building and Machines amounted to USD 4,000,000.

c. Based on Sale and Purchase Binding Agreement (Perjanjian Perikatan Jual Beli) No. 0001/PPJB• LCK/IND/1/2019 dated November 14, 2019, between the Company and Joint Operation Delta Silicon 8, the Company bought a parcel of land with a size area of 10,000 M2, located in Blok K06 0009, Serang, Bekasi Regency, amounted to Rp 17,900,000,000. The Company has already fully paid the land cost on December 19, 2019.

d. Based on Sales Contract No TP 110210 dated February 13, 2019 as amended by the Revision Sales Contract dated April 19, 2019, the Company has entered an agreement with Mitsui & co Plant System & Ltd (Seller), whereas the Company will buy a Machine with description Large Slitter Line from the Seller amounted to JPY 126,880,000 (including ocean freight and insurance premium). The payment term will be as follows:

   - 10% of the contract amount or equal to JPY 12,688,000, due on 30 days after Seller's issued invoice date
   - 90% of the contract amount or equal to JPY 114, 192,000

   As of March 31, 2020, the Company has already paid the 10% of the contract amount and recorded it in advance Payment amounted to JPY 12,688,000 or equal with Rp 1,656,418,400.
   As of March 31, 2021, the company has made full payment under the agreement. Balance payment amounted to JPY 114,192,000 or equal to Rp 15,107,601,600

e. Based on the Agreement dated July 3, 2019 between the Company and Pininfarina S.p.A ("PF"), a Consultant Company located in Italy for the Project of the facade design of the Company factory in Lippo Cikarang (Indonesia), whereas the PF will perform following services:

   - Concept design
   - Schematic design for specific details of the façade
   - Art direction and assistance

   The total fee for these project amounted to EURO 90,000 and the results should be delivered to the Company before December 31, 2019. As of March 31, 2020, the Company has already paid 85% from the total fee amounted to Euro 76,500 or equal to Rp 1,195,155,000.

NOTES TO FINANCIAL STATEMENTS (Continued) AS OF MARCH 31, 2021 AND FOR THE YEAR ENDED
(Expressed in Rupiah, unless otherwise stated)

As of March 31, 2021, the company has made full payment under the agreement. Balance payment amounting to EURO 13,500 or equal to Rp 214,852,500.

f. Based on the Agreement dated June 24, 2020 between the Company and PT. Platetech Bajatama Internasional, a contractor located in Cikarang - Bekasi for the purpose of engineering, procurement and construction (EPC - Contract) of the company's factory. The scope of work included the follwoing:

- Civil Work
- PEB Steel Building
- Façade Works
- MEP Works
- Taking all approvals for the project
- Assisting in getting permit for licenses

The total fee for these project amounted to Rp 29,920,000,000. This will be covered by the LC issued from HSBC Bank. The company has already paid 50% of the total project amount as of March 31, 2021.

20. SUBSEQUENT EVENTS

a. Economic Environment Uncertainty

On March 11, 2020, the World Health Organization ("WHO") declared the outbreak of corona virus ("Covid-19") a global pandemic. This Covid-19 outbreak has caused global and domestic economic slowdown, which in turn affected the operations of the Company, its customers and vendors. While disruption is expected to be temporary, there is considerable uncertainly around the extent of the impact of Covid-19 on the Company's operations and financial performance. The extent of such impact will depend on certain future development which cannot be predicted at this moment, including the duration of the spread of the outbreak, economic and social measures that are being taken by the government authorities to eradicate Covid-19 threat, and the impact of such of factors to the Company's employees, customers and vendors. The management is closely monitoring the Company's Operations, liquidity and resources, and is actively working to minimize the current and future impact of this unprecedented situation. These financial statements do not include any adjustment that might result from the outcome of the aforementioned uncertainly.

b. The Government issued PERPU No. 1/2020, dated March 31, 2020, regarding State Financing and Financial System Stability Policies in handling Coronavirus Disease 2019 pandemic ("COVID - 19 Pandemic") and anticipating the critical threat towards the National Economy and the stability of Indonesia's financial system. The State Financing Policies cover State Revenues Policies, including policies in the taxation sector, which have brought plans to reduce Corporate Income Tax Rate for domestic corporate tax payers and permanent establishments from 25% to 22% for the 2020 and 2021 tax years, and 20% from the 2022 tax year onward

21. COMPLETION OF THE FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of the financial statements for the period ended March 31, 2021, which were approved by Directors and authorised for issue on April 24, 2021.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA HOLDINGS LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Mahindra Holdings Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements - Refer Note 22 to the financial statements

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

   (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

   In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act read with Schedule V of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jamil Khatri
Partner
Membership No: 102527
UDIN: 21102527AAAAAN7714

Mumbai: 18 May 2021

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2021

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) The Company does not have any property, plant and equipment and accordingly, paragraph 3(i) of the Order is not applicable to the Company.

(ii) The Company is a Core Investment Company, not requiring registration, as per the Reserve Bank of India Act, 1934, primarily engagement in the business of acquisition of shares and other securities and does not hold any physical inventory and accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanation given to us, the Company has not granted any loans, or provided any guarantees or security to the parties covered under Section 185 and Section 186 of the Act. With respect to investments made in companies covered under Section 186, the Company has complied with the relevant provisions of the Act.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any activities conducted by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues of Income-tax, Goods and Services tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of Provident fund, Employees' State Insurance, Sales-tax, Duty of customs, and Duty of excise, Value added tax and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Service tax, Goods and Services tax and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income tax and Goods and Services Tax which have not been deposited with the appropriate authorities on account of any dispute, except for the following:

Name of the Statute	Nature of the Dues	Rupees in Lakhs		Period to which the amount relates	Forum where dispute is pending
		Amount demanded	Amount not deposited under dispute		
Income Tax Act, 1961	Income tax	138.42	40.28	AY 2007-08 to AY 2014-15	Bombay High Court

(viii) In our opinion and according to the information and explanations given to us by the management, the Company does not have any loans or borrowings from any financial institution or bank or government nor has issued any debentures issued during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) According to the information and explanations given to us by the management, the Company did not raise money by way of term loan, initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any material instances of fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by provisions of section 197 read with Schedule V of the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us by the management, the Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act, where applicable and the details of such related party transactions have been disclosed in the Ind AS financial statements as required by Ind AS 24 Related Party Disclosures specified under Section 133 of the Act. The provisions of Section 177 are not applicable to the company and accordingly reporting under paragraph 3(xiii) insofar as it relates to Section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) According to the information and explanations given to us by the management, during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph 3(xiv) of the Order is not applicable to the company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jamil Khatri
Partner
Membership No: 102527
UDIN: 21102527AAAAAN7714

Mumbai: 18 May 2021

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA HOLDINGS LIMITED FOR THE PERIOD ENDED 31 MARCH 2021

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Holdings Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Jamil Khatri
Partner
Membership No: 102527
UDIN: 21102527AAAAAN7714

Mumbai: 18 May 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

Particulars	Notes	As at 31st March, 2021 Rupees lakhs	As at 31st March, 2020 Rupees lakhs
ASSETS			
I. Financial Assets			
(a) Cash and cash equivalents	4	**2316.71**	22.58
(b) Investments	5	**206833.60**	228011.54
(c) Other current assets	6	**3.38**	–
		209153.69	228034.12
II. Non-financial Assets			
(a) Income tax assets (net)	7	**131.71**	136.01
(b) Deferred tax assets (net)	9	**9655.37**	–
		9787.08	136.01
TOTAL ASSETS		**218940.77**	228170.13
LIABILITIES AND EQUITY			
LIABILITIES			
I. Financial Liabilities			
Payables			
Trade Payables	8		
(i) total outstanding dues of micro enterprises and small enterprises		**–**	–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**75.11**	32.70
		75.11	32.70
II. Non-Financial Liabilities			
(a) Deferred tax liabilities	9	**–**	150.61
(b) Other non financial liabilities	10	**6.65**	2.53
		6.65	153.14
III. EQUITY			
(a) Equity share capital	11	**246349.95**	246149.95
(b) Other equity	12	**(27490.94)**	(18165.66)
		218859.01	227984.29
TOTAL LIABILITIES AND EQUITY		**218940.77**	228170.13

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jamil Khatri
Partner
Membership No. 102527

Place: Mumbai
Date: 18th May, 2021

For and on behalf of the Board of Directors of
Mahindra Holdings Limited
CIN No. U65993MH2007PLC175649

Bharat Doshi
Director

Zhooben Bhiwandiwala
Director

Ajay Choksey
Chief Executive Officer

Sunil Rane
Chief Financial Officer

Iyer Gayathri
Company Secretary
Date: 18th May, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

	Particulars	Notes	For the year ended 31st March, 2021 Rupees lakhs	For the year ended 31st March, 2020 Rupees lakhs
(I)	**Revenue from Operations**	13	**190.60**	114.28
(II)	**Total Income**		**190.60**	114.28
(III)	**Expenses**			
	Other expenses	14	**49.71**	47.54
(IV)	**Total Expenses**		**49.71**	47.54
(V)	Profit Before Exceptional Item and Tax (II-IV)		**140.89**	66.74
(VI)	Less: Exceptional Item	15	**(20765.98)**	(22130.20)
(VII)	Loss Before Tax (V+VI)		**(20625.09)**	(22063.46)
(VIII)	**Tax Expenses:**			
	Current tax for the year		**(40.00)**	–
	Deferred tax for the year		**9882.85**	–
			9842.85	–
(IX)	Loss for the year (VII+VIII)		**(10782.24)**	(22063.46)
(X)	**Other comprehensive income/(loss)**			
	(i) Items that will not be reclassified to profit or loss Net gain/(loss) on equity instruments through other comprehensive income		**1534.03**	(411.45)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**(76.87)**	143.46
	Total other comprehensive income/(loss)		**1457.16**	(267.99)
	Total comprehensive income for the year		**(9325.08)**	(22331.45)
(XI)	Earnings per equity share: (Basic and diluted) (Face Value Rs. 10 per share) (Rupees)			
	Basic		**(0.44)**	(0.92)
	Diluted		**(0.44)**	(0.92)

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jamil Khatri
Partner
Membership No. 102527

Place: Mumbai
Date: 18th May, 2021

For and on behalf of the Board of Directors of
Mahindra Holdings Limited
CIN No. U65993MH2007PLC175649

Bharat Doshi
Director

Zhooben Bhiwandiwala
Director

Ajay Choksey
Chief Executive Officer

Sunil Rane
Chief Financial Officer

Iyer Gayathri
Company Secretary
Date: 18th May, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

	Particulars	**For the year ended 31st March, 2021 Rupees lakhs**	For the year ended 31st March, 2020 Rupees lakhs
A.	**Cash Flow from Operating Activities:**		
	Loss before tax	**(20625.09)**	(22063.46)
	Adjustments for:		
	Impairment and loss on sale of non-current investments	**20742.88**	22130.20
	Loss on Demerger	**23.10**	–
	Dividend on investments at fair value through profit and loss	**(13.97)**	(6.24)
	Operating profit before working capital changes	**126.92**	60.50
	Changes in Working Capital:		
	Adjustments for (increase)/decrease in operating assets:		
	Other current assets	**(3.38)**	–
	Adjustments for increase/(decrease) in operating Liabilities:		
	Trade payables	**42.41**	0.15
	Other current liabilities	**4.12**	0.14
		43.15	0.29
	Cash generated from operations	**170.07**	60.79
	Income taxes paid (net of refunds)	**(35.70)**	(13.38)
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**134.37**	47.41
B.	**Cash Flow from Investing Activities:**		
	Purchase of long term investments - subsidiaries	**(300.00)**	(17060.00)
	Purchase of other long term investments - associates and joint ventures	**–**	(22301.08)
	Purchase of investments - mutual funds	**(2937.90)**	(144.25)
	Sale of investments - subsidiaries	**3499.35**	34.91
	Sale of investments - Others	**1584.54**	–
	Sale of investments - mutual funds	**100.00**	81.00
	Dividend on current investments	**13.97**	6.24
	NET CASH FLOW USED IN INVESTING ACTIVITIES (B)	**1959.96**	(39383.18)
C.	**Cash Flow from Financing Activities:**		
	Proceeds from Issue of Share Capital	**200.00**	39395.00
	Share issue expenses	**(0.20)**	(39.39)
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**199.80**	39355.61
	CHANGES AS NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**2294.13**	19.84
	Cash and cash equivalents at the beginning of the year	**22.58**	2.74
	Cash and cash equivalents at the end of the year	**2316.71**	22.58
	Reconciliation of cash and cash equivalents with statement of financial position		
	Bank balance in current accounts (refer Note 4)	**21.71**	22.58
	In deposit account (refer Note 4)	**2295.00**	–

Notes:

1. The above Cash Flow Statement has been prepared under the indirect method as set out in “Indian Accounting Standard (Ind AS) 7- Statement of Cash Flows..

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm’s Registration No: 101248W/W-100022

Jamil Khatri
Partner
Membership No. 102527

Place: Mumbai
Date: 18th May, 2021

For and on behalf of the Board of Directors of
Mahindra Holdings Limited
CIN No. U65993MH2007PLC175649

Bharat Doshi
Director

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Director

Ajay Choksey
Chief Executive Officer

Sunil Rane
Chief Financial Officer

Iyer Gayathri
Company Secretary
Date: 18th May, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

(A) Equity Share Capital

	For the year ended 31st March, 2021 Rupees lakhs	For the year ended 31st March, 2020 Rupees lakhs
Issued, Subscribed and paid up:		
Balance as at the beginning of the year	**246149.95**	206754.95
Equity share capital issued, subscribed and paid up during the year	**200.00**	39395.00
Balance as at the end of the year	**246349.95**	246149.95

(B) Other Equity

	Reserves and Surplus		**Items of other comprehensive income**	**Total**
	Special Reserve	Retained Earnings	Equity instruments through Other Comprehensive Income	
	Rupees lakhs	**Rupees lakhs**	**Rupees lakhs**	**Rupees lakhs**
Balance as at 31st March 2019	502.03	2618.12	1085.03	**4205.18**
Loss for the period	–	(22063.46)	–	**(22063.46)**
Other Comprehensive Loss	–	–	(267.99)	**(267.99)**
Share issue expenses	–	(39.39)	–	**(39.39)**
Balance as at 31st March 2020	502.03	(19484.73)	817.04	**(18165.66)**
Loss for the period	–	(10782.24)	–	**(10782.24)**
Other Comprehensive Income	–	–	1457.16	**1457.16**
Share issue expenses	–	(0.20)	–	**(0.20)**
Balance as at 31st March 2021	**502.03**	**(30267.17)**	**2274.20**	**(27490.94)**

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jamil Khatri
Partner
Membership No. 102527

Place: Mumbai
Date: 18th May, 2021

For and on behalf of the Board of Directors of
Mahindra Holdings Limited
CIN No. U65993MH2007PLC175649

Bharat Doshi
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Sunil Rane
Chief Financial Officer

Iyer Gayathri
Company Secretary
Date: 18th May, 2021

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

1. Background

Mahindra Holdings Limited ('the Company') is a limited company incorporated in India. The address of its Registered Office and principal activities of the Company are disclosed in the introduction to the Annual Report. The Company is a Core Investment Company, not requiring registration, as per the Reserve Bank of India Act, 1934. The principal activity of the Company is to make investments in group companies.

2. Significant Accounting Policies

(a) Statement of compliance and basis of preparation and presentation

These financial statements of Mahindra Holdings Limited have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

These financial statements are presented in Indian Rupees which is also the Company's functional currency.

These are the standalone financial statement of the Company. The Ministry of Corporate Affairs has, vide its Notification G.S.R 742(E) dated 27th July, 2016, exempted a wholly owned subsidiary Company from preparation and presentation of Consolidated Financial Statements provided the Company meets the conditions as mentioned in the said Notification.

Accordingly, the Company has not prepared Consolidated Financial Statements since it has met all requirements mentioned in the aforesaid Notification.

These financial statements have been approved by the Company's Board of Directors and authorised for issue on 18th May, 2021.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

(c) Measurement of fair value

A number of the Company's accounting policies and disclosures require the measurement of fair value for both financial and non-financial assets and liabilities.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values and assessments that these valuations meet the requirements of Ind AS. The methods used to determine fair value include discounted cashflow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value and such value may never actually be realised.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenue and expenses and disclosure of contingent liabilities as on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair value of financial assets, liabilities and investments

The Company measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair Value measurement that are based on significant unobservable inputs (Level 3) requires estimates of operating margin, discount rate, future growth rate, terminal values, etc. based on Management's best estimate about future developments.

(e) Financial instruments

Financial assets and financial liabilities are recognised when a company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification and subsequent measurement

Financial assets

All purchases or sales of financial assets are recognised and derecognised on a trade date basis except for those purchases or sales where delivery of assets are not on the trade date but on a subsequent date within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured at either amortised cost or fair value depending on their respective classification.

On initial recognition, a financial asset is classified as measured at:

- Amortised cost; or
- Fair Value through Other Comprehensive Income (FVTOCI) - equity investment; or
- Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment expenses are recognised in profit or loss. Any gain and loss on derecognition is also recognised in profit or loss.

The effective interest method is a method of calculating the amortised cost of allocating interest income over the relevant period.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVTOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments as at FVTOCI as the Company believes that this provides a more meaningful presentation for medium or long-term strategic investments, than reflecting changes in fair value immediately in profit or loss. Dividend income received on such equity investments are recognised in profit or loss.

Equity investments that are not designated to be measured at FVTOCI are designated to be measured at FVTPL. Subsequent changes in fair value are recognised in profit or loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Company applies the Expected Credit Loss (ECL) model for recognising impairment loss on financial assets.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

(f) Investments in subsidiaries, associates and joint ventures

The Company accounts for its investments in subsidiaries, associates and joint ventures at cost less accumulated impairment, if any.

(g) Revenue recognition

i) Dividend income is accounted for when the right to receive payment is established.

ii) Interest income from financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(i) Taxation

Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect included in the accounting for the business combination.

(i) Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of these cash flows (when the effect of the time value of money is material).

3. Recent accounting pronouncements:

IMinistry of Corporate ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April 2021.

NOTE 4

Cash and Cash Equivalents

Particulars	**As at 31st March, 2021 Rupees lakhs**	As at 31st March, 2020 Rupees lakhs
Balances with Bank:		
On current accounts............................	**21.71**	22.58
Fixed Deposits with maturity less than 3 months	**2295.00**	–
	2316.71	22.58

Note:- Carrying amount of the above represents reasonable estimate of fair value.

NOTE 5

Investments

No of shares	Face Value Per Unit Rupees	Particulars	As at 31st March, 2021	As at 31st March, 2020
			Rupees lakhs	Rupees lakhs
		Investments in Equity Instruments Unquoted		
		(A) At Cost		
		(i) In Subsidiary Companies:		
–	10	(2020:15,00,000) Mahindra Integrated Business Solutions Private Limited.............	**–**	150.00
19,54,61,728	10	Mahindra Susten Private Limited	**71839.66**	71839.66

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

No of shares	Face Value Per Unit Rupees	Particulars	As at 31st March, 2021	As at 31st March, 2020
			Rupees lakhs	Rupees lakhs
58,50,000	10	(2020:28,50,000) Mahindra Airways Limited	**585.00**	285.00
–	10	(2020:33,00,00,000) Mahindra First Choice Services Limited	**–**	33000.00
4,02,31,037	10	Mahindra First Choice Wheels Limited	**43326.92**	43326.92
42,22,250	$0.001	Bristlecone Limited	**14025.07**	14025.07
			129776.65	162626.65
		(ii) In Associate Companies:		
2,66,07,970	10	Gromax Agri Equipment Limited	**1985.98**	1985.98
–	10	(2020:2,10,000) Mahindra Automobile Distributor Private Limited	**–**	220.01
35,000	10	Mahindra and Mahindra Contech Limited	**169.79**	169.79
100	10	Medwell Ventures Private Limited	**6.36**	6.36
1,91,928	10	Mahindra eMarket Limited	**1.19**	1.19
21,17,580	10	New Delhi Centre for Sight Limited	**11650.59**	11,650.59
			13813.91	14033.92
		Designated & carried at Fair Value Through Other Comprehensive Income		
		(iv) In Other Entities:		
–	5	(2020: 2,31,800) Brainbees Solutions Private Limited (Associate of the Holding Company)	**–**	894.76
10	10	NBS International Limited (Subsidiary of the Holding Company)	**0.03**	0.03
19,748	5	PSL Media & Communications Limited (Associate of the Holding Company)	**0.01**	0.01
18,68,53,800	0.02	(2020:Nil) Mahindra Two Wheelers Limited (Subsidiary of the Holding Company)	**196.91**	–
15,00,000	10	Mahindra Integrated Business Solutions Private Limited (Subsidiary of the Holding Company)	**150.00**	–
			346.95	894.80
		Investments in Preference Shares Unquoted		
		(B) At Cost		
		(i) In Subsidiary Companies:		
–	10	(2020: 8,485) 0.01% Optionally Convertible Redeemable Preference Shares of Auto Digitech Private Limited	**–**	1349.96
77,75,147	$0.001	Bristlecone Limited - Preference Shares A	**25826.74**	25826.74
69,20,000	$0.001	Bristlecone Limited - Preference Shares B	**22986.20**	22986.20
			48812.94	50162.90
		(ii) In Associate Company:		
1,81,597	2000	Series B Compulsory Convertible Preference Shares of Medwell Ventures Private Limited	**11544.12**	11544.12
16,35,502	10	Series B Compulsory Convertible Preference Shares of New Delhi Centre for Sight Limited	**9000.00**	9,000.00
1,56,063	10	Series A Compulsory Covertible Cumulative Preference Shares of Aquasail Distribution Company Private Limited	**600.00**	600.00
			21144.12	21144.12
		Investments in Equity Shares Quoted		
		(D) Designated & carried at Fair Value Through Other Comprehensive Income		
		(i) In Other Entities :		
1,98,201	5	Tech Mahindra Limited (Associate of the Holding Company)	**1965.06**	1120.82
			1965.06	1120.82

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

No of shares	Face Value Per Unit Rupees	Particulars	As at 31st March, 2021	As at 31st March, 2020
			Rupees lakhs	Rupees lakhs
		(E) Investments in Mutual Funds Quoted:		
		Carried at Fair Value Through Profit or Loss		
		Investments in Mutual Funds	**2997.64**	159.72
			2997.64	159.72
		Less: Allowance for impairment	**(12023.67)**	(22131.39)
		Total Investments	**206833.60**	228011.54
		(i) Investment outside of India (A)	**62838.00**	62,838.00
		(ii) Investment in India (B)	**143995.60**	165173.54
		Total (A+B)	**206833.60**	228011.54

Note: Details required as per Annexure I of RBI Master Direction No.DNBR.PD.003/03.10.119/2016-17 (updated as on 7th June, 2018) have been included in the above table and hence not disclosed separately.

NOTE 6

Other Current Assets

Particulars	As at 31st March, 2021	As at 31st March, 2020
	Rupees lakhs	Rupees lakhs
Interest accrued on fixed deposits	**2.85**	–
others)	**0.53**	–
	3.38	–

NOTE 7

Income tax assets (Net)

Particulars	As at 31st March, 2021	As at 31st March, 2020
	Rupees lakhs	Rupees lakhs
Advance Income-tax (net of provision for tax)	**131.71**	136.01
	131.71	136.01

NOTE 7 (a)

Current Tax and Deferred Tax

(a) Income Tax Recognised in Profit or Loss

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	Rupees lakhs	Rupees lakhs
Current Tax:		
In respect of current year	**(40.00)**	–
In respect of prior years	**–**	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**9882.85**	–
Total income tax expense	**9842.85**	–

(b) Income tax recognised in other Comprehensive income

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	Rupees lakhs	Rupees lakhs
Deferred tax related to items recognised in other comprehensive income during the year	**(76.87)**	143.46
Total	**(76.87)**	143.46

(c) Reconciliation of estimated income tax at tax rate to income tax expense reported in profit or loss as follows:

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	Rupees lakhs	Rupees lakhs
Loss before tax	**(20625.09)**	(22063.46)
Applicable Income tax rate	**27.82%**	27.82%
Expected Income Tax expense	**(5737.90)**	(6138.05)
Effect of income exempt from tax	**–**	(18.57)
Items on which no DTA is created/DTA created at definite rate		
Impairments on Investments	**2154.70**	6156.62
Losses on account of sale of shares	**3623.21**	–
Effect of utilisation/(recognition) of deferred tax on capital losses		
Recognition of deferred tax on capital losses	**(9882.85)**	
Income tax expense recognised in profit or loss	**(9842.85)**	–

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

NOTE 8

Trade Payables

Particulars	As at 31st March, 2021 Rupees lakhs	As at 31st March, 2020 Rupees lakhs
(i) Total outstanding dues of micro and small enterprises	–	–
(ii) Total outstanding dues of creditors other than micro and small enterprises	75.11	32.70
	75.11	32.70

Note: On the basis of information available with the management, there are no Micro, Small and Medium Enterprises as specified in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes dues which are outstanding for more than the stipulated period. Accordingly, the disclosures as required by Notification No. GSR 719(E) dated 16 November 2007 are not applicable. This has been relied upon by the auditors.

NOTE 9

Deferred Tax (Assets)/Liabilities (Net)

(i) Movement in deferred tax balances

For the Year ended 31st March 2021

Particulars	Opening Balance Rupees lakhs	Charge/(credit) in Profit or Loss Rupees lakhs	Charge/(credit) in OCI Rupees lakhs	Closing Balance Rupees lakhs
Tax effect of items constituting deferred tax liabilities				
Fair Value through Other Comprehensive Income financial assets	150.61	–	76.87	227.48
Tax effect of items constituting deferred tax assets				
On Carryforward long term/short capital losses	–	(9882.85)	–	(9655.37)
Net deferred tax liabilities	150.61	(9882.85)	76.87	(9655.37)

For the Year ended 31st March 2020

Particulars	Opening Balance Rupees lakhs	Charge/(credit) in Profit or Loss Rupees lakhs	Charge/(credit) in OCI Rupees lakhs	Closing Balance Rupees lakhs
Tax effect of items constituting deferred tax liabilities				
Fair Value through Other Comprehensive Income financial assets	298.03	–	(147.42)	150.61
Net deferred tax liabilities	298.03	–	–	150.61

(ii) The amount and expiry period of unused capital losses for which no deferred tax asset is recognised in the Balance Sheet:

Expiry Period	As at 31st March, 2021 Rupees lakhs	As at 31st March, 2020 Rupees lakhs
Upto Five years	–	913.31

NOTE 10

Other Non Financial Liabilities

Particulars	As at 31st March, 2021 Rupees lakhs	As at 31st March, 2020 Rupees lakhs
– Statutory Dues Payables	6.65	2.53
	6.65	2.53

NOTE 11

Share Capital

	Particulars	As at 31st March, 2021 Rupees lakhs	As at 31st March, 2020 Rupees lakhs
Authorised:			
2,50,40,00,000	**(2020 : 2,50,40,00,000)** Ordinary (Equity) Shares of Rs.10 each with voting rights	250400.00	250400.00
20,00,000	Preference Shares of Rs. 100 each	2000.00	2000.00
	Total	252400.00	252400.00
Issued:			
2,46,34,99,450	**(2020 : 2,46,14,99,450)** Ordinary (Equity) Shares of Rs.10 each with voting rights	246349.95	246149.95
	Total	246349.95	246149.95
Subscribed and Fully paid-up:			
2,46,34,99,450	**(2020 : 2,46,14,99,450)** Ordinary Equity Shares of Rs.10 each with voting rights	246349.95	246149.95
	(All the shares are held by Mahindra & Mahindra Limited (the holding Company)		
	Total	246349.95	246149.95

(a) The ordinary equity shares of the Company, having par value of Rs.10 per share, rank pari passu in all respects including voting rights and entitlement to dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(b) Details of shares held by the holding company:

Particulars	Equity shares with voting rights Number of shares
As at 31st March, 2021	
Mahindra & Mahindra Limited, the holding company*	**2,46,34,99,450**
As at 31st March, 2020	
Mahindra & Mahindra Limited, the holding company*	2,46,14,99,450

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

(c) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ Name of shareholder	As at 31st March, 2021 Number of shares held	% holding in that class of shares	As at 31st March, 2020 Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra & Mahindra Limited*	**2,46,34,99,450**	**100%**	2,46,14,99,450	100%

***Includes 6 shares held jointly with its nominees**

(d) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Closing Balance
Equity shares with voting rights			
Period ended 31st March, 2021			
– Number of shares	**2,46,14,99,450**	**20,00,000**	**2,46,34,99,450**
– Amount (Rupees lakhs)	**246,149.95**	**200**	**246,349.95**
Year ended 31st March, 2020			
– Number of shares	2,06,75,49,450	39,39,50,000	2,46,14,99,450
– Amount (Rupees lakhs)	206,754.95	39,395	246,149.95

NOTE 12

Other Equity:

Description of the nature and purpose of Other Equity :

Special Reserve : The Special Reserve is created as per section 45-IC of the Reserve Bank of India Act, 1934.

NOTE 13

Revenue from Operations:

Particulars	For the year ended 31st March, 2021 Rupees lakhs	For the year ended 31st March, 2020 Rupees lakhs
a) Dividend Income:		
Mutual Fund at Fair Value through Profit or Loss	**13.97**	6.24
From long-term investments		
Subsidiaries	**22.50**	22.50
Others	**151.04**	85.54
b) Interest Income (at Fair Value through Profit or Loss)		
Interest on Deposits	**3.09**	–
Total	**190.60**	114.28

NOTE 14

Other Expenses:

Particulars	For the year ended 31st March, 2021 Rupees lakhs	For the year ended 31st March, 2020 Rupees lakhs
Payment to statutory auditors:		
For audit fees (including GST)	**3.54**	3.54
For other services	**0.47**	0.18
Legal and professional charges	**30.22**	28.56
Donation	**5.00**	5.00
Directors' commission	**3.43**	4.89
Miscellaneous expenses	**7.05**	5.37
Total	**49.71**	47.54

15. Exceptional Item

Exceptional Item recognised in profit or loss account represents:

a) loss on sale of non-current investments in certain subsidiaries Rs. 13000.65 lakhs (2020: Nil) representing difference between its net carrying amount over the fair value of sale consideration received.

b) impairment provision on certain long-term investments Rs.7742.23 lakhs (2020: Rs. 22130.20 lakhs)

c) During the year, the Scheme of Arrangement (Scheme) between the Company's fellow subsidiary, Mahindra Two Wheelers Limited (MTWL) and Mahindra Automobile Distributor Private Limited (MADPL), an associate company, was approved by the National Company Law Tribunal (NCLT). Consequent to the scheme, the Company has received 18,68,53,800 equity shares of MTWL in exchange for the 2,10,000 equity shares of MADPL held by the Company. Accordingly, the Company has recognised a loss of Rs 23.10 lakhs, being lower of fair value of equity shares of MTWL over the carrying value of investment in MADPL.

16. During the year, the Company has sold its entire stake in Brainbees Solutions Private Limited and recognised a cumulative gain of Rs 1041.29 lakhs in "Other Comprehensive Income"

17. Capital management

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders.

The Company determines the amount of capital required on the basis of its strategic investment plans. The same is funded through equity capital.

18. Financial Risk Management framework

The Company's activities expose it to a variety of financial risks namely credit risk, interest risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a Risk Management policy and a program that performs close monitoring of and responding to each risk factors. The ultimate responsibility vests with the Board of Directors.

a) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates etc. could affect the Company's income or the value of its holdings of financial instruments including cash flow. The objectives of market risk management is to manage and control market risk exposures within acceptable parameters, while maximising the return.

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The credit risk on liquid funds is limited because the counterparties are Mutual Funds and banks with high credit- ratings assigned by credit- agencies.

c) Liquidity risk

The Board of Directors has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Maturity of financial liabilities

The following Table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the Table have been drawn up based on the

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The Table include both interest and principal cash flows.

(Rs. lakhs)

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 Years and above
31st March, 2021				
Non-interest bearing	75.11	–	–	–
31st March, 2020				
Non-interest bearing	32.70	–	–	–

d) Interest rate risk

The Company does not have any borrowings and hence, it does not have any interest rate risk.

e) Maturity analysis of assets and liabilities

The below Table shows the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled:

(Rs. lakhs)

Particulars	31st March, 2021		31st March, 2020	
	Within 12 months	After 12 months	Within 12 months	After 12 months
Assets				
Cash and cash equivalents...........	**2316.71**	–	22.58	–
Investments................................	**2997.64**	**203835.96**	159.72	227851.82
Other financial assets	**3.38**	–	–	–
Income tax assets (net)	–	**131.71**	–	136.01
Deferred tax assets (net)..............	–	**9655.37**	–	–
Total Assets	**5317.73**	**213623.04**	182.30	227987.83
Liabilities				
Trade Payables- total outstanding dues of creditors other than micro enterprises and small enterprises ..	**75.11**	–	32.70	–
Deferred tax liabilities...................	–	–	–	150.61
Other non-financial liabilities	**6.65**	–	2.53	–
Total liabilities	**81.76**	–	35.23	150.61

19. Fair value measurement

a) Fair valuation Techniques and inputs used –recurring items

(Rs. lakhs)

Financial assets/ financial liabilities measured at fair value	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31st March, 2021	31st March, 2020		
Financial assets Investments				
Mutual fund investments.........	**2997.64**	159.72	Level 1	Net Asset value.
Investment in equity instruments -Quoted	**1965.06**	1120.82	Level 1	Quoted market price
Investment in equity instruments -Unquoted	**346.95**	894.80	Level 3	Price of recent transaction.

b) Reconciliation of Level 3 fair value measurements of financial instruments measured at fair value.

Particulars	Unquoted equity instruments
Year ended 31st March, 2021	
Opening balance of fair value......................................	**894.80**
Total gain recognised in other comprehensive income..	**(547.85)**
Closing balance of fair value..	**346.95**
Year ended 31st March, 2020	
Opening balance of fair value......................................	894.80
Total gain recognised in other comprehensive income..	–
Closing balance of fair value..	894.80

20. Contingent Liability

Taxation Matters:

Demands against the Company not acknowledged as debt and not provided for, relating to issue of taxability in respect of which the Company is in appeal and exclusive of the effect of similar matters in respect of assessment remaining to be completed Rs. 138.42 lakhs (2020: Rs. 138.42 lakhs). However, the Company has applied for Vivad se Vishwas and is awaiting final order from the income tax department.

21. Segment information

The Company is a Core Investment Company, primarily engaged in the business of acquisition of shares and other securities in group companies. The Company's business activity falls within a single segment and accordingly there is no separate reportable segment as per Ind AS 108.

22. Related Party Transactions

(a) List of Related Parties:

i) Holding Company:

- Mahindra & Mahindra Limited

ii) Related Parties where control exists:

Subsidiary Companies:

- Mahindra Integrated Business Solutions Private Limited - ceased to be a wholly owned subsidiary w.e.f 1st January, 2021
- Mahindra First Choice Services Limited – ceased to be a subsidiary w.e.f 25th February, 2021
- Auto Digitech Private Limited (Wholly owned subsidiary of Mahindra First Choice Services Limited) – ceased to be a subsidiary w.e.f 25th February, 2021
- Mahindra First Choice Wheels Limited
- Fifth Gear Ventures Limited (wholly owned subsidiary of Mahindra First Choice Wheels Limited) w.e.f 27th January 2020
- Mahindra Airways Limited
- Mahindra Susten Private Limited
- Mahindra Renewables Private Limited (wholly owned subsidiary of Mahindra Susten Private Limited)
- Mahindra Teqo Private Limited (Formerly known as MachinePulse Tech Private Limited (wholly owned subsidiary of Mahindra Susten Private Limited)
- Martial Solren Private Limited (wholly owned subsidiary of Mahindra Susten Private Limited) w.e.f 27th August, 2020
- Brightsolar Renewable Energy Private Limited (subsidiary of Mahindra Renewables Private Limited)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

- Neo Solren Private Limited (wholly owned subsidiary of Mahindra Renewables Private Limited)
- Marvel Solren Private Limited (wholly owned subsidiary of Mahindra Susten Private Limited)
- Divine Solren Private Limited (wholly owned subsidiary of Mahindra Renewables Private Limited) - ceased to be a wholly owned subsidiary w.e.f. 16th April, 2020
- Astra Solren Private Limited (wholly owned subsidiary of Mahindra Renewables Private Limited)
- Mega Suryaurja Private Limited (wholly owned subsidiary of Mahindra Renewables Private Limited)
- Mahindra Susten Bangladesh Private Limited (subsidiary of Mahindra Susten Private Limited)
- MSPE URJA S.R.L (wholly owned subsidiary of Mahindra Susten Private Limited)
- MSPL International DMCC (wholly owned subsidiary of Mahindra Susten Private Limited)
- Bristlecone Limited
- Bristlecone India Limited (wholly owned subsidiary of Bristlecone Limited)
- Bristlecone Inc (wholly owned subsidiary of Bristlecone Limited)
- Bristlecone UK Limited (wholly owned subsidiary of Bristlecone Limited)
- Bristlecone (Malaysia) Sdn Bhd (wholly owned subsidiary of Bristlecone Limited)
- Bristlecone Consulting Limited (wholly owned subsidiary of Bristlecone Limited)
- Bristlecone International AG (wholly owned subsidiary of Bristlecone Limited)
- Bristlecone Middle East DMCC (wholly owned subsidiary of Bristlecone Limited)
- Bristlecone (Singapore) Pte Ltd (wholly owned subsidiary of Bristlecone India)
- Bristlecone Gmbh (wholly owned subsidiary of Bristlecone India)

iii) Name of other related parties where transactions have taken place:

Fellow Subsidiary Companies:

- Mahindra Two Wheelers Limited
- Mahindra Integrated Business Solutions Private Limited

Associate of Holding Company:

- Tech Mahindra Limited

Directors of the Company

- Ms. Pallavi Kanchan - Independent Director
- Mr. Ravindra Kulkarni – Independent Director -ceased to be w.e.f 22nd May, 2020

(b) Related Party Transactions are as under:

(Rs. lakhs)

Nature of Transaction	Holding Company	Subsidiary Companies	Associate Companies	Associate of Holding Company	Fellow Subsidiary	Director
(A) <u>Investments –Subscribed/ Purchased:</u>						
(a) Mahindra Susten Private Limited	–	–	–	–	–	–
	(–)	(13600.00)	(–)	(–)	(–)	(–)
(b) Mahindra First Choice Services Limited...........	–	–	–	–	–	–
	(–)	(3400.00)	(–)	(–)	(–)	(–)
(c) Medwell Ventures Private Limited...........	–	–	–	–	–	–
	(–)	(–)	(1050.49)	(–)	(–)	(–)
(d) Mahindra Airways Limited	–	300.00	–	–	–	–
	(–)	(60.00)	(–)	(–)	(–)	(–)
(e) New Delhi Centre for Sight Limited...........	–	–	–	–	–	–
	(–)	(–)	(20650.60)	(–)	(–)	(–)
(f) Aquasail Distribution Company Private Limited	–	–	–	–	–	–
	(–)	(–)	(600.00)	(–)	(–)	(–)
(g) Mahindra Two Wheelers Limited	–	–	–	–	196.91	–
	(–)	(–)	(–)	(–)	(–)	(–)
(B) Investments – Sales:						
(a) Tech Mahindra Ltd.................	–	–	–	–	–	–
	(–)	(–)	(–)	(35.17)	(–)	(–)
(b) Mahindra First Choice Services Limited...........	–	16500.00	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(c) Auto Digitech Private Limited	–	1349.96	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(d) Mahindra Automobile Distributor Private Limited	–	–	220.01	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(e) Brainbees Solutions Private Limited...........	–	–	–	894.76	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
(C) Dividend Received:						
(a) Mahindra Integrated Business Solutions Private Limited...........	–	22.50	–	–	–	–
	(–)	(22.50)	(–)	(–)	(–)	(–)
(b) Tech Mahindra Limited...........	–	–	–	39.64	–	–
	(–)	(–)	(–)	(47.57)	(–)	(–)
(c) Mahindra Two Wheelers Limited	–	–	–	–	111.40	–
	(–)	(–)	(–)	(–)	(37.97)	(–)
(D) Receipt of services						
(a) Mahindra & Mahindra Limited...........	24.42	–	–	–	–	–
	(21.05)	(–)	(–)	(–)	(–)	(–)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(Rs. lakhs)

Nature of Transaction	Holding Company	Subsidiary Companies	Associate Companies	Associate of Holding Company	Fellow Subsidiary	Director
(E) Issue of shares:						
(a) Mahindra & Mahindra Limited...........	200.00	–	–	–	–	–
	(39395.00)	(–)	(–)	(–)	(–)	(–)
(F) Investments Balances:						
(a) Mahindra Susten Private Limited...........	–	–	–	–	–	–
	(–)	(71839.66)	(–)	(–)	(–)	(–)
(b) Mahindra First Choice Services Limited...........	–	–	–	–	–	–
	(–)	(33000)	(–)	(–)	(–)	(–)
(c) Medwell Ventures Private Limited...........	–	–	–	–	–	–
	(–)	(–)	(11550.48)	(–)	(–)	(–)
(d) Mahindra Two Wheelers Limited...........	–	–	–	–	196.91	–
	(–)	(–)	(–)	(–)	(–)	(–)
(e) Mahindra Airways Limited...........	–	585.00	–	–	–	–
	(–)	(285.00)	(–)	(–)	(–)	(–)
(f) New Delhi Centre for Sight Limited...........	–	–	–	–	–	–
	(–)	(–)	(20650.60)	(–)	(–)	(–)
(g) Aquasail Distribution Company Private Limited	–	–	–	–	–	–
	(–)	(–)	(600.00)	(–)	(–)	(–)
(G) Outstandings - Payable:						
(a) Mahindra & Mahindra Limited...........	22.87	–	–	–	–	–
	(19.26)	(–)	(–)	(–)	(–)	(–)

(Rs. lakhs)

Nature of Transaction	Holding Company	Subsidiary Companies	Associate Companies	Associate of Holding Company	Fellow Subsidiary	Director
(H) Commission and Director fees	–	–	–	–	–	3.43
	(–)	(–)	(–)	(–)	(–)	(4.89)

Note: Previous year's figures are given in brackets.

23. Corporate Social Responsibility (CSR)

The CSR obligation for the period was Rs. 3.72 lakhs (2020: Rs. 4.79 lakhs) against which the Company has made a payment of Rs. 5 lakhs (2020: Rs. 5.00 lakhs) to K. C. Mahindra Education Trust which is engaged in activities prescribed under section 135 of the Companies Act, 2013, read with Schedule VII to the Act.

24. Earnings per share:

Particulars	**31st March, 2021**	31st March, 2020
Loss after tax for the year (Rs. lakhs)	**(10782.24)**	(22063.46)
Nominal Value per ordinary equity Share (in Rs.)	**10**	10
Weighted Average number of ordinary equity shares for Basic Earnings per share	**2,46,26,83,012**	2,39,81,00,133
Basic Earnings per equity Share (in Rs.) - (Rounded off)	**(0.44)**	(0.92)
Weighted Average number of ordinary equity shares for Diluted Earnings per share	**2,46,26,83,012**	2,39,81,00,133
Diluted Earnings per equity Share (in Rs.) - (Rounded off)	**(0.44)**	(0.92)
Loss after tax for the year (Rs. lakhs)	**(10782.24)**	(22063.46)
Basic Earnings per equity Share (in Rs.) - (Rounded off)	**(0.44)**	(0.92)
Diluted Earnings per equity Share (in Rs.) - (Rounded off)	**(0.44)**	(0.92)

25. Other matters

Information with regard to other matters specified in Part II of Schedule III to the Act is either nil or not applicable to the Company for the year.

Disclosures required as per RBI direction for core investment company are either nil or given at appropriate places.

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jamil Khatri
Partner
Membership No. 102527

Place: Mumbai
Date: 18th May, 2021

For and on behalf of the Board of Directors of
Mahindra Holdings Limited
CIN No. U65993MH2007PLC175649

Bharat Doshi
Director

Zhooben Bhiwandiwala
Director

Ajay Choksey
Chief Executive Officer

Sunil Rane
Chief Financial Officer

Iyer Gayathri
Company Secretary
Date: 18th May, 2021

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

(Rs. in lakhs)

Sl. No.	Particulars	Bristlecone Limited	*Bristlecone India Limited	*Bristlecone Inc	*Bristlecone UK Limited	*Bristlecone (Malaysia) Sdn Bhd	*Bristlecone Consulting Limited	*Bristlecone International AG	*Bristlecone Middle East DMCC	**Bristlecone (Singapore) Pte Ltd	**Bristlecone Gmbh
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Foreign Subsidiary	Indian Subsidiary	Foreign Subsidiary	Foreign Subsidiary	Foreign Subsidiary	Foreign Subsidiary	Foreign Subsidiary	Foreign Subsidiary	Foreign Subsidiary	Foreign Subsidiary
3	Share Capital	18.60	1904.94	5041.49	2373.50	88.20	–	77.94	10.02	911.82	43.07
4	Reserves & Surplus	12206.64	16138.27	1773.39	(1824.35)	215.75	323.20	1921.76	729.91	(365.46)	4168.41
5	Total Assets	21912.10	25548.32	17548.54	549.15	307.02	351.87	2438.07	1402.85	1321.36	4868.46
6	Total Liabilities & Equity	21912.10	25548.32	17548.54	549.15	307.02	351.87	2438.07	1402.85	1321.36	4868.46
7	Investments	21016.13	3552.28	–	–	–	–	–	–	–	–
8	Turnover	1006.71	34599.68	42479.90	54.48	2.45	107.51	1589.66	1656.20	2236.91	2852.46
9	Profit/(Loss) before taxation	652.51	5261.38	461.88	25.75	(6.34)	(113.22)	477.43	536.61	197.46	71.44
10	Provision for taxation	213.62	1336.49	247.38	0.07	–	(30.01)	39.82	–	–	50.04
11	Profit/(Loss) after taxation	438.89	3924.89	214.50	25.68	(6.34)	(83.21)	437.61	536.61	197.46	21.40
12	Proposed Dividend	–	–	–	–	–	–	–	–	–	–
13	% of shareholding	74.83%	74.83%	74.83%	74.83%	74.83%	74.83%	74.83%	74.83%	74.83%	74.83%

* a subsidiary of Bristlecone Limited

** a subsidiary of Bristlecone India

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

(Rs. In lakhs)

Sl. No.	Particulars	Mahindra Susten Private Limited	Mahindra Airways Limited	Mahindra First Choice Wheels Limited	*Mahindra Renewables Private Limited	*Mahindra Susten Bangladesh Private Limited	*MSPE URJA S.R.L	*MSPE International DMCC	*Mahindra Teqo Private Limited	*Martial Solren Private Limited	*Mega Suryaurja Private Limited	**Marvel Solren Private Limited	**Astra Solren Private Limited	**Neo Solren Private Limited	**Brightsolar Renewable Energy Private Limited	$ Fifth Gear Ventures Limited
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Foreign Subsidiary	Foreign Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary	Indian Subsidiary
3	Share Capital	19546.17	585.00	7950.99	32152.46	34.72	538.31	10.02	10.00	1.00	15.00	2781.60	888.94	931.50	951.79	10.73
4	Reserves & Surplus	77365.12	(531.60)	3252.97	6351.05	(26.64)	(190.24)	(2267.76)	868.39	(2.40)	(13.85)	2253.62	6,631.89	6537.62	1274.81	(81.88)
5	Total Assets	229320.76	64.97	26055.19	239679.21	25.22	395.40	37.18	6332.82	0.17	660.35	13111.30	41644.70	30885.60	8661.61	880.21
6	Total Liabilities & Equity	229320.76	64.97	26055.19	239679.21	25.22	395.40	37.18	6332.82	0.17	660.35	13111.30	41644.70	30885.60	8661.61	880.21
7	Investments	39020.85	–	3511.68	14366.95	–	–	–	–	–	–	–	–	–	–	–
8	Turnover	100885.91	250.23	41895.96	15721.47	–	–	0.03	8854.57	–	0.10	1316.13	6581.56	4365.68	1317.09	1193.91
9	Profit/(Loss) before taxation	3361.83	(216.69)	(330.02)	695.84	(8.43)	(297.28)	(1131.98)	908.09	(2.40)	(2.97)	(105.83)	661.21	215.52	126.13	(463.76)
10	Provision for taxation	5664.06	–	(0.29)	(3037.93)	–	–	–	208.22	–	(2.12)	(25.51)	183.95	(70.40)	35.09	(47.75)
11	Profit/(Loss) after taxation	(2302.23)	(216.69)	(329.73)	3733.77	(8.43)	(297.28)	(1131.98)	699.87	(2.40)	(0.85)	(80.32)	477.26	285.92	91.04	(416.01)
12	Proposed Dividend	–	–	–	–	–		–	–		–	—	–		–	–
13	% of shareholding	100%	100%	49.17%	100%	99.99%	100%	100%	100%	100%	100%	51%	100%	100%	51%	100%

* a subsidiary of Mahindra Susten Private Limited
**a subsidiary of Mahindra Renewables Pvt.Ltd
$ a subsidiary of Mahindra First Choice Wheels Ltd

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part "B": Associate Companies

(Rs. in lakhs)

Sl. No.	Particulars	Mahindra and Mahindra Contech Limited	Gromax Agri Equipment Limited	Mahindra eMarket Limited	# Medwell Ventures Private Limited	# New Delhi Centre for Sight Limited	# Aquasail Distribution Company Private Limited
1	Latest audited Balance Sheet Date	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021	31st March, 2021
2	Share of associates companies held by the company on the year end	23.33%	49.00%	24.00%	31.45%	30.30%	17.63%
3	No of Equity Share held	35000	26607970	191928	181697	3753082	156063
4	Amount of Investment in associate companies	169.79	1985.98	1.19	0		
5	Extent of Holding %	23.33%	49.00%	24.00%	31.45%	30.30%	17.63%
6	Description of how there is significant influence	–	–	–	–	–	–
7	Reason why the associate companies is not consolidated	NA	NA	NA	NA	NA	NA
8	Net worth attributable to shareholding as per latest audited Balance Sheet	365.06	1128.33	68.56	271.35	2312.49	15.76
9	Profit/(Loss) for the year	26.86	(37.53)	(87.43)	(159.18)	59.76	(3.80)

Amounts are based on unaudited financials.

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Jamil Khatri
Partner
Membership No. 102527

Place: Mumbai
Date: 18th May, 2021

For and on behalf of the Board of Directors of
Mahindra Holdings Limited
CIN No. U65993MH2007PLC175649

Bharat Doshi
Director

Zhooben Bhiwandiwala
Director

Ajay Choksey
Chief Executive Officer

Sunil Rane
Chief Financial Officer

Iyer Gayathri
Company Secretary
Date: 18th May, 2021

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF MAHINDRA OVERSEAS INVESTMENT COMPANY (MAURITIUS) LTD

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of **Mahindra Overseas Investment Company (Mauritius) Ltd**, the "Company", which comprise the statement of financial position as at 31 March 2021 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 31 March 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The supplementary information presented in Indian Rupee in the separate financial statements is solely for the convenience of the users of these financial statements. The supplementary information presented in Indian Rupee does not form part of the audited separate financial statements. We have therefore not audited the supplementary information and, accordingly, we do not express an opinion on this supplementary information. This paragraph has no impact on the audit opinion expressed in this auditors' report.

Information Other than the Separate Financial Statements and Auditors' Report Thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises the information included under the Corporate Data and Commentary of Directors sections, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The Company is licensed as an Authorised Company with the Financial Services Commission of Mauritius (FSC) and by virtue of this status, it does not have an obligation to file audited financial statements with the FSC.

Mahindra and Mahindra Limited, the parent company, is listed in the Republic of India and is required to submit consolidated audited financial statements to the Indian authorities. The Group Auditors of the parent company, in compliance with ISA 600, Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors), require an audit to be performed on these separate financial statements and to communicate the results thereon to them. In this context, the directors have voluntarily appointed Grant Thornton to carry out an audit on these separate financial statements.

As part of an audit in accordance with International Standards of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of this report

Our report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton
Chartered Accountants

K RAMCHURUN, FCCA
Licensed by FRC

Date: 06 May 2021
Ebene 72201, Republic of Mauritius

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH

	Notes	2021	2021	2020	2020
		USD	**INR (Note 1)**	USD	INR (Note 1)
INCOME					
Dividend income		**7,407,822**	**545,141,621**	7,293,138	536,702,025
		7,407,822	**545,141,621**	7,293,138	536,702,025
EXPENSES					
Professional fees		**252,972**	**18,616,209**	276,425	20,342,116
Depreciation	9	**35,384**	**2,603,909**	35,384	2,603,909
Repairs and maintenance		**26,354**	**1,939,391**	34,370	2,529,288
Audit fees		**27,084**	**1,993,112**	24,782	1,823,707
Bank charges		**12,227**	**899,785**	12,235	900,374
Licence fees		**2,300**	**169,257**	2,250	165,578
Insurance charges		**1,384**	**101,849**	1,296	95,373
		357,705	**26,323,5512**	386,742	28,460,345
OPERATING PROFIT		**7,050,117**	**518,818,109**	6,906,396	508,241,680
Net impairment of investments	11 & 12	**(201,333,444)**	**(14,816,128,144)**	(197,012,033)	(14,498,115,508)
Reversal of impairment losses/(impairment of loans)	13	**9,479,685**	**697,610,019**	(11,180,500)	(822,772,995)
Finance income	20.1	**1,684,446**	**123,958,381**	5,850,458	430,535,204
Finance costs	20.2	**(20,051,968)**	**(1,475,624,325)**	(3,587,316)	(263,990,583)
LOSS BEFORE TAX		**(203,171,164)**	**(14,951,365,960)**	(199,022,995)	(14,646,102,202)
Tax expense	8	**(1,617,293)**	**(119,016,591)**	(27,129,479)	(1,996,458,360)
LOSS FOR THE YEAR		**(204,788,457)**	**(15,070,382,551)**	(226,152,474)	(16,642,560,562)
OTHER COMPREHENSIVE INCOME:					
Items that will not be reclassified subsequently to profit or loss		**–**	**–**	–	–
Items that will be reclassified subsequently to profit or loss		**–**	**–**	–	–
Fair value gain/(loss) on financial assets at fair value through other comprehensive income	**12(ii)**	**10,677,083**	**785,726,538**	(28,985,396)	(2,133,035,292)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**10,677,083**	**785,726,538**	(28,985,396)	(2,133,035,292)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(194,111,374)**	**(14,284,656,013)**	(255,137,870)	(18,775,595,854)

The notes on pages 16 to 58 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH

	Notes	2021 USD	2021 INR (Note 1)	2020 USD	2020 INR (Note 1)
ASSETS					
Non-current					
Property, plant and equipment	9	**1,200,652**	**88,355,981**	1,236,036	90,959,889
Investments in associates	10	**78,400,645**	**5,769,503,466**	78,400,645	5,769,503,466
Investments in subsidiaries	11	**98,831,476**	**7,273,008,319**	183,392,037	13,495,820,003
Financial assets at fair value through other comprehensive income ("FVOCI")	12	**39,123,408**	**2,879,091,595**	28,446,326	2,093,365,130
Loans	13	**–**	**–**	10,416,313	766,536,474
Non-current assets		**217,556,181**	**16,009,959,361**	301,891,357	22,216,184,962
Current					
Other receivables and prepayments	18	**45,957**	**3,381,975**	303,221	22,314,033
Current tax asset	8	**–**	**–**	10,087	742,302
Cash and cash equivalents	14	**27,685,885**	**2,037,404,277**	13,718,024	1,009,509,386
Current assets		**27,731,842**	**2,040,786,252**	14,031,332	1,032,565,721
Total assets		**245,288,023**	**18,050,745,613**	315,922,689	23,248,750,683
EQUITY AND LIABILITIES					
Equity					
Stated capital	15	**424,109,209**	**31,210,196,690**	292,579,209	21,530,903,990
Accumulated losses		**(421,129,136)**	**(30,990,893,118)**	(215,340,580)	(15,846,913,282)
Fair value reserves for financial assets at FVOCI	12	**(18,114,096)**	**(1,333,016,325)**	(29,791,278)	(2,192,340,148)
Total equity		**(15,134,023)**	**(1,113,712,753)**	47,447,351	3,491,650,560
Liabilities					
Non-current					
Derivative financial instruments	16	**–**	**–**	661,911	48,710,030
Borrowings	17	**227,470,060**	**16,739,521,715**	162,877,606	11,986,163,026
Non-current liabilities		**227,470,060**	**16,739,521,715**	163,539,517	12,034,873,056
Current					
Borrowings	17	**32,847,374**	**2,417,238,253**	101,608,408	7,477,362,745
Derivative financial instruments	16	**–**	**–**	172,917	12,724,962
Current tax liabilities	8	**–**	**–**	3,000,000	220,770,000
Accruals	19	**104,612**	**7,698,398**	154,496	11,369,360
Current liabilities		**32,951,986**	**2,424,936,651**	104,935,821	7,722,227,067
Total liabilities		**260,422,046**	**19,164,458,366**	268,475,338	19,757,100,123
Total equity and liabilities		**245,288,023**	**18,050,745,613**	315,922,689	23,248,750,683

Approved by the Board of Directors on 6 May 2021 and signed on its behalf by:

Zakir Hussein Niamut
Director

The notes on pages 16 to 58 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH

	Stated capital	Accumulated losses	Fair value reserves for financial assets at fair value through other comprehensive income	Total
	USD	**USD**	**USD**	**USD**
Balance at 01 April 2020	235,579,209	10,811,894	(805,882)	245,585,221
Issue of shares	57,000,000	–	–	57,000,000
Transactions with the owner	55,000,000	–	–	55,000,000
Loss for the year	–	(226,152,474)	–	(226,152,474)
Other comprehensive loss	–	–	(28,985,396)	(28,985,396)
Total comprehensive loss for the year	–	(226,152,474)	(28,985,396)	(255,137,870)
Balance at 31 March 2020	292,579,209	(215,340,580)	(29,791,278)	47,447,351
Balance at 01 April 2021	**292,579,209**	**(215,340,580)**	**(29,791,278)**	**47,447,351**
Issue of shares	**131,530,000**	**–**	**–**	**131,530,000**
Transaction with the owner	**131,530,000**	**–**	**–**	**131,530,000**
Loss for the year	**–**	**204,788,457)**	**–**	**(204,788,457)**
Other comprehensive income	**–**	**–**	**10,677,083**	**10,677,083**
Total comprehensive (loss)/income for the year	**–**	**(204,788,457)**	**10,677,083**	**194,111,374**
Transfer of fair value loss of equity investment at FVOCI to accumulated losses upon winding up of investee company	**–**	**(1,000,099)**	**1,000,099**	**–**
Balance at 31 March 2021	**424,109,209**	**(421,129,136)**	**(18,114,096)**	**(15,134,023)**

	Stated capital	Accumulated losses	Fair value reserves for financial assets at fair value through other comprehensive income	Total
	INR	**INR**	**INR**	**INR**
Balance at 01 April 2019	17,336,273,990	795,647,280	(59,304,856)	18,072,616,414
Issue of shares	4,194,630,000	–	–	4,194,630,000
Transactions with the owner	4,194,630,000	–	–	4,194,630,000
Loss for the year	–	(16,642,560,562)	–	(16,642,560,562)
Other comprehensive loss	–	–	(2,133,035,292)	(2,133,035,292)
Total comprehensive loss for the year	–	(16,642,560,562)	(2,133,035,292)	(18,775,595,854)
Balance at 31 March 2020	21,530,903,990	(15,846,913,282)	(2,192,340,148)	3,491,650,560
Balance at 01 April 2020	**21,530,903,990**	**(15,846,913,282)**	**(2,192,340,148)**	**3,491,650,560**
Issue of shares	**9,679,292,700**	**–**	**–**	**9,679,292,700**
Transaction with the owner	**9,679,292,700**	**–**	**–**	**9,679,292,700**
Loss for the year	**–**	**(15,070,382,551)**	**–**	**(15,070,382,551)**
Other comprehensive income	**–**	**–**	**785,726,538**	**785,726,538**
Total comprehensive (loss)/income for the year	**–**	**(15,070,382,551)**	**785,726,538**	**14,284,656,013**
Transfer of fair value loss of equity investment at FVOCI to accumulated losses upon winding up of investee Company	**–**	**(73,597,285)**	**73,597,285**	**–**
Balance at 31 March 2021	**31,210,196,690**	**(30,990,893,118)**	**(1,333,016,325)**	**(1,113,712,753)**

The notes on pages 16 to 58 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH

	Notes	2021 USD	2021 INR (Note 1)	2020 USD	2020 INR (Note 1)
Operating activities					
Loss before tax		**(203,171,164)**	**(14,951,365,960)**	(199,022,995)	(14,646,102,202)
Adjustments for:					
Net fair value gain on derivative financial instruments		**(834,828)**	**(61,434,993)**	(355,450)	(26,157,566)
Net impairment of investments		**201,333,444**	**14,816,128,144**	197,012,033	14,498,115,508
Net impairment of loans		**(9,479,685)**	**(697,610,019)**	11,180,500	822,772,995
Depreciation		**35,384**	**2,603,909**	35,384	2,603,909
Amortisation of transaction costs		**115,612**	**8,507,887**	124,304	9,147,531
Interest income		**(377,117)**	**(27,752,040)**	(1,432,957)	(105,451,306)
Interest expense		**2,860,503**	**210,504,416**	1,749,149	128,719,875
Swap interest expense		**578,913**	**42,602,208**	755,810	55,620,058
Dividend income		**(7,407,822)**	**(545,141,621)**	(7,293,138)	(536,702,025)
Net foreign exchange differences		**15,511,642**	**1,141,501,733**	(2,831,848)	(208,395,694)
		(835,118)	**(61,456,336)**	(79,208)	(5,828,917)
Changes in working capital:					
Change in other receivables and prepayments		**257,264**	**18,932,058**	(40,125)	(2,952,799)
Change in accruals		**(49,884)**	**(3,670,962)**	56,403	4,150,697
Net cash (used in)/from operations		**(627,738)**	**(46,195,240)**	62,930	(4,631,019)
Interest paid	**23**	**(1,467,059)**	**(107,960,872)**	(757,267)	(55,727,279)
Swap interest paid	**23**	**(645,871)**	**(47,529,647)**	(819,192)	(60,284,339)
Tax refund received		**10,087**	**742,302**	1,113,226	81,922,301
Tax paid		**(4,617,293)**	**(339,786,592)**	(22,753,870)	(1,674,457,293)
Net cash used in operating activities		**(7,347,874)**	**(540,730,049)**	(23,280,033)	(1,713,177,629)
Investing activities					
Purchase of investments		**(96,499,767)**	**(7,101,417,854)**	(86,485,000)	(6,364,431,150)
Dividends received		**7,407,822**	**545,141,621**	5,907,442	434,728,657
Interest received		**–**	**–**	423,068	31,133,574
Net cash used in investing activities		**(89,091,945)**	**(6,556,276,233)**	(80,154,490)	(5,898,568,919)
Financing activities					
Loans repaid to banks	**23**	**(325,072,049)**	**(23,922,052,086)**	(26,962,600)	(1,984,177,734)
Loans received from banks (net of transaction cost)	**23**	**90,439,500**	**6,655,442,805**	60,673,000	4,464,926,070
Loans received from shareholder		**229,553,600**	**16,892,849,424**	–	–
Loans repaid by related parties		**–**	**–**	25,056,065	1,843,875,823
Proceeds from issue of shares		**115,030,000**	**8,465,057,700**	57,000,000	4,194,630,000
Loan granted to related parties		**–**	**–**	(5,682,808)	(418,197,841)
Net cash from financing activities		**109,951,051**	**8,091,297,843**	110,083,657	8,101,056,318
Net change in cash and cash equivalents		**13,511,232**	**994,291,561**	6,649,134	489,309,770
Cash and cash equivalents, beginning of year		**13,718,024**	**1,009,509,386**	7,257,601	534,086,858
Exchange differences on cash and cash equivalents		**456,629**	**33,603,330**	(188,711)	(13,887,242)
Cash and cash equivalents, end of year		**27,685,885**	**2,037,404,277**	13,718,024	1,009,509,386
Cash and cash equivalents made up of:					
Cash at bank	**14**	**27,685,885**	**2,037,404,277**	13,718,024	1,009,509,386

The notes on pages 16 to 58 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Mahindra Overseas Investment Company (Mauritius) Ltd, the "Company", was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 7 December 2004 as a private Company with liability limited by shares and held a Global Business Licence issued by the Financial Services Commission up to 22 March 2021. Pursuant to a Board meeting held on 2 February 2021, the Company had sought authorisation from the Financial Services Commission ("FSC") to be converted from a Global Business Licence Company to an Authorised Company. The Company was issued with an authorisation from the FSC to convert into an Authorised Company under Section 71A of the Financial Services Act 2007 on 22 March 2021.

The Company's registered office is Sanne House, Bank Street, TwentyEight, Cybercity, Ebene 72201, Republic of Mauritius. The principal purpose of the Company is to act as an investment holding company. The Company holds property, plant and equipment in the Republic of South Africa. In accordance with South African tax regulations, the Company has been registered as an external company.

Indian Rupee ("INR") amounts are included solely for convenience. These transactions should not be construed as representations that the USD amounts actually represent or have been or could be converted into INR. As the amounts shown in INR are for convenience only, the rate of USD 1= INR 73.59 has been used for the purpose of presentation of the INR amounts in the accompanying financial statements for the two years ended 31 March 2021 and 31 March 2020.

2. APPLICATION OF NEW AND REVISED IFRS

2.1 New and amended Standards that are effective for the current year

The Company has applied the following Standards, amendments and Interpretations to existing Standards for the first time for the annual reporting period commencing on 01 April 2020:

Various	Amendments to References to the Conceptual Framework in IFRS Standards
IFRS 3	Definition of a Business (Amendments to IFRS 3)
IAS 1 and IAS 8	Definition of Material (Amendments to IAS 1 and IAS 9)
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

The directors have assessed the impact of these revised Standards and amendments and concluded that none of these has an impact on these financial statements.

2.2 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Company.

Management anticipates that all relevant pronouncements, will be adopted in the Company's accounting policies for the first period beginning on or after the effective date of the pronouncement. Information on new Standards, amendments to existing Standards and Interpretations is provided below.

IFRS 16	COVID - 19 Related Rent Concessions (Amendment to IFRS 16)
Various	Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
IFRS 3	References to the Conceptual Framework (Amendments to IFRS 3)
IAS 16	Proceeds before Intended Use (Amendments to IAS 16)
IAS 37	Onerous Contract - Cost of Fulfilling a Contract (Amendments to IAS 37)
IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual improvements to IFRS Standards 2019-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)
IFRS 17	Insurance Contracts
IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)
IAS 1	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

Management has yet to assess the impact of the above Standards, amendments to existing Standards and Interpretations on the Company's financial statements.

3. SUMMARY OF ACCOUNTING POLICIES

(a) Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

(b) Revenue

Dividend income is recognised when the Company's right to receive such dividend is established.

Interest income is recognised on the accrual basis unless collectability is in doubt.

(c) Expenses

All expenses are accounted for in the statement of profit or loss and other comprehensive income on the accrual basis.

(d) Taxation

Tax expense recognised in the statement of profit or loss and other comprehensive income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

(e) Property, plant and equipment

Building and furniture and fittings are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management. Building and furniture and fittings are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual values.

The following average useful lives are applied:

Building: 60 years
Furnitures and fittings: 10 years

Where the carrying amount of an asset is greater than its estimated amount, it is written down immediately to its recoverable amount.

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each reporting date. Repairs and maintenance costs are expensed as incurred.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset. The gain or loss on disposal is credited or charged to the statement of profit or loss and other comprehensive income.

(f) Consolidated financial statements

The financial statements are separate financial statements which contain information about Mahindra Overseas Investment Company (Mauritius) Ltd as a company and do not contain consolidated financial information as the parent of a group.

(g) Investment in subsidiary

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company has majority votimg rights in ten unquoted companies at the reporting date and which are considered to be subsidiaries in accordance with IFRS 10, *Consolidated Financial Statements*.

Consolidated financial statements have not been presented as the Company monitors the performance of the subsidiaries on an ongoing basis and their accounts are made available to the Company as and when required. The Company believes that consolidated information would add minimal value and also the costs of providing the information would exceed any benefits therefrom. The investments in the subsidiaries are measured at cost less any impairment charges in these separate financial statements. Impairment charges are recognised in the statement of comprehensive income. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited in the statement of profit or loss and other comprehensive income.

(h) Investment in associate and joint venture

An associate is an entity over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

The existence of significant influence by an entity is usually evidenced in one or more of the following ways: (a) representation on the board of directors or equivalent governing body of the investee; (b) participation in policy-making processes, including participation in decisions about dividends or other distributions; (c) material transactions between the investor and the investee; (d) interchange of managerial personnel; or (e) provision of essential technical information.

A joint venture is an arrangement that the Company controls jointly with one or more other investors, and over which the Company has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Investment in associate and joint venture are initially shown at cost in these separate financial statements in accordance with IAS 28, *Investments in Associates and Joint Ventures*. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of profit or loss and other comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

(i) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs, where appropriate.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI).

In the current year, the Company does not have any financial assets categorised as FVTPL.

The classification is determined by both:

- the Company's business model for managing the financial asset.
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost using the effective interest method if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Discounting is omitted where the effect of discounting is immaterial. The Company's loans, other receivables and cash and cash equivalents fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income ("FVOCI'')

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. For the Company, instruments within the scope of the new requirements included its loans and other receivables.

Recognition of credit losses is no longer dependent on the Company's first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and

- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (“Stage 2”).

‘Stage 3’ would cover financial assets that have objective evidence of impairment at the reporting date.

‘12-month expected credit losses’ are recognized for the first category while ‘lifetime expected credit losses’ are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and subsequent measurement financial liabilities

The Company’s financial liabilities include accruals, borrowings and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognised in the profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition of profit or loss depends on the nature of the hedge relationship.

The Company has not designated the derivative contracts (interest rate swaps) as hedging instruments.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short term deposits. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Equity

Stated capital is determined using the value of shares that have been issued.

Accumulated losses include all current and prior years’ results as disclosed in the statement of profit or loss and other comprehensive income.

(l) Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

(m) Foreign currency translation

(i) Functional and presentation currency

The financial statements are presented in United States Dollars (“USD”), which is the Company’s functional and presentation currency. The Company has also presented the financial statements in Indian Rupee (‘INR”) for the convenience of users of financial statements.

(ii) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of profit or loss and other comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

(n) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of profit or loss and other comprehensive income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the year of the borrowings using the effective interest method.

Fees paid on loan facilities are recognised as transaction costs and amortised over the terms of the borrowings.

(p) Comparatives

Where necessary, comparatives figures have been adjusted to conform with changes in presentation in the current year.

4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

The following is the significant management judgement in applying the accounting policies of the Company that has the most significant effect on the financial statements.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the USD.

Going concern assumption

The directors have exercised significant judgement in assessing that the preparation of these financial statements on a going concern basis is appropriate. In making this assessment, the directors have considered the Company’s future business projects, future cash flows and future profitability.

In particular, the directors have assessed that certain investments in associate/subsidiaries, stated at cost in these financial statements, have higher fair values based on recent external valuation and available quoted price. The total fair value of these investments as at 31 March 2021 is more than the cost by USD 173 million. Consequently, the total asset size of the Company is deemed to be USD 418 million which is more than the liabilities of USD 260 million resulting into a comfortable safety margin of USD 158 million. The Company would therefore be able to repay all its liabilities should the need arise.

Furthermore, all Company's borrowings are secured by the corporate guarantee of the parent company, Mahindra & Mahindra Limited ("M&M").

Investments in associates

The directors have assessed the level of influence that the Company has on CIE Automotive S.A and The East India Company Group Limited and determined that the Company has significant influences even though the shareholdings are below 20% due to the representations on the board of directors and participations in policy-making processes. Consequently, these investments have been classified as associates.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Fair value of derivative financial instruments

The fair value of the derivative financial instruments is determined based on valuation performed by an independent valuer. The assumptions used to value the derivative financial instruments are given in Note 6. In applying the valuation techniques, the independent valuers makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument.

Impairment of investments in associates and subsidiaries.

In assessing impairment, management estimates the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. The directors have assessed the recoverable amount of the investments and confirmed that the carrying amounts of certain investments suffered impairment losses as reported in Notes 10 and 11.

Impairment losses on financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Fair value of unquoted investments

The Company holds investments that are not quoted on active markets. Fair values of such investments are determined using management's assessment including third party transaction values, earnings, net asset value or discounted cash flow, whichever, is considered to be appropriate. Changes in assumptions about these factors and the method adopted could affect the reported fair values of the financial instruments.

Useful lives and residual values of property, plant and equipment

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

Impact of COVID-19

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets.

The directors have considered the potential adverse impact of the COVID-19 pandemic on the Company's business activities.

5. FINANCIAL INSTRUMENT RISK

Risk management objectives and policies

The Company is exposed to various risks in relation to its financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's financial assets and financial liabilities by category are summarised below.

	2021 USD	**2021 INR (Note 1)**	2020 USD	2020 INR (Note 1)
Financial assets				
Non-current				
Financial assets at fair value through other comprehensive income:				
Investments in quoted and unquoted securities	**39,123,408**	**2,879,091,595**	28,446,326	2,093,365,130
Financial assets measured at amortised cost:				
Loans	**–**	**–**	10,416,313	766,536,474
	39,123,408	**2,879,091,595**	38,862,639	2,859,901,604
Current				
Financial assets measured at amortised cost:				
Other receivables	**40,075**	**2,949,119**	297,576	21,898,618
Cash and cash equivalents	**27,685,885**	**2,037,404,277**	13,718,024	1,009,509,386
	27,725,960	**2,040,353,396**	14,015,600	1,031,408,004
Total financial assets	**66,849,368**	**4,919,444,991**	52,878,239	3,891,309,608
Financial liabilities				
Non-current				
Derivative financial instruments	**–**	**–**	661,911	48,710,030
Financial liabilities measured at amortised cost:				
Borrowings	**227,470,060**	**16,739,521,715**	162,877,606	11,986,163,026
	227,470,060	**16,739,521,715**	163,539,517	12,034,873,056
Current				
Derivative financial instruments	**–**	**–**	172,917	12,724,962
Financial liabilities measured at amortised cost:				
Borrowings	**32,847,374**	**2,417,238,253**	101,608,408	7,477,362,745
Accruals	**104,612**	**7,698,398**	154,496	11,369,360
	32,951,986	**2,424,936,651**	101,935,821	7,501,457,067
Total financial liabilities	**260,422,046**	**19,164,458,366**	265,475,338	19,536,330,123

The Company's risks are managed by its Board of Directors and the focus is on securing the Company's short to medium term cash flows by minimising the exposure to financial risks. The Company's investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets and derivatives for speculative purposes. The most significant financial risks to which the Company is exposed to are described below.

(a) Market risk analysis

Market risk is specifically comprised of currency risk and interest rate risk, which result from both its operating and investing activities. The Company is exposed to market risk through its use of financial instruments.

(i) Foreign currency sensitivity

Foreign currency risk, as defined in IFRS 7: *Financial Instruments: Disclosures*, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

The currency profile of the Company's financial assets and financial liabilities is as follows:

	Financial assets 2021 USD	**Financial liabilities 2021 USD**	Financial assets 2020 USD	Financial liabilities 2020 USD
United States Dollar (USD)	**20,427,863**	**16,119,337**	26,404,902	15,389,631
Euro (EUR)	**46,413,928**	**240,571,003**	26,465,650	246,892,774
Great Britain Pound (GBP)	**–**	**3,725,028**	–	3,185,402
South African Rand (ZAR)	**7,577**	**6,472**	7,687	7,531
Indian Rupee (INR)	**–**	**206**	–	–
	66,849,368	**260,422,046**	52,878,239	265,475,338

	Financial assets 2021 INR (Note 1)	**Financial liabilities 2021 INR (Note 1)**	Financial assets 2020 INR (Note 1)	Financial liabilities 2020 INR (Note 1)
United States Dollar (USD)	**1,503,286,438**	**1,186,222,010**	1,943,136,738	1,132,522,944
Euro (EUR)	**3,415,600,962**	**17,703,620,111**	1,947,607,184	18,168,839,239
Great Britain Pound (GBP)	**–**	**274,124,811**	–	234,413,733
South African Rand (ZAR)	**557,591**	**476,274**	565,686	554,207
Indian Rupee (INR)	**–**	**15,160**	–	–
	4,919,444,991	**19,164,458,366**	3,891,309,608	19,536,330,123

The Company's transactions are carried out in the United States Dollar (USD), Euro (EUR), Great Britain Pound (GBP), South African Rand (ZAR) and Indian Rupee (INR). Consequently, the Company is exposed to foreign currency risk on its financial liabilities and financial assets denominated in EUR, GBP, ZAR. and INR.

The table below illustrates the sensitivity of profit and equity in regard to the Company's financial instruments and the USD/EUR, USD/GBP, USD/ZAR and USD/INR exchange rates "all other things being equal".

It assumes the following percentage changes in the exchange rates:

	2021 % change	2020 % change
EUR	**17%**	2%
GBP	**10%**	6%
ZAR	**6%**	24%
INR	**2%**	–

These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the foreign currencies had strengthened by the above percentages, then this would have the following impact on profit and equity:

	Loss 2021		Loss 2020	
	USD	**INR (Note 1)**	USD	INR (Note 1)
EUR	**(14,380,576)**	**(1,058,266,574)**	(4,756,822)	(350,054,531)
GBP	**(390,527)**	**(28,738,891)**	(191,124)	(14,064,815)
ZAR	**370**	**5,175**	(37)	(2,723)
INR	**(5)**	**(350)**	–	–

	Equity 2021		Equity 2020	
	USD	**INR (Note 1)**	USD	INR (Note 1)
EUR	**32,395,628**	**2,383,994,267**	4,408,542	324,424,606
GBP	**390,527**	**28,738,891**	191,124	14,064,815
ZAR	**(370)**	**(5,175)**	37	2,723
INR	**5**	**350**	–	–

If the foreign currencies had weakened by the above percentages, then this would have the same reverse impact on loss and equity.

(ii) Interest rate sensitivity

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has interest bearing financial assets and liabilities in the form of loans and borrowings.

The Company is not exposed to changes in market interest rates on its interest-bearing financial assets having fixed interest rates.

As 31 March 2021, the Company has interest bearing financial liabilities in the form of bank loan from Bank of America, N.A.

The Company has taken the following loans from Bank of America, N.A, HSBC Bank (Mauritius) Limited and Societe Generale:

Loan from Bank of America, N.A

Pursuant to a Facility Agreement dated 05 June 2018, effective date being 10 September 2018, all the previous loans borrowed from Bank of America, N.A ("BOA") had been amalgamated into a single one amounting to EUR111,250,000. The loan carried interest at EURIBOR + 75 basis points and the interest was payable at the end of every 3 months. The loan facility had a maturity date of June 2021. However, anticipating an increase in finance costs due to EURIBOR trends, management made an early repayment of the total outstanding amount during the financial year ended 31 March 2021.

In addition, pursuant to Facility Agreement dated 20 March 2020, the Company borrowed an additional amount of EUR25,000,000. The loan carried interest at EURIBOR + 80 basis points per annum. The interest was payable at the end of the tenure which was of 1 month along with the principal amount. The loan was repaid on the maturity date during the current year.

During the year ended 31 March 2021, the Company entered into a new Loan Agreement with Bank of America, dated 24 March 2021, to borrow an amount up to EUR50,000,000. The loan carries interest at EURIBOR + 125 basis points. It is agreed that if the EURIBOR is negative, it shall be deemed to be zero for the purpose of this Facility. During the year under review, an amount of EUR28,000,000 was disbursed by the BOA. The first disbursement has a term of 30 days, maturing on 28 April 2021.

Loan from HSBC Bank (Mauritius) Limited ("HSBC")

Pursuant to a Facility Agreement with HSBC dated 05 February 2018, the Company borrowed EUR37,000,000 at an interest rate of 3 months EURIBOR + 0.70% margin per annum with the EURIBOR floored to negative 0.70%. The loan was unsecured and repayable in February 2021. As at 31 March 2021, the loan has been fully repaid.

Pursuant to a Facility Agreement with HSBC dated 26 June 2018, the Company borrowed an amount of EUR20,000,000 at an interest rate of 3 months EURIBOR + 0.70% margin. The loan was unsecured and repayable in June 2021. However, anticipating an increase in finance costs due to EURIBOR trends, Management made an early repayment of the total outstanding amount during the financial year ended 31 March 2021.

During the year ended 31 March 2020, the Company borrowed an additional amount of EUR30,000,000. Pursuant to term sheet dated 29 March 2020, the loan carried interest rate of EURIBOR + 1.55% margin. It was agreed that if the EURIBOR was negative, it shall be deemed to be zero for the purpose of this Facility. As at 31 March 2021, the loan was fully repaid.

Pursuant to board minutes dated 29 April 2020, a loan amounting to EUR25,000,000 was borrowed from HSBC at an interest rate of EURIBOR + 2.05 % margin. The loan had a repayment term of 180 days after disbursement. During the year ended 31 March 2021, the loan was repaid on the maturity date.

Loan from Societe Generale

During the year under review, the Company borrowed a short-term interest free loan of EUR25,000,000 from Societe Generale. The loan amount disbursed forms part of the Money Market Loan facility of EUR40,000,000 granted by Societe Generale. As at reporting date, the loan was repaid on maturity date.

The Company entered into interest rate swaps for an amount EUR37,000,000 with HSBC Bank (Mauritius) Limited and EUR111,250,000 with Bank of America, N.A. by using floating to fixed interest rate swap. Such interest rate swaps have the economic effect of converting floating interest rate borrowings to fixed interest rate borrowings and protecting the Company from potential future interest rate hikes. As at reporting date, both loans were repaid by the Company and therefore the swap agreements were terminated.

The Company is subject to market interest rate risk only for the bank loan amounting to EUR28,000,000 from Bank of America, N.A and the interest rate sensitivity are as illustrated below:

Interest rate sensitivity analysis

The following table illustrates the sensitivity of loss/profit and equity to reasonably possible changes in interest rates of +/- 1% for the years ended 31 March 2020 and 2021. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rates for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

A 1% increase in interest rate will have the following impact:

	Loss for the year	Shareholder's deficit
	USD	**USD**
At 31 March 2021	**328,440**	**328,440**
	Loss for the year	**Shareholder's deficit**
	USD	**USD**
At 31 March 2020	823,831	823,831

	Loss for the year	Shareholder's deficit
	INR	**INR**
At 31 March 2021	**24,169,900**	**24,169,900**
	Loss for the year	**Shareholder's deficit**
	INR	**INR**
At 31 March 2020	60,625,690	(60,625,690)

A 1% decrease in interest rate would have the reversed impact.

(iii) Other price sensitivity

The Company is exposed to other price risk in respect of its listed security, which is listed on the Bolsa de Madrid in Spain. The average volatility observed in the share prices during the year ended 31 March 2021 is shown in the table below:

Name of investee company	% change in share price 2021	% change in share price 2020
Global Dominion Access S.A	**72%**	47%

	Other comprehensive income and equity		Other comprehensive income and equity	
	2021	**2021**	2020	2020
	USD	**INR**	USD	INR
Increase	**28,168,854**	**2,072,945,966**	8,184,571	602,302,580
Decrease	**(28,168,854)**	**(2,072,945,966)**	(8,184,571)	(602,302,580)

The listed security is classified as financial asset at fair value through other comprehensive income and therefore no effect on profit has occurred.

(b) Credit risk analysis

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. The Company's exposure to credit risk is monitored by management on an ongoing basis. The Company limits its risk by carrying out transactions with related parties. The Company has significant concentration of credit risk as shown below.

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2021	2021	2020	2020
	USD	INR (Note 1)	USD	INR (Note 1)
ASSETS				
Non-current				
Financial assets at fair value through other comprehensive income ("FVOCI")	**39,123,408**	**2,879,091,595**	28,446,326	2,093,365,130
Loans	**–**	**–**	10,416,313	766,536,474
	39,123,408	**2,879,091,595**	38,862,639	2,859,901,604
Current				
Other receivables	**40,075**	**2,949,119**	297,576	21,898,618
Cash and cash equivalents	**27,685,885**	**2,037,404,277**	13,718,024	1,009,509,386
	27,725,960	**2,040,353,396**	14,015,600	1,031,408,004
Total assets	**66,849,368**	**4,919,444,991**	52,878,239	3,891,309,608

The Company holds investments in both quoted and unquoted companies. The directors have made assessment on the fair value of these investments and have recognised a fair value gain of USD10,677,083 (2019: USD28,985,396) in these financial statements.

During the year under review, the Company converted the loans to subsidiary companies along with the interest receivable into equity investments.

The Company measures credit risk and ECL using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any ECL.

Based on the assessment for other receivables, management considers the probability of default of the counterparty and as a result, no loss allowance has been recognised based on 12-month ECL as any such impairment would be wholly insignificant to the Company.

The credit risk for the bank balances and derivative financial instruments is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

The disposal of the investments is subject to some restrictions as described in Note 12 to these financial statements.

None of the Company's financial assets are secured by collateral or other credit enhancements.

(c) Liquidity risk analysis

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from the shareholder.

The Company's main cash inflows are in the form of dividend, interest on loans, proceeds from issue of shares and disposal of investment. The main cash outflows relate to repayment of loans and interest and capital investments.

The Company's liquidity risk is managed by securing credit facilities from financial institutions and also through shares issue. The Company also seeks financial support of its parent company where necessary.

The Company also manages its liquidity needs by carefully monitoring cash inflows and cash outflows due in day-to-day business as well as scheduled debt servicing payments for long-term financial liabilities.

At 31 March 2021, the Company has contractual maturities which are summarised below:

	Current		Non-current	
	Within 1 year	**Within 1 year**	Over 1 year	Over 1 year
	USD	**INR (Note 1)**	USD	INR (Note 1)
Borrowings	**32,847,374**	**2,417,238,253**	227,470,060	16,739,521,715
Accruals	**104,612**	**7,698,398**	–	–
Total	**32,951,986**	**2,424,936,651**	227,470,060	16,739,521,715

This compares to the maturity of the Company's financial liabilities in the previous reporting year as follows:

	Current		Non–current	
	Within 1 year	**Within 1 year**	Over 1 Year	Over 1 Year
	USD	**INR (Note 1)**	USD	INR (Note 1)
Derivative financial instruments	**172,917**	**12,724,962**	661,911	48,710,030
Borrowings	**101,608,408**	**7,477,362,745**	162,877,606	11,986,163,026
Accruals	**154,496**	**11,369,360**	–	–
Total	**101,935,821**	**7,501,457,067**	163,539,517	12,034,873,056

(d) Concentration risk analysis

The Company has invested in unlisted companies whose securities are considered to be illiquid. Such illiquidity may adversely affect the ability of the Company to acquire or dispose of such investments. These investments may be difficult to value and to sell or otherwise liquidate and the risk of investing in such companies is much greater than the risk of investing in publicly traded securities. On account of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would be used had a ready market for the investments existed. However the directors consider these investments to be strategic and the concentration risk is manageable.

6. FAIR VALUE MEASUREMENT

6.1 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

The following table shows the Levels within which the hierarchy of financial assets and financial liabilities measured at fair value on a recurring basis at 31 March 2021.

Level 1

	Level 1	**Level 2**	**Level 3**	**Total**
	USD	**USD**	**USD**	**USD**
Financial assets				
Investments at fair value through other comprehensive income	**31,823,401**	**–**	7,300,007	39,123,408
Financial liabilities				
Interest rate swaps	**–**	**–**	–	–
Net fair value	**31,823,401**	**–**	7,300,007	39,123,408

	Level 1	Level 2	Level 3	Total
	INR	INR	INR	INR
Financial assets				
Investments at fair value through other comprehensive income	**2,341,884,080**	**–**	537,207,515	2,879,091,595
Financial liabilities				
Interest rate swaps	**–**	**–**	–	–
Net fair value	**2,341,884,080**	**–**	537,207,515	2,879,091,595

The following table shows the Levels within which the hierarchy of financial liabilities measured at fair value on a recurring basis at 31 March 2020:

Level 1

	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD
Financial assets				
Investments at fair value through other comprehensive income	**17,413,980**	**–**	11,032,346	28,446,326
Financial liabilities				
Interest rate swaps	**–**	**(834,828)**	–	(834,828)
Net fair value	**17,413,980**	**(834,828)**	11,032,346	27,611,498

	Level 1	Level 2	Level 3	Total
	INR	INR	INR	INR
Financial assets				
Investments at fair value through other comprehensive income	**1,281,494,788**	**–**	811,870,342	2,093,365,130
Financial liabilities				
Interest rate swaps	**–**	**(61,434,992)**	–	(61,434,992)
Net fair value	**1,281,494,788**	**(61,434,992)**	811,870,342	2,031,930,138

There were no transfers between level 1 and level 2 in 2021 or 2020.

The method used for the purpose of measuring fair values of securities are detailed below:

Quoted company (Level 1)

The listed equity shares are denominated in EURO and are publicly traded on Bolsa de Madrid. The fair value has been determined by reference to their respective quoted closing prices at the reporting date.

Interest rate swaps (Level 2)

The fair value of financial instruments that are not traded in an active market (interest rate swap derivative) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

Unquoted companies (Level 3)

The fair values of the investments in the unquoted companies are determined using management's assessment including third party transaction values, earnings, net asset value or discounted cash flow, whichever, is considered to be appropriate.

Level 3- Fair value measurement

The reconciliation of the carrying amount of financial assets classified within level 3 is as follows:

	2021	**2021**	2020	2020
	USD	**INR**	USD	INR
At 01 April	**11,032,346**	**811,870,342**	14,629,958	1,076,618,609
Additions	–	–	9,221,471	678,608,051
Disposal	–	–	–	–
Fair value adjustments	**(3,732,339)**	**(274,662,827)**	(12,819,083)	(943,356,318)
At 31 March	**7,300,007**	**537,207,515**	11,032,346	811,870,342

6.2 Fair value measurement of financial instruments not carried at fair value

The Company's other financial assets and liabilities are measured at their carrying amounts, which approximate their fair values.

6.3 Fair value measurement of non-financial assets and non-financial liabilities

The Company's non-financial assets consist of property, plant and equipment, investments in associates, investments in subsidiaries, current tax asset and prepayments and non-financial liability consists of current tax liability. For these non-financial instruments, fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position.

7. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its member.

In order to maintain or adjust the capital structure, the Company may adjust the dividends paid to its member, buy back shares or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital.

The details of the gearing ratio are disclosed as follows:

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
Total borrowings (i)	**260,317,434**	**19,156,759,968**	264,486,014	19,463,525,771
Less: cash and cash equivalents	**(27,685,885)**	**(2,037,404,277)**	(13,718,024)	(1,009,509,386)
Net debt	**232,631,549**	**17,119,355,691**	250,767,990	18,454,016,385
Total equity (ii)	**–**	**–**	47,447,351	3,491,650,560
Total capital	**232,631,549**	**17,119,355,691**	298,215,341	21,945,666,945
Gearing ratio (%) (iii)	**100%**	**100%**	84%	84%

(i) Borrowings include all short-term and long-term borrowings as detailed in Note 17.

(ii) Equity includes capital and retained earnings.

(iii) The Company was fully geared (2020: 84%) at the reporting date and the directors consider that this level of gearing is reasonable taking into account the Company's business activities.

8. TAXATION

(i) Income tax

For the period from 1 April 2020 to 21 March 2021, the Company held a Global Business Licence for the purpose of the Financial Services Act 2007 of Mauritius. Pursuant to the enactment of the Finance Act 2018, with effect from 1 January 2019, the deemed tax credit has been phased out, through the implementation of a new tax regime. Companies which had obtained their Global Business Licence on or before 16 October 2017, including the Company, have been grandfathered and would benefit from the deemed tax credit regime up to 30 June 2021.

For the period from 1 April 2020 to 21 March 2021, the Company was entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax ("Deemed tax credit") on its foreign source income resulting in an effective tax rate on net income of up to 3%. Further, the Company was exempted from income tax in Mauritius on profits or gains arising from sale of securities. In addition, there was no withholding tax payable in Mauritius in respect of payments of dividends to Shareholders or in respect of redemptions or exchanges of Shares.

The Company, has on 22 March 2021, obtained authorisation from the Financial Services Commission to act as an Authorised Company. The Finance (Miscellaneous Provisions) Act 2018 amended the Financial Services Act 2007 to introduce a new type of licence, the "Authorised Company". An Authorised Company is required to have its place of effective management outside of Mauritius. Accordingly, under this new regime, the Company has its control and management in India and it will be deemed to be non-resident for the period from 22 March 2021 to 31 March 2021 for tax purposes in Mauritius. By being non-resident for tax purposes in Mauritius, it will not be subject to tax on its foreign income. On the other hand, the Company will be liable to tax in Mauritius on any local-source income. Furthermore, an Authorised Company is required to file a return of income to the Mauritius Revenue Authority within six months of its accounting year end.

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

During the year under review, the Company submitted tax returns to the Mauritius Revenue Authority under the Advance Payment Systems (''APS'') for the quarters ended 30 June 2020, 30 September 2020 and 31 December 2020.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the balance sheet liability method.

At 31 March 2021, the Company has a current tax asset of USD Nil (2020: USD10,087) and a current tax liability of USD Nil (2020: USD3,000,000) with the Mauritius Tax authority and India Tax Authority respectively.

Statement of profit or loss and other comprehensive income

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
Tax paid relating to previous years (Note 8 (iv))	–	–	22,743,783	1,673,714,991
Tax charge for the year (Note 8 (iv))	**209,807**	**15,439,697**	3,000,000	220,770,000
Withholding tax (Note 8 (iii))	**1,407,486**	**103,576,894**	1,385,696	101,973,369
	1,617,293	**119,016,591**	27,129,479	1,996,458,360

The tax charge for the year of USD209,807 relates to tax suffered in respect of Place of Effective Management ("POEM") (Note 8 (iv)).

Statement of financial position

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
Current tax asset (Note (a) below)	–	–	10,087	742,302
Current tax liability (Note (iv))	–	–	3,000,000	220,770,000

(a) Movement in current tax asset:

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
At 01 April	**10,087**	**742,302**	1,113,226	81,922,301
Tax refund	**(10,087)**	**(742,302)**	(1,113,226)	(81,922,301)
Tax paid for the year	–	–	10,087	742,302
	–	–	10,087	742,302

During the year, total taxes paid to the Mauritius Tax Authority and India Tax Authority amounted to USD4,617,293 (2020: USD22,753,870).

(b) Movement in current tax liability:

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
At 01 April	**3,000,000**	**220,770,000**	–	–
Provision made during the year	–	–	3,000,000	220,770,000
Tax charge for the year	**209,807**	**15,439,697**	–	–
Tax paid for the year	**(3,209,807)**	**(236,209,697)**	–	–
	–	–	3,000,000	220,770,000

(ii) Income tax reconciliation

The income tax on the Company's loss before tax differs from the theoretical amount that would arise using the effective tax rate of the Company as follows:

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
Loss before tax	**(203,171,164)**	**(14,951,365,960)**	(199,022,995)	(14,646,102,202)
Tax calculated at the rate of 3%	**(6,095,135)**	**(448,540,985)**	(5,970,690)	(439,383,077)
Capital allowances	**2,239**	**164,768**	(2,262)	(166,461)
Items outside taxation scope	**401,359**	**29,536,009**	289,193	21,281,713
Non-allowable expenses	**5,835,905**	**429,464,249**	6,760,094	497,475,317
Tax charge for the year (Note 8 (iv))	**(147,874)**	**(10,624,041)**	–	–
Foreign tax suffered	–	–	(1,076,335)	(79,207,492)
Tax expense for the year	–	–	–	–

(iii) Withholding tax

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
Withholding tax	**1,407,486**	**103,576,894**	1,385,696	101,973,369
	1,407,486	**103,576,894**	1,385,696	101,973,369

During the year ended 31 March 2021, withholding tax of 19% was charged on dividend income from CIE Automotive S.A and Global Dominion S.A (Note 10), both quoted and incorporated in Spain.

(iv) Tax residency and Place of Effective Management ("PoEM")

During the year, the Company has paid tax in India amounting to USD3,209,807 and also submitted tax returns in India for the said period out of abundant caution. On the basis of such conduct for past years, no provision was made for tax in India in the accounts for financial year 2022 since the Company has tax losses (2021: USD3,000,000).

(v) Deferred tax

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are generally recognised in full, although IAS 12 'Income Taxes' specifies limited exemptions.

Deferred tax is calculated on all temporary differences under the liability method at the rate of 3%.

9. PROPERTY, PLANT AND EQUIPMENT

Details of the Company's property, plant and equipment and their carrying amounts are as follows:

	Building	Furnitures & fittings	Total
	USD	USD	USD
Gross carrying amount			
Balance at 01 April 2020 and 31 March 2021	**1,430,606**	**115,430**	**1,546,036**
Depreciation			
Balance at 01 April 2020	**208,840**	**101,160**	**310,000**
Charge for the year	**23,841**	**11,543**	**35,384**
Balance at 31 March 2021	**232,681**	**112,703**	**345,384**
Carrying amount			
31 March 2021	**1,197,925**	**2,727**	**1,200,652**

	Building	Furnitures & fittings	Total
	USD	USD	USD
Gross carrying amount			
Balance at 01 April 2019 and 31 March 2020	1,430,606	115,430	1,546,036
Depreciation			
Balance at 01 April 2019	184,999	89,617	274,616
Charge for the year	23,841	11,543	35,384
Balance at 31 March 2020	208,840	101,160	310,000
Carrying amount			
31 March 2020	1,221,766	14,270	1,236,036

	Building	Furnitures & fittings	Total
	INR (Note 1)	INR (Note 1)	INR (Note 1)
Gross carrying amount			
Balance at 01 April 2020 and 31 March 2021	**105,278,296**	**8,494,494**	**113,772,790**
Depreciation			
Balance at 01 April 2020	**15,368,536**	**7,444,364**	**22,812,900**
Charge for the year	**1,754,459**	**849,450**	**2,603,909**
Balance at 31 March 2021	**17,122,995**	**8,293,814**	**25,416,809**
Carrying amount			
31 March 2021	**88,155,301**	**200,680**	**88,355,981**

	Building	Furnitures & fittings	Total
	INR (Note 1)	INR (Note 1)	INR (Note 1)
Gross carrying amount			
Balance at 01 April 2019 and 31 March 2020	105,278,296	8,494,494	113,772,790
Depreciation			
Balance at 01 April 2019	13,614,076	6,594,916	20,208,992
Charge for the year	1,754,459	849,450	2,603,909
Balance at 31 March 2020	15,368,535	7,444,366	22,812,901
Carrying amount			
31 March 2020	89,909,761	1,050,128	90,959,889

10. INVESTMENTS IN ASSOCIATES

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
(i) At carrying amount:				
At 01 April	**78,400,645**	**5,769,503,466**	94,323,813	6,941,289,399
Impairment during the year (Note 10 (v))	**–**	**–**	(15,923,168)	(1,171,785,933)
At 31 March	**78,400,645**	**5,769,503,466**	78,400,645	5,769,503,466

(ii) Details pertaining to the investments are as follows:

Name of investee companies	Class of shares	Country of incorporation	% holding	Carrying amount 2021	Carrying amount 2020
				USD	USD
CIE Automotive S.A.	Equity shares	Spain	7.43%	**78,400,645**	**78,400,645**
The East India Company Group Limited (Note 10 (v))	Equity shares	Jersey	18.62%	**15,893,176**	**15,893,176**
The East India Company Gin (BVI) Limited (Note 10 (v))	Equity shares	British Virgin Islands	20%	**4,000**	**4,000**
The East India Company Gin Ltd (Note 10 (v))	Equity shares	The Republic of Singapore	20%	**25,992**	**25,992**
Scoots Network, Inc	Series A Preferred stocks	United States of America	35.3%	**24,967,288**	**24,967,288**
Accumulated impairment				**(40,890,456)**	**(40,890,456)**
Total				**78,400,645**	**78,400,645**

(iii) The Company exercises significant influence with its 20% stake in The East India Company Gin (BVI) Limited and The East India Company Gin Ltd. For the remaining investee companies, although the Company has less than 20% shareholdings in these companies, the directors assessed the level of influence that the Company has on them and determined that it has significant influence over these investee companies through its representations on the board of directors and participations in policy-making processes. Consequently, these investments have been classified as associates and accounted at cost in these separate financial statements.

(iv) At 31 March 2021, the investment in CIE Automotive S.A. had a fair value of USD251,547,722 based on the closing market price listed on the Madrid Stock Exchange (Bolsa de Madrid), Spain.

(v) During the year ended 31 March 2021, the Company has appointed Ernst & Young Merchant Banking Services LLP to carried out the fair valuation of its investments in associates. As a result, no additional impairment was required and consequently there was no movement in the accumulated impairment losses.

(vi) The above companies are considered to be associates in accordance with IAS 28, *Investments in Associates and Joint Ventures*. Consequently, as required by IAS 28, the Company should adopt the equity method for these investments. However, these investments have not been equity accounted in these financial statements.

11. INVESTMENTS IN SUBSIDIARIES

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
Unquoted and at carrying amount				
Balance at 01 April	**183,392,037**	**13,495,820,003**	279,995,902	20,604,898,428
Additions during the year (Note 11 (ii))	**96,499,767**	**7,101,417,854**	84,485,000	6,217,251,150
Conversion of loans into investments (Note 13)	**20,273,115**	**1,491,898,533**	–	–
Impairment of investments (Note 11 (iii))	**(201,333,443)**	**(14,816,128,069)**	(181,088,865)	(13,326,329,575)
Balance at 31 March	**98,831,476**	**7,273,008,319**	183,392,037	13,495,820,003

(i) Details pertaining to the investments are as follows:

Name of investee companies	**Country of incorporation**	**% holding**	**Carrying amount 2021**	Carrying amount 2020
			USD	USD
Equity shares				
Mahindra - BT Investment Company (Mauritius) Limited	Republic of Mauritius	57%	**6,771,600**	6,771,600
Graphics Research Design S.r.l. (formerly known as Mahindra Graphics Research Design S.r.l)	Republic of Italy	100%	**5,238,486**	5,238,486
Mahindra Europe S.r.l	Republic of Italy	100%	**4,136,635**	4,136,635
Mahindra Racing UK Limited	United Kingdom	100%	**33,700**	33,700
Mahindra Tractor Assembly, Inc (Note 11 (ii))	United States of America	100%	**109,305,287**	93,145,000
Mahindra Emirates Vehicle Armouring FZ-LLC	United Arab Emirates	88%	**2,891,692**	2,891,692
Hisarlar Makine Sanayi ve Ticaret (Note 11 (ii))	Turkey	86.80%	**74,473,012**	56,894,666
Mahindra Automotive North America, Inc (Note 11 (ii))	United States of America	100%	**170,443,430**	93,750,000
Erkunt Sanayi A.S.	Turkey	63.72%	**30,384,793**	30,384,793
Erkunt Traktor Sanayii A.S. (Note 11 (ii))	Turkey	100%	**84,813,635**	76,472,816
Accumulated impairment losses (Note 11(iii))			**(387,660,794)**	(186,327,351)
Total			**98,831,476**	183,392,037

(ii) During the year under review, the Company made additional investments as follows:

Name of Subsidiaries	**USD**
Mahindra Tractor Assembly, Inc (Note 11 (ii)(a))	**6,680,601**
Mahindra Automotive North America, Inc (Note 11 (ii)(b))	**65,900,000**
Hisarlar Makine Sanayi ve Ticaret (Note 11 (ii)(c))	**15,578,347**
Erkunt Traktor Sanayii A.S. (Note 11 (ii)(d))	**8,340,819**
	96,499,767

(a) The Company holds 100% of the share capital of Mahindra Tractor Assembly, Inc ("MTAI") and has subscribed to an additional 33,403,000 equity shares for a total consideration of USD6,680,601.

(b) The Company holds 100% of the share capital of Mahindra Automotive North America, Inc ("MANA") and has subscribed to an additional 2,636,000 equity shares for a total consideration of USD65,900,000.

(c) The Company holds 86.8% of the share capital of Hisarlar Makine Sanayi ve Ticaret ("Hisarlar'') and has subscribed for additional 2,400,000,000 equity shares for a total consideration of Turkish Lira 120,000,000 (USD15,578,347).

(d) The Company holds 100% of the share capital of Erkunt Traktor Sanayii A.S.("Erkunt'') and has subscribed for additional 65,000 equity shares for a total consideration of Turkish Lira 65,000,000 (USD8,340,819).

(iii) During the year ended 31 March 2021, the Company has appointed Ernst & Young Merchant Banking Services LLP to carried out the fair valuation of its investments in subsidiaries. Consequently, these investments have suffered additional impairment of USD201,333,443 resulting to accumulated impairment losses of USD387,660,794.

(iv) The disposals of the following investments are subject to some restrictions, as more fully defined in the respective Agreements:

Name of investee companies	**Restrictions on disposal of shares**
Mahindra – BT Investment Company (Mauritius) Limited	As detailed in the Share Subscription Agreement signed between the Company, Mahindra – BT Investment Company (Mauritius) Limited and BT Holdings Limited on 23 June 2005.
Mahindra Europe S.r.l.	As detailed in the Credit Agreement with EXIM Bank and prior approval of Unicredit Bank and San Paolo Bank have to be obtained before any disposal of shares held.

(v) The above unquoted companies are considered to be subsidiaries in accordance with IFRS 10, *Consolidated Financial Statements*. Consequently, as required by IFRS 10, the Company should present consolidated financial statements. However, the Company has only prepared separate financial statements as it monitors the performance of its subsidiaries on an ongoing basis and their accounts are made available to the Company as and when required. The Company believes that consolidated information would add minimal value and also the costs of providing the information would exceed any benefits therefrom.

(vi) The proportions of the voting rights in the subsidiaries held directly by the Company do not differ from the proportion of ordinary shares held.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
(i) Cost				
Balance at 01 April	**58,237,604**	**4,285,705,278**	49,016,133	3,607,097,227
Additions during the year	**–**	**–**	9,221,471	678,608,051
Investment written off during the year	**(1,000,100)**	**(73,597,359)**	–	–
Balance at 31 March	**57,237,504**	**4,212,107,919**	58,237,604	4,285,705,278

	2021	2021	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
(ii) Fair value				
Balance at 01 April	**28,446,326**	**2,093,365,130**	48,210,251	3,547,792,371
Additions during the year	**–**	**–**	9,221,471	678,608,051
Investment written off during the year (Note 12 (v))	**(1)**	**(73)**	–	–
Fair value adjustment for the year (Note 12 (iii))	**10,677,083**	**785,726,538**	**(28,985,396)**	**(2,133,035,292)**
Balance at 31 March	**39,123,408**	**2,879,091,595**	28,446,326	2,093,365,130

	2021	2021	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
(iii) Fair value reserves				
At beginning of the year	**(29,791,278)**	**(2,192,340,148)**	(805,882)	(59,304,856)
Transfer of fair value loss of equity investment at FVOCI to accumulated losses upon winding up of investee company	**1,000,099**	**73,597,285**	–	–
Fair value adjustment for the year	**10,677,083**	**785,726,538**	(28,985,396)	(2,133,035,292)
At end of year	**(18,114,096)**	**(1,333,016,325)**	(29,791,278)	(2,192,340,148)

(iv) Details pertaining to the investments are as follows:

Name of investee companies	Country of incorporation	% holding	2021	2020
			USD	**USD**
Equity shares				
Mahindra Do Brasil Industrial, Ltda	Brazil	0.27%	**20,000**	20,000
Distilled Analytics (Note 12 (v))	Canada	0.137%	**–**	1,000,100
Preference shares/common stock				
Cleartrip Inc	Cayman Islands	0.74%	**1,046,155**	1,046,155
Cloudleaf, Inc. – Series A Preferred Stock	United States of America	15.13%	**2,030,479**	2,030,479
Cloudleaf, Inc. – Series B Preferred Stock	United States of America	8.31%	**2,389,132**	2,389,132
Avaamo, Inc	United States of America	5.27%	**2,999,998**	2,999,998
Zoomcar	United States of America	5.7%	**7,294,205**	7,294,205
Medixine OY	Finland	1.3%	**239,020**	239,020
Global Dominion Access S.A	Spain	3.7%	**34,386,175**	34,386,175
Bird Rides Inc. Series D-1 Preferred Stock	United States of America	0.22%	**6,832,339**	6,832,339
Prana Holdings, Inc	United States of America	3.7%	**–**	–
Other				
Chartoff – Tempest Productions, LLC	–	–	**1**	1
Fair value reserves			**(18,114,096)**	(29,791,278)
Fair value at 31 March			**39,123,408**	28,446,326

(v) During the year 31 March 2021, Distilled Analytics ceased its operations and hence the investment has been written off.

(vi) At reporting the date, there was a rise in the share price of Dominion Access S.A resulting into a fair value gain of USD14,409,422.

(vii) In prior years, the Company had invested in Prana Holding, Inc, a company incorporate in United States of America for an amount of USD1,441,607 and for which the amount is USD Nil.

13. LOANS

	2021	2021	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
Non-current				
Loans to related parties	**–**	**–**	21,596,813	1,589,309,469
Current				
Net impairment during the year	**–**	**–**	(11,180,500)	(822,772,995)
Total	**–**	**–**	10,416,313	766,536,474

The movement during the year on the loans given to third party/related parties is as follows:

	2021	2021	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
Balance at 01 April	**10,416,313**	**766,536,474**	47,398,329	3,488,043,031
Loans given to:				
Related parties:				
Mahindra Tractor Assembly, Inc.	–	–	1,630,000	119,951,700
Mahindra Two Wheelers	–	–	56,065	4,125,823
Scoots Network, Inc.	–	–	3,996,743	294,120,317
Loans repaid:				
Mahindra USA Inc	–	–	(25,000,000)	(1,839,750,000)
Mahindra Two Wheelers (Note 13 (ii) (c))	–	–	(56,065)	(4,125,823)
Interest income during the year	**377,117**	**27,752,040**	1,432,957	105,451,306
Interest received during the year	–	–	(423,068)	(31,133,574)
Conversion of loan to investment:				
Mahindra Automotive North America (Note 13 (i) (b))	**(10,793,430)**	**(794,288,514)**	–	–
Mahindra Tractor Assembly, Inc.	**(9,479,685)**	**(697,610,019)**	–	–
Cloudleaf, Inc. (Note 13 (ii) (a))	–	–	(389,132)	(28,636,224)
Scoots Network, Inc. (Note 13 (ii) (b))	–	–	(6,832,339)	(502,791,827)
Reversal of impairment (Note 13 (a) (i))	**9,479,685**	**697,610,019**	–	–
Net impairment during the year	–	–	(11,180,500)	(822,772,995)
Foreign exchange losses	–	–	(216,677)	(15,945,260)
Balance at 31 March	–	–	10,416,313	766,536,474

(i) During the year 31 March 2021, the following transactions took place:

(a) The Company had previously fully impaired the loan along with the interest receivables to Mahindra Tractor Assembly, Inc amounting to USD9,479,685. During the year ended 31 March 2021, the Company had the opportunity to convert the loan into equity shares and therefore, pursuant to a Board meeting dated 25 September 2020, the impairment was fully reversed and the loan was converted into 47,398,425 equity shares.

(b) The Company had extended loans to Mahindra Automotive North America, Inc., which carried interest at the rate of 1-year LIBOR + 175 basis points per annum and receivable within 2 years. The loans along with the interest receivables amounting to USD10,793,430 were converted into equity shares.

(ii) During the year 31 March 2020, the following transactions took place:

(a) Pursuant to a board meeting dated 12 June 2019, the Company approved that convertible loan notes, inclusive of interest receivables, from Cloudleaf, Inc. will be converted into Series B Preferred Stock. Subsequently, on 26 June 2019, the convertible loan notes amounting to USD389,132 were converted into 284,239 Series B shares (Note 12(v)).

(b) Pursuant to Assignment and Assumption of Loan Documents dated 13 May 2019, the Company purchased the loan notes of Venture Lenders & Leasing VIII and Venture Lenders & Leasing IX in Scoots Network, Inc. ("SNI") for a total consideration of USD1,456,743.

Additionally, pursuant to board meeting dated 12 July 2019 the Company granted additional fund to SNI amounting to USD2,540,000.

Pursuant to a board meeting dated 03 December 2019, SNI was in process to wind up its operations and a Dissolution Plan was approved whereby the Company obtained 528,913 Series D-1 Preferred Stock in Bird Rides Inc. against USD6,832,339 loan notes held in SNI.

(c) The Company had granted a loan to Mahindra Two Wheelers amounting to USD56,065, which carries interest at the rate of 6-month Euribor + 250 basis point per annum. The principal amount and the interest receivable amounting to USD56,065 and USD599 respectively was fully repaid during the year ended 31 March 2020.

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
Cash at bank:				
– USD	**13,087,782**	**963,129,877**	4,698,742	345,780,424
– ZAR	**7,577**	**557,592**	7,687	565,686
– EUR	**14,590,526**	**1,073,716,808**	9,011,595	663,163,276
	27,685,885	**2,037,404,277**	13,718,024	1,009,509,386

15. STATED CAPITAL

The Company has issued shares to Mahindra & Mahindra Ltd as follows:

	No of Shares	**USD**
Issued and fully paid:		
301,429,209 Ordinary shares of USD1 each	**301,429,209**	**301,429,209**
171,043,477 Ordinary shares of USD0.46 each	**171,043,477**	**78,680,000**
157,142,857 Ordinary shares of USD0.28 each	**157,142,857**	**44,000,000**
	629,615,543	**424,109,209**

During the year ended 31 March 2021, the Company issued 301,166,769 shares (2020: 57,000,000 shares) amounting to USD115,030,000 (2020: USD 57,000,000). In addition, loan payable to the shareholder amounting USD16,500,000 was converted into 35,869,565 equity shares of USD0.46 per share.

(i) The movement during the year was as follows:

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
At 01 April	**292,579,209**	**21,530,903,990**	235,579,209	17,336,273,990
Issue of shares during the year	**131,530,000**	**9,679,292,700**	57,000,000	4,194,630,000
At 31 March	**424,109,209**	**31,210,196,690**	292,579,209	21,530,903,990

(ii) In accordance with the Company's Constitution, the main rights and obligations attached to the ordinary shares are as follows:

- confer to its holder the rights to attend and exercise one vote at meetings of members generally and class meetings of the ordinary shares;
- have a right to receive any dividend or distribution; and
- be entitled, on a winding up, to share in the assets of the Company available for distribution.

16. DERIVATIVE FINANCIAL INSTRUMENTS

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
Non-current liabilities				
Interest rate swaps	–	–	661,911	48,710,030
Current liabilities				
Interest rate swaps	–	–	172,917	12,724,962
	–	–	834,828	61,434,992

The Company entered into interest rate swap agreements to manage interest rate risk exposure.

The interest rate swap effectively modified the Company's exposure to interest rate risk by converting the Company's floating rate debt to a fixed rate basis for the entire term of the debt, thus reducing the impact of interest rate changes on future interest expense. This agreement involves the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount.

The notional principal amount of the outstanding interest rate swaps at 31 March 2021 was USD Nil. During the year under review, the loans were repaid and the swap agreements were therefore terminated.

Since the swap agreement with Bank of America, N.A was terminated earlier than the maturity date, the Company incurred an unwinding cost of EUR325,000 (USD 394,485) (Note 20.2).

As at 31 March 2021, the fixed interest rates and fair values based on the interest rate swaps are as follows:

Details	**Notional amount**	**Fixed interest rate**	**Start date**	**Maturity date**	**Fair value 2021**	**Fair value 2020**
	USD				**USD**	**INR**
HSBC Bank (Mauritius) Limited	–	**0.82%**	**22 February 2018**	**02 February 2021**	–	–
Bank of America, N.A	–	**0.75%**	**05 June 2018**	**08 June 2021**	–	–
	–				–	–

As at 31 March 2020, the fixed interest rates and fair values based on the interest rate swaps were as follows:

Details	Notional amount	Fixed interest rate	Start date	Maturity date	Fair value 2020	Fair value 2020
	USD				USD	INR
HSBC Bank (Mauritius) Limited	40,685,200	0.82%	22 February 2018	02 February 2021	(172,917)	(12,724,962)
Bank of America, N.A	122,330,500	0.75%	05 June 2018	08 June 2021	(661,911)	(48,710,030)
	163,015,700				(834,828)	(61,434,992)

17. BORROWINGS

		2021	2021	2020	2020
		USD	INR (Note 1)	USD	INR (Note 1)
(i)	**Non-current**				
	Bank loans	–	–	144,435,400	10,629,001,086
	Loans from holding company (Note 17 (iv))	227,470,060	16,739,521,715	18,442,206	1,357,161,940
		227,470,060	16,739,521,715	162,877,606	11,986,163,026
(ii)	**Current**				
	Bank loans	32,847,374	2,417,238,253	101,608,408	7,477,362,745
	Total	260,317,434	19,156,759,968	264,486,014	19,463,525,771

(iii) The movement during the year on the borrowings was as follows:

	2021	2021	2020	2020
	USD	INR (Note 1)	USD	INR (Note 1)
Balance at 01 April	264,486,014	19,463,525,771	232,960,045	17,143,529,712
Loans repaid during the year:				
HSBC Bank (Mauritius) Limited	(133,660,849)	(9,836,101,878)	(26,962,600)	(1,984,177,734)
Bank of America, N.A	(162,044,500)	(11,924,854,755)	–	–
Societe Generale	(29,366,700)	(2,161,095,453)	–	–
Loans received during the year:				
Bank of America, N.A	32,942,000	2,424,201,780	27,580,000	2,029,612,200
HSBC Bank (Mauritius) Limited	27,387,500	2,015,446,125	33,093,000	2,435,313,870
Societe Generale	30,110,000	2,215,794,900	–	–
Mahindra & Mahindra Limited	229,553,600	16,892,849,424	–	–
Loans converted into equity:				
Mahindra & Mahindra Limited (Note 15)	(16,500,000)	(1,214,235,000)	–	–
Interest element for the year:				
Interest expense	2,860,503	210,504,416	1,749,149	128,719,875
Interest payments	(1,467,059)	(107,960,872)	(757,267)	(55,727,279)
Loss on interest rate swaps	578,913	42,602,208	755,810	55,620,058
Interest rate swaps paid	(645,871)	(47,529,647)	(819,192)	(60,284,339)
Amortisation of transaction costs	115,612	8,507,887	124,304	9,147,532
Foreign exchange gains/ (losses)	15,968,271	1,175,105,062	(3,237,235)	(238,228,123)
Balance at 31 March	260,317,434	19,156,759,968	264,486,014	19,463,525,771

(iv) In the prior financial years, the Company obtained loans amounting to USD9,345,000 and GBP1,600,000 from the parent company, Mahindra & Mahindra Ltd, a quoted company on the National Stock Exchange of India. The loans are unsecured, repayable on demand and carry interest rates ranging from 6.60% to 8.50%.

Pursuant to Term Sheet dated 28 July 2020, the parent company granted a loan facility of upto EUR22,000,000 to the Company carrying a fixed interest rate of 3.5% per annum. As per the conditions of the Term Sheet, the loan has a maturity period of 3 months from drawdown of each tranche and the Borrower may at any time during the tenure, with prior approval of the Lender, convert the loan principal amount along with interest accrued to equity shares of the Borrower. Alternatively, the Borrower can repay the interest accrued separately and opt for principal amount to be converted into equity. During the year ended 31 March 2021, an amount of USD16,500,000 was disbursed. Pursuant to board minutes dated 14 October 2020, the principal amount of USD16,500,000 was converted in 35,869,565 shares at USD0.46 per share.

In addition, during the year, the Company entered in another Term Sheet with the parent company dated 07 December 2020 to borrow an amount of upto EUR150,000,000. At reporting date, an amount of EUR146,650,000 has been disbursed. The loan is unsecured, has a maturity date of 07 June 2022 and carries interest rate at a fixed rate of 1% per annum. The interest is payable at maturity date along with the principal amount.

(iv) During the year under review, pursuant to board minutes and Term sheet dated 18 March 2021 and 23 March 2021 respectively, the Company was granted an amount of EUR30,000,000 by the parent company. The loan is unsecured, has a maturity date of 23 September 2022 and carries interest rate at a fixed rate of 1% per annum. The interest is payable at maturity date along with the principal amount.

(v) Summary of bank borrowings arrangements are as follows:

(a) Loan from Bank of America, N.A (“BOA”)

Pursuant to a Facility Agreement dated 05 June 2018, effective date being 10 September 2018, all the previous loans borrowed from Bank of America, N.A (“BOA”) had been amalgamated into a single one amounting to EUR111,250,000. The loan carried interest at EURIBOR + 75 basis points and the interest was payable at the end of every 3 months. The loan facility had a repayment date of June 2021. However, anticipating an increase in finance costs at the time of refinancing, Management made an early repayment of the total outstanding amount during the financial year ended 31 March 2021.

In addition, pursuant to Facility Agreement dated 20 March 2020, the Company borrowed an additional amount of EUR25,000,000 to take care of short-term requirement. The loan carried interest at EURIBOR + 80 basis points per annum. The interest was payable at the end of the term loan which was of 1 month along with the principal amount. The loan was repaid on the maturity date during the current year.

The Company also entered into a new Loan Agreement with BOA dated 24 March 2021 where an amount of EUR28,000,000 was borrowed which carries interest at EURIBOR + 125 basis point. It is agreed that if the EURIBOR is negative, it shall be deemed to be zero for the purpose of this Facility. This amount has a term of 30 days, maturing on 28 April 2021. The interest accrued on the loan outstanding at the reporting date amounted to USD 3,374 (EUR 2,877). Subsequent to reporting date this amount was fully repaid.

(b) Loan from HSBC Bank (Mauritius) Limited (“HSBC”)

Pursuant to a Facility Agreement with HSBC dated 05 February 2018, the Company borrowed EUR 37,000,000 at an interest rate of 3 months EURIBOR + 0.70% margin per annum with the EURIBOR floored to negative 0.70%. The loan was unsecured and repayable in February 2021. In the financial year ended 31 March 2018, the Company initially incurred transaction costs of USD70,857 in respect of this loan. These costs were amortised over a period of 3 years, which was the tenure of the loan. As at 31 March 2021, the loan was repaid on its maturity date.

During the year ended 31 March 2019, pursuant to a Facility Agreement with HSBC dated 26 June 2018, the Company borrowed at additional amount of EUR20,000,000 at an interest rate of 3 months EURIBOR + 0.7% margin. The amount was granted to the Company on several tranches. The loan was unsecured and repayable in June 2021. The Company incurred transaction costs of USD37,904 in respect of this loan and which were amortised over a period of 3 years, which was the tenure of the loan.

Anticipating an increase in finance costs due to EURIBOR trends, Management made an early repayment of the total outstanding amount. Consequently, the loans were repaid in three tranches on 17 December 2020, 28 December 2020 and 06 January 2021.

During the year ended 31 March 2020, the Company borrowed an additional amount of EUR30,000,000. Pursuant to Term Sheet dated 31 March 2020 the loan carried interest rate of EURIBOR + 1.55% margin. It was agreed that if the EURIBOR is negative it shall be deemed to be zero for the purpose of this Facility. The loan facility had a term period of 360 days. The loan was repaid by the Company on the maturity date.

Pursuant to board minutes dated 29 April 2020, a loan amounting to EUR25,000,000 was borrowed by HSBC at an interest rate of EURIBOR + 2.05 % margin to the Company. The loan had a repayment term of 180 days after disbursement. During the year ended 31 March 2021, the loan was repaid on the maturity date. On disbursement of the loan EUR25,000,000, an upfront fee of 0.40% of the loan facility amounting to USD108,200 (EUR100,000) was incurred by the Company.

(c) Loan from Societe Generale

During the year under review, pursuant to board minutes and Master Money Market Loan Agreement dated 07 January 2021 and 27 January 2021, the Company was granted a Money Market Loan of up to EUR40,000,000. As at reporting date, an amount of EUR25,000,000 was disbursed to the Company and had a repayment date of 31 March 2021. The loan facility is interest free and unsecured in nature. As at reporting date, the loan was repaid on maturity date.

The Company entered into an interest rate swap arrangements in respect of its borrowings of EUR37,000,000 from HSBC and EUR111,250,000 from Bank of America, N.A. During the year ended 31 March 2021, both loans were fully repaid.

During the year ended 31 March 2021, a loss of USD578,913 (2020: USD755,810) was also incurred on the swap arrangements in respect of its borrowings.

18. OTHER RECEIVABLES AND PREPAYMENTS

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
Other receivable	**–**	**–**	257,501	18,949,499
Prepayments	**5,882**	**432,856**	5,645	415,415
Advance to investee company (Note 18 (i))	**40,075**	**2,949,119**	40,075	2,949,119
	45,957	**3,381,975**	303,221	22,314,033

(i) The advance of USD40,075 (EUR35,000) was made to Graphics Research Design S.r.l (formerly known as Mahindra Graphics Research Design S.r.l) and is expected to be recovered.

(ii) The directors have assessed the recoverable amount of the other receivable and concluded that no allowance for credit losses is necessary as any such impairment would be wholly insignificant to the Company in these financial statements.

19. ACCRUALS

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
Professional fees	**82,802**	**6,093,399**	89,691	6,600,360
Custodian fees	**–**	**–**	14,138	1,040,415
Administration fees	**21,810**	**1,604,999**	50,667	3,728,585
	104,612	**7,698,398**	154,496	11,369,360

20. FINANCE INCOME AND FINANCE COSTS

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
20.1 Finance income				
Interest on loans (Note 13)	**377,117**	**27,752,040**	1,432,957	105,451,306
Fair value adjustment – Derivative financial instruments	**834,828**	**61,434,993**	355,450	26,157,566
Foreign exchange gain	**457,349**	**33,656,313**	3,740,894	275,292,389
Interest income from Erkunt Tractor	**–**	**–**	321,157	23,633,943
Interest income from Escrow account	**5,468**	**402,390**	–	–
Distribution income	**9,684**	**712,645**	–	–
	1,684,446	**123,958,381**	5,850,458	430,535,204

	2021	**2021**	2020	2020
	USD	**INR (Note 1)**	USD	INR (Note 1)
20.2 Finance costs				
Amortisation of transaction costs (Note 17 (iii))	**115,612**	**8,507,887**	124,304	9,147,532
Interest on borrowings (Note 17(iii))	**2,860,503**	**210,504,416**	1,749,149	128,719,875
Loss on interest rate swaps (Note 17(iii))	**578,913**	**42,602,208**	755,810	55,620,058
Foreign exchange losses	**15,969,225**	**1,175,175,268**	930,997	68,512,069
Depository charges	**14,849**	**1,092,737**	27,056	1,991,049
Transaction costs (Note (i))	**512,866**	**37,741,809**	–	–
	20,051,968	**1,475,624,325**	3,587,316	263,990,583

(i) Transaction costs include an amount of USD394,485 incurred by the Company as unwinding cost upon early termination of swap agreements with Bank of America, N.A (Note 16) and upfront fee of USD108,200 incurred on new loan of EUR25,000,000 granted by HSBC Bank (Mauritius) Limited (Note 17) during the current year.

22. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2021, the Company had transactions with related parties. The nature, volume of transactions and balances with the related parties are as follows:

Nature of relationship	**Nature of Transactions**	**Volume of transactions**	**Credit balances at 31 March 2021**	Debit/(credit) balances at 31 March 2020
		USD	**USD**	USD
Subsidiary companies	Loan receivables	**10,793,430**	**–**	10,416,313
Parent company	Trademark fee	**1,323**	**–**	–
Parent company	Loan payables	**229,553,600**	**(227,470,060)**	(18,442,206)

Nature of relationship	Nature of Transactions	Volume of transactions	Credit balances at 31 March 2021	Debit/(credit) balances at 31 March 2020
		INR (Note 1)	INR (Note 1)	INR (Note 1)
Subsidiary companies	Loan receivables	**794,288,514**	**–**	766,536,474
Parent company	Trademark fee	**97,348**	**–**	–
Parent company	Loan payables	**16,892,849,424**	**(16,739,521,789)**	(1,357,161,940)

The terms and conditions of the balances are stated in Notes 13 and 17 to these financial statements.

23. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Net det reconciliation:

	2021	2020
Net debt	**USD**	USD
Borrowings:		
– Repayable within one year	**32,847,374**	101,608,408
– Repayable after one year	**227,470,060**	162,877,606
	260,317,434	264,486,014

	Borrowings due after more than 1 year	Borrowings due within 1 year	Total
	USD	USD	USD
Net debt as at 01 April 2020	162,877,606	101,608,408	264,486,014
Cash flows:			
– Proceeds from loans (net of transaction cost)	213,053,600	106,939,500	319,993,100
– Interest payments	(336,523)	(1,130,536)	(1,467,059)
– Repayment of loans	(158,783,049)	(166,289,000)	(325,072,049)
– Interest rate swaps paid	(411,376)	(234,495)	(645,871)
Non-cash:			
– Loss on interest rate swaps	411,376	167,537	578,913
– Amortisation of transaction costs	95,932	19,680	115,612
– Interest expense	1,777,738	1,082,765	2,860,503
– Foreign exchange losses	8,784,756	7,183,515	15,968,271
– Conversion to equity shares	–	(16,500,000)	(16,500,000)
Net debt as at 31 March 2021	**227,470,060**	**32,847,374**	**260,317,434**

	Borrowings due after more than 1 year	Borrowings due within 1 year	Total
	USD	USD	USD
Net debt as at 01 April 2019	205,886,832	27,073,213	232,960,045
Cash flows:			
– Proceeds from loans (net of transaction cost)	–	60,673,000	60,673,000
– Interest payments	(488,352)	(268,915)	(757,267)
– Repayment of loans	–	(26,962,600)	(26,962,600)
– Interest rate swaps paid	(565,998)	(253,194)	(819,192)
Non-cash:			
– Loss on interest rate swaps	499,973	255,837	755,810
– Amortisation of transaction costs	78,180	46,124	124,304
– Interest expense	1,492,139	257,010	1,749,149
– Foreign exchange gains	(2,496,083)	(741,152)	(3,237,235)
– Reclassification of loan	(41,529,085)	41,529,085	–
Net debt as at 31 March 2020	162,877,606	101,608,408	264,486,014

	2021	2020
Net debt	**INR (Note 1)**	INR (Note 1)
Borrowings:		
– Repayable within one year	**2,417,238,281**	7,477,362,745
– Repayable after one year	**16,739,521,715**	11,986,163,026
	19,156,759,996	19,463,525,771

	Borrowings due after more than 1 year	Borrowings due within 1 year	Total
	INR (Note 1)	INR (Note 1)	INR (Note 1)
Net debt as at 01 April 2020	**11,986,163,026**	**7,477,362,745**	**19,463,525,771**
Cash flows:			
– Proceeds from loans (net of transaction cost)	**15,678,614,424**	**7,869,677,805**	**23,548,292,229**
– Interest payments	**(24,764,728)**	**(83,196,144)**	**(107,960,872)**
– Repayment of loans	**(11,684,844,576)**	**(12,237,207,510)**	**(23,922,052,086)**
– Interest rate swaps paid	**(30,273,160)**	**(17,256,487)**	**(47,529,647)**

	Borrowings due after more than 1 year	Borrowings due within 1 year	Total
	INR (Note 1)	INR (Note 1)	INR (Note 1)
Non-cash:			
– Loss on interest rate swaps	**30,273,160**	**12,229,048**	**42,602,208**
– Amortisation of transaction costs	**7,059,636**	**1,448,251**	**8,507,887**
– Interest expense	**130,823,739**	**79,680,704**	**210,504,443**
– Foreign exchange losses	**646,470,194**	**528,634,869**	**1,175,105,063**
– Conversion to equity shares	**–**	**(1,214,235,000)**	**(1,214,235,000)**
Net debt as at 31 March 2021	**16,739,521,715**	**2,417,238,281**	**19,156,759,996**

	Borrowings due after more than 1 year	Borrowings due within 1 year	Total
	INR (Note 1)	INR (Note 1)	INR (Note 1)
Net debt as at 01 April 2019	15,151,211,967	1,992,317,745	17,143,529,712
Cash flows:			
– Proceeds from loans (net of transaction cost)	–	4,464,926,070	4,464,926,070
– Interest payments	(35,937,824)	(19,789,455)	(55,727,279)
– Repayment of loans	–	(1,984,177,734)	(1,984,177,734)
– Interest rate swaps paid	(41,651,793)	(18,632,546)	(60,284,339)
Non-cash:			
– Loss on interest rate swaps	36,793,013	18,827,045	55,620,058
– Amortisation of transaction costs	5,753,266	3,394,265	9,147,531
– Interest expense	109,806,509	18,913,366	128,719,875
– Foreign exchange gains	(183,686,747)	(54,541,376)	(238,228,123)
– Reclassification of loan	(3,056,125,365)	3,056,125,365	–
Net debt as at 31 March 2020	11,986,163,026	7,477,362,745	19,463,525,771

24. CONTINGENT LIABILITIES

The Company has received an Intimation under Section 143(1) of the Income tax Act, 1961 dated 28 March 2021 for the assessment year 2019-20 ('the Intimation'). The aforesaid Intimation requires the Company to pay a sum of INR572,047,720 (approximately USD7,773,444). In this connection, the Company has filed an appeal before the Honourable Commissioner of Income Tax Appeals online on 21 April 2021. The Company has also submitted a rectification application online on 22 April 2021. If the application for rectification is appropriately processed, it is likely that the aforesaid demand will not sustain and will be deleted.

25. EVENTS AFTER THE REPORTING DATE

The Company has evaluated all events subsequent through the date of these financial statements that were available to be issued on xxx and determined that the subsequent events that require disclosures are mentioned below:

- An additional investment aggregating to USD3,000,000 was made in Mahindra Automotive North America, Inc,.
- An additional investment aggregating to Turkish Lira 100,000,000 was made in Erkunt Tractor Sanayi A.S.

26. HOLDING COMPANY

The directors regard Mahindra & Mahindra Ltd, a quoted company on the National Stock Exchange of India, as the Company's holding company.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF Mahindra Automotive Mauritius Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mahindra Automotive Mauritius Ltd.**, the "Company", which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Global Business Licence and the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The supplementary information presented in Indian Rupee in the financial statements is solely for the convenience of the users of the financial statements. The supplementary information presented in Indian Rupee does not form part of the audited financial statements. We have therefore not audited the supplementary information and, accordingly, we do not express an opinion on this supplementary information. This paragraph has no impact on the audit opinion expressed in this auditors' report.

Information Other than the Financial Statements and Auditors' Report thereon ("Other Information")

Management is responsible for the Other Information. The Other Information comprises the information included in the Corporate data and Commentary of the Directors sections but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Global Business Licence and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company other than in our capacity as auditors;
- we have obtained all the information and explanations we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Use of this report

Our report is made solely to the member of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton
Chartered Accountants

K RAMCHURUN, FCCA
Licensed by FRC

Date: 25 May, 2021

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH

	Notes	2021	2021	2020	2020
		EUR	**INR (Note 1)**	EUR	INR (Note 1)
INCOME		**869**	**74,847**	–	–
EXPENDITURE					
Professional fees	10	**27,882**	**2,401,477**	35,029	3,017,048
Audit fees		**3,506**	**301,972**	3,501	301,541
Bank charges		**2,891**	**249,001**	4,057	349,429
Licence fees		**2,083**	**179,409**	1,995	171,829
Realised loss on foreign exchange		**–**	**–**	2,168	186,730
		36,362	**3,131,859**	46,750	4,026,577
OPERATING LOSS		**(35,493)**	**(3,057,012)**	(46,750)	(4,026,577)
Impairment of investment		**(150,825,062)**	**(12,990,562,590)**	–	–
LOSS BEFORE TAX		**(150,860,555)**	**(12,993,619,602)**	(46,750)	(4,026,577)
Tax expense	8	**–**	**–**	–	–
LOSS FOR THE YEAR		**(150,860,555)**	**(12,993,619,602)**	(46,750)	(4,026,577)
OTHER COMPREHENSIVE INCOME:					
Items that will not be reclassified subsequently to profit or loss		**–**	**–**	–	–
Items that will be reclassified subsequently to profit or loss		**–**	**–**	–	–
OTHER COMPREHENSIVE INCOME FOR YEAR NET OF TAX		**–**	**–**	–	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(150,860,555)**	**(12,993,619,602)**	(46,750)	(4,026,577)

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH

	Notes	2021	2021	2020	2020
		EUR	INR (Note 1)	EUR	INR (Note 1)
ASSETS					
Non-current					
Investments in subsidiary	9	–	–	95,075,000	8,188,809,750
Non-current asset		–	–	95,075,000	8,188,809,750
Current					
Prepayments		1,915	164,939	1,918	165,197
Cash and cash equivalents	12	55,469	4,777,545	1,015,639	87,476,987
Current assets		57,384	4,942,484	1,017,557	87,642,184
Total assets		57,384	4,942,484	96,092,557	8,276,451,934
EQUITY AND LIABILITIES					
Equity					
Stated capital	11	151,005,001	13,006,060,736	95,175,001	8,197,422,836
Share application monies	13	–	–	1,000,000	86,130,000
Accumulated losses/loss for the period		(150,953,533)	(13,001,627,797)	(92,978)	(8,008,195)
Total equity		51,468	4,432,939	96,082,023	8,275,544,641
Liabilities					
Current					
Accruals		5,916	509,545	10,534	907,293
Total equity and liabilities		57,384	4,942,484	96,092,557	8,276,451,934

Approved by the Board of Directors on **25 May 2021** and signed on its behalf by:

Zakir Hussein Niamut
Director

Pravesh Beeharry
Director

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH

	Stated capital	Share application monies	Accumulated losses	Total
	EUR	**EUR**	**EUR**	**EUR**
Balance at 1 April 2020	**95,175,001**	**1,000,000**	**(92,978)**	**96,082,023**
Issue of shares	**55,830,000**	**(1,000,000)**	**–**	**54,830,000**
Transaction with the shareholder	**55,830,000**	**(1,000,000)**	**–**	**54,830,000**
Loss for the year	**–**	**–**	**(150,860,555)**	**(150,860,555)**
Other comprehensive income	**–**	**–**	**–**	**–**
Total comprehensive loss for the year	**–**	**–**	**(150,860,555)**	**(150,860,555)**
At 31 March 2021	**151,005,001**	**–**	**(150,953,533)**	**51,468**
Balance at 1 April 2019	**30,575,001**	**–**	**(46,228)**	**30,528,773**
Issue of shares	64,600,000	–	–	64,600,000
Funds received during the year	–	1,000,000	–	1,000,000
Transaction with the shareholder	64,600,000	1,000,000	–	65,600,000
Loss for the period	–	–	(46,750)	(46,750)
Other comprehensive income	–	–	–	–
Total comprehensive loss for the year	–	–	(46,750)	(46,750)
At 31 March 2020	95,175,001	1,000,000	(92,978)	96,082,023

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH

	Stated capital	Share application monies	Accumulated losses	Total
	INR	**INR**	**INR**	**INR**
Balance at 1 April 2020	**8,197,422,836**	**86,130,000**	**(8,008,195)**	**8,275,544,641**
Issue of shares	**4,808,637,900**	**(86,130,000)**	**–**	**4,722,507,900**
Transaction with the shareholder	**4,808,637,900**	**(86,130,000)**	**–**	**4,722,507,900**
Loss for the year	**–**	**–**	**(12,993,619,602)**	**(12,993,619,602)**
Other comprehensive income	**–**	**–**	**–**	**–**
Total comprehensive loss for the year	**–**	**–**	**(12,993,619,602)**	**(12,993,619,602)**
At 31 March 2020	**13,006,060,736**	**–**	**(13,001,627,797)**	**4,432,939**
Balance at 1 April 2019	**2,633,424,836**	**–**	**(3,981,618)**	**2,629,443,218**
Issue of shares	5,563,998,000	–	–	5,563,998,000
Funds received during the year	–	86,130,000	–	86,130,000
Transaction with the shareholder	5,563,998,000	86,130,000	–	5,650,128,000
Loss for the year	–	–	(4,026,577)	(4,026,577)
Other comprehensive income	–	–	–	–
Total comprehensive loss for the year	–	–	(4,026,577)	(4,026,577)
At 31 March 2020	8,197,422,836	86,130,000	(8,008,195)	8,275,544,641

The notes on pages herein form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH

	2021	**2021**	2020	2020
	EUR	**INR (Note 1)**	EUR	INR (Note 1)
Operating activities				
Loss before tax	**(150,860,555)**	**(12,993,619,602)**	(46,750)	(4,026,577)
Adjustments for:				
Impairment of investments	**150,825,062**	**12,990,562,590**	–	–
	(35,493)	**(3,057,012)**	(46,750)	(4,026,577)
Changes in working capital:				
Change in prepayments	**3**	**258**	(156)	(13,436)
Change in accruals	**(4,618)**	**(397,748)**	(8,526)	(734,345)
Net cash used in operations	**(40,108)**	**(3,454,502)**	(55,432)	(4,774,358)
Investing activities				
Investments in subsidiary	**(55,750,062)**	**(4,801,752,840)**	(64,550,000)	(5,559,691,500)
Net cash used in investing activities	**(55,750,062)**	**(4,801,752,840)**	(64,550,000)	(5,559,691,500)
Financing activities				
Proceeds from issue of shares	**54,830,000**	**4,722,507,900**	64,600,000	5,563,998,000
Proceeds from share application monies	**–**	**–**	1,000,000	86,130,000
Net cash from financing activities	**54,830,000**	**4,722,507,900**	65,600,000	5,650,128,000
Net change in cash and cash equivalents	**(960,170)**	**(82,699,442)**	994,568	85,662,142
Cash and cash equivalents at beginning of the year / period	**1,015,639**	**87,476,987**	21,071	1,814,845
Cash at bank at end of the year	**55,469**	**4,777,545**	1,015,639	87,476,987
Cash and cash equivalents made up of:				
Cash at bank	**55,469**	**4,777,545**	1,015,639	87,476,987

The notes on pages herein form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Mahindra Automotive Mauritius Ltd. (the 'Company') was incorporated in the Republic of Mauritius under the Mauritius Companies Act 2001 on 27 August 2018 as a private company with liability limited by shares and holds a Global Business Licence issued by the Financial Services Commission. The Company's registered office is Sanne House, Bank Street, TwentyEight, Cybercity, Ebene 72201, Mauritius.

The principal activity of the Company is to hold investments.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as modified by the exemption from consolidation in the Mauritius Companies Act 2001 for companies holding a Global Business Licence.

Indian Rupee ("INR") amounts are included solely for convenience. These transactions should not be construed as representations that the EUR amounts actually represent or have been or could be converted into INR. As the amounts shown in INR are for convenience only, the rate of EUR 1 = INR86.13 has been used for the purpose of presentation of the INR amounts in the accompanying financial statements for the year ended 31 March 2021.

2. ADOPTION OF NEW AND AMENDED IFRS

2.1 New and amended Standards that are effective for the current year

The Company has applied the following Standards, amendments and Interpretations to existing Standards for the first time for the financial year commencing on 01 April 2020:

Various	Amendments to References to the Conceptual Framework in IFRS Standards
IFRS 3	Definition of a Business (Amendments to IFRS 3)
IAS 1 and IAS 8	Definition of Material (Amendments to IAS 1 and IAS 9)
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Management has assessed the impact of these new and revised Standards and Interpretations and concluded that none of the above has an impact on these financial statements.

2.2 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Company.

Management anticipates that all relevant pronouncements, will be adopted in the Company's accounting policies for the first period beginning on or after the effective date of the pronouncement. Information on new Standards, amendments to existing Standards and Interpretations is provided below.

IFRS 16	COVID - 19 Related Rent Concessions (Amendment to IFRS 16)
Various	Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
IFRS 3	References to the Conceptual Framework (Amendments to IFRS 3)
IAS 16	Proceeds before Intended Use (Amendments to IAS 16)
IAS 37	Onerous Contract - Cost of Fulfilling a Contract (Amendments to IAS 37)
IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual improvements to IFRS Standards 2019-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)
IFRS 17	Insurance Contracts
IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)
IAS 1	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

Management has yet to assess the impact of the above Standards, amendments to existing Standards and Interpretations on the Company's financial statements.

3. SUMMARY OF ACCOUNTING POLICIES

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Expenses

All expenses are accounted for in the statement of comprehensive income on the accrual basis.

3.3 Taxation

Tax expense recognised in the statement of comprehensive income comprises of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise of those obligations to, or claims from, fiscal authorities relating to the current period, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

3.4 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the current year, the Company does not have any financial assets categorised as FVOCI and FVTPL.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets are recognised in the statement of comprehensive income.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost using the effective interest method if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents fall into this category of financial instruments.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities consist of accruals.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.5 Consolidated financial statements

The financial statements are separate financial statements which contain information about Mahindra Automotive Mauritius Ltd. as an individual company and do not contain consolidated financial information as the parent of a group.

The Company holds a Global Business Licence issued by the Financial Services Commission and has taken advantage of the exemption given in Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 from the requirement to prepare consolidated financial statements as it is a wholly-owned subsidiary of a quoted company incorporated in the Republic of India, Mahindra & Mahindra Ltd.

3.6 Investments in subsidiary

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiary is initially shown at cost. Where an indication of impairment exists, the recoverable amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the statement of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and cash in transit. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.8 Equity

Stated capital is determined using the value of shares that have been issued.

Accumulated losses include all current and prior years' results as disclosed in the statement of comprehensive income.

3.9 Share application monies

Share application monies represent amount received and / or cash in transit for equity shares in the Company and for which relevant shares were not yet allotted at the reporting date.

3.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

Provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. The increase in the provision due to passage of time is recognised as interest expense in the statement of comprehensive income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

3.11 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.12 Foreign currency translation

Functional and presentation currency

The financial statements are presented in Euro ("EUR"), which is the Company's functional and presentation currency. The Company has also presented the financial statements in Indian Rupee ("INR") for the convenience of users of financial statements.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.13 Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3.14 Comparatives

Where necessary, comparatives figures have been adjusted to conform with changes in presentation in the current year.

4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

The following are the significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the EUR.

Going concern assumption

The directors have exercised significant judgement in assessing that the preparation of these financial statements on a going concern basis is appropriate. In making this assessment, the directors have considered the Company's future business projects, future cash flows and future profitability.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impact of COVID-19

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets.

The directors have considered the potential adverse impact of the COVID-19 pandemic on the Company's business activities.

5. FINANCIAL INSTRUMENT RISK

Risk management objectives and policies

The Company is exposed to various risks in relation to its financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's financial assets and financial liabilities by category are summarised below.

	2021	2021	2020	2020
	EUR	**INR (Note 1)**	EUR	INR (Note 1)
Financial assets at amortised cost:				
Current				
Cash and cash equivalents	**55,469**	**4,777,545**	1,015,639	87,476,987
Total financial assets	**55,469**	**4,777,545**	1,015,639	87,476,987
Financial liabilities at amortised cost:				
Current				
Accruals	**5,916**	**509,545**	10,534	907,293
Total financial liabilities	**5,916**	**509,545**	10,534	907,293

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The Company does not actively engage in the trading of financial assets and derivatives for speculative purposes. The most significant financial risks to which the Company is exposed to are described below.

5.1 Market risk analysis

The Company is exposed to market risk through its use of financial instruments. Market risk is comprised specifically of currency risk and interest rate risk, which result from both its operating and investing activities.

(i) Foreign currency sensitivity

Foreign currency risk arises when the fair value or future cash flows of a financial instrument fluctuate because of changes in foreign exchange rates.

The Company's financial assets and financial liabilities are not exposed to any foreign currency risk as these are principally denominated in the EURO ("EUR").

(ii) Interest rate sensitivity

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company does not have interest bearing financial assets and financial liabilities and it is therefore not exposed to interest rate on its financial instruments.

5.2 Credit risk analysis

Credit risk is the risk that counterparty fails to discharge an obligation to the Company.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	2021	2021	2020	2020
	EUR	**INR (Note 1)**	EUR	INR (Note 1)
ASSETS				
Current assets				
Cash and cash equivalents	**55,469**	**4,777,545**	1,015,639	87,476,987

The credit risk for the bank balance is considered negligible, since the counterparty is a reputable bank with high quality external credit ratings.

None of the Company's financial assets are secured by collateral or other credit enhancements.

5.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of the Company's financial liabilities:

	2021			2020
	Less than one year	**Less than one year**	Less than one year	Less than one year
	EUR	**INR**	EUR	INR
		(Note 1)		(Note 1)
Accruals	**5,916**	**509,545**	10,534	907,293
Total	**5,916**	**509,545**	10,534	907,293

6. FAIR VALUE MEASUREMENT

6.1 Fair value measurement of financial instruments

The Company has financial assets and financial liabilities and they are measured at their carrying amounts which approximate their fair values.

6.2 Fair value measurement of non-financial instruments

The Company's non-financial assets consist of investment in subsidiary and prepayments for which fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position. At the reporting date, the Company did not have any non-financial liabilities.

7. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to its member.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its member, buy back shares or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. For the year ended 31 March 2020 and 2021, the Company was not geared since it did not have any external borrowings.

8. TAXATION

(i) Income tax

The Company monitors proposed and issued tax laws, regulations and cases to determine the impact on uncertain tax positions. At 31 March 2021, there are no potential subsequent events, other than those described below, that would have a material impact on unrecognised income tax benefits within the next twelve months.

The Company holds a Global Business Licence for the purpose of the Financial Services Act 2007 of Mauritius. Pursuant to the enactment of the Finance Act 2018, with effect as from 1 January 2019, the deemed tax credit has been phased out, through the implementation of a new tax regime. Companies which had obtained their Category 1 Global Business Licence on or before 16 October 2017, including the Company, have been grandfathered and would benefit from the deemed tax credit regime up to 30 June 2021.

Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax ("Deemed tax credit") on its foreign source income resulting in an effective tax rate on net income of up to 3%, up to 30 June 2021. Further, the Company is exempted from income tax in Mauritius on profits or gains arising from sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to the Shareholder or in respect of redemptions or exchanges of shares.

Post 30 June 2021 and under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the Financial Services Commission, the Company would be entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability computed at 15% on such income, or (b) a partial exemption of 80% of some of the income derived, including but not limited to foreign source dividends or interest income.

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the balance sheet liability method.

At 31 March 2021, the Company has accumulated tax losses of EUR102,702 (2020: EUR68,250) and is therefore not liable to income tax.

(ii) Deferred tax

Deferred income tax is calculated on all temporary differences under the liability method at the rate of 3%. At 31 March 2021, no deferred tax has been recognised in respect of the accumulated tax losses carried forward as it is not probable that taxable profit will be available in the foreseeable future.

(iii) Income tax reconciliation

The income tax on the Company's loss before tax differs from the theoretical amount that would arise using the effective tax rate of the Company as follows:

	2021	2020
	EUR	EUR
Loss for the year	**(150,860,555)**	(46,750)
Tax calculated at the rate of 3%	**–**	–
Tax expense	**–**	–

9. INVESTMENTS IN SUBSIDIARY

	2021	**2021**	2020	2020
	EUR	**INR (Note 1)**	EUR	INR (Note 1)
(i) Unquoted and at cost:				
At 01 April 2020	**95,075,000**	**8,188,809,750**	30,525,000	2,629,118,250
Additions during the year (Note 9 (iii))	**55,750,062**	**4,801,752,840**	64,550,000	5,559,691,500
Impairment during the year (Note 9 (iv))	**(150,825,062)**	**(12,990,562,590)**	–	–
At 31 March	–	–	95,075,000	8,188,809,750

(ii) Details pertaining to the unquoted investments are as follows:

Name of investee company	**Type of investments**	**Carrying amount 2021**	**Cost 2021**	**Carrying amount/cost 2020**
		EUR	**EUR**	**EUR**
Automobili Pininfarina GmbH*	Equity	–	**130,300,062**	**74,550,000**
Automobili Pininfarina GmbH*	Capital contribution	–	**20,525,000**	**20,525,000**
		–	**150,825,062**	**95,075,000**

* The Company has 100% holding in Automobili Pininfarina GmbH, a company incorporated in Germany.

(iii) During the year ended 31 March 2021, the Company acquired additional equity shares amounting to EUR55,750,062 (2020: EUR64,550,000) in Automobili Pininfarina GmbH.

(iv) The directors made an assessment on the recoverable amount of the investment in Automobili Pininfarina GmbH and concluded that the carrying amount of the investment was fully impaired at the reporting date.

(v) The Company holds a Global Business Licence issued by the Financial Services Commission and has therefore taken advantage of Section 12 of Part 1 of the Fourteenth Schedule of the Mauritius Companies Act 2001 which dispenses it from presenting consolidated financial statements as it is wholly-owned subsidiary of Mahindra & Mahindra Ltd, a company incorporated in the Republic of India.

10. PROFESSIONAL FEES

	2021	**2021**	2020	2020
	EUR	**INR (Note 1)**	EUR	INR (Note 1)
Administration fees and disbursements	**19,905**	**1,714,419**	27,024	2,327,578
Directors' fees	**2,198**	**189,314**	2,198	189,314
Fees for tax filings	**1,855**	**159,771**	1,848	159,168
Secretarial fees	**1,319**	**113,605**	1,319	113,605
Legal fees	**1,041**	**89,661**	1,324	114,036
Trademark fee	**1,178**	**101,461**	1,316	113,347
Other expenses	**386**	**33,246**	–	–
	27,882	**2,401,477**	35,029	3,017,048

11. STATED CAPITAL

	2021	2021	2020	2020
	EUR	**INR (Note 1)**	EUR	INR (Note 1)
Issued and paid:				
At start of the year	**95,175,001**	**8,197,422,836**	30,575,001	2,633,424,836
Issued during the year (Note 11 (i))	**54,830,000**	**4,722,507,900**	64,600,000	5,563,998,000
Conversion of share application monies into shares (Note 13)	**1,000,000**	**86,130,00**	–	–
At end of the year	**151,005,001**	**13,006,060,736**	95,175,001	8,197,422,836

(i) During the year ended 31 March 2021, the Company has issued shares to Mahindra & Mahindra Ltd as follows:

	No of Shares	EUR
37,830,000 Ordinary shares of EUR 1 each	**37,830,000**	**37,830,000**
128,571,428 Ordinary shares of no par value (Note 11 (ii))	**128,571,428**	**18,000,000**
	166,401,428	**55,830,000**

(ii) Pursuant to a written resolution of shareholder dated 17 November 2020, the par value shares of EUR1 each were converted to no par value shares. As at 31 March 2021, the Company has 261,576,429 shares of no value par amounting EUR151,005,001.

(ii) In accordance with the Company's Constitution, the main rights and obligations attached to the ordinary shares are as follows:

- confer to its holder the rights to attend and exercise one vote at meetings of members generally and class meetings of the ordinary shares;
- have a right to receive any dividend or distribution; and
- and be entitled, on a winding up, to share in the assets of the Company available for distribution.

12. CASH AND CASH EQUIVALENTS

	2021	2021	2020	2020
	EUR	**INR (Note 1)**	EUR	INR (Note 1)
Cash at bank	**55,469**	**4,777,545**	15,639	1,346,987
Cash in transit	–	–	1,000,000	86,130,000
	55,469	**4,777,545**	1,015,639	87,476,987

13. SHARE APPLICATION MONIES

	2021	2021	2020	2020
	EUR	**INR (Note 1)**	EUR	INR (Note 1)
Balance at 01 April	**1,000,000**	**86,130,000**	–	–
Issued during the year	–	–	1,000,000	86,130,000
Conversion into shares during the year (Note 11)	**(1,000,000)**	**(86,130,000)**	–	–
	–	–	1,000,000	86,130,000

Share application monies represent payments made for equity shares by Mahindra & Mahindra Ltd and for which the relevant shares were allotted during the year ended 31 March 2021.

14. CONTINGENT LIABILITIES

The Company has no litigation claims outstanding, pending or threatened against it, which could have a material adverse effect on the Company's financial position or results as at 31 March 2021.

15. EVENTS AFTER THE REPORTING DATE

The Company has evaluated all events subsequent to the date when these financial statements were available to be issued on 25 May 2021 and determined that the subsequent events that require disclosures are mentioned below:

- Additional investment aggregating to EUR3,324,938 was made in Automobili Pininfarina GmbH.
- 23,750,000 ordinary shares of no par value amounting to EUR3,325,000 was issued to Mahindra & Mahindra Limited.

16. HOLDING COMPANY

The directors regard Mahindra & Mahindra Ltd, a company listed on the National Stock Exchange of India, as the Company's holding company.

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAHINDRA RACING UK LIMITED

Opinion

We have audited the financial statements of Mahindra Racing UK Limited (the 'Company') for the year ended 31 March 2021, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance on management's assessment of risk and management's processes for identifying and responding to the risks of fraud in the entity;
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

John Coverdale FCA
(Senior Statutory Auditor)
for and on behalf of
MHA MacIntyre Hudson
Statutory Auditor
London,
United Kingdom

Date: 28th May 2021

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
INCOME		
Sales	**14,963,502**	16,945,135
Other operating income	**1,056,566**	694,043
Government Grants receivable	**64,510**	-
Interest receivable	**658**	2,368
	16,085,236	17,641,546
EXPENSES		
Subcontract labour	**1,566,604**	2,216,023
Commissions payable	**303,802**	775,693
FIA & development costs	**8,818,964**	10,307,487
Staff salaries	**2,991,505**	2,041,850
Entertainment	**–**	39,702
Hotels, travel and subsistence	**469,764**	1,050,110
Printing and stationery	**27,452**	969
Telephone and fax	**19,195**	7,123
Computer costs	**13,015**	25,314
Advertising and promotion	**326,617**	317,450
Legal and professional	**121,425**	439,093
Auditors' remuneration	**9,000**	7,875
Accountancy fees	**99,067**	82,544
Bank charges	**22,800**	13,544
Difference on foreign exchange	**99,342**	201,338
Rent	**183,898**	82,266
Rates	**167,204**	64,101
Light and heat	**79,842**	8,551
Insurances	**54,650**	52,335
Repairs and maintenance	**72,863**	250,591
Depreciation	**1,307,677**	1,124,500
Profit/loss on sale of tangible assets	**–**	1,603
Recruitment	**47,975**	25,840
Interest payable	**17,531**	30,109
	16,820,192	19,166,011
OPERATING (LOSS)/PROFIT	**(734,956)**	(1,524,465)
Investment written off	**–**	–
Impairment of available for sale financial asset	**–**	–
Realised gain on disposal of investment	**–**	–
(LOSS)/PROFIT BEFORE TAX	**(734,956)**	(1,524,465)
Tax expense	**–**	–
(LOSS)/PROFIT FOR THE YEAR	**(734,956)**	(1,524,465)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(734,956)**	(1,524,465)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	2021 £	2020 £
ASSETS		
Non Current Assets		
Long term lease hold property	**673,299**	–
Plant & Machinery	**752,289**	1,532,563
Fixture & Fittings	**103,884**	184,671
Office Equipment	**255,475**	74,533
Asset under construction	**–**	477,992
Intangible	**2**	2
	1,784,949	2,269,761
Current Assets		
Trade Debtors	**208,467**	128,039
Amount owed by Group undertakings	**6,941**	20,373
Other debtors	**1,183,393**	946,126
Prepayments and acrued income	**1,914,601**	1,266,594
Cash at bank and in hand	**3,141,915**	1,974,626
	6,455,317	4,335,758
Total Assets	**8,240,266**	6,605,519
EQUITY AND LIABILITES		
Equity		
Stated Capital	**20,000**	20,000
(Accumulated losses)/Retained earnings)	**(1,359,954)**	(624,998)
	(1,339,954)	(604,998)
Non–current liabilities		
Borrowings	**–**	–
Current Liabilities		
Payables and accruals	**1,904,222**	1,337,324
Bank loans	**2,000,000**	800,000
Deferred income	**5,675,998**	5,073,193
	9,580,220	7,210,517
Total equity and liabilities	**8,240,266**	6,605,519

Approved by the Board of Directors on 03.05.2021 and signed on its behalf by:

DIRECTOR
Dilbagh Gill

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flows from operating activities		
(Loss)/profit before taxation	**(734,956)**	(1,524,465)
Adjustments for:		
Depreciation	**13,07,677**	11,24,500
Impairment loss on available-for-sale financial asset	**–**	–
Realised gain on disposal of investment	**–**	–
Unrealised foreign exchange loss/(gain)	**–**	–
Interest income	**–**	–
Interest expense	**–**	–
Dividend income	**–**	–
	5,72,721	(3,99,965)
Adjustments for working capital changes:		
(Increase)/Decrease in Current Assets	**(952,270)**	852,784
Increase/(Decrease) in Current Liabilities	**1,169,703**	2,599,843
Cash flows generated from operating activities	**7,90,154**	30,52,662
Taxes paid	**–**	–
Interest paid	**–**	–
Net cash flows generated from/(used in) operating activities	**7,90,154**	30,52,662
Cash flows from investing activities		
Purchase of available-for-sale financial assets	**–**	–
Purchase of property, plant & equipment	**(8,22,865)**	(7,13,024)
Proceeds from disposal of available-for-sale financial assets	**–**	–
Dividend received	**–**	–
Net cash flows (used in)/from investing activities	**(8,22,865)**	(7,13,024)
Cash flows from financing activities		
Share Capital	**–**	–
Loans repaid to bank	**–**	–
Loans from bank	**1,200,000**	(1,000,000)
Loan repayment received	**–**	–
Proceeds from issue of shares	**–**	–
Loans given	**–**	–
Shareholder's loan	**–**	–
Net cash flows generated from/(used in) financing activities	**1,200,000**	(1,000,000)
(Decrease)/increase in cash and cash equivalents	**1,167,289**	13,39,638
Cash & Bank Balances		
Opening Balance	**1,974,626**	634,988
Closing Balance	**3,141,915**	1,974,626
Cash and cash equivalents made up of:		
Cash at bank	**3,141,915**	1,974,626

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2021

1. General Information

Mahindra Racing UK Limited is a private company limited by shares, incorporated in England and Wales within the UK.

The address of the registered office & the registration number are given in the compnay information page of these financial statements

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102 , the financial standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied :

2.2 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period -end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of income within "other operating income".

2.3 Revenue

Sponsorship revenue is recognised evenly over each race season in line with the number of races that have taken place prior to the period end, or to the extent that it is probable that the economic benefits will flow to the Company in line with the sponsorship agreement. Sponsorship revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.4 Operating Lease: the Company as lessee

Rentals paid under operating leases are charged to the Statement of income on a straight line basis over the lease term.

2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years. If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.6 Government Grants

Grants are accounted under accrual model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the statement of income at the same rate as the depreciation on assets to which the grants relates. The deferred element of grants is included in creditors as deferred income.

Grants of revenue nature are recognised in the statement of income in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

2.8 Finance costs

Finance costs are charged to the Statement of income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in the statement of income in the year in which they are incurred

2.10 Intangible Assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less and accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life, If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributed to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis :

Plant & Machinery - 33% straight line

Furniture & Fittings - 20% straight line

Office equipment - 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and Losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income & retained earnings.

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Financial Instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised In the Statement of income & retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an assets' carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.16 Going Concern

The financialstatements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic and the ensuing economic shutdown has had a significant impact on the company's operations due to the postponement of the current season's races until the shutdown can be relaxed. In response to the COVID-19 pandemic, the Directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

Based on these assessments and having regard to the resources available to the entity, the Directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

3. Other operating income

	2021	2020
	£	£
Other operating income	**1,056,566**	694,043
Government Grants receivable	**64,510**	–
	1,121,076	694,043

4. Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual Financial statements	**9,000**	7,875

5. Employees

	2021	2020
	£	£
Wages & Salaries	**2,991,505**	2,041,850
	2,991,505	2,041,850

The average monthly number of employees, including directors, during the year was 37 (2020 -26)

6. Intangible assets

Costs	Patents
	£
At 1st April 2020	2
At 31st March 2021	2
Net Book Value	
At On 31st March 2021	2
At On 31st March 2020	2

7. Tangible fixed assets

	Long term lease hold property	Plant and Machinery	Fixture and Fittings	Office Equipment	Asset under construction	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 April 2020	–	3,105,932	284,590	168,263	477,992	4,036,777
Additions	277,228	286,408	–	259,226	–	822,862
Transfers between classes	477,992	–	–	–	(477,992)	–
At 31 March 2021	**755,220**	**3,392,340**	**284,590**	**427,489**	**–**	**4,859,639**
Depreciation						
At 1 April 2020	–	1,573,369	99,919	93,730	–	1,767,018
Charge for the year on owned assets	81,921	1,066,682	80,787	78,284	–	1,307,674
At 31 March 2021	**81,921**	**2,640,051**	**180,706**	**172,014**	**–**	**3,074,692**
Net book value						
At 31 March 2021	**673,299**	**752,289**	**103,884**	**255,475**	**–**	**1,784,947**
At 31 March 2020	–	1,532,563	184,671	74,533	477,992	2,269,759

8. Debtors

	2021	2020
	£	£
Trade Debtors	**208,467**	128,039
Amount owed by Group undertakings	**6,941**	20,373
Other debtors	**1,183,393**	946,126
Prepayments and acrued income	**1,914,601**	1,266,594
	3,313,402	2,361,132

9. Cash & Cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	**3,141,915**	1,974,626
	3,141,915	1,974,626

10. Creditors : Amounts falling due within one year

	2021	2020
	£	£
Bank loans	**2,000,000**	800,000
Trade Creditors	**993,332**	973,716
Other taxation & social security	**93,530**	76,550
Other creditors	**16,312**	13,340
Accruals	**801,048**	273,718
	3,904,222	2,137,324
Deferred income	**5,675,998**	5,073,193
	9,580,220	7,210,517
The following liabilities were secured		
Bank loans	**2,000,000**	800,000
	2,000,000	800,000

Details of Security provided

The above liabilities were secured by guarantee from the Company's ultimate parent company Mahindra & Mahindra Limited.

11. Commitments under operating leases

At 31st March 2021 the company had future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2021	2020
	£	£
Not later than 1 year	**40,000**	40,000
Later than 1 year and not later than 5 years	**141,479**	160,000
Later than 5 years	**–**	21,479
	181,479	221,479

12. Related party transactions

During the year the company received sponsorship income amounting to £6,150,728 (2020: £8,411,227) from Mahindra & Mahindra Limited, it's ultimate parent undertaking. At the balance sheet date there was an amount owed to the company by Mahindra & Mahindra Limited of £6,941 (2019: £20,373) owed to Mahindra & Mahindra Limited).

13. Controlling party

The Company's immediate parent undertaking is Mahindra Overseas Investment Company (Mauritius) Limited, a company incorporated in Mauritius. The ultimate parent undertaking is Mahindra & Mahindra Limited, a company incorporated in India.

The company's results are included in the consolidated financial statements of Mahindra & Mahindra Limited which are publicly available from Gateway Building, Apollo Bunder, Mumbai 400 001, India.

DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Turnover	**14,963,502**	16,945,135
Cost of Sales	**(10,689,370)**	(13,299,203)
Gross profit	**4,274,132**	3,645,932
Other operating income	**1,121,076**	694,043
Less: overheads		
Administration expenses	**(6,113,291)**	(5,836,699)
Operating loss	**(718,083)**	(1,496,724)
Interest receivable	**658**	2,368
Interest payable	**(17,531)**	(30,109)
Loss for the year	**(734,956)**	(1,524,465)

SCHEDULE TO THE DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Turnover		
Sales	**14,963,502**	16,945,135
	14,963,502	16,945,135
Cost of sales		
Subcontract labour	**1,566,604**	2,216,023
Commissions payable	**303,802**	775,693
FIA & development costs	**8,818,964**	10,307,487
	10,689,370	13,299,203
Other operating income		
Other operating income	**1,056,566**	694,043
Government Grants receivable	**64,510**	–
	1,121,076	6,94,043
Administration expenses		
Staff salaries	**2,991,505**	2,041,850
Entertainment	**–**	39,702
Hotels, travel and subsistence	**469,764**	1,050,110
Printing and stationery	**27,452**	969
Telephone and fax	**19,195**	7,123
Computer costs	**13,015**	25,314
Advertising and promotion	**326,617**	317,450
Legal and professional	**121,425**	439,093
Auditors' remuneration	**9,000**	7,875
Accountancy fees	**99,067**	82,544
Bank charges	**22,800**	13,544
Difference on foreign exchange	**99,342**	201,338
Rent	**183,898**	82,266
Rates	**167,204**	64,101
Light and heat	**79,842**	8,551
Insurances	**54,650**	52,335
Repairs and maintenance	**72,863**	250,591
Depreciation	**1,307,677**	1,124,500
Profit/loss on sale of tangible assets	**–**	1,603
Recruitment	**47,975**	25,840
	6,113,291	5,836,699
Interest receivable		
Bank interest receivable	**658**	2,368
	658	2,368
Interest payable		
Bank loan interest payable	**17,531**	30,109
	17,531	30,109

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA SUSTEN PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mahindra Susten Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
    d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
    e. On the basis of the written representations received from the directors as on 31st March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
    f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
    g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its director during the year is in accordance with the provisions of section 197 of the Act.
    h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
Membership No. 36920
UDIN: 21036920AAAABJ2033

Place: Mumbai
Date: May 12, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub- section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Susten Private Limited ("the Company") as of 31st March 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
Membership No. 36920
UDIN: 21036920AAAABJ2033

Place: Mumbai
Date: May 12, 2021

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. In respect of Company's property, plant and equipment:

a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

b) The property, plant, & equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant, & equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed agreements provided to us, we report that, the title deeds, comprising all the immovable properties of land which are freehold, are held in the name of the Company as at the balance sheet date.

ii. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals. No material discrepancies were noticed on such verification.

iii. According to the information and explanations given to us, in respect of loans granted by the Company, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013:

(a) The loans are given to its subsidiaries in the interest of Company's business, the terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The repayment of principal and interest is as per the terms stipulated in the agreement.

(c) During the year, the Company has made an allowance of Rs. 2,297 lakhs and Rs. 49 Lakhs to fully impair the loan given to its subsidiary and interest receivable thereon respectively.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v. According to the information and explanations given to us, the Company has not accepted any deposits under the provisions of Sections 73 to 76 of the Act and the Rules framed thereunder.

vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Goods and Services Tax and other material statutory dues applicable to it to the appropriate authorities.

b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Services Tax and other material statutory dues in arrears as at 31st 2021 for a period of more than six months from the date they became payable.

c) Details of dues of Income-tax, Sales Tax, Value Added Tax, Entry Tax and Goods and services Tax which have not been deposited as on 31st March 2021 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum Pending	Period to which the Amount Relates	Amount Involved (Rs. in Lakhs)	Amount Unpaid (Rs. in Lakhs)
Income Tax, Act 1961	Addition on account of Disallowance	Commissioner of Income Tax (Appeals)	F.Y 2012-13	275.60	275.60
Central Sales Tax Act, 1956	Non Submission of Statutory Forms (Karnataka)	Joint Commissioner Appeals	F.Y. 2015-16	43.85	30.70
Income Tax, Act 1961	Addition on Account of Disallowance	Commissioner of Income Tax (Appeals)	F.Y. 2016-17	9.00	9.00
Income Tax, Act 1961	Addition on Account of Disallowance	Commissioner of Income Tax (Appeals)	F.Y. 2013-14	9.89	9.89
Central Sales Tax Act, 1956	Non submission of Statutory Forms (Karnataka)	Joint Commissioner Appeals	F.Y. 2016-17	142.16	99.51
Central Sales Tax Act, 1956	Non submission of Statutory Forms (Karnataka)	Joint Commissioner Appeals	F.Y. 2017-18	150.66	105.46

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Name of Statute	Nature of Dues	Forum Pending	Period to which the Amount Relates	Amount Involved (Rs. in lakhs)	Amount Unpaid (Rs. in lakhs)
Central Sales Tax Act, 1956	Non submission of Statutory Forms (Telangana)	Appellate Deputy Commissioner	F.Y. 2015-16	466.92	408.55
Central Sales Tax Act, 1956	Non submission of Statutory Forms (Andhra Pradesh)	Commissioner Appeals	F.Y. 2015-16	205.67	179.96
Central Sales Tax Act, 1956	Non submission of Statutory Forms (Telangana)	Appellate Joint Commissioner (State Tax)	F.Y. 2016-17	179.72	179.72
Central Sales Tax Act, 1956	Non submission of Statutory Forms (Gujrat)	Deputy Commissioner (State Tax)	F.Y. 2016-17	402.93	359.78
Central Sales Tax Act, 1956	Non submission of Statutory Forms	Deputy Commissioner (State Tax)	F.Y. 2017-18	116.23	103.53
Gujrat VAT Act, 2003	Non submission of Statutory Forms (Gujrat)	Joint Commissioner (Appeals)	F.Y. 2014-15	66.47	59.82
Rajasthan Entry Tax	Levy on entry tax on solar goods imported	Commissioner (Appeals)	F.Y. 2012-13	1,259.79	1,259.79
RGST Act, 2017 & CGST Act 2017	Non submission of Statutory Forms (Rajasthan)	Joint Commissioner (State Tax), Anti Evasion, Rajasthan	2017-18 and Apr 18-Dec18	11,725.84	11,725.84

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not taken any loans or borrowings from government and has not issued any debentures.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
Membership No. 36920
UDIN: 21036920AAAABJ2033

Place: Mumbai
Date: May 12, 2021

BALANCE SHEET AS AT 31 MARCH 2021

Rupees (In Lakhs)

Particulars	Note No.	As at 31 March 2021	As at 31 March 2020
I ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**31,520.52**	31,368.00
(b) Capital Work-in-Progress		**43,440.14**	–
(c) Other Intangible Assets	5	**70.63**	87.83
(d) Intangible Assets Under Development		**695.02**	–
(e) Financial Assets			
(i) Investments	6	**39,020.85**	37,766.72
(ii) Loans	7	**38,605.35**	25,750.70
(iii) Other Financial Assets	8	**7,472.28**	5,739.74
(f) Other Non-current Assets	10	**1,465.52**	–
SUB-TOTAL		**1,62,290.31**	1,00,712.99
CURRENT ASSETS			
(a) Inventories	11	**1,203.61**	2,940.38
(b) Financial Assets			
(i) Trade Receivables	12	**44,211.69**	51,502.80
(ii) Cash and Cash Equivalents	13	**3,425.06**	8,056.83
(iii) Other Bank Balances	13	**1,611.97**	0.42
(iv) Loans	7	**4,308.73**	13,395.73
(v) Other Financial Assets	8	**3,548.56**	7,373.33
(c) Current Tax Assets (Net)		**1,393.40**	3,344.29
(d) Other Current Assets	10	**6,147.60**	6,029.85
SUB-TOTAL		**65,850.62**	92,643.63
Non-Current Assets Classified as Held for Sale	37	**673.73**	–
TOTAL ASSETS		**2,28,814.66**	1,93,356.62
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	14 A	**19,546.17**	19,546.17
(b) Other Equity	14 B	**80,281.53**	79,345.30
SUB-TOTAL		**99,827.70**	98,891.47
LIABILITIES			
2 NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	15	**22,299.42**	19,755.78
(b) Provisions	16	**5,764.74**	5,621.96
(c) Deferred Tax Liabilities (Net)	9	**2,894.26**	2,664.39
SUB-TOTAL		**30,958.42**	28,042.13
3 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	17	**48,519.51**	25,825.10
(ii) Trade Payables	18		
- Total outstanding dues of creditors other than micro and small enterprises		**27,822.55**	**34,576.23**
(iii) Other Financial Liabilities	19	**15,692.63**	1,718.94
(b) Provisions	16	**1,480.92**	1,740.31
(c) Other Current Liabilities	20	**4,512.93**	2,562.44
SUB-TOTAL		**98,028.54**	66,423.02
TOTAL		**2,28,814.66**	1,93,356.62
The accompanying notes are an integral part of the Financial Statements	1-41		

In terms of our report attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner

Place : Mumbai
Date : 12.05.2021

For and on behalf of the Board of Directors

Zhooben Bhiwandiwala
Director
DIN: 00110373

Basant Jain
Managing Director & Chief Executive Officer
DIN: 00220395

Avinash Bapat
Chief Financial Officer

Mandar Joshi
Company Secretary

Place : Mumbai
Date : 12.05.2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

Rupees (In Lakhs)

Particulars	Note No.	**Year ended 31 March 2021**	Year ended 31 March 2020
I. Revenue from operations	21	**95,228.66**	2,11,522.78
II. Other Income	22	**5,610.00**	4,857.05
III. Total Revenue (I + II)		**1,00,838.66**	2,16,379.83
IV. Expenses			
(a) Cost of materials consumed	23(a)	**76,509.40**	1,65,519.74
(b) Cost of Services rendered		**953.21**	19,656.53
(c) Changes in inventories of work-in-progress	23(b)	**610.35**	1,879.46
(d) Employee benefit expense	24	**7,000.15**	11,843.15
(e) Finance costs	25	**3,140.74**	2,431.39
(f) Depreciation and amortisation expense	4, 5	**2,056.48**	2,067.96
(g) Other expenses	26	**4,333.54**	6,765.01
Total Expenses		**94,603.87**	2,10,163.24
Profit before exceptional items and tax (III-IV)		**6,234.79**	6,216.59
Exceptional Items (Refer note 36)		**2,872.97**	–
V. Profit before tax		**3,361.82**	6,216.59
VI. Tax Expense	9		
(a) Current tax		**2,383.21**	2,152.32
(b) Excess provision of Current Tax relating to earlier years		**(376.76)**	–
(c) Deferred tax		**(1,243.55)**	(118.74)
(d) Deferred Tax charged relating to earlier years	9(b)	*** 1,984.74**	–
Total tax expense (*) [for the year: Rs. 1,139.66 Lakhs, relating to earlier years 1,607.98 Lakhs]		**2,747.64**	2,033.57
VII. Profit for the year (V - VI)		**614.18**	4,183.02
VIII. Other comprehensive income		**(144.72)**	24.84
Items that will not be reclassified to profit or loss:			
(i) Remeasurements of the defined benefit liabilities / (asset)		**(222.46)**	38.18
(ii) Income tax relating to remeasurement of defined benefit plan		**77.74**	(13.34)
IX. Total comprehensive income for the year		**758.90**	4,158.18
X Earnings per equity share:			
(1) Basic (In Rupees)	27	**0.31**	2.19
(2) Diluted (In Rupees)	27	**0.31**	2.15
The accompanying notes are an integral part of the Financial Statements	1-41		

In terms of our report attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner

Place : Mumbai
Date : 12.05.2021

For and on behalf of the Board of Directors

Zhooben Bhiwandiwala
Director
DIN: 00110373

Basant Jain
Managing Director & Chief Executive Officer
DIN: 00220395

Avinash Bapat
Chief Financial Officer

Mandar Joshi
Company Secretary

Place : Mumbai
Date : 12.05.2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

Rupees (In Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Cash flows from operating activities		
Profit after tax for the year	**614.18**	4,183.02
Adjustments for:		
Income tax expense recognised in profit or loss	**2,747.64**	2,033.57
Additional provision of ESOP due to changes in fair value	**177.33**	–
Finance costs recognised in profit or loss	**3,001.31**	2,757.21
Investment income recognised in profit or loss	**(5,108.02)**	(4,315.81)
Profit on sale of investments	**–**	(541.24)
Depreciation and amortisation of non-current assets	**2,056.48**	2,067.96
Net foreign exchange loss	**317.39**	281.71
Interest acrrued written back	**(331.69)**	–
Provision for Impairment of Asset	**2,872.97**	–
Vat receivable written off during the year	**221.03**	–
Liability no longer required written back	**(501.98)**	–
Operating profit before working capital changes	**6,066.64**	6,466.42
Movements in working capital:		
Decrease in trade and other receivables	**7,291.11**	33,318.62
Decrease in inventories	**1,063.04**	530.03
Decrease in other assets	**3,248.27**	4,931.01
Decrease in trade and other payables	**(9,260.77)**	(38,077.95)
(Decrease)/Increase in provisions	**(365.27)**	779.97
(Decrease)/increase in other liabilities	**2,086.71**	(7,287.73)
	4,063.09	(5,806.04)
Income taxes paid	**644.62**	(1,145.37)
Net cash (used in)/generated by operating activities	**9,485.11**	(484.99)
Cash flows from investing activities		
Payments to acquire financial assets	**(1,611.54)**	(2,393.94)
ICD given to Subsidiares	**(58,893.32)**	(10,002.30)
Repayment of ICD from Subsidiares	**52,828.95**	4,396.99
Interest received	**3,326.61**	1,715.98
Payments for property, plant and equipment	**(17,788.93)**	(318.17)
Proceeds from disposal of property, plant and equipment	**–**	2.14
Investments in subsidary	**(1,781.51)**	(8,495.80)
Investments sold in subsidary	**–**	850.01
Net cash used in investing activities	**(23,919.74)**	(14,245.10)
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	**–**	13,600.00
Proceeds from borrowings	**20,462.50**	46,627.06
Repayment of borrowings	**(7,941.35)**	(37,272.15)
Interest paid	**(2,718.29)**	(2,523.27)
Net cash from financing activities	**9,802.86**	20,431.64
Net increase/(decrease) in cash and cash equivalents	**(4,631.77)**	5,701.54
Cash and cash equivalents at the beginning of the year	**8,056.83**	2,355.29
Cash and cash equivalents at the end of the year	**3,425.06**	8,056.83

The accompanying notes 1 to 41 are an integral part of the Financial Statements

In terms of our report attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner

Place : Mumbai
Date : 12.05.2021

For and on behalf of the Board of Directors

Zhooben Bhiwandiwala
Director
DIN: 00110373

Basant Jain
Managing Director & Chief Executive Officer
DIN: 00220395

Avinash Bapat
Chief Financial Officer

Mandar Joshi
Company Secretary

Place : Mumbai
Date : 12.05.2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

A. Equity share capital

	Rupees (In Lakhs)
As at 1 April 2019	16,826.17
Changes in equity share capital during the year	2,720.00
As at 31 March 2020	**19,546.17**
Changes in equity share capital during the year	–
As at 31 March 2021	**19,546.17**

B. Other Equity

Rupees (In Lakhs)

Particulars	Reserves and Surplus: Securities Premium Reserve	Reserves and Surplus: Other Reserve (ESOP Outstanding A/c)	Retained Earnings	Total
As at 1 April 2019	41,342.42	307.82	22,656.88	79345.30
Securities Premium on shares issued durring the year	10,880.00	–	–	10,880.00
Profit for the year	–	–	4,183.02	4,183.02
Other Comprehensive loss for the year	–	–	(24.84)	(24.84)
Total	**10,880.00**	**–**	**4,158.18**	**15,038.18**
As at 31 March 2020	52,222.42	307.82	26,815.06	79,345.30
Profit for the year	–	–	614.18	614.18
Additional ESOP provision due to changes in fair value	–	177.33	–	177.33
Other Comprehensive Income for the year	–	–	144.72	144.72
Total	**–**	**177.33**	**758.90**	**936.23**
As at 31 March 2021	**52,222.42**	**485.15**	**27,573.96**	**80,281.53**

The accompanying notes 1 to 41 are an integral part of the Financial Statements

In terms of our report attached.
For Deloitte Haskins & Sells LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner

Place : Mumbai
Date : 12.05.2021

For and on behalf of the Board of Directors

Zhooben Bhiwandiwala
Director
DIN: 00110373

Basant Jain
Managing Director & Chief Executive Officer
DIN: 00220395

Avinash Bapat
Chief Financial Officer

Mandar Joshi
Company Secretary

Place : Mumbai
Date : 12.05.2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

1. Nature of Operations

Mahindra Susten Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India and is a subsidiary of Mahindra Holdings Limited. The Company is engaged in the business of providing services in the areas of Engineering, Procurement and Construction of power plants in renewable energy, operations and maintenance, analytics, energy management services, sale of power and sale of solar water pump.

The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 12th May 2021

2. Statement of compliance

The accompanying standalone financial statements have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Financial statements

The financial statements have been prepared on a historical cost basis, except for Certain financial assets and liabilities measured at fair value

b) Use of estimates and judgments

The preparation of the standalone financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2021 are as follows:

(i) Evaluation of percentage of completion :

Determination of revenue under percentage of completion method necessarily involves making estimates, some of which are of a technical nature, concerning, where relevant, the percentage of completion, costs to completion, the expected revenue from the project or activity and foreseeable losses to completion. Estimates of project income, as well as project costs, are reviewed periodically. The effect of changes, if any, to estimates is recognised in the standalone financial statements for the year/ period in which such changes are determined.

(ii) Recoverability of deferred tax assets :

In determining the recoverability of deferred income tax assets, the Company primarily considers current and expected profitability of applicable operating business segments and their ability to utilise any recorded tax assets. The Company reviews its deferred income tax assets at every reporting year/ period end, taking into consideration the availability of sufficient current and projected taxable profits, reversals of taxable temporary differences and tax planning strategies.

(iii) Measurement of defined benefit obligations and other employee benefit obligations:

The Company's net obligation in respect of gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

Compensated absences which are not expected to occur within twelve months after the end of the year/ period in which the employee renders the related services are recognised as a liability at the present value of the other long-term employment benefits.

The present value of the obligation is determined based on actuarial valuation at the balance sheet date by an Independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

(iv) Provision for obsolete inventory :

The Company reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in the standalone statement of profit and loss, the Company makes judgments as to whether there is any observable data indicating that there is any future salability of the product, including demand forecasts and shelf life of the product. The provision for obsolescence of inventory is based on the ageing and past movement of the inventory.

(v) Impairment losses on financial assets:

The Company reviews its financial assets to assess impairment at regular intervals. The Company's credit risk is primarily attributable to its financial assets. In determining whether impairment losses should be reported in the standalone statement of profit and loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for expected credit loss is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows

(vi) Impairment losses on investment:

The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

(vii) Estimation of provisions and contingencies :

Provisions are liabilities of uncertain amount or timing recognised where a legal or constructive obligation exists at the balance sheet date, as a result of a past event, where the amount of the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

obligation can be reliably estimated and where the outflow of economic benefit is probable. Contingent liabilities are possible obligations that may arise from past event whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not fully within the control of the Company. The Company exercises judgement and estimates in recognizing the provisions and assessing the exposure to contingent liabilities relating to pending litigations. Judgement is necessary in assessing the likelihood of the success of the pending claim and to quantify the possible range of financial settlement. Due to this inherent uncertainty in the evaluation process, actual losses may be different from originally estimated provision.

(viii) Provision for product warranty:

The warranty provision represents management's best estimate of the Company's liability under warranties granted on products, based on prior experience and industry averages. Presently, company creates provision at 1% on Revenues.

c) Revenue Recognition:

The Company has adopted Ind AS 115, Revenue from Contracts with Customers, with effect from 1 April 2018. The Company has applied the following accounting policy for revenue recognition:

Revenue from contracts with customers:

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements

(i) EPC Contracts

Revenue from EPC contracts, where the outcome can be estimated reliably, is recognised under the percentage of completion method by reference to the stage of completion of the contract activity, hence revenue is recognized over the period of time. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract. Determination of revenues under the percentage of completion method necessarily involves making estimates by the management.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration to be earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Any variations in contract work, claims, incentive payments are included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved.

Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the Company.

(ii) Sales of goods

An entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (ie an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

(iii) Service Income

Service income i.e Operation & Maintenance, is recognised as per the terms of the contract when the related services are rendered.

d) Current and Non-current classification

The Schedule III to the Act requires assets and liabilities to be classified as either current or non-current. An asset is treated as current when it is:

(i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

(ii) it is expected to be realised within twelve months from the reporting date;

(iii) it is held primarily for the purposes of being traded; or

(iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date

All other assets are classified as non-current.

A liability is current when:

(i) it is expected to be settled in the Company's normal operating cycle;

(ii) it is due to be settled within twelve months from the reporting date;

(iii) it is held primarily for the purposes of being traded; or

(iv) the Company does not have an unconditional right to defer settlement of the liability for atleast twelve months from the reporting date.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out above which are in accordance with the Schedule III to the Act.

In respect of the engineering, procurement and construction services (EPC) segment & other operations of the Company, it has ascertained its operating cycle as 12 months for the purpose of current - non-current classification of assets and liabilities.

e) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and recognised impairment losses.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2016.

Depreciation on other tangible assets is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives or as prescribed in schedule II to the Companies Act 2013 whichever is higher. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss.

(ii) Capital work in progress and Capital advances:

Assets under construction includes the cost of property, plant and equipment that are not ready to use at the balance sheet date. Advances paid to acquire property, plant and equipment before the balance sheet date are disclosed under other non-current assets. Assets under construction are not depreciated as these assets are not yet available for use.

(iii) Intangible Assets:

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iv) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company makes a reasonable estimate of the value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Borrowing Costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

g) **Inventories:**

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials includes all costs of purchase, conversion and other direct attributable costs incurred for bringing the items to their present location and condition and is determined using the weighted average cost method.

The cost of contracts work in progress comprises costs directly attributable to the specific contracts and related overheads.

Traded goods costs includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

h) **Foreign Currency:**

Foreign currency transactions

Initial Recognition

All transactions that are not denominated in the Company's functional currency are foreign currency transactions. These transactions are initially recorded in the functional currency by applying the appropriate daily rate which best approximates the actual rate of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the standalone statement of profit and loss.

Measurement of foreign currency items at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Nonmonetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in the standalone statement of profit and loss

Foreign operations.

The assets and liabilities of foreign operations (branches), are translated into INR, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

i) **Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for sale in discontinued operations. The Valuation Committee comprises of the head of the investment properties segment, heads of the Company's internal mergers and acquisitions team, the head of the risk management department, financial controllers and chief finance officer

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Valuation Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Valuation Committee decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Valuation Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Valuation Committee also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Valuation Committee present the valuation results to the Audit Committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

On an interim basis, the Valuation Committee present the valuation results to the Audit Committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

j) Hedge accounting

The Company designates certain hedging instruments, which include derivatives, and non-derivatives in respect of foreign currency risk, as either fair value hedges, or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

k) Investments

Investments in subsidiary

Investments in equity shares of subsidiaries are recorded at cost and reviewed for impairment at each reporting date. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized in Statement of Profit and Loss.

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the standalone statement of profit and loss. Cost of investments include acquisition charges such as brokerage, fees and duties.

Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

l) Employee Benefits:

(i) Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus / ex-gratia are recognized in the period in which the employee renders the related service.

(ii) Post employment employee benefits

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

a) Defined Contribution schemes

The Company's contributions to the Provident Fund and Employee's State Insurance Fund are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

b) Defined benefits plans

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

m) Share Based Payments:

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

n) Taxes on Income:

Income tax comprises current and deferred tax. It is recognised in the standalone statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

On 30th March 2019, MCA has issued amendment regarding the income tax Uncertainty over Income Tax Treatments. The notification clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. In assessing the uncertainty, an entity shall consider whether it is probable that a taxation authority will accept the uncertain tax treatment. This notification is effective for annual reporting periods beginning on or after April 1, 2019. As per the Company's assessment, there are no material uncertainties over income tax treatments.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using applicable tax rates (and tax laws) enacted or substantially enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum Alternative Tax ('MAT')

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the standalone statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as a deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an deferred tax asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the year/period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

o) Provisions and Contingent Liabilities :

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

A contingent asset is disclosed where an inflow of economic benefits is probable.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

p) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt / equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

The Company follows ‘simplified approach’ for recognition of impairment loss allowance on Trade Receivable

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). The balance sheet presentation for various financial instruments is described below

- Financial assets measured at amortised cost, contractual revenue receivables and lease receivable , ECL is presented as as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Loan contract & financial guarantee contract, ECL is presented as a provision in the balance sheet, i.e as a liability.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a derivative financial instruments to manage its exposure to foreign exchange rate risks through foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

q) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

r) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and,

Diluted earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period adjusted for the effects of dilutive options.

s) Segment Reporting

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performances of the operating segments of the Company

t) Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted with the standalone financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

u) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores as per the requirement of Schedule III, unless otherwise stated.

Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new Indian Accounting Standards and / or amendments to existing Indian Accounting Standards. There is no such notification which would be applicable from 01 April 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 4. – Property, Plant and Equipment

Rupees (In Lakhs)

Description of Assets	Land - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Carrying Amount						
Balance as at 1 April 2020	2,510.21	34,742.38	628.82	57.87	85.46	38,024.74
Additions	2,242.75	38.53	3.05	–	0.78	2,285.11
Disposals	–	202.19	5.66	–	0.66	208.51
Deductions/adjustments	–	47.92	0.13	(40.03)	10.55	18.57
Balance as at 31 March 2021	**4,752.96**	**34,626.64**	**626.34**	**17.84**	**96.13**	**40,119.91**
II. Accumulated depreciation						
Balance as at 1 April 2020	–	6,149.41	457.84	11.74	37.75	6,656.74
Depreciation expense for the year	–	1,931.75	63.00	1.62	14.19	2,010.56
Disposals	**–**	**84.70**	**1.99**	**–**	**0.11**	**86.80**
Deductions/adjustments	–	20.90	0.03	(2.88)	0.84	18.89
Balance as at 31 March 2021	**–**	**8,017.36**	**518.89**	**10.48**	**52.67**	**8,599.39**
III. Net carrying amount (I-II)	**4,752.96**	**26,609.28**	**107.46**	**7.36**	**43.46**	**31,520.52**

Rupees (In Lakhs)

Description of Assets	Land - Freehold	Plant and Equipment - Freehold	Office Equipment	Furniture and Fixtures	Vehicles	Total
I. Gross Carrying Amount						
Balance as at 1 April 2019	2,510.21	34,564.26	611.22	57.19	63.12	37,806.00
Additions	–	234.42	23.69	0.68	22.34	281.13
Disposals	–	–	6.09	–	–	6.09
Deductions/adjustments	–	56.30	–	–	–	56.30
Balance as at 31 March 2020	**2,510.21**	**34,742.38**	**628.82**	**57.87**	**85.46**	**38,024.74**
II. Accumulated depreciation						
Balance as at 1 April 2019	–	4,214.26	364.86	10.16	27.60	4,616.88
Depreciation expense for the year	–	1,935.15	98.76	1.58	10.16	2,045.65
Deductions/adjustments	–	–	5.79	–	–	5.79
Balance as at 31 March 2020	**–**	**6,149.41**	**457.83**	**11.74**	**37.76**	**6,656.74**
III. Net carrying amount (I-II)	**2,510.21**	**28,592.97**	**170.99**	**46.13**	**47.70**	**31,368.00**

Note:
Refer note 15 for assets pledged as security

Note No. 5. – Other Intangible Assets

Rupees (In Lakhs)

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April 2020	417.29	417.29
Additions	18.72	18.72
Deductions/adjustments	10.00	10.00
Balance as at 31 March 2021	**446.01**	**446.01**
II. Accumulated depreciation		
Balance as at 1 April 2020	329.46	329.46
Amortisation expense for the year	45.92	45.92
Balance as at 31 March 2021	**375.38**	**375.38**
III. Net carrying amount (I-II)	**70.63**	**70.63**

Rupees

Description of Assets	Computer Software	Total
I. Gross Carrying Amount		
Balance as at 1 April 2019	323.95	323.95
Additions	93.34	93.34
Balance as at 31 March, 2020	**417.29**	**417.29**
II. Accumulated depreciation		
Balance as at 1 April 2019	307.16	307.16
Amortisation expense for the year	22.30	22.30
Balance as at 31 March, 2020	**329.46**	**329.46**
III. Net carrying amount (I-II)	**87.83**	**87.83**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 6. – Investments

Rupees (In Lakhs)

Particular	As at 31 March 2021 No. Of Shares	As at 31 March 2021 Amounts Non Current	As at 31 March 2020 No. Of Shares	As at 31 March 2020 Amounts Non Current
A. Investment in Subsidiaries in equity instrument measured at cost less impairments, if any				
Unquoted Investments (fully paid up)	**36,60,53,002**	**37,118.15**	36,60,00,964	37,123.48
Impairment in the value of investments (fully impaired during the year) (Refer note 36)	**(40,002)**	*** (527.38)**	–	–
Total	**36,60,13,000**	**36,590.77**	36,60,00,964	37,123.48
B. Investment in Joint Venture in equity instruments measured at cost less impairments, if any				
Unquoted Investments (fully paid up)	**2,43,02,520**	**2,429.58**	64,24,161	642.74
Total	**2,43,02,520**	**2,429.58**	64,24,161	642.74
C. Investment in Others in equity instruments measured at cost less impairments, if any				
Unquoted Investments (fully paid up)	**2,010**	**0.50**	2,010	0.50
TOTAL INVESTMENTS CARRYING VALUE (A) + (B) + (C)	**39,03,17,530**	**39,020.85**	37,24,27,135	37,766.72
List of entities				
Subsidiaries				
1. Mahindra Renewables Private Limited	**36,57,53,000**	**36,575.30**	36,58,60,962	36,586.10
2. Mahindra Teqo Private Limited	**1,00,000**	**10.00**	1,00,000	10.00
3. Mahindra Susten Bangladesh Private Limited (fully impaired during the year)*	**40,000**	**32.50**	40,000	32.50
(40000 shares of 100 BDT each)	**–**		–	
4. MSPE Urja SRL (fully impaired during the year)*	**1**	**484.89**	1	484.89
(1 lot of 10000 EUR)	**–**		–	
5. MSPL International DMCC (fully impaired during the year)*	**1**	**10.00**	1	10.00
6. Mega Surya Urja Private Limited	**1,50,000**	**4.47**	–	–
7. Martial Solren Private Limited	**10,000**	**1.00**	–	–
Joint Venture	**–**		–	
1. Marvel Solren Private Limited	**2,43,02,520**	**2,429.58**	64,24,161	642.74
Others	**–**		–	
1. The Zoroastrian Co-operative Bank Limited	**2,010**	**0.50**	2,010	0.50

Note No. 7. – Loans

Rupees (In Lakhs)

Particulars	As at 31 March 2021 Current	As at 31 March 2021 Non-Current	As at 31 March 2020 Current	As at 31 March 2020 Non-Current
a) Loans				
– Security Deposits	**253.56**	**–**	206.55	–
– Earnest Money Deposits	**116.51**	**178.65**	898.02	–
TOTAL (A)	**370.07**	**178.65**	1,104.57	–
b) Loans to related parties				
– Unsecured, considered good	**3,938.66**	**38,426.70**	12,291.17	25,750.70
– Credit impaired	**2,296.73**	**–**	–	–
Less: Allowance for Credit Losses (Refer note 36)	**(2,296.73)**	**–**	–	–
TOTAL (B)	**3,938.66**	**38,426.70**	12,291.17	25,750.70
TOTAL	**4,308.73**	**38,605.35**	13,395.73	25,750.70

Unsecured loan given to related parties includes

a. INR 38,426 Lakhs @ 11.50% as subordinated debt given to Mahindra Renewables Private Limited, subordinate to its borrowings.
b. INR 2,260 Lakhs @11.00% to Neo Solren Private Limited
c. INR 445 Lakhs @ 11.00% to Mahindra Teqo Private Limited
d. INR 1,089 Lakhs @ 11.00% to Bright Solar Private Limited
e. INR 2,297 Lakhs @ 4.50% to MSPL International DMCC. (Credit impaired in respect of which full allowance for credit losses)
f. INR 144 Lakhs @ 11.00% to Mega Surya Urja Private Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 8. – Other financial assets

Rupees (In Lakhs)

Particulars	As at 31 March 2021 Current	As at 31 March 2021 Non-Current	As at 31 March 2020 Current	As at 31 March 2020 Non-Current
Financial assets				
a) Interest accrued on Deposits:				
– Gross		**7,521.14**		5,739.74
– Allowance for Credit loss (Refer note 36)		**(48.86)**		–
– Net	**–**	**7,472.28**	–	5,739.74
b) Unbilled Revenue	**3,548.56**	**–**	7,284.53	–
c) Derivatives not designated as a hedging instruments	**–**	**–**	88.80	–
TOTAL	**3,548.56**	**7,472.28**	7,373.33	5,739.74

Note No. 9 - Current Tax and Deferred Tax

(i) Income Tax recognised in profit or loss

Rupees (In Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Current Tax:		
In respect of current year	**2,383.21**	2,152.32
In respect of prior years	**(376.76)**	–
Deferred Tax:		
In respect of current year	**(1,243.55)**	(118.74)
In respect of prior years	**1,984.74**	–
Total income tax expense	**2,747.64**	2,033.57

(ii) Income tax recognised in other Comprehensive income

Rupees (In Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Remeasurement of defined benefit obligaitons not reclassified to profit or loss	**77.74**	(13.34)
Total	**77.74**	(13.34)

(iii) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees (In Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
i) Profit before tax	**3,361.82**	6,216.59
ii) Corporate tax rate as per Income tax Act, 1961	**34.94%**	34.94%
iii) Tax on accounting profit (iii) = (i) X (ii)	**1,174.62**	2,172.33
Effect of income that is exempt from taxation	**(0.65)**	4.70
Effect of expenses that is non-deductible in determining taxable profit	**(34.31)**	(262.59)
Changes in recognised deductible temporary differences	**–**	119.14
iv) Total effect of Tax adjustment	**1,139.66**	2,033.57
v) Adjustments recognised in the current year in relation to the current tax of prior years	**1,607.98**	–
vi) Tax expense recognised during the year (vi) = (iv) + (v)	**2,747.64**	2,033.57

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

(iv) Movement in deferred tax balances

Rupees (In Lakhs)

Particulars	For the Year ended 31 March 2021					
	Opening Balance	Reclassification in between the components of deferred tax as at 1st April 2020 *	Restated opening balance (No change in the net amount) *	Recognised in profit and Loss #	Recognised in OCI	Closing Balance
A	B	C	D = B+C	E	F	G
Tax effect of items constituting deferred tax liabilities						
Property, plant and equipment and intangible assets:Impact of difference between written down value as per books of account and income tax	11,385.32	(2,916.43)	8,468.88	(193.39)	–	8,275.49
Unwinding of Financial liability	–	–	–	124.83	–	124.83
	11,385.32	(2,916.43)	8,468.88	(68.56)	–	8,400.32
Tax effect of items constituting deferred tax assets						
Employee Benefits	364.95		364.95	(173.71)	(77.74)	113.50
Provisions	2,073.65	1,984.74	4,058.39	(636.04)	–	3,422.34
Unabsorbed depreciation/carry forward losses	4,901.17	(4,901.17)	–	–	–	–
Minimum Alternate Tax Credit	1,381.16	–	1,381.16	589.06	–	1,970.22
	8,720.93	(2,916.43)	5,804.50	(220.69)	(77.74)	5,506.06
Net deferred tax liabilities	(2,664.39)	–	(2,664.39)	(152.13)	(77.74)	(2,894.26)

*** Note 9(a):**
During the year, the Management has reconciled the deferred tax balances and the components thereof as appearing in the books of the account with the related claims and computations of taxable income as included in the Company's Income Tax Returns over the past years. The result of this exercise has led to a reclassification of the components of deferred tax referred to in columns 'C' and 'D' of above note. This reclassification does not affect the net balance of Deferred Tax Liability carried in the balance sheet as at 31st March 2020.

 # Note 9(b):
Several of the projects carried out by the Company take a considerable time to complete and could carry over for multiple financial years. Accordingly, the tax effects of temporary differences between the accounting of expenses in the books of account, mainly arising out of provisions and management estimates, and its allowability under the Income tax Act, 1961 could also carry over multiple financial years. While carrying out the exercise of reconciliation referred to in above note and on completion of the assessments in respect of certain prior years, during the year, the management reassessed the recoverability of its Deferred Tax Assets as at 31st March, 2021 and accordingly reversed an amount of Rs. 1984.74 Lakhs as a charge to the statement of profit and loss.

Rupees (In Lakhs)

Particulars		For the Year ended 31 March 2020			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Recognised in Equity	Closing Balance
Tax effect of items constituting deferred tax liabilities					
Property, plant and equipment and intangible assets:Impact of difference between written down value as per books of account and income tax	11,266.18	119.14	–	–	11,385.32
	11,266.18	119.14	–	–	11,385.32
Tax effect of items constituting deferred tax assets					
Employee Benefits	378.24	(26.63)	13.34	–	364.95
Provisions	1,809.14	264.51	–	–	2,073.65
Unabsorbed depreciation/carry forward losses	4,901.17	–	–	–	4,901.17
Minimum Alternate Tax Credit	1,381.16	–	–	–	1,381.16
	8,469.71	237.88	13.34	–	8,720.93
Net deferred tax liabilities	(2,796.47)	118.74	13.34	–	(2,664.39)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 10 – Other assets

Rupees (In Lakhs)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	**Non-Current**	Current	Non-Current
(a) Capital advances	**–**	**1,006.77**	–	–
(b) Advances other than capital advances:				
(i) Balances with government authorities (other than income taxes)	**5,211.99**	**–**	1,929.99	–
(ii) Other advances				
- Advances to suppliers	**632.90**	**–**	3,867.29	–
- Advances to employees	**3.51**	**–**	110.35	–
- Prepaid Expenses	**181.58**	**–**	122.22	–
(c) Other Assets				
(i) Others	**117.61**	**458.75**	–	–
Total	**6,147.60**	**1,465.52**	6,029.85	–

Note No. 11 – Inventories

Rupees (In Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
(b) Project Inventory	**80.19**	690.54
(c) Stores and spares (Including Solar Water Pumps)	**1,123.42**	2,249.84
Total Inventories (at lower of cost and net realisable value)	**1,203.61**	2,940.38

Note:

(i) The cost of inventories recognised as an expense is disclosed in note no 23(a) & 23(b)

(ii) The cost of inventories recognised as an expense includes Rs 98.74 lakhs (31 March 2020: Nil) in respect of write-down of inventory to net realisable value

(iii) The carrying amount of inventories is provided as a charge against working capital limits provided by banks.

Note No. 12 – Trade receivables

Rupees (In Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Trade receivables		
(a) Unsecured, considered good	**44,211.69**	51,502.80
(b) Credit Impaired	**75.82**	–
Less: Allowance for Credit Losses	**(75.82)**	–
	–	–
TOTAL	**44,211.69**	51,502.80
Of the above, trade receivables from:		
- Related Parties	**11,673.70**	18,891.75
- Others	**32,537.99**	32,611.05
Total	**44,211.69**	51,502.80

Note: 1
The Company has initiated arbitration proceedings against one of its customers, in order to claim an outstanding principal amount of Rs 774.69 Lakhs. The Customer has withheld the Company's aforesaid outstanding amounts. In view of the terms of the contract, the Company is confident of a favourable outcome in the arbitration proceedings which would enable it to recover the outstanding, as above, is not tenable.

Note: 2
There are no Debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note: 3
The credit period given to customers range from 30 days to 90 days

Note: 4
All trade receivables have been pledged (first charge) to secure the current borrowings of the Company (Refer Note 17).

Note: 5
Refer Note 28 - Financial Instruments - for disclosures related to credit risk, allowance for trade receivables under expected credit loss model and other disclosure

Note No. 13 - Cash and Cash equivalents

Rupees (In Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Cash and cash equivalents		
Balances with banks	**3,419.01**	8,056.83
Cash on hand	**6.05**	–
Total Cash and cash equivalents	**3,425.06**	8,056.83
Other Bank Balances		
Fixed Deposit with Maturity greater then 3 months	**1,611.97**	–
Margin Money Deposits with maturity greater than 3 months	**–**	0.42
Total Other Bank balances	**1,611.97**	0.42

Reconcliation of Cash and Cash Equivalents

Rupees (In Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Total Cash and Cash Equivalents as per Balance Sheet	**3,425.06**	8,056.83
Total Cash and Cash Equivalents as per Statement of Cashflow	**3,425.06**	8,056.83

Note No. 14 A - Equity Share Capital

Rupees (In Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised:		
Equity shares of Rs 10 each with voting rights	**20,000.00**	20,000.00
Issued, Subscribed and Fully Paid up:		
Equity shares of Rs. 10 each with voting rights	**19,546.17**	19,546.17
Total	**19,546.17**	19,546.17

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rupees (In Lakhs)

Particulars	Opening Balance	Fresh Issue	Closing Balance
Equity Shares with Voting rights			
Period Ended 31 March 2021			
No. of Shares	**19,54,61,728**	**–**	**19,54,61,728**
Amount (In Lakhs)	**19,546.17**	**–**	**19,546.17**
Year Ended 31 March 2020			
No. of Shares	16,82,61,728	2,72,00,000	19,54,61,728
Amount (In Lakhs)	16,826.17	2,720.00	19,546.17

(ii) Details of shares held by the holding company:

Particulars	No. of Shares Equity Shares with Voting rights
As at 31 March 2021	
Mahindra Holdings Limited	**19,54,61,728**
As at 31 March 2020	
Mahindra Holdings Limited	19,54,61,728

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	**As at 31 March 2021** Number of shares held	**As at 31 March 2021** % holding in that class of shares	As at 31 March 2020 Number of shares held	As at 31 March 2020 % holding in that class of shares
Equity shares with voting rights				
Mahindra Holdings Limited, the Holding Company	**19,54,61,728**	**100%**	19,54,61,728	100%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 14 B - Other Equity:

Rupees (In Lakhs)

Particulars	**As at 31 March 2021**	As at 31 March 2020
(i) Securities Premium	**52,222.42**	52,222.42

Note:
Securities premium is used to record the excess of the amount received over the face value of the shares. This reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

(ii) Other Reserves (ESOP)

Rupees (In Lakhs)

Particulars	**As at 31 March 2021 Amount**	As at 31 March 2020 Amount
Balances as at beginning of the year	**307.82**	307.82
Additional provision due to changes in fair value	**177.33**	–
Balances as at end of the year	**485.14**	307.82

Note No. 15 - Non-Current Borrowings

Rupees (In lakhs)

Particulars	Rate of Interest %	Maturity	**As at 31 March 2021 Amount**	As at 31 March 2020 Amount
Measured at amortised cost				
Secured Borrowings:				
HDFC Term Loan	7.35	Sep' 2034	**22,299.42**	19,755.78
(Repayable in 59 quarterly installments, last installment falling due on Sep 2034)				
Total Borrowings	–	–	**22,299.42**	19,755.78

Note:

a) Company has availed term loan of INR 3,962 lakhs during the year which is been used for under construction of project in Rajasthan.

b) Term loan is secured by creation of charge over the assets of 60 Mwp power plant situated in Goyalri, Rajasthan

c) There are no defaults in repayment of interest and principal

Note No. 16 - Provisions

Rupees (In Lakhs)

Particulars	**As at 31 March 2021**		As at 31 March 2020	
	Current	**Non-Current**	Current	Non-Current
(a) Provision for employee benefits				
(1) Leave Encashment	**93.38**	**169.85**	28.77	485.58
(2) Gratuity	**–**	**61.61**	–	155.51
(b) Other Provisions				
(1) Warranty	**1,387.54**	**5,533.28**	1,711.54	4,980.87
Total Provisions	**1,480.92**	**5,764.74**	1,740.31	5,621.96

Details of movement in Other Provisions is as follows:

Particulars	**Warranty claims**	**Other Provisions**	**Total**
Balance at 1 April 2019	6,122.67	785.47	6,908.14
Additional provisions recognised	1,866.31	–	1,866.31
Amounts used during the year	(910.74)	–	(910.74)
Unused amounts reversed during the year	(60.00)	(115.61)	(175.61)
Unwinding of discount and effect of changes in the discount rate	(325.82)	–	(325.82)
Balance at 31 March 2020	**6,692.42**	**669.86**	**7,362.28**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Particulars	Warranty claims	Other Provisions	Total
Balance at 1 April 2020	6,692.42	669.86	7,362.29
Additional provisions recognised	1,516.04	(338.87)	1,177.17
Amounts used during the year	(831.09)	(6.16)	(837.24)
Unused amounts reversed during the year	(780.58)	–	(780.58)
Unwinding of discount and effect of changes in the discount rate	324.02	–	324.02
Balance at 31 March 2021	**6,920.83**	**324.83**	7,245.66

Warranty Claims:

Provision for warranty represents present value of management's best estimate of the future outflow of economic benefits that will be required in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. Management estimates the related provision for future warranty claims based on historical warranty claim information and is adjusted regularly to reflect new information. The products are generally covered under a free warranty period upto 5 years. It is expected that most of these costs may be incurred in the next five financial years.

Note No. 17 - Current Borrowings

Rupees (In Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Secured Borrowings		
Loans repayable on demand		
(1) WCDL from bank	**2,360.00**	8,950.00
(2) Short Term loan	**30,000.00**	13,500.00
(3) Buyers Credit	**16,159.51**	3,375.10
Total Current Borrowings	**48,519.51**	25,825.10

Note:

The Company has various working capital limits from banks.

As at March 31, 2021 the Company has availed Buyers' Credit of INR 16,159 Lakhs (2020: INR 3,375 Lakhs) at libor plus varying premium for its working capital needs.

Out of the above availment, INR 15,675 Lakhs has been used for under construction 200 MW power plant at SECI Rajasthan.

As at March 31, 2021 the Company has drawn INR 32,360 Lakhs. (2020: INR 22,450 Lakhs) against various sanctioned funded limits. The interest rate for the said borrowings range from 5.50 % - 6.85% p.a. The said borrowings are secured against the working capital of the Company.

Note No. 18 - Trade Payables

Rupees (In Lakhs)

	As at 31 March 2021	As at 31 March 2020
Particulars	**Current**	Current
Trade payable - Other than micro and small enterprises	**27,822.55**	34,576.23
Total trade payables	**27,822.55**	34,576.23

Note

There are no amounts due to micro and small enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act).

The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Note No. 19 - Other Financial Liabilities

Rupees (In Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Other Financial Liabilities Measured at Amortised Cost		
Current		
(a) Current maturities of long-term debt	**1,113.68**	1,046.18
(b) Creditors for Capital Goods	**13,972.40**	–
(c) Interest accrued but not due	**152.95**	672.76
Other Financial Liabilities Measured at Fair value		
(a) Derivatives designated and effective as hedging instruments	**453.60**	–
Total Other Financial Liabilities	**15,692.63**	1,718.94

Note No. 20 - Other Liabilities

Rupees (In Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
a. Advances received from customers	**4,212.11**	2,464.22
b. Statutory dues		
- taxes payable (other than income taxes)	**300.82**	98.22
Total Other Liabilities	**4,512.93**	2,562.44

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 21 - Revenue from Operations

The following is an analysis of the company's revenue for the year.

Rupees (In Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) Revenue from EPC Contracts	**79,284.13**	1,88,998.52
(b) Revenue from rendering of services	**2,002.65**	7,865.35
(c) Sale of Solar Water Pumps	**6,624.41**	3,366.15
(d) Construction contract revenue	**6.06**	4,181.03
(e) Sale of power	**6,135.96**	6,297.93
(f) Other operating revenue:		
(i) Scrap Sales	**174.38**	166.34
(ii) Income from Carbon credit	**–**	141.55
(iii) Other - Shared service income	**1,001.07**	505.91
Total Revenue from Operations	**95,228.66**	2,11,522.78

Note:

A. Disaggregated Revenue Information:

Revenue from contracts with customers is disaggregated by primary geographical area and the type of contract of revenue recognition. Disaggregated revenue with the Company's reportable segments is given in the note 32.

B. Reconciliation of Contract Assets & Contract Liabilities:

Rupees (In Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Contract Assets		
Unbilled Receivable		
At the beginning of the year	**7,284.53**	26,243.52
Less: Bill during the year	**(97,789.18)**	(2,29,667.97)
Add: Revenue recognised during the year	**94,053.21**	2,10,708.98
At the end of the year	**3,548.56**	7,284.53
Contract Liability		
Advance from customer		
At the beginning of the year	**2,464.22**	7,779.06
Addition/(Applied) during the year	**1,747.89**	(5,314.84)
At the end of the year	**4,212.11**	2,464.22

C. Reconciliation of revenue as per Ind AS 115:

Rupees (In Lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Revenue as per contracted prices	**94,146.51**	2,10,730.97
Less: Deferment of revenue pertaining to free Operation & Maintenance	**(93.30)**	(21.99)
Revenue from contract with customers	**94,053.21**	2,10,708.98

Note No. 22 – Other Income

Rupees (In Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) Interest Income		
(1) On Financial Assets at Amortised Cost	**4,733.94**	4,843.60
(2) On Financial Assets at FVTPL	**372.21**	–
(b) Dividend Income		
(1) Mutual Funds	**1.87**	13.45
(c) Liability no longer required written back	**501.98**	–
Total Other Income	**5,610.00**	4,857.05

Note No. 23(a) - Cost of materials consumed

Rupees (In Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Opening stock	**2,249.84**	900.41
Add: Purchases	**75,382.98**	1,66,869.17
	77,632.82	1,67,769.58
Less: Closing stock	**1,123.42**	2,249.84
Cost of materials consumed	**76,509.40**	1,65,519.74

Note 23(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade

Rupees (In Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Inventories at the end of the year:		
Work-in-progress	**80.19**	690.54
	80.19	690.54
Inventories at the beginning of the year:		
Work-in-progress	**690.54**	2,570.00
	690.54	2,570.00
Net (increase)/decrease	**610.35**	1,879.46

Note No. 24 - Employee Benefits Expense

Rupees (In Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) Salaries and wages, including bonus	**6,346.36**	11,030.30
(b) Contribution to provident and other funds	**384.55**	486.79
(c) Share based payment transactions expenses		
Expense due to changes in fair value	**177.33**	**–**
(d) Staff welfare expenses	**91.91**	326.06
Total Employee Benefit Expense	**7,000.15**	11,843.15

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Movement in Share Options

Particulars	Equity-settled share-based payments: Number of Shares (in lakhs)	Weighted average exercise price (in INR)
1. The number and weighted average exercise prices of share options outstanding at the beginning of the period;	**47.16**	32,40,266 @ 17 7,95,535 @ 35.81 6,80,183 @ 49.27
2. Granted during the year	**–**	NA
3. Forfeited during the year	**1.67**	7,703 @ 17 23,866 @ 35.81 1,35,136 @ 49.27
4. Exercised during the year	**–**	NA
5. Expired during the year	**–**	NA
6. Outstanding at the end of the year	**45.49**	32,32,563 @ 17 7,71,669 @ 35.81 5,45,047 @ 49.27
7. Exercisable at the end of the year	**45.49**	32,32,563 @ 17 7,71,669 @ 35.81 5,45,047 @ 49.27

Note No. 25 - Finance Cost (Net)

Rupees (In Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) Interest expense	**2,865.38**	2,757.21
Less: Amounts included in the cost of qualifying assets	**(195.77)**	–
(b) Discounting of long term financial assets	**471.13**	(325.82)
Total finance costs (Net)	**3,140.74**	2,431.39

Note No. 26 - Other Expenses

Rupees (In Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) Rent including lease rentals	**346.70**	609.30
(b) Rates and taxes	**0.23**	14.61
(c) Insurance	**263.56**	153.62
(d) Repairs and maintenance - Others	**113.56**	90.91
(e) Advertisement	**48.51**	179.20
(f) Travelling and Conveyance Expenses	**72.45**	1,001.84
(g) Net loss / (gain) on foreign currency transactions net off Derivative gain/ loss (other than considered as finance costs)	**317.39**	281.71
(h) Auditors remuneration and out-of-pocket expenses (excl. taxes)	**22.38**	16.46
(i) Statutory Audit Fees	**16.00**	12.50
(ii) Tax Audit Fees	**–**	2.20
(iii) Limited Review fees	**5.00**	–
(iv) Company Law matters	**–**	1.00
(v) Certification & Other services	**0.70**	0.56
(v) Out of Pocket Expenses	**0.68**	0.20
(i) Other expenses		
(i) Warranty Expenses (Net) [Refer Note 16]	**735.47**	1,806.31
(ii) Legal and other professional costs	**1,410.73**	784.40
(iii) Bank Charges	**107.36**	706.79
(iv) Power & Fuel	**0.26**	83.68
(v) Communication expenses	**3.64**	130.40
(vi) CSR Expenses [Refer note below]	**181.09**	148.90
(vii) Printing & Stationary	**11.22**	32.90
(viii) Software Expenses	**180.55**	200.88
(ix) Training	**18.89**	89.98
(x) Research and Development	**191.02**	281.12
(xi) Miscellaneous expenses	**308.53**	151.98
Total Other Expenses	**4,333.54**	6,765.01

Note: Details of CSR Expenditure

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Amount required to be spent by Company	**181.09**	148.90
Amount spent during the year:		
(i) Construction /acquisition of any assets	**–**	–
(ii) On purpose other than construction or acquisition of any other asset....	**181.09**	148.90
Amount unspent	**–**	–

Note No. 27 - Earnings per Share

Rupees (In Lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Basic Earnings per share	**0.31**	2.19
Diluted Earnings per share	**0.31**	2.15

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Rupees (In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Profit/(loss) for the year attributable to owners of the Company	**614.18**	4,183.02
Weighted average number of equity shares	**1,954.62**	1,909.90
Basic Earnings per share from operations	**0.31**	2.19

Diluted earnings per share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

Rupees (In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Profit/(loss) for the year used in the calculation of basic earnings per share	**614.18**	4,183.02
Weighted average number of equity shares	**2,000.11**	1,944.88
Diluted Earnings per share from operations	**0.31**	2.15

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Rupees (In Lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
Weighted average number of equity shares used in the calculation of Basic EPS	**1,954.62**	1,909.90
Add: Effect of Warrants, ESOPs	**45.49**	34.97
Weighted average number of equity shares used in the calculation of Diluted EPS	**2,000.11**	1,944.88

Note No. 28 – Financial Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a periodic basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31 March 2021 and 31 March 2020 is as follows:

	31-Mar-21	31-Mar-20
Debt (A)	**71,933**	46,627
Equity (B)	**99,828**	98,891
Debt Ratio (A/B)	**0.72**	0.47

Categories of financial assets and financial liabilities

As at 31 March 2021
Rupees (In Lakhs)

	Cost	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets					
Investments	**39,020.85**	–	–	–	**39,020.85**
Loans	–	**38,605.35**	–	–	**38,605.35**
Other Financial Assets					
– Non Derivative Financial Assets	–	**7,472.28**	–	–	**7,472.28**
Current Assets					
Investments					
Trade Receivables	–	–	–	–	–
Other Bank Balances	–	**44,211.69**	–	–	**44,211.69**
Loans	–	**1,611.97**	–	–	**1,611.97**
Other Financial Assets	–	**4,308.73**	–	–	**4,308.73**
– Non Derivative Financial Assets	–	**3,548.56**	–	–	**3,548.56**
– Derivative Financial Assets	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

As at 31 March 2021
Rupees (In Lakhs)

	Cost	Amortised Costs	FVTPL	FVOCI	Total
Non-current Liabilities					
Borrowings	–	22,299.42	–	–	22,299.42
Current Liabilities					
Borrowings	–	48,519.51	–	–	48,519.51
Trade Payables	–	27,822.55	–	–	27,822.55
Other Financial Liabilities					
- Interest accrued but not due	–	152.95	–	–	152.95
- Creditors for capital goods	–	13,972.40	–	–	13,972.40
- Derivative Financial Liabilities	–	–	453.60	–	453.60
- Current maturities of long-term debt	–	1,113.68	–	–	1,113.68

As at 31 March 2020
Rupees (In Lakhs)

	Cost	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets					
Investments	37,766.72	–	–	–	37,766.72
Loans	–	25,750.70	–	–	25,750.70
Other Financial Assets					
– Non Derivative Financial Assets	–	5,739.74	–	–	5,739.74
Current Assets					
Investments	–	–	–	–	–
Trade Receivables	–	51,502.80	–	–	51,502.80
Other Bank Balances	–	0.42	–	–	0.42
Loans		13,395.73	–	–	13,395.73
Other Financial Assets	–	–	–	–	–
– Non Derivative Financial Assets	–	7,284.53	–	–	7,284.53
– Derivative Financial Assets	–	88.80	–	–	88.80
Non-current Liabilities					
Borrowings	–	19,755.78	–	–	19,755.78
Current Liabilities					
Borrowings	–	25,825.10	–	–	25,825.10
Trade Payables	–	34,576.23	–	–	34,576.23
Other Financial Liabilities					
– Interest accrued but not due	–	672.76	–	–	672.76
– Derivative Financial Liabilities	–	–	–	–	–
– Current maturities of long-term debt	–	1,046.18	–	–	1,046.18

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel , where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterpaty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-agencies.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The Company based on its assessment has created provision of Rs.29 lakhs (Nil March 31, 2020) has been provided in the statement of profit and loss.

The loss allowance provision is determined as follows:

As at 31 March 2021
Rupees (In Lakhs)

	Not due	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate..	**0.02%**	**0.21%**	**0.23%**	**0.07%**
Gross carrying amount.................	**33,386.12**	**7,179.46**	**3,731.60**	**44,297.18**
Loss allowance provision	**5.24**	**15.39**	**8.40**	**29.03**

Losses recognised in the year based on 12 month expected credit losses is Rs 29 lakhs (31 March 20: Nil)

LIQUIDITY RISK

(i) Liquidity risk management

The mangement of the Company has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rupees (In Lakhs)

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial liabilities				
31-Mar-21				
Trade Payables.......	**27,822.55**	–	–	–
Creditors for capital goods....................	**13,972.40**	–	–	–
Interest accured but not due.................	**152.95**	–	–	–
Variable interest rate instruments...........	**49,633.19**	**3,857.00**	**4,723.94**	**13,718.49**
Total	**91,581.10**	**3,857.00**	**4,723.94**	**13,718.49**
31-Mar-20				
Trade Payables.......	34,576.23	–	–	–
Non Derivative Financial Liabilities ..	672.76	–	–	–
Variable interest rate instruments...........	26,871.28	2,092.35	2,510.82	15,152.61
Total	62,120.26	2,092.35	2,510.82	15,152.61

The following table details the Company's / Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

Rupees (In Lakhs)

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Derivative financial instruments				
31-Mar-21				
Net settled:				
– Interest rate swaps	–	–	–	–
– Foreign exchange forward contracts	**453.60**	–	–	–
Total	**453.60**	–	–	–
31-Mar-20				
Net settled:				
– Interest rate swaps	–	–	–	–
– Foreign exchange forward contracts	–	–	–	–
Total	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

(iii) Financing arrangements

The Company had access to following undrawn borrowing facilities at the end of the reporting period:

Rupees (In Lakhs)

Particulars	31-Mar-21 INR	31-Mar-20 INR
Secured Bank Overdraft facility		
– Expiring within one year................	**2,360.00**	8,950.00
– Expiring beyond one year..............	–	–
	2,360.00	8,950.00

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rupees (In Lakhs)

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial assets				
31-Mar-21				
Investments	–	–	–	–
Trade Receivables	**44,211.69**	–	–	–
Other bank balances	**1,611.97**	–	–	–
Non Derivative Financial Assets	**11,020.84**	–	–	–
Fixed interest rate instruments	**42,914.08**	–	–	–
Total	**99,758.58**	–	–	–
31-Mar-20				
Investments	–	–	–	–
Trade Receivables	51,502.80	–	–	–
Other bank balances	0.42	–	–	–
Non Derivative Financial Assets	13,024.27	–	–	–
Derivative Financial Assets	88.80	–	–	–
Fixed interest rate instruments	38,041.87	–	–	–
Total	1,02,658.16	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's / Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging the transactions at the time the Company enters into a contract with its customers by passing the exchange risk to the customer. The foreign curency borrowings are entirely hedged for the entire period of the borrowing.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Rupees (In Lakhs)

Particulars	Currency	31-Mar-21	31-Mar-20
Trade Receivables.......................	USD	**678.16**	8,214.64
Trade Payables	USD	**5,313.90**	5,744.86
Secured Bank Loans	USD	**16,159.51**	3,367.28

Of the above foreing currency exposures, the following exposures are not hedged by a derivative:

Rupees (In Lakhs)

Particulars	Currency	31-Mar-21	31-Mar-20
Trade Receivables.......................	USD	**678.16**	8,214.64
Trade Payables (Refer Note 1).......	USD	**345.15**	640.65
Secured Bank Loans	USD	–	**664.86**

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

	Currency	Change in rate	Effect on profit before tax	Effect on pre-tax equity
31-Mar-21	USD	+10%	33.30	–
	USD	-10%	(33.30)	–
31-Mar-20	USD	+10%	690.91	–
	USD	-10%	(690.91)	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Profit is more sensitive to movements in the INR/USD rates in 2021 than 2020 because of the increased USD denominated trade payables. Trade Payables on goods traded are hedged by way of a clause in the contract with the customers wherein the foreign currency risk is transferred to the customer.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/decrease in basis points	Effect on profit before tax
31-Mar-21	**INR**	**+50**	**(242.60)**
	INR	**-50**	**242.60**
31-Mar-20	INR	+50	(129.13)
	INR	-50	129.13

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note No. 29 - Fair Value Measurement

Fair Valuation Techiques and Inputs used - recurring Items

Rupees

Financial assets/financial liabilities measured at Fair value	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31-Mar-21	31-Mar-20				
Financial liabilities						
Other Financial Liabilities						
1) Foreign currency forward contracts	**453.60**	-	Level 2	Derivative valuation by Banks	NA	**NA**
Total financial liabilities	**453.60**	–				

There were no transfers between level 1 and level 2 for recurring fair value measurements during the year.

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees (In Lakhs)

	31-Mar-21		31-Mar-20	
Particulars	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– investments in instruments	**548.71**	**548.71**	1,104.57	1,104.57
– loans to related parties	**42,365.36**	**37,502.03**	38,041.86	33,019.47
– trade and other receivables	**44,211.69**	**44,211.69**	51,502.80	51,502.80
– Others	**12,632.81**	**12,632.81**	13,113.49	13,113.49
Total	**99,758.58**	**94,895.25**	1,03,762.72	98,740.33
Financial liabilities				
Financial liabilities held at amortised cost				
– bank loans	**71,932.61**	**71,932.61**	46,627.06	46,627.06
– trade and other payables	**42,401.51**	**42,401.51**	35,248.98	35,248.98
Total	**1,14,334.12**	**1,14,334.12**	81,876.04	81,876.04

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Fair value hierarchy as at 31 March 2021
Rupees (In Lakhs)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Security deposits & Earnest money deposits	–	–	**548.71**	**548.71**
– loans to related parties	–	–	**37,502.03**	**37,502.03**
– trade and other receivables	–	–	**44,211.69**	**44,211.69**
– Others	–	–	**12,632.81**	**12,632.81**
Total	–	–	**94,895.25**	**94,895.25**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	–	–	**71,932.61**	**71,932.61**
– trade and other payables	–	–	**42,401.51**	**42,401.51**
Total	–	–	**1,14,334.12**	**1,14,334.12**

Fair value hierarchy as at 31 March 2020
Rupees (In Lakhs)

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Security deposits & Earnest money deposits	–	–	1,104.57	1,104.57
– loans to related parties	–	–	33,019.47	33,019.47
– trade and other receivables	–	–	51,502.80	51,502.80
– Others	–	–	13,113.49	13,113.49
Total	–	–	98,740.33	98,740.33
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	–	–	46,627.06	46,627.06
– trade and other payables	–	–	35,270.80	35,270.80
Total	–	–	81,897.86	81,897.86

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties.

Note No. 30 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating INR 240 Lakhs (2020: INR 144 Lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employees. The benefit vests upon completion of five years of continuous service and once vested it is payable

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	
	31-Mar-21	31-Mar-20
Discount rate(s)	**6.95%**	6.80%
Expected rate(s) of salary increase	**8.00%**	8.00%

Defined benefit plans – as per actuarial valuation on 31st March, 2021

		Rupees
	Funded Plan	Funded Plan
Particulars	**Gratuity**	
	2021	2020
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**124.82**	132.57
Past service cost and (gains)/losses from settlements	**–**	–
Net interest expense	**9.89**	11.64
Components of defined benefit costs reconised in profit or loss	**134.71**	144.21
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amunt included in net interest expense)	**(43.55)**	(4.75)
Actuarial gains and loss arising form changes in financial assumptions	**(1.99)**	82.78
Actuarial gains and loss arising form experience adjustments	**(89.08)**	(39.85)
Actuarial gains and loss arising from changes in demograpics	**(87.84)**	–
Componenets of defined benefit costs recognised in other comprehensive income	**(222.46)**	38.18
Total	**(87.74)**	182.39
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of defined benefit obligation as at 31st March	**414.57**	528.38
2. Fair value of plan assets as at 31st March	**352.96**	372.87
3. Surplus/(Deficit)	**61.61**	155.51
4. Current portion of the above	**–**	–
5. Non current portion of the above	**61.61**	155.51
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**528.38**	398.13
2. Add/(Less) on account of Scheme of Arrangement/Business		
Transfer		
3. Expenses Recognised in Profit and Loss Account		
– Current Service Cost	**124.82**	129.68
– Interest Expense (Income)	**35.54**	29.79
4. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	**(87.84)**	–
ii. Financial Assumptions	**(1.99)**	82.78
iii. Experience Adjustments	**(89.08)**	(39.85)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Particulars	Funded Plan	Rupees Funded Plan
	Gratuity	
	2021	2020
5. Benefit payments	**(95.27)**	(23.68)
6. Liabilities assumed/(settled)	–	(48.46)
7. Present value of defined benefit obligation at the end of the year	**414.57**	528.38
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**372.87**	226.34
2. Employer Contributions	**6.16**	147.30
3. Interest on plan assets	**25.65**	18.15
Remeasurement due to:		
– Actual return on plan assets	**43.55**	4.75
4. Benefits paid	**(95.27)**	(23.68)
5. Fair value of plan assets at the end of the year	**352.96**	372.87
IV. The Major categories of plan assets		
– List the plan assets by category here		
Insured Funds	**LIC investments**	LIC investments
V. Actuarial assumptions		
1. Discount rate	**6.95%**	6.80%
2. Attrition rate	**8.00%**	8.00%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
			Rupees (In Lakhs)	
Discount rate	**2021**	**1.00%**	**-3.09%**	**3.29%**
	2020	1.00%	-15.67%	19.66%
Salary growth rate	**2021**	**1.00%**	**3.13%**	**-3.00%**
	2020	1.00%	15.37%	-14.08%

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

	2021	2020
Within 1 year	**123.01**	11.33
1–2 year	**97.91**	13.91
2–3 year	**78.57**	17.13
3–4 year	**60.87**	16.64
4–5 year	**44.20**	16.88
5–10 years	**88.51**	88.54
10 years & above	**37.97**	1,974.39

The weighted average duration of the defined benefit obligation as at 31 March 2021 is 3.18 years (2020: 17.50 years)

Rupees (In Lakhs)

VIII. Experience Adjustments :	Period Ended **2021**	2020	2019	2018	2017
	Gratuity				
1. Defined Benefit Obligation					
2. Fair value of plan assets	**–**	–	–	–	–
3. Surplus/(Deficit)	**–**	–	–	–	–
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**89.08**	39.85	12.03	57.08	16.28
5. Experience adjustment on plan assets [Gain/(Loss)]	**–**	–	–	–	–

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note No. 31 - Related Party Transactions

Relationships:	**Name:**
Ultimate Holding	Mahindra & Mahindra Limited
Parent Company	Mahindra Holdings Limited
Subsidiaries	1. Mahindra Renewables Pvt Ltd 2. Astra Solren Pvt Ltd 3. Neo Solren Pvt Ltd 4. Mega Surya Urja Pvt Ltd 5. Mahindra Teqo Pvt Ltd 6. MSPL International DMCC 7. Martial Solren Pvt Ltd
Joint venture	Marvel Solren Pvt Ltd
Key Managerial Persons (KMP)	**Managing Director:** 1. Basant Jain **Non Executive Director:** 1. Anup Shah 2. Chandrasekar Kandasamy 3. Diwakar Gupta 4. Satish Kamat
Fellow Subsidiaries	1. Mahindra Intratrade Pvt Limited 2. Mahindra and Mahindra Powerol Ltd 3. Bristlecone India Pvt Ltd 4. Bright Renewable Energy Pvt Ltd 5. Mahindra Steel Services Centre Ltd 6. Mahindra Engineering & Chemical Products Ltd 7. Mahindra Integrated Business Solutions Pvt Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Details of transaction between the Company and its related parties are disclosed below:

Rupees (In Lakhs)

Particulars	For the year ended	Ultimate Holding and Parent Company	Subsidiaries	Joint venture	KMP of the Company	Fellow Subsidiaries
Nature of transactions with Related Parties						
Sale of goods	**31-Mar-21**	**160.63**	**26,065.51**	**2,966.21**	**–**	**1,756.96**
	31-Mar-20	1,627.92	17,171.73	1,947.48	–	41.82
Purchase of goods	**31-Mar-21**	**–**	**–**	**–**	**–**	**611.89**
	31-Mar-20	47.39	25.80	–	–	35.77
Receiving of services.....	**31-Mar-21**	**2.00**	**316.56**	**–**		**–**
	31-Mar-20	–	–	–	–	–
Loans given...................	**31-Mar-21**	**–**	**58,394.32**	**–**	**–**	**499.00**
	31-Mar-20	–	10,002.30	–	–	–
Loans given refunded....	**31-Mar-21**	**–**	**51,466.14**	**806.96**	**–**	**–**
	31-Mar-20	–	4,396.99	–	–	–
Interest income	**31-Mar-21**	**–**	**4,269.87**	**6.09**	**–**	**76.66**
	31-Mar-20	–	4,017.21	171.75	–	–
Equity contribution by the Company	**31-Mar-21**	**–**	**5.47**	**1,786.84**	**–**	**–**
	31-Mar-20	–	8,495.80	–	–	–
Equity contribution to the Company	**31-Mar-21**	**–**	**–**	**–**	**–**	**–**
	31-Mar-20	13,600.00	–	–	–	–
Commission to non executive director	**31-Mar-21**	**–**	**–**	**–**	**5.00**	**–**
	31-Mar-20	–	–	–	5.00	–
Sitting fees to non executive director	**31-Mar-21**	**–**	**–**	**–**	**4.40**	**–**
	31-Mar-20	–	–	–	1.80	–
Remuneration to managing director	**31-Mar-21**	**–**	**–**	**–**	**201.53**	**–**
	31-Mar-20	–	–	–	–	–

Nature of Balances with Related Parties	Balance as on	Parent Company	Subsidiaries	Joint venture	KMP of the Company	Other related parties
Trade Receivable	**31-Mar-21**	**–**	**9,809.65**	**1,864.05**	**–**	–
	31-Mar-20	729.33	16,562.45	1,599.97	–	–
Trade payables	**31-Mar-21**	**270.67**	**116.32**	**–**	**–**	**314.60**
	31-Mar-20	–	318.23	–	–	8.14
Loans & advances given	**31-Mar-21**	**–**	**41,276.36**	**–**	**–**	**1,089.00**
	31-Mar-20	–	38,041.87	–	–	–
Guarantee given	**31-Mar-21**	**–**	**16,229.02**	**–**	**–**	**–**
	31-Mar-20	–	23,955.00	–	–	–
Interest Receivable	**31-Mar-21**	**–**	**7,362.29**	**–**	**–**	**103.87**
	31-Mar-20	–	4,033.09	–	–	171.75

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 32 - Segment Information:

The Company is primarily engaged in the business of Sale of Power and turnkey solution for Engineering, Procurement & Construction projects (EPC) along with sale of solar water pumps. The Company's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on financial information for Sale of Power and EPC. Accordingly, the Company has determined its reportable segments under Ind AS 108 Operating Segments as follows:

- Sale of Power
- EPC & Others

A Segment revenue and profits

Analysis of Company's revenue & result by reportable segment for FY 2020-21

Rupees (In Lakhs)

	Segment		
	Sale of Power	**EPC & Others**	**Total**
Revenue			
External Sales	6,135.96	87,917.25	94,053.21
Inter Segment sales	–	–	–
Total Revenue	**6,135.96**	**87,917.25**	**94,053.21**
Result			
Segment Profit	3,658.66	1,428.59	5,087.25
Net Unallocable (Expense)/Income			(1,725.43)
Profit/(Loss) before tax			3,361.82
Income tax			(2,747.64)
Profit/(Loss) before tax			**614.18**

Analysis of Company's revenue & result by reportable segment for FY 2019-20

Rupees (In Lakhs)

	Segment		
	Sale of Power	**EPC & Others**	**Total**
Revenue			
External Sales	6,297.93	2,04,552.60	2,10,850.53
Inter Segment sales	–	–	–
Total Revenue	**6,297.93**	**2,04,552.60**	**2,10,850.53**
Result			
Segment Profit	3,951.61	1,296.48	5,248.09
Net Unallocable (Expense)/Income			968.50
Profit/(Loss) before tax			6,216.59
Income tax			(2,033.57)
Profit/(Loss) before tax			**4,183.02**

B

Rupees (In Lakhs)

Segment Assets	**As at 31 March 2021**	As at 31 March 2020
Sale of Power	**76,198.99**	31,321.64
EPC & Others	**57,326.75**	69,085.12
Total	**1,33,525.74**	1,00,406.76
Unallocable Assets	**95,288.92**	92,949.86
Total Assets	**2,28,814.66**	1,93,356.62

C

Rupees (In Lakhs)

Segment Liability	**As at 31 March 2021**	As at 31 March 2020
Sale of Power	**13,972.40**	–
EPC & Others	**40,034.74**	44,500.95
Total	**54,007.14**	44,500.95
Unallocable Liability	**74,979.83**	49,964.21
Total Liability	**1,28,986.97**	94,465.16

D Other Segmental Informations

Rupees (In Lakhs)

Segment	**Depreciation & Ammortisation**		**Capital Expenditure(excld. Advances)**	
	2020-21	2019-2020	**2020-21**	2019-2020
Sale of Power	**1,745.89**	1,745.89	**45,623.68**	-
EPC & Others	**310.59**	322.07	**815.31**	374.46

E Revenue from major products & services:

Rupees (In Lakhs)

	2020-21	2019-2020
EPC Contracts	**85,908.54**	1,92,364.67
Rendering of services	**2,002.65**	7,865.35
Sale of Power	**6,135.96**	6,297.93
Construction contract revenue	**6.06**	4,181.03
Others	–	141.55
Total	**94,054.21**	2,10,850.53

F Geographical Information

Rupees (In Lakhs)

Segment	**Revenue from external customer**		**Non Current Assets**	
	2020-21	2019-2020	**2020-21**	2019-2020
India	**93,874.69**	65,702.02	**75,701.41**	31,413.97
Outside India	**179.52**	1,45,148.51	**24.90**	41.86
Total	**94,055.21**	2,10,850.53	**75,726.31**	31,455.83

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

G Information about major customers

Revenue from two customers of the company is INR 54,418 Lakhs (one customer of INR 143,522 Lakhs for 31 March 2020) which accounts for more than 10% of the company's total revenue for the year ended 31 March 2021

H Segment profit represents the profit before finance cost and tax earned by each segment without allocation of central administration costs and directors' salaries, investment income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of allocation and assessment of segment performance.

Note No. 33 - Contingent liabilities and commitments

Contingent liabilities (to the extent not provided for)

		Rupees
	As at 31 March 2021	As at 31 March 2020
Contingent liabilities		
(a) Claims against the Company not acknowledged as debt	**15035.84**	2,414.54
(b) Financial Guarantees	**52,488.25**	26,601.57

		Rupees
	As at 31 March 2021	As at 31 March 2020
Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	**32,387.66**	-

Note No.34

In FY 19-20, the company has closed is Dubai branch w.e.f October 7, 2019. All the assets and liabilities as on the date has been transferred to Dubai Subsidiary, MSPL International DMCC Dubai.

Note No. 35

Company has incorporated new subsidiary "Mahindra Solarize Pvt Ltd" on April 6, 2021 with Rs 5,00,000 share capital.

Note No. 36

During the year, the Company has made a strategic decision to not accept new projects in the international markets, whereby the operations in its international subsidiaries have ceased. Consequently the amount of Rs 2872.97 lakhs invested in its international subsidiaries, viz. Mahindra Susten Bangladesh Private Limited, MSPE Urja SRL & MSPL International DMCC, in the form of Equity Capital, Inter Corporate Deposits and the accrued interest there on, has been provided towards Impairment. The said amount is reported in Profit & loss statement as an Exceptional Item.

Note No. 37

The Company had procured land parcel in the Tumkur district in Karnataka admeasuring 66.8 acres in concurrence with ITC Limited, the purposes of acquisition of land was for development of 10 Mega Watts Open Access solar Power project in Karnataka. Since the contract for Engineering, Procurement and Services with ITC Limited has been cancelled, the Company proposes to explore the option of sale of the said land parcel.

Note No. 38

As per the current assessment of the situation based on the internal and external information available up to the date of approval of these financial statements by the Board of Directors, the Company continues to believe that the impact of Covid-19 on its business, assets, internal financial controls, profitability and liquidity, both present and future, would be limited and there is no indication of any material impact on the carrying amounts of inventories, intangible assets, trade receivables, investments and other financial assets. The eventual outcame of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial results and the Company will closely monitor any material changes to the economic environment and their impact on its business in the times to come.

Note No. 39

The financial statements of the Company for the year ended 31 March 2020, were audited by the B.K.Khare & Co Chartered Accountants, the predecessor auditor".

Note No. 40

The amount has been rounded off to nearest lakhs and previous years amount has been reclassified/regrouped where ever required.

Note No. 41

The financial statements have been approved for issue by Company's Board of Directors on May 12, 2021.

For and on behalf of the Board of Directors

Zooben Bhiwandiwala	**Basant Jain**
Director	*Managing Director & Chief Executive Officer*
DIN: 00110373	DIN: 00220395
Avinash Bapat	**Mandar Joshi**
Chief Financial Officer	*Company Secretary*

Place : Mumbai
Date : 12.05.2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA RENEWABLES PRIVATE LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of **Mahindra Renewables Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 (the Act) (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Information Other than the Ind AS Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report, but does not include the Ind AS Financial Statements and our Auditors' Report thereon.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
   (g) In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors.
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in

our opinion and to the best of our information and according to the explanations given to us:

i. The company does not have any pending litigations which will impact its financial positions.

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B.K. Khare & Co.**
Chartered Accountants
Firm's Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN: 21111212AAAAQD1171

Mumbai, April 26, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Renewables Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B.K. Khare & Co.**
Chartered Accountants
Firm's Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN: 21111212AAAAQD1171

Mumbai, April 26, 2021

ANEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mahindra Renewables Private Limited** for the year ended March 31, 2021

Annexure to the Auditor's Report referred to in our report of even date:

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The title deeds of the freehold land are held in the name of the Company.

2) According to the information and explanations given to us, the Company does not have inventory, therefore the provisions of para 3(ii) of the Order are not applicable to the Company.

3) According to the information and explanations given to us, the Company has granted loan, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act.

   i) The terms and conditions of the grant of such loans are not prejudicial to the Company's interest;

   ii) The schedule of repayment of principal and payment of interest has been stipulated;

   iii) There is no overdue amount remaining outstanding as at the year end.

4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans granted.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2021 for a period of more than 6 months from the date they become payable.

   ii) According to the information and explanations given to us, dues of goods and service tax, income tax, sales tax, excise duty, customs duty and value added tax which have not been deposited on account of any dispute are as follows:

Name of Statute	Amount in Rupees	Period to which amount relates	Forum where pending
Income Tax Act	₹ 3,86,85,070	FY 2015-16	Commissioner of Income Tax (Appeals)

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the money raised by the Company by the way of term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) Being the Company is a private company, the provisions of Section 197 of the Companies Act, 2013 and the provisions of para 3(xi) of the Order regarding payment of managerial remuneration are not applicable for the Company.

12) The Company, not being a Nidhi Company, the provisions of para 3(xii) of the Order are not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B.K. Khare & Co.**
Chartered Accountants
Firm's Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No.: 111212
UDIN: 21111212AAAAQD1171

Mumbai, April 26, 2021

BALANCE SHEET AS AT 31ST MARCH 2021

	Particulars	Note No.	As at 31st March 2021	Rupees As at 31st March 2020
I	**ASSETS**			
1	**NON-CURRENT ASSETS**			
	(a) Property, Plant and Equipment	4	**12,15,62,02,089**	12,84,19,73,321
	(b) Capital Work-in-Progress		**8,40,70,13,714**	1,05,39,14,349
	(c) Financial Assets			
	(i) Investments	5	**1,43,66,95,080**	79,45,50,080
	(ii) Loans	6	**10,00,00,000**	14,25,00,000
	(iii) Other Financial Assets	10	**9,03,459**	12,49,210
	(d) Deferred Tax Assets (Net)	7	**22,92,73,330**	–
	(e) Other Non-current Assets	11	**9,16,82,999**	8,66,82,999
	SUB-TOTAL		**22,42,17,70,671**	14,92,08,69,959
2	**CURRENT ASSETS**			
	(a) Financial Assets			
	(i) Trade Receivables	8	**13,75,39,330**	3,73,951
	(ii) Cash and Cash Equivalents	9	**59,62,21,061**	1,43,29,15,651
	(iii) Other Bank Balances	9	**76,87,76,583**	–
	(iv) Other Financial Assets	10	**14,77,94,161**	13,43,56,768
	(b) Current Tax Assets (Net)		**62,83,948**	75,43,284
	(c) Other Current Assets	11	**11,88,08,087**	1,02,14,273
	SUB-TOTAL		**1,77,54,23,170**	1,58,54,03,928
	Non-Current Assets Classified as Held for Sale		**–**	1,40,26,55,000
	TOTAL ASSETS		**24,19,71,93,841**	17,90,89,28,887
II	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	(a) Equity Share Capital	12	**3,21,52,46,400**	3,21,52,46,400
	(b) Other Equity	12	**63,19,24,945**	25,85,47,806
	SUB-TOTAL		**3,84,71,71,345**	3,47,37,94,206
	LIABILITIES			
2	**NON-CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	13	**16,64,38,12,551**	8,96,01,85,659
	(ii) Other Financial Liabilities	15	**68,55,02,906**	6,30,40,116
	(b) Deferred Tax Liabilities (Net)		**–**	7,45,19,637
	SUB-TOTAL		**17,32,93,15,457**	9,09,77,45,412
3	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Trade Payables	14		
	- Total outstanding dues of micro and small enterprises and...		**–**	–
	- Total outstanding dues of creditors other than micro and small enterprises		**4,06,09,220**	9,26,97,476
	(ii) Other Financial Liabilities	15	**2,96,47,75,481**	5,21,26,73,004
	(b) Other Current Liabilities	16	**1,53,22,338**	3,20,18,789
	SUB-TOTAL		**3,02,07,07,039**	5,33,73,89,269
	TOTAL EQUITY AND LIABILITIES		**24,19,71,93,841**	17,90,89,28,887

The accompanying notes 1 to 28 are an integral part of the Financial Statements

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 26th April, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN: 00220395

Mr. Rakesh Singh
Director
DIN: 07319353

Mr. Avinash Bapat
Chief Financial Officer

Mr. Mandar Joshi
Company Secretary

Place: Mumbai
Date: 26th April, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021

	Particulars	Note No.	Year ended 31 March 2021	Rupees Year ended 31 March 2020
	Continuining Operations			
I	Revenue from operations	17	**1,53,69,51,182**	1,06,09,30,897
II	Other Income	18	**3,51,95,618**	3,24,61,650
III	**Total Revenue (I + II)**		**1,57,21,46,800**	1,09,33,92,547
IV	**Expenses**			
	(a) Purchases of Stock-in-trade		**–**	8,67,514.00
	(b) Finance costs	19	**1,04,76,18,677**	79,27,44,117
	(c) Depreciation and amortisation expense	4	**68,70,91,532**	56,98,01,232
	(d) Other expenses	20	**25,21,33,227**	28,10,40,865
	Total Expenses (IV)		**1,98,68,43,436**	1,64,44,53,727
V	**(Loss)/Profit before exceptional items (III - IV)**		**(41,46,96,636)**	(55,10,61,180)
	Add: Exceptional Gain		**48,42,80,808**	47,82,34,419
VI	**Profit/(Loss) after exceptional items**		**6,95,84,172**	(7,28,26,761)
VII	**Profit/(Loss) before tax**		**6,95,84,172**	(7,28,26,761)
VIII	**Tax Expense**	7		
	(a) Current tax		**–**	–
	(b) Deferred tax	7	**(30,37,92,967)**	8,87,91,049
	Total tax expense		**(30,37,92,967)**	8,87,91,049
IX	**Profit/(Loss) after tax (VII -VIII)**		**37,33,77,140**	(16,16,17,811)
X	**Other comprehensive income**			
	(a) (i) Items that will not be reclassified to profit or loss		**–**	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
	(b) (i) Items that may be reclassified to profit or loss		**–**	–
	(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
	Profit/(Loss) after tax from discontinued operations			–
XI	**Total comprehensive income for the year (IX+ X)**		**37,33,77,140**	(16,16,17,811)
XII	**Earnings per equity share:**			
	(a) Basic	21	**1.16**	(0.50)
	(b) Diluted	21	**1.16**	(0.50)

The accompanying notes 1 to 28 are an integral part of the Financial Statements

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 26th April, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN: 00220395

Mr. Rakesh Singh
Director
DIN: 07319353

Mr. Avinash Bapat
Chief Financial Officer

Mr. Mandar Joshi
Company Secretary

Place: Mumbai
Date: 26th April, 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2021

Particulars	For the Year ended 31 March, 2021	Rupees For the Previous Year ended 31 March, 2020
Cash flows from operating activities		
Profit/(Loss) before tax for the year	**6,95,84,172**	(7,28,26,761)
Adjustments for:		
Finance costs recognised in profit or loss	**1,04,76,18,677**	79,27,44,117
Investment income recognised in profit or loss	**(3,51,95,618)**	(3,24,61,650)
Gain on disposal of a subsidiary	**(48,42,80,808)**	–
Depreciation expense	**68,70,91,532**	56,98,01,232
	1,21,52,33,783	1,33,00,83,698
Movements in working capital:		
(Increase)/decrease in trade and other receivables	**(13,71,65,379)**	(1,84,277)
(Increase)/decrease in other financial assets	**(1,41,48,010)**	(7,46,04,301)
(Increase)/decrease in other assets	**(6,60,93,814)**	729,816,037
Increase /(Decrease) in trade payable & other liabilities	**(2,06,78,65,805)**	(3,86,36,22,735)
Cash generated from operations	**(2,28,52,73,008)**	(3,20,85,95,276)
Income taxes paid	**12,59,335**	(6,15,455)
Net cash flow from/(used in) operating activities	**(99,91,95,717)**	(1,95,19,53,795)
Cash flows from investing activities		
Sale of Non Current Investments	**1,24,47,90,808**	60,71,19,001
Payment to acquire earmarked deposits	**(76,87,76,583)**	–
Interest received	**3,62,51,987**	3,24,61,650
Payments for property, plant and equipment	**(3,31,74,17,519)**	(2,59,36,90,717)
Net cash flow from/(used in) investing activities	**(2,80,51,51,308)**	(1,95,41,10,066)
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	**–**	79,99,00,000
Proceeds from borrowings	**5,42,44,72,698**	5,20,48,46,879
Repayment of borrowings	**(1,47,96,74,244)**	–
Interest paid	**(97,71,46,019)**	(79,27,44,117)
Net cash flow from/(used in) financing activities	**2,96,76,52,434**	5,21,20,02,763
Net increase/(decrease) in cash and cash equivalents	**(83,66,94,591)**	1,30,59,38,901
Cash and cash equivalents at the beginning of the year	**1,43,29,15,651**	12,69,76,749
Cash and cash equivalents at the end of the year	**59,62,21,061**	1,43,29,15,651

The accompanying notes 1 to 28 are an integral part of the Financial Statements

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 26th April, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN: 00220395

Mr. Rakesh Singh
Director
DIN: 07319353

Mr. Avinash Bapat
Chief Financial Officer

Mr. Mandar Joshi
Company Secretary

Place: Mumbai
Date: 26th April, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2021

A. Equity share capital

Particulars	Rupees Amount
As at 31st March 2019	2,79,42,46,400
Changes in equity share capital during the year	42,10,00,000
As at 31st March 2020	3,21,52,46,400
Changes in equity share capital during the year	–
As at 31st March 2021	**3,21,52,46,400**

B. Other Equity

Rupees

Particulars	Reserves and Surplus		Total
	Securities Premium Reserve	Retained Earnings	
As at 01 April 2019	**6,06,61,370**	**(1,93,95,753)**	**4,12,65,617**
Profit/(Loss) for the year	–	(16,16,17,811)	(16,16,17,811)
Securities Premium Received during the year	37,89,00,000	–	37,89,00,000
Total Comprehensive Income for the year	37,89,00,000	(16,16,17,811)	21,72,82,189
As at 31 March 2020	**43,95,61,370**	**(18,10,13,564)**	**25,85,47,806**
Profit/(Loss) for the year	–	37,33,77,140	37,33,77,140
Total Comprehensive Income for the year	**–**	**37,33,77,140**	**37,33,77,140**
As at 31 March 2021	**43,95,61,370**	**19,23,63,575**	**63,19,24,945**

The accompanying notes 1 to 28 are an integral part of the Financial Statements

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 26th April, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN: 00220395

Mr. Rakesh Singh
Director
DIN: 07319353

Mr. Avinash Bapat
Chief Financial Officer

Mr. Mandar Joshi
Company Secretary

Place: Mumbai
Date: 26th April, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

1. Nature of Operations

Mahindra Renewable Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India and is a subsidiary of Mahindra Susten Private Limited. The Company is engaged in the business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system/sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

Statement of compliance

The accompanying standalone financial statements have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

2. Significant Accounting Policies and Accounting Judgments and Estimates

a) Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Financial statements

The financial statements have been prepared on a historical cost basis, except for Certain financial assets and liabilities measured at fair value

b) Use of estimates and judgments

The preparation of the standalone financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2021 are as follows:

(i) Recoverability of deferred tax assets :

In determining the recoverability of deferred income tax assets, the Company primarily considers current and expected profitability of applicable operating business segments and their ability to utilise any recorded tax assets. The Company reviews its deferred income tax assets at every reporting year/ period end, taking into consideration the availability of sufficient current and projected taxable profits, reversals of taxable temporary differences and tax planning strategies.

(ii) Impairment losses on financial assets :

The Company reviews its financial assets to assess impairment at regular intervals. The Company's credit risk is primarily attributable to its financial assets. In determining whether impairment losses should be reported in the standalone statement of profit and loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for expected credit loss is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows

(iii) Estimation of provisions and contingencies :

Provisions are liabilities of uncertain amount or timing recognised where a legal or constructive obligation exists at the balance sheet date, as a result of a past event, where the amount of the obligation can be reliably estimated and where the outflow of economic benefit is probable. Contingent liabilities are possible obligations that may arise from past event whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not fully within the control of the Company. The Company exercises judgement and estimates in recognizing the provisions and assessing the exposure to contingent liabilities relating to pending litigations. Judgement is necessary in assessing the likelihood of the success of the pending claim and to quantify the possible range of financial settlement. Due to this inherent uncertainty in the evaluation process, actual losses may be different from originally estimated provision.

c) Revenue Recognition:

The Company has adopted Ind AS 115, Revenue from Contracts with Customers, with effect from 1 April 2018. The Company has applied the following accounting policy for revenue recognition:

Revenue from contracts with customers:

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements

The accounting policies for the specific revenue streams of the Company is:

An entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (ie an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2017.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss

(ii) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

In assessing value in use, the Company makes a reasonable estimate of the value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Foreign Exchange Transactions:

Initial Recognition

All transactions that are not denominated in the Company's functional currency are foreign currency transactions. These transactions are initially recorded in the functional currency by applying the appropriate daily rate which best approximates the actual rate of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the standalone statement of profit and loss.

Measurement of foreign currency items at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Nonmonetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in the standalone statement of profit and loss

h) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for sale in discontinued operations. The Valuation Committee comprises of the head of the investment properties segment, heads of the Company's internal mergers and acquisitions team, the head of the risk management department, financial controllers and chief finance officer

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Valuation Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Valuation Committee decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Valuation Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Valuation Committee also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Valuation Committee present the valuation results to the Audit Committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

On an interim basis, the Valuation Committee present the valuation results to the Audit Committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

i) Hedge accounting

The Company designates certain hedging instruments, which include derivatives, and non-derivatives in respect of foreign currency risk, as either fair value hedges, or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

j) Segment information

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performances of the operating segments of the Company. The Company operates only in one segment viz. sale of solar energy.

k) Leases:

At inception of contract, the Company assesses whether the Contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Company allocates consideration in the contract to each lease component on the basis of their relative standalone price.

As a lessee:

i) Right-of-use assets:

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to dismantle. Right of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The Company presents right-to-use assets that do not meet the definition of investment property in 'Property, plant and equipment'.

ii) Lease liabilities:

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company generally uses its incremental borrowing rate at the lease commencement date if the discount rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount is remeasured when there is a change in future lease payments arising from a change in index or rate. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset. The Company presents lease liabilities under financial liabilities in the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

iii) *Short term leases and leases of low value of assets:*

The Company applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low value assets recognition exemption that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

l) Taxes on Income:

Income tax comprises current and deferred tax. It is recognised in the standalone statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

On 30th March 2019, MCA has issued amendment regarding the income tax Uncertainty over Income Tax Treatments. The notification clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. In assessing the uncertainty, an entity shall consider whether it is probable that a taxation authority will accept the uncertain tax treatment. This notification is effective for annual reporting periods beginning on or after April 1, 2019. As per the Company's assessment, there are no material uncertainties over income tax treatments.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using applicable tax rates (and tax laws) enacted or substantially enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the year/period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

m) Provisions and Contingent Liabilities :

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

A contingent asset is disclosed where an inflow of economic benefits is probable.

n) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt / equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/ agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

o) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

p) Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset and are presented in the balance sheet by setting up the grant as deferred income. Such grant is not reduced from the value of assets.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

q) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and,

Diluted earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period adjusted for the effects of dilutive options.

r) Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted with the standalone financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

s) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores as per the requirement of Schedule III, unless otherwise stated.

Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new Indian Accounting Standards and or amendments to existing Indian Accounting Standards. There is no such notification which would be applicable from 01 April 2021.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 4 - Property, Plant and Equipment

Rupees

Description of Assets	Land- Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1st April, 2020	**46,48,47,550**	**13,01,17,17,823**	**13,47,65,65,373**
Additions	13,20,300	–	13,20,300
Balance as at 31st March, 2021	**46,61,67,850**	**13,01,17,17,823**	**13,47,78,85,673**
II. Accumulated depreciation and impairment			
Balance as at 1st April, 2020	–	**63,45,92,052**	**63,45,92,052**
Depreciation expense for the year	–	68,70,91,532	68,70,91,532
Balance as at 31st March, 2021	–	**1,32,16,83,584**	**1,32,16,83,584**
III. Net carrying amount (I-II)	**46,61,67,850**	**11,69,00,34,239**	**12,15,62,02,089**

Rupees

Description of Assets	Land- Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1st April, 2019	**12,41,354**	**2,03,17,37,544**	**2,03,29,78,898**
Additions	46,36,06,196	10,97,99,80,279	11,44,35,86,475
Balance as at 31st March, 2020	**46,48,47,550**	**13,01,17,17,823**	**13,47,65,65,373**
II. Accumulated depreciation and impairment			
Balance as at 1 April, 2019	–	**6,47,90,820**	**6,47,90,820**
Depreciation expense for the year	–	56,98,01,232	56,98,01,232
Balance as at 31st March, 2020	–	**63,45,92,052**	**63,45,92,052**
III. Net carrying amount (I-II)	**46,48,47,550**	**12,37,71,25,771**	**12,84,19,73,321**

Note:

(1) Freehold land and plant and equipment have been charged against the borrowings. (Refer note no. 13 Non Current Borrowings).

(2) Method of Depreciation

Depreciation on Plant and Equipment is provided at the rate as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations.

Note No. 5 - Investments

Rupees

Particular	As at 31st March, 2021		As at 31st March, 2020	
	QTY	Amounts	QTY	Amounts
A. Investment in Subsidiaries in equity instrument measured at cost less impairments, if any				
Unquoted Investments (fully paid up)	**1,78,04,600**	**1,33,32,22,200**	84,89,600	69,10,77,200
B. Investment in Joint Venture in equity instruments measured at cost less impairments, if any				
Unquoted Investments (fully paid up)	**95,24,000**	**10,34,72,880**	95,24,000	10,34,72,880
Total	**2,73,28,600**	**1,43,66,95,080**	1,80,13,600	79,45,50,080

Rupees

Particular	As at 31st March, 2021		As at 31st March, 2020	
	QTY	Amounts	QTY	Amounts
List of entities				
Subsidiaries				
1. Astra Solren Private Limited	**84,89,600**	**69,10,77,200**	84,89,600	69,10,77,200
2. Neo Solren Private Limited	**93,15,000**	**64,21,45,000**	–	–
Joint Venture				
1. Brightsolar Renewable Energy Pvt.Ltd	**95,24,000**	**10,34,72,880**	95,24,000	10,34,72,880

Note No. 6 - Loans

Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
a) Loans to related parties		
- Unsecured, considered good	**10,00,00,000**	14,25,00,000
	10,00,00,000	14,25,00,000

Note:

The Company has granted suboridnated debt of INR 10,00,00,000 @ 11 p.a.(Previous year: INR 14,25,00,000) to Astra Solren Private Limited (subsidiary Company). This loans are subordinated to bank borrowings taken by Astra Solren Private Ltd. and are to be repaid after repayment of bank borrowings.

Note No. 7 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	Year ended 31 March 2021	For the Current year ended 31st March, 2020
Deferred Tax:		
In respect of current year origination and reversal of Previous years	**(30,37,92,967)**	8,87,91,049
Total income tax expense on continuing operations	**(30,37,92,967)**	8,87,91,049

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended 31 March 2021	For the Current year ended 31st March, 2020
Profit before tax from continuing operations	**6,95,84,172**	(7,28,26,761)
Income tax expense calculated at 25.17% (2019-20: 27.82%)	**1,75,14,336**	(2,02,60,405)
Reduction/increase in tax rate	**–**	24,77,766
Effect of expenses that is non-deductible in determining taxable profit	**(2,85,44,401)**	10,65,73,688
Effect of recognitiation of deffered tax assets of previous years	**(29,27,62,902)**	–
Income tax expense recognised In profit or loss from continuing operations	**(30,37,92,967)**	8,87,91,049

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

(c) Movement in deferred tax balances

Rupees

Particulars	Opening Balance	Recognised in profit and Loss	Closing Balance
	For the Year ended 31st March, 2021		
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	**1,94,84,62,064**	**(30,77,13,130)**	**1,64,07,48,934**
	1,94,84,62,064	**(30,77,13,130)**	**1,64,07,48,934**
Tax effect of items constituting deferred tax assets			
Carry forward Tax Losses	**1,87,39,42,427**	**(39,20,162)**	**1,87,00,22,265**
	1,87,39,42,427	**(39,20,162)**	**1,87,00,22,265**
Net Deferred Tax (Asset)/ Liabilities	**7,45,19,637**	**(30,37,92,967)**	**(22,92,73,330)**

Rupees

Particulars	Opening Balance	Recognised in profit and Loss	Closing Balance
	For the year ended March 20		
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	2,68,31,152	1,92,16,30,911	1,94,84,62,064
	2,68,31,152	1,92,16,30,911	1,94,84,62,064
Tax effect of items constituting deferred tax assets			
Carry forward Tax Losses	4,11,02,564	1,83,28,39,863	1,87,39,42,427
	4,11,02,564	1,83,28,39,863	1,87,39,42,427
Net Deferred Tax (Asset)/ Liabilities	**(1,42,71,412)**	**8,87,91,049**	**7,45,19,637**

Note No. 8 - Trade Receivables

Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade receivables		
Unsecured, considered good	**13,75,39,330**	3,73,951
Total Trade Receivables	**13,75,39,330**	3,73,951
Of the above, trade receivables from:		
– Related Party	**11,37,40,694**	3,73,951
– Others	**2,37,98,636**	–
Total Trade Receivables	**13,75,39,330**	3,73,951

Note:

All Trade receivable are charged against the borrowings. (Refer Note no. 13 Non-Current Borrowings).

Note No. 9 - Cash and Cash Equivalents

Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash and cash equivalents		
Balances with banks	**59,62,21,061**	1,43,29,15,651
Total Cash and cash equivalents	**59,62,21,061**	1,43,29,15,651
Other Bank Balances		
Fixed Deposit with Maturity greater then 3 months	**76,87,76,583**	–
Total Other Bank balances	**76,87,76,583**	–

Reconcliation of Cash and Cash Equivalents

Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
Total Cash and Cash Equivalents as per Balance Sheet	**59,62,21,061**	1,43,29,15,651
Total Cash and Cash Equivalents as per Balance Sheet	**59,62,21,061**	1,43,29,15,651

Note:

All Cash and cash equivlents are charged against the borrowings. (Refer Note no. 13 Non-Current Borrowings).

Note No. 10 - Other Financial Assets

Rupees

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non-Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current
Financial assets at amortised cost				
a) Interest Accured on Fixed deposit	**3,07,146**	–	10,17,763	–
b) Interest Accured on loan to related party	–	**9,03,459**	–	12,49,210
c) Unbilled Revenue Receivable	**14,74,87,015**	–	13,33,39,005	–
Total Other Financial Assets	**14,77,94,161**	**9,03,459**	13,43,56,768	12,49,210

Note:

All other financial assets are charged against the borrowings. (Refer footnotes to note no. 13 Non Current Borrowings).

Note No. 11 - Other Assets

Rupees

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non-Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non-Current
(a) Capital advances				
(i) For Capital work in progress	–	**9,16,82,999**	–	8,66,82,999
(b) Advances other than capital advances				
(i) Income Tax paid under protest FY 2015-16	**76,03,081**	–	76,03,081	–
(ii) Balances with government authorities (other than income taxes)	**28,947**	–	28,947	–
(ii) Other advances				
(i) - Prepaid Expenses	**11,11,76,059**	–	25,79,304	–
(ii) - Advances to employees	–	–	2,941	–
Total Other Assets	**11,88,08,087**	**9,16,82,999**	1,02,14,273	8,66,82,999

Note:

All other assets are charged against the borrowings. (Refer Note no. 13 Non-Current Borrowings).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 12 - Equity Share Capital

Rupees

Particulars	As at 31st March, 2021 No. of shares	As at 31st March, 2021 Share Capital	As at 31st March, 2020 No. of shares	As at 31st March, 2020 Share Capital
Authorised:				
Equity shares of ₹ Rs.10 each with voting rights	**40,00,00,000**	**4,00,00,00,000**	40,00,00,000	4,00,00,00,000
Issued, Subscribed and Fully Paid:				
Equity shares of ₹ Rs.10 each with voting rights	**32,16,30,000**	**3,21,63,00,000**	32,16,30,000	3,21,63,00,000
Total Equity share capital	**32,16,30,000**	**3,21,63,00,000**	32,16,30,000	3,21,63,00,000

Notes:

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars		Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes	Closing Balance
(a) Equity Shares with Voting rights*							
Year Ended 31st March, 2021							
	No. of Shares	32,16,30,000	–	–	–	–	32,16,30,000
	Amount in Rupees	3,21,63,00,000	–	–	–	–	3,21,63,00,000
Year Ended 31st March, 2020							
	No. of Shares	32,16,30,000	–	–	–	–	32,16,30,000
	Amount in Rupees	3,21,63,00,000	–	–	–	–	3,21,63,00,000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares: Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31st March 2021			
Mahindra Susten Private Limited-Holding Company	**32,16,30,000**	–	–
As at 31st March 2020			
Mahindra Susten Private Limited-Holding Company	32,16,30,000	–	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31st March, 2021 Number of shares held	As at 31st March, 2021 % holding in that class of shares	As at 31st March, 2020 Number of shares held	As at 31st March, 2020 % holding in that class of shares
Equity shares with voting rights				
Mahindra Susten Private Limited*	**32,16,30,000**	**100%**	32,16,30,000	100%

* Note :- This includes 5000 equity share held as nominee by an individual on behalf of the holding company.

(Mahindra Renewables Private Limited jointly with Miss Brijbala Batwal - 5000 equity share)

Rupees

Other Equity:	As at 31st March, 2021	As at 31st March, 2020
(i) Securities Premium	**43,95,61,370**	43,95,61,370

Note:

Securities premium is used to record the excess of the amount received over the face value of the shares. This reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

Note No. 13 - Non Current Borrowings

Rupees

Particulars	Interest Rate	Repayment Terms	As at 31st March, 2021	As at 31st March, 2020
Secured Borrowings				
Term loan				
(a) From Financial Institution-International Finance Corporation	9.30%	Refer note no. 2	**1,84,93,09,371**	1,88,50,60,264
(b) Aditya Birla Finance Ltd	9.60%	Refer note no. 2	**2,74,84,32,892**	2,83,59,39,504
(c) HDFC Bank Ltd	8.35%	Refer note no. 2	**2,08,41,12,893**	1,84,41,15,891
(d) HDFC Bank Ltd	8.95%	Refer note no. 2	**72,22,50,000**	–
(e) Bank of Maharashtra	8.35%	Refer note no. 2	**1,86,20,00,000**	–
(f) Axis Bank	8.60%	Refer note no. 6 & 7	**48,15,00,000**	–
SBLC Buyer Credit loan :				
Axis Bank	0.54%	Refer note no. 6 & 7	**1,94,92,31,371**	–
IndusInd Bank	0.30%	Refer note no. 6 & 7	**1,10,43,06,024**	–
Total Secured Borrowings			**12,80,11,42,551**	6,56,51,15,659
Unsecured Borrowings				
(a) Subordinated Debt from Related party	11.50%	Refer note no. 9	3,84,26,70,000	2,39,50,70,000
Total Unsecured Borrowings			**3,84,26,70,000**	2,39,50,70,000
Total Non-Current Borrowings			**16,64,38,12,551**	8,96,01,85,659

Notes:

1. Mahindra Renewables Private Limited (“Company/Borrower”) is in the business of development, designing, construction, financing, commissioning, operation and maintenance of a 250 MW AC Solar Photovoltaic (PV) Power Plant at Unit 1 of Rewa Ultra Mega Solar Park (“RUMS”) located

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

at Badwar Village, Tehsil – Gurh, Dist-Rewa, State-Madhya Pradesh, India **(the "REWA- Project")**. The entire electricity generated from REWA Project will be suppling to MP Power Management Company Limited ("MPPMCL") and Delhi Metro Rail Corporation Limited (DMRC) in accordance with the Power Purchase Agreement (PPAs) executed amongst Company, DMRC, Rewa Ultra Mega Solar Limited (RUMSL) and MPPMCL.

2. To part finance of the project of REWA-Project, the Company has availed INR denominated ECB aggregating upto INR 199,75,20,000 from International Finance Corporation ("IFC") and Rupee Term Loan aggregating upto INR 727,75,00,000 from Yes Bank Limited. Subsequently Yes Bank Limited has down sold their exposure of Rs. 300,00,00,000 to Aditya Birla Finance Limited and Rs. 427,75,00,000 to HDFC Bank Limited and subsequently HDFC Bank has down sold their part exposure of Rs. 200,00,00,000 to Bank of Maharashtra.

3. The door to door loan tenor is 20 years and applicable ROI for domestic loan is 1-year MCLR + Spread and applicable ROI for IFC loan is three-year rupee fixed base rate + Spread. The IFC loan will repaid in 73 structured quarterly installment starting from 15th Oct,2019 and Domestic lenders loan will be repaid in 73 structured quarterly installment starting from 31st Dec,2019.

4. The REWA Project loans obligations has been secured in favour of the Security Trustee acting for the benefit of the Senior Lenders until Final Settlement Date:

   i. first ranking pari passu mortgage on the entire immovable properties (both leasehold and freehold) of the Borrower, pertaining to the Project, both present and future

   ii. a first ranking pari passu charge by way of hypothecation/ mortgage on the entire movable properties of the Borrower, pertaining to the Project, both present and future, including movable plant and machinery, current assets, DSRA, intangible assets and all other movable properties and all the rights, title, interest, benefits, claims and demands whatsoever of the Borrower in project documents.

   iii. first ranking pari passu pledge over at least 143,000,000 (one hundred and forty three million) equity shares of the Borrower

   iv. first ranking pari passu pledge over all CCD's forming part of the Sponsor Subordinated Debt till the Final Settlement Date

   v. Assignment by way of security of all Insurance Contracts and Insurance Proceeds

5. Moreover; Mahindra Renewables Private Limited ("Company/Borrower") is in the business of development, designing, construction, financing, commissioning, operation and maintenance of a 250 MW AC Solar Photovoltaic (PV) Power Plant at Village Bhivji ka gaon, Tehsil Baap, District Jodhpur, Rajasthan, India **(the "SECI-ISTS-1- Project")**. The entire electricity generated from SECI-ISTS-1- Project will be suppling to Solar Energy Corporation of India Limited ("SECI") in accordance with the Power Purchase Agreement (PPA) executed amongst Company and SECI.

6. To part finance of the project of SECI-ISTS-1- Project, the Company has availed Rupee Term Loan aggregating upto INR 400,00,00,000 from Indusind Bank Limited, INR 250,00,00,000 from HDFC Bank Limited and INR 250,00,00,000 from Axis Bank Limited.

7. The HDFC and Indusind Bank, door to door loan tenor is 19.25 years and applicable ROI for RTL is 1-year MCLR of respective lenders + Spread and repayment over 75 quarterly instalments (last repayment on March 31, 2040) and Axis Bank door to door loan tenor is 15 years and applicable ROI for RTL is 1-year MCLR of respective lenders + Spread and 52 structured quarterly Installments starting from quarter ending September 2021 with a bullet payment of 38.40% in last quarter i.e. June 2034.

8. The SECI-ISTS-1- Project loans obligations has been secured in favour of the Security Trustee acting for the benefit of the Senior Lenders until Final Settlement Date:

   i. a first ranking pari passu mortgage on the entire immovable properties (both leasehold and freehold) of the Borrower, pertaining to the Project, both present and future;.

   ii. first ranking pari passu charge by way of hypothecation/ mortgage on the entire movable properties of the Borrower, pertaining to the Project, both present and future, including movable plant and machinery, current assets, DSRA, intangible assets and all other movable properties and all the rights, title, interest, benefits, claims and demands whatsoever of the Borrower in project documents.

   iii. first ranking pari passu pledge over at least 51% equity shares of the Borrower.

   iv. first ranking pari passu pledge over all CCD's forming part of the Sponsor Subordinated Debt till the Final Settlement Date.

   v. Assignment by way of security of all Insurance Contracts and Insurance Proceeds.

9. The Company has availed an Subordinated debt from Mahindra Susten private limited (the holding Company) aggregating amounting upto INR 3,84,26,70,000 as on March 2021; wherein INR 144,26,00,000 as part of promoter contribution for Rewa project, INR 230,00,70,000 as part of promoter contribution for SECI-ISTS-1- Project and INR10,00,00,000 as part of promoter contribution for Astra Solren Private Limited -65 MW solar power project at Gujarat India.

Note No. 14 - Trade Payables

Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade payable - Micro ans small enterprises	**–**	–
Trade payable - Other than micro and small enterprises	**4,06,09,220**	9,26,97,476
Total Trade Payables	**4,06,09,220**	9,26,97,476

Notes:

Nil due to micro and small enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) There are no other amounts paid/payable towards interest /principal under the MSMED.

The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Note No. 15 - Other Financial Liabilities

Rupees

	As at 31st March, 2021		As at 31st March, 2020	
Particulars	**Current**	**Non Current**	Current	Non Current
Other Financial Liabilities Measured at Amortised Cost				
(a) Current maturities of long-term debt				
(i) Term loans from Bank - Aditya Birla Finance Limited	**9,03,00,000**	–	6,84,00,000	–
(ii) From Financial institution- International Finance Corporation	**5,04,00,000**	–	4,66,80,000	–
(iii) Term loans from Bank - HDFC Bank Limited	**4,71,46,957**	–	11,63,48,000	–
(iv) Term loans from Bank - HDFC Bank Limited	**2,77,50,000**	–	–	–
(v) Term loans from Bank - Bank of Maharashtra	**5,20,00,000**	–	–	–
(vi) Term loans from Bank - Axis Bank	**1,85,00,000**	–	–	–
(Refer Note No. 13- Non current Borrowings)				

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Rupees

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non Current
(b) Loan repayble on demand-from related party	–	–	18,00,00,000	–
(Refer Note no. 1)				
(c) Inter Corporate Deposit-from realted party	–	–	55,99,60,000	–
(Refer Note no. 2)				
(d) Interest accrued on Borrowing	**4,15,93,909**	**68,55,02,906**	59,35,84,041	6,30,40,116
(e) Other liabilities - Bills Payable - Yes Bank Limited	–	–	1,99,90,81,098	–
(Refer Note no. 3)				
(e) Other liabilities - Bills Payable - HDFC Bank Limited	**1,47,25,81,119**	–	–	–
(f) Creditors for capital supplies/services	**1,16,45,03,497**	–	1,64,86,19,865	–
Total Other Financial Liabilities	**2,96,47,75,481**	**68,55,02,906**	5,21,26,73,004	6,30,40,116

Notes:

(1) The Company had taken a Short term loan from Mahindra susten private Limited of INR 18 Crores in March 2017 @ interest rate of 11.50%.

(2) The Company has taken a Inter Corporate deposit in current year from Mahindra Susten Private Limited (the Holding Company) of INR 55.60 Croresin March 2018 @ interest rate of 11%

Note No. 16 - Other Liabilities

Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
Statutory dues		
- taxes payable (other than income taxes)	1,53,22,338	3,20,18,789
Total Other Liabilities	**1,53,22,338**	3,20,18,789

Note No. 17 - Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

Rupees

Particulars	Year ended 31 March 2021	For the Previous Year ended 31st March, 2020
(a) Revenue from sale of - Solar Energy	**1,46,47,05,360**	1,05,99,99,151
(b) Revenue from Trading of goods	**–**	9,31,746
(c) Other operating revenue:		
(i) DSM Charges	**7,22,45,822**	–
Total Revenue from Operations	**1,53,69,51,182**	1,06,09,30,897

Note:

A. Disaggregated Revenue Information:

The company's revenue is from only one soruce of segment i.e Sale of Power

B. Reconciliation of Contract Assets & Contract Liabilities:

Rupees

Particulars	Year ended 31 March 2021	For the Previous Year ended 31st March, 2020
Contract Assets		
Unbilled Receivable		
At the beginning of the year	**13,33,39,005**	2,42,54,385
Less: Bill during the year	**(1,45,05,57,350)**	(95,18,46,277)
Add: Revenue recognised during the year	**1,46,47,05,360**	1,06,09,30,897
At the end of the year	**14,74,87,015**	13,33,39,005
Contract Liability	**–**	–

C. Reconciliation of revenue as per Ind AS 115:

Rupees

Particulars	Year ended 31 March 2021	For the Previous Year ended 31st March, 2020
Revenue as per contracted prices	**1,46,47,05,360**	1,06,09,30,897
Less: Adjustment of revenue pertaining to Revenue from sale	**–**	–
Revenue from contract with customers	**1,46,47,05,360**	1,06,09,30,897

Note No. 18 - Other Income

Rupees

Particulars	Year ended 31 March 2021	For the Previous Year ended 31st March, 2020
(a) Interest Income	**3,51,95,618**	3,04,45,769
(b) Other income	**–**	18,19,479
(c) Interest on income tax refund	**–**	1,96,402
Total Other Income	**3,51,95,618**	3,24,61,650

Note No. 19 - Finance Cost

Rupees

Particulars	Year ended 31 March 2021	For the Previous Year ended 31st March, 2020
(a) Interest expense at amortised cost	**1,29,99,17,242**	90,16,90,157
Less: Amounts included in the cost of qualifying assets	**(25,63,65,288)**	(10,89,46,041)
(b) Other borrowing cost	**40,66,723**	–
Total Finance Cost	**1,04,76,18,677**	79,27,44,117

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Analysis of Interest Expenses by Category

Rupees

Particulars	Year ended 31 March 2021	For the Previous Year ended 31st March, 2020
On loans from Related party	**19,15,08,535**	24,14,45,602
Interest on borrowings from bank	**37,70,97,687**	26,54,84,713
Interest on borrwing from Financial institution	**47,49,39,421**	28,58,08,134
On delay payment of Taxes	**6,311**	**5,668**

Note No. 20 - Other Expenses

Rupees

	Particulars		Year ended 31 March 2021	For the Previous Year ended 31st March, 2020
(a)	ROC charges, Registration charges and stamp duty expenses		**3,01,428**	9,23,250
(b)	Repairs and maintenance - Machinery		**7,00,45,571**	7,09,25,791
(c)	Advertisement		**45,400**	–
(d)	Comphresive Charges (Refer note below)		**12,55,89,943**	10,57,57,806
(e)	Commission, discounts and rebates		**93,01,006**	67,12,858
(f)	Insurance Expenses		**1,42,54,211**	**48,04,408**
(g)	Auditors remuneration and out-of-pocket expenses			
	(i)	As Auditors- statuotry audit fees	**2,06,150**	1,88,800
	(ii)	For Tax audit fees	**1,47,500**	1,47,500
	(iii)	For Other services	**23,600**	40,120
(h)	Other expenses			
	(i)	Legal and other professional costs	**2,99,75,001**	3,06,13,454
	(ii)	Printing & Stationary	**3,173**	11,760
	(iii)	Bank Charges	**14,533**	23,85,285
	(iv)	DSM Charges	**–**	4,81,56,802
	(v)	WRLDC charges	**6,53,285**	5,50,731
	(vi)	Site Expenses	**–**	75,52,000
	(vii)	Miscellaneous expenses	**15,72,425**	22,70,299
Total Other Expenses			**25,21,33,227**	28,10,40,865

Note: Comprehensive charges includes charges for acitivies and services perofmed at Rewa Site by the customer including the construction of internal evacuation infrastructure, provision of land, Admininstration charges and local area development charges at proejct site at Rewa, of Madhya Pradesh state.

Note No. 21 - Earnings per Share

Rupees

Particulars	Year ended 31 March 2021	For the Previous Year ended 31st March, 2020
	Per Share	Per Share
Basic Earnings per share	**1.16**	(0.50)
Total basic earnings per share	**1.16**	(0.50)
Diluted Earnings per share	**1.16**	(0.50)
Total diluted earnings per share	**1.16**	(0.50)

Basic & diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic & diluted earnings per share are as follows:

Rupees

Particulars	Year ended 31 March 2021	For the Previous Year ended 31st March, 2020
(Loss)/profit for the year attributable to owners of the Company	**37,33,77,140**	(16,16,17,811)
(Loss)/profit for the year used in the calculation of basic earnings per share	**37,33,77,140**	(16,16,17,811)
(Loss)/Profits used in the calculation of basic and diluted earnings per share from continuing operations (i)	**37,33,77,140**	(16,16,17,811)
Weighted average number of equity shares (ii)	**32,16,30,000**	32,16,30,000
Earnings per share from continuing operations - Basic & diluted (i/ii)	**1.16**	(0.50)

Note No. 22 - Financial Instruments

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31 March 2021 and 31 March 2020 is as follows:

Rupees

	31-Mar-21	31-Mar-20
Debt (A)	**16,92,99,09,508**	9,93,15,73,659
Equity (B)	**3,84,71,71,345**	3,47,37,94,206
Debt Equity Ratio (A / B)	**4.40**	2.86

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Categories of financial assets and financial liabilities

As at 31st March, 2021

	Costs	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets					
Investments	**1,43,66,95,080**	–	–	–	**1,43,66,95,080**
Loan to related party	–	**10,00,00,000**	–	–	**10,00,00,000**
Other Financial Assets					
- Non Derivative Financial Assets	–	**9,03,459**	–	–	**9,03,459**
Current Assets					
Trade Receivables	–	**13,75,39,330**	–	–	**13,75,39,330**
Other Financial Assets					
– Non Derivative Financial Assets	–	**14,77,94,161**	–	–	**14,77,94,161**
Non-Current Liabilities					
Borrowings	–	**12,80,11,42,551**	–	–	**12,80,11,42,551**
Loan from related party		**3,84,26,70,000**			**3,84,26,70,000**
Other Financial Liabilities					
- Non Derivative Financial Liabilities	–	**68,55,02,906**	–	–	**68,55,02,906**
Current Liabilities					
Trade Payables	–	**4,06,09,220**	–	–	**4,06,09,220**
Other Financial Liabilities					
- Non Derivative Financial Liabilities	–	**4,15,93,909**	–	–	**4,15,93,909**
Bills Payable	–	**1,47,25,81,119**	–	–	**1,47,25,81,119**
Creditors for capital supplies/ services	–	**1,16,45,03,497**	–	–	**1,16,45,03,497**
Current maturities of long-term debt	–	**28,60,96,957**	–	–	**28,60,96,957**

As at 31st March, 2020

	Costs	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets					
Investments	79,45,50,080	–	–	–	79,45,50,080
Loan to related party	–	14,25,00,000	–	–	14,25,00,000
Other Financial Assets					
- Non Derivative Financial Assets		12,49,210	–	–	12,49,210
Current Assets					
Trade Receivables	–	3,73,951	–	–	3,73,951
Other Financial Assets					
- Non Derivative Financial Assets	–	13,43,56,768	–	–	13,43,56,768
Non-current Liabilities					
Borrowings	–	6,56,51,15,659	–	–	6,56,51,15,659
Loan from related party	–	2,39,50,70,000	–	–	2,39,50,70,000
Other Financial Liabilities	–	6,30,40,116	–	–	6,30,40,116
- Non Derivative Financial Liabilities					
Current Liabilities					
Trade Payables	–	9,26,97,476	–	–	9,26,97,476
Other Financial Liabilities					
- Non Derivative Financial Liabilities	–	59,35,84,041	–	–	59,35,84,041
Loan from related party	–	73,99,60,000	–	–	73,99,60,000
Bills Payable	–	1,99,90,81,098	–	–	1,99,90,81,098
Creditors for capital supplies/services	–	1,64,86,19,865	–	–	1,64,86,19,865
Current maturities of long-term debt	–	23,14,28,000	–	–	23,14,28,000

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) *Credit risk management*

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel , where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterpaty limits that are reviewed and approved by the risk management committee annually.

LIQUIDITY RISK

(i) *Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) *Maturities of financial liabilities*

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rupees

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial liabilities				
31-Mar-21				
Non-interest bearing	**2,83,54,87,724**	–	–	**56,93,02,925**
Variable interest rate instruments	**28,60,96,957**	**1,40,83,40,232**	**1,65,25,41,504**	**9,74,02,60,816**
Fixed interest rate instruments	–	–	–	**3,84,26,70,000**
Total	**3,12,15,84,680**	**1,40,83,40,232**	**1,65,25,41,504**	**14,15,22,33,741**
31-Mar-20				
Non-interest bearing	3,98,74,36,218	–	–	40,95,86,377
Variable interest rate instruments	23,14,28,000	50,87,18,000	61,64,03,000	5,43,99,94,659
Fixed interest rate instruments	–	–	–	3,13,50,30,000
Total	4,21,88,64,218	50,87,18,000	61,64,03,000	8,98,46,11,036

(iii) *Maturities of financial assets*

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	Rupees 5 years and above INR
Non-derivative financial assets				
31-Mar-21				
Non-interest bearing	**1,72,29,32,030**	–	–	–
Fixed interest rate instruments	–	**10,00,00,000**	–	–
	1,72,29,32,030	**10,00,00,000**	–	–
31-Mar-20				
Non-interest bearing	93,05,30,010	–	–	–
Fixed interest rate instruments	–	14,25,00,000	–	–
	93,05,30,010	14,25,00,000	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/ decrease in basis points	Effect on profit before tax
31-Mar-21	**INR**	**+100**	**(13,08,72,395)**
	INR	**(-) 100**	**(13,08,72,395)**
31-Mar-20	INR	+100	(6,79,65,437)
	INR	(-) 100	6,79,65,437

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note No. 23 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	**31-Mar-21** Carrying amount	**31-Mar-21** Fair value	31-Mar-20 Carrying amount	31-Mar-20 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties	**10,00,00,000**	**10,00,00,000**	14,25,00,000	14,25,00,000
– trade and other receivables	**13,75,39,330**	**13,75,39,330**	3,73,951	3,73,951
Other financial assets	**14,86,97,620**	**14,86,97,620**	13,56,05,979	13,56,05,979
	38,62,36,950	**38,62,36,950**	27,84,79,930	27,84,79,930
Financial liabilities				
Financial liabilities held at amortised cost				
– bank loan	**12,80,11,42,551**	**12,80,11,42,551**	6,56,51,15,659	6,56,51,15,659
– loans from related parties	**3,84,26,70,000**	**3,84,26,70,000**	3,13,50,30,000	3,13,50,30,000
– Other Payable- bills payable	**1,47,25,81,119**	**1,47,25,81,119**	1,99,90,81,098	1,99,90,81,098
– trade and other payables	**1,20,51,12,716**	**1,20,51,12,716**	1,74,13,17,340	1,74,13,17,340
– Others	**72,70,96,815**	**72,70,96,815**	65,66,24,157	65,66,24,157
Current maturities of long-term debt	**28,60,96,957**	**28,60,96,957**	23,14,28,000	23,14,28,000
Total	**20,33,47,00,157**	**20,33,47,00,157**	14,32,85,96,254	14,32,85,96,254

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Rupees

Fair value hierarchy as at 31st March, 2021

Particulars	**Level 1**	**Level 2**	**Level 3**
Financial assets			
Financial assets carried at Amortised Cost			
– loans to related parties	–	–	**10,00,00,000**
– trade and other receivables	–	–	**13,75,39,330**
– Others	–	–	**14,86,97,620**
Total	–	–	**38,62,36,950**
Financial liabilities			
Financial Instruments not carried at Fair Value			
– Loans from Bank & Financial institution	**12,80,11,42,551**	–	–
– loans from related parties	–	–	**3,84,26,70,000**
– Bills payable	–	–	**1,47,25,81,119**
– trade payables	–	–	**1,20,51,12,716**
– others	–	–	**72,70,96,815**
Current maturities of long-term debt	**28,60,96,957**	–	–
Total	**13,08,72,39,508**	–	**7,24,74,60,650**

Fair value hierarchy as at 31st March, 2020

Particulars	Level 1	Level 2	Level 3
Financial assets			
Financial assets carried at Amortised Cost			
– loans to related parties	–	–	14,25,00,000
– trade and other receivables	–	–	3,73,951
– Others	–	–	13,56,05,979
Total	–	–	27,84,79,930

Fair value hierarchy as at 31st March, 2020

Particulars	Level 1	Level 2	Level 3
Financial Instruments not carried at Fair Value			
– Loans from Bank & Financial institution	65,651,15,659	–	–
– loans from related parties	–	–	3,13,50,30,000
– Bills payable	–	–	1,99,90,81,098
– trade payables	–	–	1,74,13,17,340
– others	–	–	65,66,24,157
Current maturities of long-term debt	23,14,28,000	–	–
Total	6,79,65,43,659	–	7,53,20,52,595

Note No. 24 - Related Party Transactions

Name of the parent Company	Mahindra Susten Private Limited
Name of the Intermediate Holding Company	Mahindra Holdings Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited
Name of the Fellow Subsidiary Company	Mahindra Teqo Private Limited
Brightsolar Renewable Energy Private Limited	Entity in which have joint interest with other company
Divine Solren Private Limited	Subsidiary Company
Neo Solren Private Limited	Subsidiary Company
Astra solren Private Limited	Subsidiary Company

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	**For the year ended**	**Ultimate Holding Company**	**Parent Company**	**Name of the Fellow Subsidiary Company**	**Subsidiaries**
Nature of transactions with Related Parties					
Sale of goods	31-Mar-21	–	–	–	–
	31-Mar-20	–	9,31,746	–	–
Purchase of assets (Power Plant)	31-Mar-21	–	2,75,70,51,190	–	–
	31-Mar-20	–	13,26,56,97,660	–	–
Receiving of services	31-Mar-21	3,56,285	2,68,12,436	7,00,45,571	–
	31-Mar-20	5,72,300	2,84,00,563	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Rupees

Particulars	**For the year ended**	**Ultimate Holding Company**	**Parent Company**	**Name of the Fellow Subsidiary Company**	**Subsidiaries**
Subordinated debts received	31-Mar-21	–	2,74,76,00,000	–	–
	31-Mar-20	–	37,50,70,000	–	–
Subordinated debts paid	31-Mar-21	–	1,40,00,00,000	–	–
	31-Mar-20	–	–	–	–
Intercorporate Deposit received	31-Mar-21	–	1,40,81,00,000	–	–
	31-Mar-20	–	29,40,00,000	–	–
Intercorporate Deposit repaid	31-Mar-21	–	1,96,80,60,000	–	–
	31-Mar-20	–	8,50,00,000	–	–
Interest on Subordinated debts received	31-Mar-21	–	–	–	1,59,72,397
	31-Mar-20	–	28,03,49,108	–	1,63,87,500
Interest on Subordinated debts Paid	31-Mar-21	–	37,60,26,509	–	–
	31-Mar-20	–	4,95,91,975	–	–
Interest on ICD received	31-Mar-21	–	–	–	48,36,626
	31-Mar-20	–	6,02,06,444	–	–
Interest on ICD paid	31-Mar-21	–	73,56,475	–	–
	31-Mar-20	–	–	–	–

<u>Nature of Balances with Related Parties</u>	**Balance as on**	**Ultimate Holding Company**	**Parent Company**	**Name of the Fellow Subsidiary Company**	**Subsidiaries**
Interest on subordinated debt payable	31-Mar-21	–	68,55,02,906	–	–
	31-Mar-20	–	41,72,15,343	–	–
Interest on subordinated debt Receivable	31-Mar-21	–	–	–	9,03,459
	31-Mar-20	–	–	–	12,49,210
Interest on ICD payable	31-Mar-21	–	–	–	–
	31-Mar-20	–	6,30,40,116	–	–
Trade payables	31-Mar-21	–	83,94,54,651	63,89,263	–
	31-Mar-20	2,37,600	1,64,68,04,957	–	–
Trade Receivable	31-Mar-21	–	11,33,39,994	–	–
	31-Mar-20	–	–	–	–
Loans & advances taken	31-Mar-21	–	3,84,26,70,000	–	–
	31-Mar-20	–	3,13,50,30,000	–	–
Loans & advances given	31-Mar-21	–	–	–	10,00,00,000
	31-Mar-20	–	–	–	14,25,00,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 25 : Withdrawal of Scheme of Arrangement between Mahindra Renewables Private Limited and Martial Solren Private Limited

The Company had at its meeting held on August 31, 2020, approved the Scheme of Arrangement between the Company and Martial Solren Private Limited and their respective shareholders and creditors and the same was subsequently filed before the Hon'ble National Company Law Tribunal, Mumbai Bench.

The Management due to change in business environment, has decided not to proceed with the proposed Scheme of Arrangement between the Company and Martial Solren Private Limited and their respective shareholders and creditors

Note No. 26 - Sale of Investments

The Company has during the current period sold its investment in one of its Wholly Owned Subsidiary, Divine Solren Private Ltd on 16th April 2020. This Investment was accounted as held for sale in the Financials statement for the year ended 31st March 2020. As of reporting period, the Company has accounted a profit on sale of investment amounting to Rs. 48.42 lakhs. However this amount is subject to customary closing adjustments based on the conditions subsequent by the management and the profit is accordingly subject to change.

Note No. 27

COVID-19, a novel Coronavirus, has spread globally, including India and has significantly affected public health and economic activities worldwide. The Company has considered relevant internal and external sources of information to evaluate the impact on the financial statements for the year ended 31st March 2021 and has assessed the carrying value of the assets to be recoverable. However, the actual impact may be different from that estimated as it will depend upon future developments and future actions to contain or treat the disease and mitigate its impact on the economy. The Company continues to closely monitor impact of the pandemic on the future economic conditions and the operations of the Company.

Note No. 28

The financial statements have been approved for issue by Company's Board of Directors on April 26th 2021

The accompanying notes 1 to 28 are an integral part of the Financial Statements

In terms of our report attached.

For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 26th April, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN: 00220395

Mr. Rakesh Singh
Director
DIN: 07319353

Mr. Avinash Bapat
Chief Financial Officer

Mr. Mandar Joshi
Company Secretary

Place: Mumbai
Date: 26th April, 2021

INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF
MAHINDRA TEQO PRIVATE LIMITED (FORMERLY KNOWN AS MACHINE PLUS TECH PRIVATE LIMITED)**

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of **Mahindra Teqo Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 (the Act) (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Information Other than the Ind AS Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report, but does not include the Ind AS Financial Statements and our Auditors' Report thereon.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.

(g) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, the provisions of Section 197 of the Act related to the managerial remuneration are not applicable.

(h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The company does not have any pending litigations which will impact its financial positions.

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare and Co.
Chartered Accountants
Firm’s Registration No. 105102W

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 21111212AAAAQV3736

Place : Mumbai
Date : May 6, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Teqo Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare and Co.
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQV3736

Place : Mumbai
Date : May 6, 2021

ANEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mahindra Teqo Private Limited** for the year ended March 31, 2021

Annexure to the Auditor's Report referred to in our report of even date:

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The Company does not have immovable property.

2) According to the information and explanations given to us, the Company does not have inventory, therefore the provisions of para 3(ii) of the Order are not applicable to the Company.

3) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other related parties covered in the register maintained under section 189 of the Act.

4) The Company has not granted any loan, made investments or given guarantees during the year. Hence. the provisions of section 185 and section 186 of the Act are not applicable to the Company. We are informed that the company has not given any security during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2021 for a period of more than 6 months from the date they become payable.

   ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the money raised by the Company by the way of term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) Being the Company is a private company, the provisions of Section 197 of the Companies Act, 2013 and the provisions of para 3(xi) of the Order regarding payment of managerial remuneration are not applicable for the Company.

12) The Company, not being a Nidhi Company, the provisions of para 3(xii) of the Order are not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership Number 111212
UDIN: 21111212AAAAQV3736

Place : Mumbai
Date : May 6, 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

Rupees

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
I ASSETS			
1 NON-CURRENT ASSETS			
(a) Tangibles	1	**2,94,17,734**	15,14,959
(b) Intangible Assets	2	**39,08,353**	
(c) Intangible Assets under Development		**4,19,86,908**	21,38,725
(d) Deferred Tax Assets (Net)		**28,55,910**	–
SUB-TOTAL		**7,81,68,904**	36,53,684
2 CURRENT ASSETS			
(a) Financial Assets			
(i) Trade Receivables	3	**32,00,58,192**	20,21,50,476
(ii) Cash and Cash Equivalents	4	**4,63,30,248**	27,26,899
(b) Other Current Assets	5	**11,06,07,954**	1,37,67,713
(c) Inventory		**7,63,77,252**	–
SUB-TOTAL		**55,33,73,647**	21,86,45,089
TOTAL ASSETS		**63,15,42,551**	22,22,98,773
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	SOCE, 6	**10,00,000**	10,00,000
(b) Other Equity	SOCE	**8,50,24,313**	1,68,52,031
SUB-TOTAL		**8,60,24,313**	1,78,52,031
2 LIABILITIES			
NON CURRENT LIABILITIES			
(a) Provisions	9	**1,27,30,854**	54,60,102
SUB-TOTAL		**1,27,30,854**	54,60,102
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	7	**22,88,78,186**	50,00,000
(ii) Trade Payables	8	**19,32,22,688**	16,07,87,592
(b) Provisions	9	**49,58,269**	19,58,685
(c) Other Current Liabilities	10	**10,57,28,241**	3,12,40,363
SUB-TOTAL		**53,27,87,384**	19,89,86,640
TOTAL EQUITY AND LIABILITIES		**63,15,42,551**	22,22,98,773

The accompanying notes 1 to 21 are an integral part of the Financial Statements

In terms of our report attached.
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : 6th May 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
(DIN: 00220395)

Mr. Parag Shah
Director
(DIN: 00374944)

Place : Mumbai
Date : 6th May 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

Rupees

	Particulars	Note No.	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	Continuining Operations			
I	Revenue	11	**88,54,57,063**	44,34,77,359
II	Other Income	12	**–**	–
III	**Total Revenue (I + II)**		**88,54,57,063**	44,34,77,359
IV	**Expenses**			
	(a) Direct Expenses		**44,95,56,193**	26,53,65,362
	(d) Employee benefit expense	13	**26,67,69,355**	13,36,50,086
	(e) Finance costs	14	**93,03,003**	7,42,350
	(f) Depreciation and amortisation expense	1	**20,27,636**	2,85,041
	(a) Other expenses	15	**6,88,31,828**	2,06,97,492
	Total Expenses (IV)		**79,64,88,014**	42,07,40,331
V	**(Loss)/Profit before tax (III-IV)**		**8,89,69,048**	2,27,37,028
VI	**Tax Expense**			
	(a) Current tax	16	**2,36,52,676**	63,29,626
	(b) Deferred tax		**(28,55,910)**	0
	Total tax expense		**2,07,96,766**	63,29,626
VII	**Profit/(loss) after tax from continuing operations (V - VI)**		**6,81,72,282**	1,64,07,402
VIII	**Total comprehensive income for the period attributable to:**			
	Owners of the Company		**6,81,72,282**	1,64,07,402
IX	**Earnings per equity share (for continuing operation):**			
	(a) Basic	17	**681.72**	164.07
	(b) Diluted	17	**681.72**	164.07

The accompanying notes 1 to 21 are an integral part of the Financial Statements

In terms of our report attached.
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : 6th May 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
(DIN: 00220395)

Mr. Parag Shah
Director
(DIN: 00374944)

Place : Mumbai
Date : 6th May 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2021

Particulars	Note No.	For the year ended 31st March, 2021	Rupees For the year ended 31st March, 2020
Cash flows from operating activities			
Profit/(Loss) after tax for the year	P L	**6,81,72,282**	1,64,07,402
Adjustments for:			
Depreciation and amortisation		**20,27,636**	2,85,041
		20,27,636	2,85,041
Movements in working Capital			
(Increase)/decrease in trade and other receivables		**(11,79,07,716)**	(16,82,95,769)
(Increase)/decrease in other assets		**(16,32,89,224)**	12,17,193
Decrease in trade and other payables		**3,20,99,504**	13,33,42,097
Increase/(decrease) in provisions		**29,99,584**	73,75,587
(Decrease)/increase in other liabilities		**8,17,58,630**	2,22,06,485
Cash generated from operations		**(16,43,39,222)**	(41,54,406)
Income taxes paid		**(95,92,677)**	(1,16,38,000)
Net cash (used in)/generated by operating activities		**(10,37,31,980)**	9,00,036
Net Cash flows from investing activities		**–**	–
Net cash inflow on disposal of associate			
Net cash (used in)/generated by investing activities		**–**	–
Purchase of Tangible Assets		**(7,65,42,857)**	(39,38,725)
		(7,65,42,857)	(39,38,725)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		**–**	–
Proceeds from borrowings		**22,38,78,186**	50,00,000
Net cash used in financing activities		**22,38,78,186**	50,00,000
Net increase in cash and cash equivalents		**4,36,03,349**	19,61,311
Cash and cash equivalents at the beginning of the year		**27,26,899**	7,65,588
Cash and cash equivalents at the end of the year		**4,63,30,248**	27,26,899

In terms of our report attached.
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : 6th May 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
(DIN: 00220395)

Mr. Parag Shah
Director
(DIN: 00374944)

Place : Mumbai
Date : 6th May 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

1. Nature of Operations

The Company offers turnkey asset management solutions which helps the Renewable Energy asset owners to maximize returns. Significant headway was made in portfolio diversification through initiation of international footprint (Middle East), Software solutions and Analytics platform development and Independent Testing & Due- Diligence services vertical to enhance offerings to self O&M clients.

2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provision of the Act.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupees.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ noncurrent classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

f) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the, extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

g) Provisions and Contingent Liabilities:

(i) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

h) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt / equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/ agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

i) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

j) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 1 - Tangilble Assets

Description of Assets	Plant and Equipment - Freehold	Office Equipment	Computers & EDP	Furniture and Fixtures	Vehicles	Total
I. Gross Carrying Amount						
Balance as at 1 April 2020	18,00,000	–	–	–	–	18,00,000
Additions	2,36,04,367	50,600	30,30,913	14,15,519	14,09,244	2,95,10,643
Acquisitions through business combinations	–	–	–	–	–	–
Disposals	–	–	–	–	–	–
Reclassified as held for sale	–	–	–	–	–	–
Others [describe]	–	–	–	–	–	–
Balance as at 31 Mar 2021	**2,54,04,367**	**50,600**	**30,30,913**	**14,15,519**	**14,09,244**	**3,13,10,643**
II. Accumulated depreciation and impairment						
Balance as at 1 April 2020	2,85,041	–	–	–	–	2,85,041
Depreciation expense for the year	13,36,489	5,712	1,85,020	33,286	47,362	16,07,868
Eliminated on disposal of assets	–	–	–	–	–	–
Eliminated on reclassification as held for sale	–	–	–	–	–	–
Impairment losses recognised in profit or loss	–	–	–	–	–	–
Reversals of impairment losses recognised in profit or loss	–	–	–	–	–	–
Others [describe]	–	–	–	–	–	–
Balance as at 31 March 2021	**16,21,530**	**5,712**	**1,85,020**	**33,286**	**47,362**	**18,92,909**
III. Net carrying amount (I-II)	**2,37,82,837**	**44,888**	**28,45,893**	**13,82,233**	**13,61,882**	**2,94,17,734**

Note No. 2 - Intangilble Assets

Rupees

Description of Assets	Software	Total
I. Gross Carrying Amount		
Balance as at 1 April, 2020	–	–
Additions	43,28,121	43,28,121
Acquisitions through business combinations	–	–
Disposals	–	–
Reclassified as held for sale	–	–
Others [describe]	–	
Balance as at 31 March, 2021	**43,28,121**	**43,28,121**
II. Accumulated depreciation and impairment		
Balance as at 1 April, 2020	–	–
Depreciation expense for the year	4,19,768	4,19,768
Eliminated on disposal of assets	–	–
Eliminated on reclassification as held for sale	–	–
Impairment losses recognised in profit or loss	–	–
Reversals of impairment losses recognised in profit or loss	–	–
Others [describe]	–	–
Balance as at 31 March, 2021	**4,19,768**	**4,19,768**
III. Net carrying amount (I-II)	**39,08,353**	**39,08,353**

Note No. 3 - Trade receivables

Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade receivables		
(a) Unsecured, considered good	**32,17,97,785**	20,21,50,476
Less: Allowance for Credit Losses	**(17,39,593)**	–
TOTAL	**32,00,58,192**	20,21,50,476
Of the above, Trade Receivable from		
Related Parties	**2,37,47,396**	3,38,25,345
Others	**29,63,10,796**	16,83,25,131
TOTAL	**32,00,58,192**	20,21,50,476

Note: 1

There are no Debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.

Note: 2

Of the above INR 110.39 Lacs (PY 2020: 35.21 Lacs) is due more than 180 days.

Note No. 4 – Cash and Bank Balances

Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash and cash equivalents		
(a) Balances with banks	**4,63,30,248**	27,26,899
Total Cash and cash equivalent	**4,63,30,248**	27,26,899

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 5 – Other assets

Rupees

Particulars	As at 31st March, 2021 Current	As at 31st March, 2020 Current
(i) Security Deposits for Rent	**28,11,255**	54,88,200
(ii) Security Deposit -Mvat Registration	**25,000**	25,000
(iii) Unbilled Revnue	**8,79,16,035**	32,47,881
(iv) Advance Tax Paid (net)	**–**	49,73,300
(v) Other advances	**51,73,375**	33,332
(vi) Indirect Tax	**1,46,82,290**	–
Total Other assets	**11,06,07,954**	1,37,67,713

Note No. 6 – Equity Share Capital

Rupees

Particulars	As at 31st March, 2021 No. of shares	As at 31st March, 2021 Share Capital	As at 31st March, 2020 No. of shares	As at 31st March, 2020 Share Capital
Authorised:				
Equity shares of Rs.10 each with voting rights	**1,00,000**	**10,00,000**	1,00,000	10,00,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs.10 each with voting rights	**1,00,000**	**10,00,000**	1,00,000	10,00,000
Total Equity Share Capital	**1,00,000**	**10,00,000**	1,00,000	10,00,000

Notes:

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes	Closing Balance
Equity Shares with Voting rights*						
Period Ended 31st March 2020						
No. of Shares	1,00,000	–	–	–	–	1,00,000
Amount in Rupees	10,00,000	–	–	–	–	10,00,000
Equity Shares with Voting rights*						
Period Ended 31st March 2021						
No. of Shares	1,00,000	–	–	–	–	1,00,000
Amount in Rupees	10,00,000	–	–	–	–	10,00,000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: (details of fully paid and partly paid also needs to be given)

Particulars	No. of Shares: Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31st March, 2020	**1,00,000**	–	–
Mahindra Susten Private Limited (Holding Company)			
As at 31st March, 2021			
Mahindra Susten Private Limited (Holding Company)	1,00,000	–	–

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March, 2021 Number of shares held	As at 31st March, 2021 % holding in that class of shares	As at 31st March, 2020 Number of shares held	As at 31st March, 2020 % holding in that class of shares
Equity shares with voting rights				
Mahindra Susten Private Limited (Holding Company)	**1,00,000**	**100%**	1,00,000	100%

Note No. 7 -Current Borrowings

Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
Measured at amortised cost*		
A. Secured Borrowings:	**–**	–
(a) WCDL Loan	**18,50,00,000**	–
Total Secured Borrowings	**18,50,00,000**	–
B. Unsecured Borrowings - at amortised Cost	**–**	–
(a) Loans from related parties	**4,38,78,186**	50,00,000
Total Unsecured Borrowings	**4,38,78,186**	50,00,000
Total Borrowings	**22,88,78,186**	50,00,000

Note

1 The Company has WCDL Limits from Axis Bank

As ot March 31, 2021 the Company has availed WCDL of INR 1850 Lacs (2020: Nil).The interest rate for boorowings range from 6% to 6.5%

2 Interest expenses includes interest on ICD from intermediate holding company at 11% p.a

Note No. 8 – Trade Payables

Rupees

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non Current
Trade payable - Micro and small enterprises	–	–	–	–
Trade payable - Other than micro and small enterprises	**19,32,22,688**	–	16,07,87,597	–
Total Trade payables	**19,32,22,688**	–	16,07,87,597	–

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and small enterprises covered under the “Micro small and Medium enterprises development Act 2006” was done on the basis of the information to the extent provided by the supplier to the company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 9 - Provisions

Rupees

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non Current
(a) Other Provisions				
1 Gratuity Provision	**1,28,562**	**62,76,038**	11,295	54,60,102
2 Leave Provsion..........	**3,87,337**	**64,54,816**	–	–
2 P Pay Provsion..........	**44,42,370**	–	19,47,390	–
Total Provisions....................	**49,58,269**	**1,27,30,854**	19,58,685	54,60,102

Note No. 10 - Other Liabilities

Rupees

Particulars	As at 31st March, 2021 Current	As at 31st March, 2020 Current
TDS..	**62,86,883**	–
Other Statutory Liabilities	**10,41,323**	89,39,451
Advance Tax Paid (net)	**35,47,417**	–
Other Liabilities	**19,62,713**	8,33,278
Interest Payable	**12,719**	6,68,115
Accrued Expenses.....................................	**9,28,77,116**	48,22,260
Indirect Tax...	**–**	1,59,77,259
Total Other Liabilities	**10,57,28,170**	3,12,40,363

Note No. 11 – Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Revenue from rendering of services	**88,54,57,063**	44,34,77,359
Total Revenue from Operations	**88,54,57,063**	44,34,77,359

Note No. 12 - Other Income

Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
a) Interest Income...	–	–
b) Dividend Income...	–	–
c) Others	–	–
Total Other Income	–	–

Note No. 13 - Employee Benefits Expense

Rupees

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a) Salaries and wages, including bonus.........	**25,60,29,464**	12,90,55,747
(b) Contribution to provident and other funds....	**51,04,460**	40,53,673
(c) Share based payment transactions expenses	–	–
(d) Staff welfare expenses..............................	**56,35,431**	5,40,666
Total Employee Benefit Expense........................	**26,67,69,355**	13,36,50,086

Note No. 14 - Finance Cost

Rupees

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a) Interest expense	**13,12,835**	-
(b) *Interest expense on ICDs*............................	**79,90,168**	7,42,350
(c) Dividend on redeemable preference shares .	–	–
Total finance costs..	**93,03,003**	7,42,350

Note No. 15 - Other Expenses

Rupees

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a) Rent, Rates and taxes....................	**88,40,259**	77,27,603
(b) Audit Fees.......................................		
(i) As Auditors- stautory audit fees	**2,50,000**	1,35,000
(ii) For Taxation matters	**50,000**	50,000
(d) Other expenses		
(1) Professional & Legal Fees.....	**4,70,52,076**	1,16,73,451
(2) Travelling & Conveyance expenses	**40,17,031**	–
(3) Provison for Doubtful Debtors..................................	**17,39,593**	–
(4) Miscellaneous expenses........	**68,82,869**	11,11,438
Total Other Expenses	**6,88,31,828**	2,06,97,492

Note No. 16 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Current Tax:		
In respect of current year.......................	**2,36,52,676**	63,29,626
Total income tax expense on continuing operations	**2,36,52,676**	63,29,626

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Profit before tax from continuing operations	**8,89,69,048**	2,27,37,028
Income tax expense calculated at 25.168%	**2,36,52,676**	63,29,626
Effect of expenses that is non-deductible in determining taxable profit	**–**	–
Income tax expense recognised In profit or loss from continuing operations.........	**2,36,52,676**	63,29,626

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note

The tax rate used for the 31 March 2021 reconciliations above is the corporate tax rate of 22% plus surcharge of 2.20% and education cess @ 0.97%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

Note No. 17- Earnings per Share

Rupees

Particulars	**For the current year ended 31st March, 2021**	For the current year ended 31st March, 2020
Basic Earnings per share		
From continuing operations	**681.72**	164.07
From discontinuing operations	**–**	–
Total basic earnings per share	**681.72**	164.07
Diluted Earnings per share		
From continuing operations	**681.72**	164.07
From discontinuing operations	**–**	–
Total diluted earnings per share	**681.72**	164.07

Basic & Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Rupees

	For the current year ended 31st March, 2021	For the current year ended 31st March, 2020
(Loss)/profit for the year attributable to owners of the Company	**6,81,72,282**	1,64,07,402
Less: Preference dividend and tax thereon	**–**	–
(Loss)/profit for the year used in the calculation of basic earnings per share	**6,81,72,282**	1,64,07,402
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
(Loss)/Profits used in the calculation of basic earnings per share from continuing operations	**6,81,72,282**	1,64,07,402
Weighted average number of equity shares	**1,00,000**	1,00,000
Earnings per share from continuing operations - Basic and Diluted	**681.72**	164.07

Note No. 18 - Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 50,81,937/- has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

(a) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	
	31-Mar-21	31-Mar-20
Discount rate(s)	**7.15%**	6.80%
Expected rate(s) of salary increase	**8.00%**	8.00%

Defined benefit plans – as per actuarial valuation on 31st March, 2021

Particulars	**Unfunded Plan**	**Unfunded Plan**
	Gratuity	
	2021	2020
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
Service Cost		
Current Service Cost	**18,24,654**	3,89,359
Past service cost and (gains)/losses from settlements	–	–
Net interest expense	**3,71,671**	84,345
Components of defined benefit costs reconised in profit or loss	**21,96,325**	4,73,704

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars	Unfunded Plan Gratuity 2021	Unfunded Plan 2020
Remeasurement on the net defined benefit liability		
Return on plan assets (excluding amunt included in net interest expense)		
Actuarial gains and loss arising form changes in financial assumptions	**(4,27,160)**	–
Actuarial gains and loss arising form experience adjustments	**6,38,954**	6,43,371
Others (describe)		
Componenets of defined benefit costs recognised in other comprehensive income	**2,11,794**	6,43,371
Total	**24,08,119**	11,17,075
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
1. Present value of undefined benefit obligation as at 31st March	**64,04,600**	54,71,397
2. Current portion of the above	**1,28,562**	11,295
3. Non current portion of the above	**62,76,038**	54,60,102
II. Change in the obligation during the year ended 31st March		
1. Present value of defined benefit obligation at the beginning of the year	**54,71,397**	–
2. Add/(Less) on account of Scheme of Arrangement/Business		
Transfer		
3. *Expenses Recognised in Profit and Loss Account*		
– Current Service Cost	**18,24,654**	3,89,359
– Past Service Cost	–	–
– Interest Expense (Income)	**3,71,671**	84,345
4. *Recognised in Other Comprehensive Income*		
Remeasurement gains / (losses)		
– Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions		
ii. Financial Assumptions	**(4,27,160)**	–
iii. Experience Adjustments	**(4,417)**	6,43,371
5. Benefit payments	**(8,31,545)**	(1,99,163)
6. Liabilities assumed / (settled)	–	46,53,486
7. Present value of defined benefit obligation at the end of the year	**64,04,600**	55,71,398
III. Change in fair value of assets during the year ended 31st March		
1. Fair value of plan assets at the beginning of the year	**8,31,545**	2,99,163
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	–	–
3. *Expenses Recognised in Profit and Loss Account*		
– Expected return on plan assets	–	–
4. *Recognised in Other Comprehensive Income*		

Particulars	Unfunded Plan Gratuity 2021	Unfunded Plan 2020
Remeasurement gains / (losses)		
– Actual Return on plan assets in excess of the expected return	–	–
– Others (specify)	–	–
5. Contributions by employer (including benefit payments recoverable)	–	–
6. Benefit payments	**(8,31,545)**	(2,99,163)
7. Fair value of plan assets at the end of the year	–	–
IV. The Major categories of plan assets	**NA**	NA
– List the plan assets by category here		
Insured Funds		
V. Actuarial assumptions		
1. Discount rate	**7.15%**	6.80%
2. Expected rate of return on plan assets		
3. Attrition rate	**8.00%**	8.00%
4. Medical premium inflation		

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Rupees

Principal assumption		Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
	2021	1.00%	(16.34%)	20.61%
Discount rate	2020	1.00%	(15.67%)	19.66%
	2021	1.00%	18.50%	(15.64%)
Salary growth rate	2020	1.00%	15.37%	(14.08%)

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

	2021	2020
Within 1 year	**1,28,562**	1,18,467
1 - 2 year	**1,52,542**	1,30,250
2 - 3 year	**1,95,566**	1,47,965
3 - 4 year	**2,41,321**	1,71,267
4 - 5 year	**2,21,552**	1,81,041
5 - 10 years	**9,33,461**	7,59,849
10 years & above	**2,76,23,261**	2,33,53,119

The weighted average duration of the defined benefit obligation as at 31 March 2021 is 18.29 years (2019: 19.16 years)

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit orloss of the expense for the year.

Note No. 19 - Related Party Transactions

Name of the parent Company	Mahindra Susten Private Limited
Name of the Intermediate Holding Company	Mahindra Holdings Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited
Name of the fellow subsidiary	Astra Solren Pvt Ltd
Name of the fellow subsidiary	Neo Solren Pvt Ltd
Name of the fellow subsidiary	Mahindra Renewables Pvt. Ltd.
Name of the fellow subsidiary	Mahindra Integrated Business Solutions
Name of the fellow subsidiary	Mahindra Defence Systems Limited

Note: Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	For the period/ year ended	Ultimate Holding Company	Parent Company	Entities having joint control/ significant influence over Company
Nature of transactions with Related Parties				
Deposit taken	31st Mar 2021	–	3,88,78,186	–
	31st Mar 2020	–	50,00,000	–
Rendering of services	31st Mar 2021	–	3,16,56,000	9,50,30,000
	31st Mar 2020	–	–	3,23,14,035
Receiving of services	31st Mar 2021	2,21,000	11,13,74,000	14,23,000
	31st Mar 2020	42,536	27,61,88,500	11,98,205
Interest on ICD	31st Mar 2021	–	79,90,168	–
	31st Mar 2020	–	7,42,350	–

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Parent Company	Entities having joint control/ significant influence over Company
Trade payables	31st Mar 2021	5,81,386	12,95,44,847	14,35,069
	31st Mar 2020	3,69,957	17,04,99,427	4,43,173
Trade Receivable	31st Mar 2021	–	1,15,64,554	86,03,429
	31st Mar 2020	–	–	3,31,93,527
Loans & advances taken	31st Mar 2021	–	4,38,78,186	–
	31st Mar 2020	–	50,00,000	–

Note No. 20 - Contingent liabilities and commitments

Rupees

Contingent liabilities (to the extent not provided for)	As at 31 March 2021	As at 31 March 2019
Contingent liabilities		
(a) Bank Guarantees	23,56,586	–

Note No. 21

COVID-19, a new strain of Coronavirus, has spread globally, including India. The event significantly affects the economic activity worldwide. The impact of the COVID-19 on the Company's business will depend on future developments that cannot be reliably predicted, including actions to contain or treat the disease and mitigate its impact on the economy of the country, among others. The Company will closely monitor any material changes to future economic conditions due to this pandemic.

Note No.22

The financial statements have been approved for issue by Company's Board of Directors on May 04, 2020.

In terms of our report attached.
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : 6th May 2021

For and on behalf of the Board of Directors

Mr. Basant Jain	**Mr. Parag Shah**
Director	Director
(DIN: 00220395)	(DIN: 00374944)

Place : Mumbai
Date : 6th May 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEO SOLREN PRIVATE LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of **Neo Solren Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 (the Act) (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Information Other than the Ind AS Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report, but does not include the Ind AS Financial Statements and our Auditors' Report thereon.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion

on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   g) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, the provisions of Section 197 of the Act related to the managerial remuneration are not applicable.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The company does not have any pending litigations which will impact its financial positions.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. : 105102W

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 21111212AAAAQH1110

Place: Mumbai
Date: April 26, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Neo Solren Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. : 105102W

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 21111212AAAAQH1110

Place: Mumbai
Date: April 26, 2021

ANNEXURE "B" TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of Neo Solren Private Limited for the year ended March 31, 2021

Annexure to the Auditor's Report referred to in our report of even date:

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

iii) The title deeds of the freehold land are held in the name of the Company.

2) According to the information and explanations given to us, the Company does not have inventory, therefore the provisions of para 3(ii) of the Order are not applicable to the Company.

3) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other related parties covered in the register maintained under section 189 of the Act.

4) The Company has not granted any loan, made investments or given guarantees during the year. Hence. the provisions of section 185 and section 186 of the Act are not applicable to the Company. We are informed that the company has not given any security during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2021 for a period of more than 6 months from the date they become payable.

ii) According to the information and explanations given to us, dues of goods and service tax, income tax, sales tax, excise duty, customs duty and value added tax which have not been deposited on account of any dispute are as follows:

Name of Statute	Amount in Rupees	Period to which amount relates	Forum where pending
Income Tax Act	Rs. 5,83,892	FY 2015-16	Commissioner of Income Tax (Appeals)

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the money raised by the Company by the way of term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) Being the Company is a private company, the provisions of Section 197 of the Companies Act, 2013 and the provisions of para 3(xi) of the Order regarding payment of managerial remuneration are not applicable for the Company.

12) The Company, not being a Nidhi Company, the provisions of para 3(xii) of the Order are not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. : 105102W

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 21111212AAAAQH1110

Place: Mumbai
Date: April 26, 2021

BALANCE SHEET AS AT 31 MARCH 2021

Particulars	Note No.	As at 31 March 2021	Rupees As at 31 March 2020
I ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	**2,52,36,93,027**	2,59,18,77,014
(b) Other Non-current Assets	10	**2,78,41,264**	5,65,16,250
SUB-TOTAL		**2,55,15,34,291**	2,64,83,93,264
CURRENT ASSETS			
(a) Financial Assets			
(i) Trade Receivables	6	**20,36,17,999**	32,82,44,810
(ii) Cash and Cash Equivalents	7	**19,72,67,411**	12,66,56,862
(iii) Other Bank Balance	8	**8,07,87,512**	4,98,10,000
(iv) Other Financial Assets	9	**4,45,31,167**	11,58,83,294
(b) Current Tax Assets (Net)	5	**37,63,031**	1,12,63,015
(c) Other Current Assets	10	**34,61,318**	10,67,004
SUB-TOTAL		**53,34,28,438**	63,29,24,985
TOTAL ASSETS		**3,08,49,62,729**	3,28,13,18,249
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	11	**9,31,50,000**	9,31,50,000
(b) Other Equity	11	**65,37,62,122**	62,51,70,008
SUB-TOTAL		**74,69,12,122**	71,83,20,008
LIABILITIES			
2 NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	12	**1,94,26,19,344**	1,45,58,13,876
(b) Deferred Tax Liabilities (Net)	5	**66,66,325**	1,73,03,558
SUB-TOTAL		**1,94,92,85,669**	1,47,31,17,434
3 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Trade Payables			
(a) total outstanding dues to creditors other than Micro & small enterprises	13	**–**	–
(b) total outstanding dues of Micro & small enterprises		**17,77,237**	29,36,761
(ii) Other Financial Liabilities	14	**38,56,33,284**	1,08,58,70,210
(b) Other Current Liabilities	15	**13,54,417**	10,73,836
SUB-TOTAL		**38,87,64,938**	1,08,98,80,807
TOTAL EQUITY AND LIABILITIES		**3,08,49,62,729**	3,28,13,18,249

The accompanying notes 1 to 26 are an integral part of the Financial Statements

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar
Partner
M.No : 111212

Place : Mumbai
Date : April 26, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN : 00220395

Mr. Rakesh Singh
Director
DIN : 07319353

Aneri Sanghavi
Company Secretary

Place : Mumbai
Date : April 26, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

		Note No.		Rupees
Particulars			**Year ended 31 March 2021**	Year ended 31 March 2020
Continuining Operations				
I	Revenue from operations	16	**38,89,01,498**	41,89,31,659
II	Other Income	17	**4,76,66,314**	1,00,33,323
III	**Total Revenue (I + II)**		**43,65,67,812**	42,89,64,982
IV	**Expenses**			
	(a) Finance costs	18	**24,41,00,633**	22,17,24,374
	(b) Depreciation and amortisation expense	4	**13,98,78,325**	14,24,93,983
	(c) Other expenses	19	**3,10,36,444**	6,48,15,129
	Total Expenses		**41,50,15,402**	42,90,33,486
V	**Profit/(Loss) before tax (III-IV)**		**2,15,52,410**	(68,504)
VI	**Tax Expense**			
	(a) Current tax- (i) Minimum Alternate Tax		**35,97,528**	(14,103)
	(ii) Minimum Alternate Tax Credit		**(35,97,528)**	14,103
	(b) Deferred Tax		**(70,39,704)**	1,12,43,402
	Total tax expense		**(70,39,704)**	1,12,43,402
VII	**Profit/(loss) after tax (V-VI)**		**2,85,92,114**	(1,13,11,906)
VIII	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss		**–**	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
	B (i) Items that may be reclassified to profit or loss		**–**	–
	(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
IX	**Total comprehensive income for Period Ended**		**28,592,114**	(1,13,11,906)
X	**Earnings per equity share**			
	(a) Basic	20	**3.07**	(1.21)
	(b) Diluted	20	**3.07**	(1.21)

The accompanying notes 1 to 26 are an integral part of the Financial Statements

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar
Partner
M.No : 111212

Place : Mumbai
Date : April 26, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN : 00220395

Mr. Rakesh Singh
Director
DIN : 07319353

Aneri Sanghavi
Company Secretary

Place : Mumbai
Date : April 26, 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

Rupees

Particulars	Year ended 31 March 2021	For the previous year ended 31st March, 2020
Cash flows from operating activities		
Profit before tax for the year	**2,15,52,410**	(68,504)
Adjustments for:		
Finance costs recognised in profit or loss	**24,41,00,633**	22,17,24,374
Investment income recognised in profit or loss	**(1,12,94,432)**	(1,00,33,323)
Depreciation expense	**13,98,78,325**	14,24,93,983
Net Loss/(Gain) on foreign currency transactions net off Derivative gain/loss	**(3,63,71,881)**	2,99,98,321
	33,63,12,644	38,41,83,355
(Increase)/decrease in Debtors	**12,46,26,811**	1,26,91,982
(Increase)/decrease in other assets & other financial assets	**10,59,40,640**	(4,01,44,956)
(Decrease)/increase in trade and other payables	**(11,59,524)**	(1,69,28,963)
(Decrease)/increase in other liabilities	**2,80,581**	(3,19,874)
Cash generated from operations	**22,96,88,509**	(4,47,01,811)
Income taxes paid	**39,02,456**	(68,23,892)
Net cash flow from/(used in) operating activities	**59,14,56,019**	33,25,89,148
Cash flows from investing activities		
Interest received	**1,06,83,486**	1,04,90,222
Payments for property, plant and equipment	**(4,30,19,353)**	(5,51,17,541)
Net cash flow from/(used in) investing activities	**(3,23,35,867)**	(4,46,27,319)
Cash flows from financing activities		
Paid for Margin money with Bank	**(3,09,77,512)**	–
Proceeds from borrowings	**58,51,11,839**	(4,64,48,528)
Repayment of borrowings	**(78,34,64,171)**	–
Interest paid	**(25,91,79,758)**	(17,96,74,077)
Net cash flows from/(used in) financing activities	**(48,85,09,603)**	(22,61,22,606)
Net increase/(decrease) in cash and cash equivalents	**7,06,10,550**	6,18,39,224
Cash and cash equivalents at the beginning of the year	**12,66,56,862**	6,48,17,638
Cash and cash equivalents at the Period end	**19,72,67,411**	12,66,56,862

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar
Partner
M.No : 111212

Place : Mumbai
Date : April 26, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN : 00220395

Mr. Rakesh Singh
Director
DIN : 07319353

Aneri Sanghavi
Company Secretary

Place : Mumbai
Date : April 26, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

A. Equity share capital

	Rupees
As at 1st April 2019	9,31,50,000
Changes in equity share capital during the period	–
As at 31st March 2020	9,31,50,000
As at 1st April 2020	9,31,50,000
Changes in equity share capital during the period	–
As at 31st March 2021	**9,31,50,000**

B. Other Equity

Rupees

Particular	Reserves and Surplus: Securities Premium	Reserves and Surplus: Retained Earnings	Total
As at 1st April 2019	**54,81,53,955**	**8,27,23,402**	**63,08,77,357**
Profit / (Loss) for the year	–	(1,13,11,906)	(1,13,11,906)
Total Comprehensive Income for the year	–	(1,13,11,906)	(1,13,11,906)
As at 31st March 2020	**54,81,53,955**	**7,70,16,053**	**62,51,70,008**
Profit / (Loss) for the year	–	2,85,92,114	2,85,92,114
Total Comprehensive Income for the year	–	2,85,92,114	2,85,92,114
As at 31st March 2021	**54,81,53,955**	**10,56,08,167**	**65,37,62,122**

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar
Partner
M.No : 111212

Place : Mumbai
Date : April 26, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN : 00220395

Mr. Rakesh Singh
Director
DIN : 07319353

Aneri Sanghavi
Company Secretary

Place : Mumbai
Date : April 26, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

1. **Nature of Operations**

Neo Solren Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India and is a subsidiary of Mahindra Susten Private Limited. The Company is engaged in the business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system/ sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

Statement of compliance

The accompanying standalone financial statements have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company is exempt from preparing a consolidated financial statement (CFS)

a) being a wholly owned intermediate subsidiary;

b) not listed on any stock exchange and;

c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

2. **Significant Accounting Policies and Accounting Judgments and Estimates**

a) **Basis of Preparation of Financial Statements**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Financial statements

The financial statements have been prepared on a historical cost basis, except for Certain financial assets and liabilities measured at fair value

b) **Use of estimates and judgments**

The preparation of the standalone financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2021 are as follows:

(i) **Recoverability of deferred tax assets:**

In determining the recoverability of deferred income tax assets, the Company primarily considers current and expected profitability of applicable operating business segments and their ability to utilise any recorded tax assets. The Company reviews its deferred income tax assets at every reporting year/ period end, taking into consideration the availability of sufficient current and projected taxable profits, reversals of taxable temporary differences and tax planning strategies.

(ii) **Impairment losses on financial assets :**

The Company reviews its financial assets to assess impairment at regular intervals. The Company's credit risk is primarily attributable to its financial assets. In determining whether impairment losses should be reported in the standalone statement of profit and loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for expected credit loss is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

(iii) **Estimation of provisions and contingencies:**

Provisions are liabilities of uncertain amount or timing recognised where a legal or constructive obligation exists at the balance sheet date, as a result of a past event, where the amount of the obligation can be reliably estimated and where the outflow of economic benefit is probable. Contingent liabilities are possible obligations that may arise from past event whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not fully within the control of the Company. The Company exercises judgement and estimates in recognizing the provisions and assessing the exposure to contingent liabilities relating to pending litigations. Judgement is necessary in assessing the likelihood of the success of the pending claim and to quantify the possible range of financial settlement. Due to this inherent uncertainty in the evaluation process, actual losses may be different from originally estimated provision.

c) **Revenue Recognition:**

The Company has adopted Ind AS 115, Revenue from Contracts with Customers, with effect from 1 April 2018. The Company has applied the following accounting policy for revenue recognition:

Revenue from contracts with customers:

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements

The accounting policies for the specific revenue streams of the Company is:

An entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (ie an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2017.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss

(ii) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

In assessing value in use, the Company makes a reasonable estimate of the value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Foreign Exchange Transactions:

Initial Recognition

All transactions that are not denominated in the Company's functional currency are foreign currency transactions. These transactions are initially recorded in the functional currency by applying the appropriate daily rate which best approximates the actual rate of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the standalone statement of profit and loss.

Measurement of foreign currency items at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Nonmonetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in the standalone statement of profit and loss

h) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for sale in discontinued operations. The Valuation Committee comprises of the head of the investment properties segment, heads of the Company's internal mergers and acquisitions team, the head of the risk management department, financial controllers and chief finance officer.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Valuation Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Valuation Committee decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Valuation Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Valuation Committee also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Valuation Committee present the valuation results to the Audit Committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

On an interim basis, the Valuation Committee present the valuation results to the Audit Committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

i) Hedge accounting

The Company designates certain hedging instruments, which include derivatives, and non-derivatives in respect of foreign currency risk, as either fair value hedges, or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

j) Segment information

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performances of the operating segments of the Company. The Company operates only in one segment viz. sale of solar energy.

k) Leases:

At inception of contract, the Company assesses whether the Contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Company allocates consideration in the contract to each lease component on the basis of their relative standalone price.

As a lessee:

i) Right-of-use assets:

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to dismantle. Right of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The Company presents right-to-use assets that do not meet the definition of investment property in 'Property, plant and equipment'.

ii) Lease liabilities:

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company generally uses its incremental borrowing rate at the lease commencement date if the discount rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount is remeasured when there is a change in future lease payments arising from a change in index or rate. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

purchase the underlying asset. The Company presents lease liabilities under financial liabilities in the Balance Sheet.

iii) *Short term leases and leases of low value of assets:*

The Company applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low value assets recognition exemption that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

l) Taxes on Income:

Income tax comprises current and deferred tax. It is recognised in the standalone statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

On 30th March 2019, MCA has issued amendment regarding the income tax Uncertainty over Income Tax Treatments. The notification clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. In assessing the uncertainty, an entity shall consider whether it is probable that a taxation authority will accept the uncertain tax treatment. This notification is effective for annual reporting periods beginning on or after April 1, 2019. As per the Company's assessment, there are no material uncertainties over income tax treatments.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using applicable tax rates (and tax laws) enacted or substantially enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum Alternative Tax ('MAT')

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the standalone statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as a deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an deferred tax asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the year/period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

m) Provisions and Contingent Liabilities :

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

A contingent asset is disclosed where an inflow of economic benefits is probable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

n) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt / equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/ agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

o) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

p) Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset and are presented in the balance sheet by setting up the grant as deferred income. Such grant is not reduced from the value of assets.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

q) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and,

Diluted earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period adjusted for the effects of dilutive options.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

r) **Events after reporting date**

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted with the standalone financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

s) **Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores as per the requirement of Schedule III, unless otherwise stated.

Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new Indian Accounting Standards and or amendments to existing Indian Accounting Standards. There is no such notification which would be applicable from 01 April 2021.

Note No. 4 - Property, Plant and Equipment

Rupees

Description of Assets	Land - Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1 April 2020	**23,56,79,403**	**2,69,13,76,039**	**29,270,55,442**
Additions	11,38,59,669	(4,21,65,331)	7,16,94,338
Balance as at 31 March, 2021	**34,95,39,072**	**2,64,92,10,708**	**2,99,87,49,780**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2020	–	**33,51,78,428**	**33,51,78,428**
Depreciation expense for the year	–	13,98,78,325	13,98,78,325
Deductions			–
Balance as at 31 March, 2021	–	**47,50,56,753**	**47,50,56,753**
III. Net carrying amount (I-II)	**34,95,39,072**	**2,17,41,53,955**	**2,52,36,93,027**

Rupees

Description of Assets	Land - Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1 April 2019	**22,51,94,403**	**2,69,13,76,039**	**2,91,65,70,442**
Additions	1,04,85,000	–	1,04,85,000
Balance as at 31 March, 2020	**23,56,79,403**	**2,69,13,76,039**	**2,92,70,55,442**
II. Accumulated depreciation and impairment			
Balance as at 1 April 2019	–	**19,26,84,445**	**19,26,84,445**
Depreciation expense for the year	–	14,24,93,983	14,24,93,983
Balance as at 31 March, 2020	–	**33,51,78,428**	**33,51,78,428**
III. Net carrying amount (I-II)	**23,56,79,403**	**2,35,61,97,611**	**2,59,18,77,014**

Note:

(1) **Assets pledged as security and restriction on titles:**

Freehold land and Plant and Equipment have been charged against the borrowings. (Refer Note no. 12 Non Current Borrowings).

(2) **Method of Depreciation:**

Depreciation on plant and equipment is provided at the rate as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2017.

Note No. 5 - Current Tax and Deferred Tax

(a) **Income Tax recognised in profit or loss**

Rupees

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Current Tax:		
In respect of current year	**(3,597,528)**	(14,103)
Minimum alternate tax credit entitlement	**(3,597,528)**	14,103
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(70,39,704)**	1,12,43,402
Total income tax expense on continuing operations	**(70,39,704)**	1,12,43,402

(b) **Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:**

Rupees

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Profit before tax from continuing operations	**21,552,410**	(68,504)
Income tax expense calculated at 27.82% (2019: 27.82%)	**5,995,881**	(19,058)
Effect of tax rates in foreign jurisdictions		
Effect of expenses that is non-deductible in determining taxable profit	**(10,118,657)**	11,262,460
Effect of tax on temporary differences relating to prior years	**(2,916,927)**	-
Income tax expense recognised In profit or loss from continuing operations for current year	**(7,039,704)**	11,243,402
Adjustments recognised in the current year in relation to the current tax of prior years	–	–
Income tax expense recognised In profit or loss from continuing operations	**(7,039,704)**	11,243,402

(c) **Movement in deferred tax balances** Rupees

Particulars	Year ended 31 March 2021 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	**52,097,365**	**15,747,092**	**67,844,456**
	52,097,365	**15,747,092**	**67,844,456**
Tax effect of items constituting deferred tax assets			
Carry forward Tax Losses	13,166,316	**22,786,795**	**35,953,112**
Minimum Alternate Tax Credit	21,627,491	**3,597,528**	**25,225,019**
	34,793,807	**26,384,324**	**61,178,131**
Net Deferred Tax Asset (Liabilities)	**17,303,558**	**(10,637,232)**	**6,666,325**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Rupees

Particulars	For the Year ended 31 March 2020		
	Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment...	31,244,095	20,853,270	52,097,365
	31,244,095	20,853,270	52,097,365
Tax effect of items constituting deferred tax assets			
Carry forward Tax Losses............	3,556,449	9,609,868	13,166,316
Minimum Alternative Tax Credit...	25,477,141	–	21,627,491
	29,033,589	9,609,868	34,793,807
Net Deferred Tax Asset (Liabilities)	2,210,506	11,243,402	17,303,558

Note No. 6 - Trade receivables

Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
	Current	Current
(a) Trade Receivable considered considered good-unsecured..	**20,36,17,999**	32,82,44,810
Total trade receivables.........	**20,36,17,999**	32,82,44,810
Of the above, trade receivables from:		
– Others- Northern power distribution company of Telangana Limited	**20,36,17,999**	32,82,44,810
Total	**20,36,17,999**	32,82,44,810

Note:
(1) All the trade receivables have been charged against the borrowings of the Company. (Refer Note no. 12- Non Current Borrowings)

Note No. 7 - Cash and Cash Equivalent

Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Cash and cash equivalents		
(a) Balances with banks	**1,21,02,080**	6,66,06,000
(b) Fixed Deposit maturity less then 3 months	**18,51,65,331**	6,00,50,862
Total Cash and Cash Equivalent.....................	**19,72,67,411**	12,66,56,862

Note:
(1) All cash and cash equivalents have been secured against the borrowings of the Company. (Refer Note no. 12- Non Current Borrowings).

Note No. 8 - Other Bank Balance

Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Earmarked Balance with Bank - For Debt service Reserve Account..	**7,88,10,000**	4,98,10,000
For Insurance Account	**19,77,512**	–
Total Other Bank Balances.................................	**8,07,87,512**	4,98,10,000

Note:
(1) All other bank balance have been charged against the borrowings of the Company. (Refer Note no. 12- Non Current Borrowings).

Note No. 9 - Other Financial Assets

Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
	Current	Current
Financial assets at amortised cost		
a) Unbilled revenue................	**4,29,64,356**	4,76,03,647
b) Interest Accrued on Fixed Deposit	**15,66,811**	9,55,865
Financial assets at fair value		
a) Derivatives financial instruments designated and effective as hedging instruments carried at fair value	–	6,73,23,782
Total Other Financials Assets ...	**4,45,31,167**	11,58,83,294

Note:
(1) All other financial assets have been charged against the borrowings of the Company. (Refer Note no. 12- Non Current Borrowings).

Note No. 10 - Other Assets

Rupees

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	**Non-Current**	Current	Non-Current
(a) Capital advances				
(i) For Capital work in progress	–	**2,78,41,264**	–	5,65,16,250
(c) Other Assets				
(i) Income Tax paid under protest FY 2015-16 (refer note no. 22).................	**8,113**	–	8,113	–
(ii) Prepaid expenses..........	**34,53,205**	–	10,58,891	–
Total Other Assets	**34,61,318**	**2,78,41,264**	10,67,004	5,65,16,250

Note:
(1) All other assets have been charged against the borrowings of the Company. (Refer No. 12- Non current Borrowings).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 11 - Equity Share Capital

Rupees

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of shares	Value of share	No. of shares	Value of share
Authorised:				
Equity shares of Rs. 10 each with voting rights	**1,50,00,000**	**15,00,00,000**	1,50,00,000	15,00,00,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	**93,15,000**	**9,31,50,000**	93,15,000	9,31,50,000
Total Equity share capital	**93,15,000**	**9,31,50,000**	93,15,000	9,31,50,000

Notes:

(i) 30% equity share are pedged with banks for security against the bank borrowing (Refer Note no. 12 - Non Current Borrowings).

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rupees

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes	Closing Balance
(a) Equity Shares with Voting rights*						
Year Ended 31 March 2021						
No. of Shares	**93,15,000**	–	–	–	–	**93,15,000**
Amount in Rupees	**9,31,50,000**	–	–	–	–	**9,31,50,000**
(a) Equity Shares with Voting rights*						
Year Ended 31 March 2020						
No. of Shares	93,15,000	–	–	–	–	93,15,000
Amount in Rupees	9,31,50,000	–	–	–	–	9,31,50,000

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares		
	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2021			
Mahindra Renewables Private Limited, the Holding Company	**93,15,000**	–	–
As at 31 March 2020			
Mahindra Renewables Private Limited, the Holding Company	93,15,000	–	–

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March 2021		As at 31 March 2020	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Renewables Private Limited (Holding Company)*	**93,15,000**	**100%**	93,15,000	100%

* Note:

It includes 1 equity share held as nominee by an indiviudal on behalf of the (Holding Company Mahindra Reneable Private Limited jointly held with Miss Brijbala Batwal 1 Equity Share).

Other Equity:	**As at 31 March 2021**	**As at 31 March 2020**
(i) Securities Premium	548,153,955	548,153,955

Securities premium is used to record the excess of the amount received over the face value of the shares. This reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 12 - Non-Current Borrowings

Rupees

Particulars	Rate of Interest	Repayment terms	As at 31 March 2021	As at 31 March 2020
Measured at amortised cost*				
A. Secured Borrowings:				
From Bank-				
Term loan				
YES Bank	9.24%	Refer note 1 below	**1,123,119,344**	594,813,876
TATA cleantech Capital Limited	10.10%	Refer note 1 below	**819,500,000**	861,000,000
Total Non Current Borrowings			**1,942,619,344**	1,455,813,876

Notes:

(1) Neo Solren Private Limited ("Borrower") is in the business of development, designing, construction, financing, commissioning, operation and maintenance of a 42 MW AC/49.92 MW DC Solar PV Power Project at Wadekothapally, Kodkandla Mandal, Warangal District,, in the State of Telangana, India ("Project") and has successfully achieved COD on 06th November, 2017.

To finance part of the cost of the Project, Lenders have financed rupee term loans aggregating to INR 268.80 crores from Yes Bank Limited, on the term and conditions of the common loan agreement dated December 29, 2016 ("Common Loan Agreement"). The subsequently Yes Bank has down sold their exposure amounting to Rs. 100 Crores to TATA Cleantech Capital Limited.

The tenure of the Borrowings is 19 years, with repayment starting from Mar-2018 to last repayment date being Sep-2035 (quarterly Installments)

(2) The loan amount is secured by:

(a) First c(a) First charge on all present and future tangible / intangible moveable assets, current assets including receivables.

(b) First charge on all present and future immovable properties, both freehold and leasehold.

(c) First charge on all the borrowers bank accounts including Escrow account and any other reserve and other bank accounts.

(d) First charge on all the rights, title interest, benefits, claims and demands whatsoever of the borrower in:

i) Project agreements

ii) the clearances subject to applicable law

iii) any letter of credit, guarantee, performance bond ,corporate guarantee, bank guarantees or warranty provided by any party

(e) Assignment of insurance policies relating to the project, right, titles, permits/approvals. Clearances and interests to the company.

(f) Short fall undertaking from sponsor for funding time/cost overruns.

(g) Pledge of shares held by shareholders in the borrower representing 30% of the total paid up equity share capital.

(h) Non disposal undertaking from Mahindra Susten private limited for its 51% shareholding in Mahindra Renewables Private Limited.

(3) The Company has to maintain a debt service reserve account with a minimum balance equal to total amount of schedules interest fees and principal due within next Period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 13 - Trade Payables

Rupees

Particulars	As at 31 March 2021 Current	As at 31 March 2020 Current
Trade payable - Other than micro and small enterprises	**17,77,237**	29,36,761
Total Trade Payables	**17,77,237**	29,36,761

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the " Micro, small and medium enterprises development act, 2006'" was done on the basis of the information to the extent provided by the suppliers of the company.

Note No. 14 - Other Financial Liabilities

Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Other Financial Liabilities Measured at Amortised Cost		
(a) Current maturities of long-term debt		
(i) Term loans		
From Bank		
Yes Bank Limited	**5,72,87,689**	5,52,17,052
From Financial Institution		
TATA Cleantech Capital Limited	**4,15,00,000**	4,00,00,000
(ii) Buyers credit Loan		
(Refer Note No. 12- Non current Borrowings)		
SBI, Antwerp	**–**	20,86,59,069
SBI, Antwerp	**–**	16,67,30,013
SBI, Antwerp	**–**	28,25,40,483
SBI, Antwerp	**–**	3,07,98,874
(b) Interest accrued on debt	**5,03,97,970**	6,54,77,095
(c) Creditors for capital supplies/services	**1,04,47,625**	1,04,47,624
(d) Short Term loan from related party	**22,60,00,000**	22,60,00,000
Total other financial liabilities	**38,56,33,284**	1,08,58,70,210

Notes:

(1) The Company has taken short term unsecured loan in current year from Mahindra Susten Private Limited (Intermediary Holding Company) of INR 22,60,00,000 (Previous year INR 22,60,00,000) at 11.00% p.a.

Note No. 15 - Other Liabilities

Particulars	As at 31 March 2021 Current	As at 31 March 2020 Current
Statutory dues		
– Taxes payable (other than income taxes)	**13,54,417**	10,73,836
Total Other Liabilities	**13,54,417**	10,73,836

Note No. 16 - Revenue from Operations

Rupees

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) Revenue from sale of Solar Energy	**38,89,01,498**	41,89,31,659
Total Revenue from Operations	**38,89,01,498**	41,89,31,659

Note No. 17 - Other Income

Rupees

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) Interest Income		
On Financial Assets at Amortised Cost	**1,12,94,432**	80,55,811
(b) Other Income	**–**	19,77,512
(c) Net Loss/(Gain) on foreign currency transactions net off Derivative gain/loss	**3,63,71,881**	–
Total Other Income	**4,76,66,314**	1,00,33,323

Note No. 18 - Finance Cost

Rupees

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) Interest expense	**24,41,00,633**	21,81,03,949
(b) Finance charges	**–**	36,20,425
Total Finance Cost	**24,41,00,633**	22,17,24,374

Analysis of Interest Expenses by Category

Rupees

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) Interest on borrowing from Bank	**21,92,40,635**	19,44,41,049
(b) Interest on Short term loan from Related Party	**2,48,59,998**	2,36,17,395
(c) Interest on late payment of Taxes	**–**	45,505

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 19 - Other Expenses

Rupees

Particulars	**Year ended 31 March 2021**	Year ended 31 March 2020
(a) Insurance	**28,12,033**	15,92,902
(b) Operation & Maintenance Charges	**1,68,34,735**	1,55,58,456
(c) Advertisement expenses	**–**	34,125
(d) Power Consumption charges	**39,97,090**	39,19,879
(e) Net Loss/(Gain) on foreign currency transactions net off Derivative gain/loss	**–**	2,99,98,321
(f) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors- Statutory audit fees	**3,06,800**	1,09,300
(ii) For Tax audit fees	**59,000**	59,000
(iii) For Income tax Matters	**–**	1,09,000
(iv) For Other services	**23,600**	1,53,400
(g) Other expenses		
(i) Legal and other professional costs	**64,50,385**	80,51,911
(ii) Bank Charges	**99,418**	88,535
(iii) Miscellaneous expenses	**4,53,383**	51,40,300
Total Other Expenses	**3,10,36,444**	6,48,15,129

Note No. 20 - Earnings per Share

Rupees

Particulars	**Year ended 31 March 2021**	Year ended 31 March 2020
	Per Share	Per Share
Basic Earnings per share	**3.07**	(1.21)
Total basic earnings per share	**3.07**	(1.21)
Diluted Earnings per share	**3.07**	(1.21)
Total diluted earnings per share	**3.07**	(1.21)

Basic & diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Rupees

Particulars	**Year ended 31 March 2021**	Year ended 31 March 2020
Profit / (loss) for the year attributable to owners of the Company	**2,85,92,114**	(1,13,11,906)
Less: Preference dividend and tax thereon	–	–
Profit / (loss) for the year used in the calculation of basic earnings per share	**2,85,92,114**	(1,13,11,906)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profits used in the calculation of basic earnings per share from continuing operations (i)	**2,85,92,114**	(1,13,11,906)
Weighted average number of equity shares (ii)	**93,15,000**	93,15,000
Earnings per share from continuing operations - Basic & diluted (i/ii)	**3.07**	(1.21)

Note No. 21 - Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31 March 2021 and 31 March 2020 is as follows:

	31 March 2021	31 March 2020
Debt (A)	**2,26,74,07,033**	2,46,57,59,367
Equity (B)	**74,69,12,122**	71,83,20,008
Debt Equity Ratio (A / B)	**3.04**	3.43

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Categories of financial assets and financial liabilities

As at 31 March 2021 Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Trade Receivables	20,36,17,999	–	–	20,36,17,999
Other Bank Balances	8,07,87,512	–	–	8,07,87,512
Other Financial Assets				–
- Non Derivative Financial Assets	4,45,31,167	–	–	4,45,31,167
- Derivative Financial Assets	–	–	–	–
Non-current Liabilities				
Borrowings	1,94,26,19,344	–	–	1,94,26,19,344
Current Liabilities				
Trade Payables	17,77,237	–	–	17,77,237
Other Financial Liabilities		–	–	–
- Non Derivative Financial Liabilities	6,08,45,595			6,08,45,595
- Derivative Financial Liabilities	–	–	–	–
- Loan from related party	22,60,00,000			22,60,00,000
Current maturities of long-term debt	9,87,87,689	–	–	9,87,87,689

As at 31 March 2020 Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Trade Receivables	32,82,44,810	–	–	32,82,44,810
Other Bank Balances	4,98,10,000	–	–	4,98,10,000
Other Financial Assets				–
- Non Derivative Financial Assets	4,85,59,512	–	–	4,85,59,512
- Derivative Financial Assets	–	6,73,23,782	–	6,73,23,782
Non-current Liabilities				
Borrowings	1,45,58,13,876	–	–	1,45,58,13,876
Current Liabilities				
Trade Payables	29,36,761	–	–	29,36,761
Other Financial Liabilities				
- Non Derivative Financial Liabilities	7,59,24,719	–	–	7,59,24,719
- Derivative Financial Liabilities	–	–	–	-
- Buyers credit	68,87,28,439	–	–	68,87,28,439
- Loan from related party	22,60,00,000	–	–	22,60,00,000
Current maturities of long-term debt	9,52,17,052	–	–	9,52,17,052

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has entered into a Power Purchase Agreement with the state DISCOM of Andhra Pradesh and it believes that it is a solvent debt and hence the risk is minimal.

Trade receivables consist of receivable from the state DISCOM of Andhra Pradesh.

Apart from Company A, the largest customer of the Company, the Company does not have significant credit risk exposure to any single counterparty. Concentration of credit risk related to Company A did not exceed 20% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 10% of gross monetary assets at any time during the year.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-agencies.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables.

There is no change in estimation techniques or significant assumptions during the reporting period.

There is no Bad Debts in any of the financial year, hence not provided for any Bad Debts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the managment of the company, who have established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

Rupees

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial liabilities				
31-Mar-21				
Non-interest bearing	6,26,22,832	–	–	–
Variable interest rate instruments	9,87,87,689	21,69,52,045	24,31,60,537	1,48,25,06,762
Fixed interest rate instruments	–	–	–	22,60,00,000
Total	**16,14,10,521**	**21,69,52,045**	**24,31,60,537**	**1,70,85,06,762**
31-Mar-20				
Non-interest bearing	7,88,61,480	–	–	–
Variable interest rate instruments	78,39,45,491	21,36,67,057	23,98,99,354	1,00,22,47,466
Fixed interest rate instruments	–	–	–	22,60,00,000
Total	**86,28,06,971**	**21,36,67,057**	**23,98,99,354**	**1,22,82,47,466**

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial assets				
31-Mar-21				
Non-interest bearing	24,81,49,166	–	–	–
Variable interest rate instruments	8,07,87,512	–	–	–
Total	**32,89,36,678**	**–**	**–**	**–**
Non-derivative financial assets				
31-Mar-20				
Non-interest bearing	44,41,28,104	–	–	–
Variable interest rate instruments	4,98,10,000	–	–	–
Total	**49,39,38,104**	**–**	**–**	**–**

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

The Company has a policy of investing surplus cash balances in short term liquid debt funds which are subject to minimum market risk.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's / Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases and for 36 months period for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	31 March 2021	31 March 2020
Secured Bank Loans	USD	–	91,03,383

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company has a policy of investing surplus cash balances in short term liquid debt funds which are subject to minimum market risk.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase / decrease in basis points	Effect on profit before tax
31 March 2021	INR	+100	(2,04,14,070)
	INR	–100	2,04,14,070
31 March 2020	INR	+100	(1,55,10,309)
	INR	–100	1,55,10,309

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note No. 22 - Fair Value Measurement

Fair Valuation Techiques and Inputs used - recurring Items

Rupees

Financial assets/ financial liabilities measured at Fair value	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31-Mar-21	31-Mar-20			
Financial liabilities					
Other Financial Liabilities					
1) Foreign currency and interest swap contracts	-	51,90,55,718	**Level 2**	**Derivative valuation by Banks**	NA
Total financial assets	-	51,90,55,718			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees

Particulars	31-Mar-21		31-Mar-20	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– Trade and other receivables	20,36,17,999	20,36,17,999	32,82,44,810	32,82,44,810
– Other bank balance	8,07,87,512	8,07,87,512	4,98,10,000	4,98,10,000
– Other financial assets	4,45,31,167	4,45,31,167	4,85,59,512	4,85,59,512
	32,89,36,678	32,89,36,678	42,66,14,322	42,66,14,322
Financial liabilities				
Financial liabilities held at amortised cost				
– Bank loans	1,94,26,19,344	1,94,26,19,344	2,14,45,42,315	2,14,45,42,315
– Loans from repated party	22,60,00,000	22,60,00,000	22,60,00,000	22,60,00,000
– Trade and other payables	6,26,22,832	6,26,22,832	7,88,61,480	7,88,61,480
Current maturities of long-term debt	9,87,87,689	9,87,87,689	9,52,17,052	9,52,17,052
Total	2,33,00,29,865	2,33,00,29,865	2,54,46,20,847	2,54,46,20,847

Fair value hierarchy as at 31 March 2021

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Trade and other receivables	–	–	20,36,17,999	**20,36,17,999**
– Other bank balance	–	–	8,07,87,512	**8,07,87,512**
– Other financial assets	–	–	4,45,31,167	**4,45,31,167**
Total	–	–	32,89,36,678	**32,89,36,678**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Bank loans	1,94,26,19,344	–	–	**1,94,26,19,344**
– Loans from related party	–	–	22,60,00,000	**22,60,00,000**
– Trade and other payables	–	–	6,26,22,832	**6,26,22,832**
Current maturities of long-term debt	9,87,87,689	–	–	**9,87,87,689**
Total	2,04,14,07,033	–	28,86,22,832	**2,33,00,29,865**

Fair value hierarchy as at 31 March 2020

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Trade and other receivables	–	–	32,82,44,810	**32,82,44,810**
– Other bank balance	–	–	4,98,10,000	**4,98,10,000**
– Other financial assets	–	–	4,85,59,512	**4,85,59,512**
Total	–	–	42,66,14,322	**42,66,14,322**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– Bank loans	2,14,45,42,315	–	–	**2,14,45,42,315**
– Loans from related party	–	–	22,60,00,000	**22,60,00,000**
– Trade and other payables	–	–	7,88,61,480	**7,88,61,480**
Current maturities of long-term debt	9,52,17,052	–	–	**9,52,17,052**
Total	2,23,97,59,367	–	30,48,61,480	**2,54,46,20,847**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 23 - Related Party Transactions

Name of the parent Company	Mahindra Renewables Private Limited
Name of the Intermediate Holding Company	Mahindra Susten Private Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited
Name of Fellow Subsidiary Company	Mahindra Teqo Private Limited

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Ultimate Holding Company	Intermediate Holding Company	Name of Fellow Subsidiary Company (Rupees)
Nature of transactions with Related Parties				
Receiving of services	**31-Mar-21**	**1,78,414**	**19,75,000**	**1,61,47,229**
	31-Mar-20	1,65,199	11,02,500	1,69,01,121
Interest paid on ICD	**31-Mar-21**	**–**	**2,48,59,998**	**–**
	31-Mar-20	–	2,36,17,395	–
Inter Corporate Deposit Taken	**31-Mar-21**	**–**	**–**	**–**
	31-Mar-20	–	7,15,00,000	–
Inter Corporate Deposit Repaid	**31-Mar-21**	**–**	**–**	**–**
	31-Mar-20	–	2,45,00,000	–

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Intermediate Holding Company	Parent Company
Interest on ICD payable	**31-Mar-21**	**–**	**5,03,97,969**	**–**
	31-Mar-20	–	2,74,02,471	–
Inter corproate deposit payable	**31-Mar-21**	**–**	**22,60,00,000**	**–**
	31-Mar-20	–	22,60,00,000	–

Note No. 24 - Contingent liabilities and commitments

Contingent liabilities (to the extent not provided for)	**As at 31 March 2021**	As at 31 March 2020 (**Rupees**)
Contingent liabilities		
a) Appeals filed in respect of disputed demands:		
Income Tax		
- where the Company is in appeal	**5,83,892**	5,83,892

Note No 25

COVID-19, a novel Coronavirus, has spread globally, including India and has significantly affected public health and economic activities worldwide. The Company has considered relevant internal and external sources of information to evaluate the impact on the financial statements for the year ended 31st March 2021 and has assessed the carrying value of the assets to be recoverable. However, the actual impact may be different from that estimated as it will depend upon future developments and future actions to contain or treat the disease and mitigate its impact on the economy. The Company continues to closely monitor impact of the pandemic on the future economic conditions and the operations of the Company.”

Note No 26

The financial statements have been approved for issue by Company’s Board of Directors on April 26th 2021

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar
Partner
M.No : 111212

Place : Mumbai
Date : April 26, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN : 00220395

Mr. Rakesh Singh
Director
DIN : 07319353

Aneri Sanghavi
Company Secretary

Place : Mumbai
Date : April 26, 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MARVEL SOLREN PRIVATE LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of **Marvel Solren Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 (the Act) (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Information Other than the Ind AS Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report, but does not include the Ind AS Financial Statements and our Auditors' Report thereon.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
   (g) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, the provisions of Section 197 of the Act related to the managerial remuneration are not applicable.
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The company does not have any pending litigations which will impact its financial positions.
      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No. : 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQF9200

Place: Mumbai
Date: April 26, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Marvel Solren Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No. : 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQF9200

Place: Mumbai
Date: April 26, 2021

ANEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Marvel Solren Private Limited** for the year ended March 31, 2021

Annexure to the Auditor's Report referred to in our report of even date:

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The title deeds of the freehold land are held in the name of the Company.

2) According to the information and explanations given to us, the Company does not have inventory, therefore the provisions of para 3(ii) of the Order are not applicable to the Company.

3) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other related parties covered in the register maintained under section 189 of the Act.

4) The Company has not granted any loan, made investments or given guarantees during the year. Hence. the provisions of section 185 and section 186 of the Act are not applicable to the Company. We are informed that the company has not given any security during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2021 for a period of more than 6 months from the date they become payable.

   ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the money raised by the Company by the way of term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) Being the Company is a private company, the provisions of Section 197 of the Companies Act, 2013 and the provisions of para 3(xi) of the Order regarding payment of managerial remuneration are not applicable for the Company.

12) The Company, not being a Nidhi Company, the provisions of para 3(xii) of the Order are not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No. : 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQF9200

Place: Mumbai
Date: April 26, 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

	Particulars	Note No.	As at 31st March 2021	Rupees As at 31st March 2020
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	4	**1,00,42,61,107**	76,12,13,748
	(b) Capital Work-in-Progress		**19,91,66,965**	18,19,01,698
	(c) Deferred Tax Assets (Net)	5	**77,33,318**	65,55,250
	SUB-TOTAL		**1,21,11,61,390**	94,96,70,696
	CURRENT ASSETS			
	(a) Financial Assets			
	(i) Trade Receivables	6	**56,28,253**	88,66,478
	(ii) Cash and Cash Equivalents	7	**3,54,97,142**	4,11,25,113
	(iii) Other Bank Balances	7 (a)	**2,99,02,079**	2,01,43,378
	(iv) Other Financial Assets	8	**2,92,94,070**	1,10,50,791
	(b) Current Tax Assets (Net)		**19,33,121**	14,35,964
	(c) Other Current Assets	9	**23,41,387**	20,44,421
	SUB-TOTAL		**10,45,96,052**	8,46,66,146
	TOTAL ASSETS		**1,31,57,57,442**	1,03,43,36,841
II	**EQUITY AND LIABILITIES**			
	1 EQUITY			
	(a) Equity Share Capital	10, SOCE	**27,81,60,000**	12,61,60,000
	(b) Other Equity	SOCE	**22,99,89,753**	3,49,29,488
	SUB-TOTAL		**50,81,49,753**	16,10,89,488
	LIABILITIES			
	2 NON-CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Borrowings	11	**58,08,30,806**	53,25,32,738
	(b) Provisions	15	**6,86,839**	5,30,705
	SUB-TOTAL		**58,15,17,645**	53,30,63,443
	3 CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Trade Payables	12	**82,66,317**	91,35,894
	(ii) Other Financial Liabilities	13	**20,86,91,472**	32,78,41,446
	(b) Provisions	15	**76,61,813**	4,39,095
	(c) Other Current Liabilities	14	**14,70,443**	27,67,475
	SUB-TOTAL		**22,60,90,044**	34,01,83,910
	TOTAL EQUITY AND LIABILITIES		**1,31,57,57,442**	1,03,43,36,841

The accompanying notes 1 to 21 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co
Chartered Accountants
Firm Registration No: 105102W

Shirish Rahalkar
Partner
Membership No. 111212
Place: Mumbai
Date : 26th April, 2021

For and on behalf of the Board of Directors

Director

Company Secretary

Place: Mumbai
Date : 26th April, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

	Particulars	Note No.	For the Period ended 31st March 2021	Rupees For the Year ended 31st March 2020
	Continuining Operations			
I	Revenue from operations	16	**13,31,55,324**	11,50,34,999
II	Other Income	17	**44,57,415**	38,51,677
III	**Total Revenue (I + II)**		**13,76,12,739**	11,88,86,676
IV	**Expenses**			
	(a) Employee benefit expense		**77,49,709**	16,79,667
	(b) Finance costs	18	**5,46,72,220**	6,58,78,303
	(c) Depreciation and amortisation expense	4	**4,63,68,453**	4,06,29,446
	(d) Other expenses	19	**3,34,05,305**	2,43,27,834
	Total Expenses		**14,21,95,687**	13,25,15,250
V	**(Loss)/Profit before exceptional items (III - IV)**		**(45,82,948)**	(1,36,28,574)
	Exceptional Items		**–**	–
VI	**(Loss)/profit after exceptional items**		**(45,82,948)**	(1,36,28,574)
VII	**Share of profit/(loss) of joint ventures and associates**		**–**	–
VIII	**(Loss)/profit before tax (VI+VII)**		**(45,82,948)**	(1,36,28,574)
IX	**Tax Expense**			
	(a) Current tax		**–**	–
	(b) Deferred tax		**(11,78,069)**	(39,72,277)
	Total tax expense		**(11,78,069)**	(39,72,277)
X	**(Loss)/Profit after tax from continuing Operations (VIII-IX)**		**(34,04,879)**	(96,56,297)
XI	**Discontinued Operations**			
	(a) Profit/(loss) from discontinued operations		**–**	–
	(b) Tax Expense of discontinued operations		**–**	–
	Profit/(loss) after tax from discontinued operations		**–**	–
XII	**(Loss)/profit for the year (X+XI)**		**(34,04,879)**	(96,56,297)
XIII	**(Loss)/profit from continuing operations for the year attributable to:**			
	Owners of the Company		**(34,04,879)**	(96,56,297)
	Non controlling interests		**–**	–
XV	**Other comprehensive income**		**1,05,144**	–
	(a) (i) Items that will not be reclassified to profit or loss			–
	(a) Changes in revaluation surplus			
	(b) Remeasurements of the defined benefit liabilities/(asset)		**1,05,144**	
XVI	**Total comprehensive income for the year**		**(32,99,735)**	(96,56,297)
XVII	**Total comprehensive income for the year attributable to:**			
	Owners of the Company		**(32,99,735)**	(96,56,297)
	Non controlling interests			
XVIII	**Earnings per equity share:**			
	(a) Basic	20	**(0.12)**	(0.85)
	(b) Diluted	20	**(0.12)**	(0.85)
XIX	**Earnings per equity share (for discontinued operation):**			
	(a) Basic		**–**	–
	(b) Diluted		**–**	–
XX	**Earnings per equity share (for continuing and discontinued operations):**			
	(a) Basic	19	**(0.12)**	(0.85)
	(b) Diluted	19	**(0.12)**	(0.85)

The accompanying notes 1 to 21 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co
Chartered Accountants
Firm Registration No: 105102W

Shirish Rahalkar
Partner
Membership No. 111212
Place: Mumbai
Date : 26th April, 2021

For and on behalf of the Board of Directors

Director

Company Secretary

Place: Mumbai
Date : 26th April, 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2021

Particulars	Note No.	For the Period ended 31st March 2021	Rupees For the year ended 31st March 2020
Cash flows from operating activities			
(Loss)/Profit before tax for the year	P & L	(45,82,948)	(1,36,28,574)
Adjustments for:			
Finance costs recognised in profit or loss	17	5,46,72,220	6,58,78,303
Investment income recognised in profit or loss	16	(44,57,415)	(38,51,677)
Depreciation expense	4	4,63,68,453	4,06,29,446
Movements in working capital:			
Increase in trade and other receivables	6	32,38,224	(83,09,482)
(Increase)/decrease in financial and other assets	8, 9	(1,85,40,244)	62,01,493
Increase/(Decrease) in trade and other payables	12	(2,48,26,356)	90,35,879
(Decrease)/increase in other liabilities	14	(11,91,887)	20,75,121
Cash generated from operations		5,06,80,048	9,80,30,509
Income taxes paid		(4,97,157)	(10,74,349)
Net cash flow from/ (used in) operating activities		5,01,82,890	9,69,56,160
Cash flows from investing activities			
Interest received	16	44,57,415	37,89,950
Payments for property, plant and equipment	4	(71,21,749)	(1,52,95,485)
Addition in property, plant and equipment		(30,66,81,079)	–
Net cash flow from/(used in) investing activities		(30,93,45,413)	(1,15,05,535)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company	SOCE	35,03,60,000	8,49,99,750
Payment for share issue costs	SOCE	–	(2,75,302)
Proceeds from/(Repayment of) borrowings	11, 13	(3,23,94,527)	(9,80,90,122)
Paid for Earmarked balance with Bank	7(a)	(97,58,701)	(68,00,945)
Interest paid	17	(5,46,72,220)	(5,38,45,921)
Net cash flow from (used in) financing activities		25,35,34,552	(7,40,12,541)
Net Increase/(Decrease) in cash and cash equivalents		(56,27,971)	1,14,38,084
Cash and cash equivalents at the beginning of the year	7	4,11,25,113	2,96,87,028
Cash and cash equivalents at the end of the year	7	3,54,97,142	4,11,25,113

In terms of our report attached.

For B. K. Khare & Co
Chartered Accountants
Firm Registration No: 105102W

Shirish Rahalkar
Partner
Membership No. 111212
Place: Mumbai
Date : 26th April, 2021

For and on behalf of the Board of Directors

Director

Company Secretary

Place: Mumbai
Date : 26th April, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

A. Equity share capital

	Rupees
As at 31st March 2019	9,52,51,000
Changes in equity share capital during the year	3,09,09,000
As at 31st March 2020	12,61,60,000
Changes in equity share capital during the period	15,20,00,000
As at 31st March 2021	**27,81,60,000**

B. Other Equity

Rupees

Particulars	Securities Premium Reserve	Retained Earnings	Total
As at 1st April 2019	–	(92,29,663)	(92,29,663)
Loss for the period	–	(96,56,297)	(96,56,297)
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the year	–	(96,56,297)	(96,56,297)
Equity Share Issuance Costs	(2,75,302)	–	(2,75,302)
Exercise of employee stock options			
Options granted during the year			
Any other changes - Shares premium received during the period	**5,40,90,750**	**–**	**5,40,90,750**
As at 31st March 2020	**5,38,15,448**	**(1,88,85,960)**	**3,49,29,488**
As at 1st April 2020	**5,38,15,448**	**(1,88,85,960)**	**3,49,29,488**
Loss for the year	–	(34,04,879)	(34,04,879)
Other Comprehensive Income/(Loss)	–	1,05,144	1,05,144
Total Comprehensive Income for the year	–	(32,99,735)	(32,99,735)
Any other changes -Shares premium received during the period	19,83,60,000	–	19,83,60,000
As at 31st March 2021	**25,21,75,448**	**(2,21,85,695)**	**22,99,89,753**

In terms of our report attached.

For B. K. Khare & Co
Chartered Accountants
Firm Registration No: 105102W

Shirish Rahalkar
Partner
Membership No. 111212
Place: Mumbai
Date : 26th April, 2021

For and on behalf of the Board of Directors

Director

Company Secretary

Place: Mumbai
Date : 26th April, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

1. **Nature of Operations**

   Marvel Solren Private Limited ('the Company') was incorporated in India on 10th October, 2015, having registered office at Mahindra Towers, Dr. G. M. Bhosale Marg, P. K. Kurne Chowk, Worli, Mumbai – 400018 Maharashtra, INDIA to carry on business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system/sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

   The holding company is Mahindra Susten Private Limited.

   The standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 17th April 2019.

2. **Statement of compliance**

   The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

   The Company is exempt from preparing a consolidated financial statement (CFS)

   a) being a wholly owned intermediate subsidiary;

   b) not listed on any stock exchange and;

   c) as its ultimate holding company files CFS with the Registrar of Companies which are in compliance with applicable accounting standards.

3. **Significant Accounting Policies and Accounting Judgments and Estimates**

A) **Significant Accounting Policies**

a) **Basis of Preparation of Financial Statements**

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupees.

b) **Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements, which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) **Revenue Recognition:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(ii) Dividend Income

Dividend income is recognized when the right to receive dividend is established.

d) **Current and Non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) **Segment information**

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

Since the operation in the Company has not started it has no reporting operating segment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

f) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

g) Provisions and Contingent Liabilities :

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

h) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt/equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

(ii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

i) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

j) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and,

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

k) **First-time adoption – mandatory exceptions, optional exemptions, and overall principle**

The Company has prepared the opening balance sheet as per Ind AS as of 1 April 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

B) **Accounting Judgments and Estimates**

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Lease

The Company has entered into a 25 year Power Purchase Agreement ("PPA") with its customer. In view of the management, the PPA does not convey to the customer any significant residual interest in the assets created by the Company for executing the PPA as envisaged by Appendix A of Ind AS 11, nor does this PPA satisfy the criteria in Appendix C of Ind AS 17 pertaining to determining whether an arrangement contains a lease. Accordingly, management has determined that neither Appendix A of Ind AS 11 nor Appendix C of Ind AS 17 is applicable to the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 4 – Property, Plant and Equipment

Rupees

Description of Assets	Land–Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1st April 2020	7,21,75,146	76,72,24,450	83,93,99,596
Additions	–	28,94,15,812	28,94,15,812
As at 31st March 2021	**7,21,75,146**	**1,05,66,40,262**	**1,12,88,15,408**
II. Accumulated depreciation and impairment			
Balance as at 1st April 2020	–	7,81,85,848	7,81,85,848
Depreciation expense for the year	–	4,63,68,453	4,63,68,453
Balance as at 31st March 2021	**–**	**12,45,54,301**	**12,45,54,301**
III. Net carrying amount (I–II)	**7,21,75,146**	**93,20,85,961**	**1,00,42,61,107**

Description of Assets	Land–Freehold	Plant and Equipment	Total
I. Gross Carrying Amount			
Balance as at 1st April 2019	7,21,75,146	76,71,19,489	83,92,94,635
Additions	–	1,04,961	1,04,961
Balance as at 31st March 2020	**7,21,75,146**	**76,72,24,450**	**83,93,99,596**
II. Accumulated depreciation and impairment			
Balance as at 1st April 2019	–	3,75,56,402	3,75,56,402
Depreciation expense for the year	–	4,06,29,446	4,06,29,446
Balance as at 31st March 2020	**–**	**7,81,85,848**	**7,81,85,848**
III. Net carrying amount (I–II)	**7,21,75,146**	**68,90,38,602**	**76,12,13,748**

Depreciation on tangible fixed assets is provided at the rate as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2017.

Note No. 5 – Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	For the Period ended 31st March, 2021	For the year ended 31st March, 2020
Current Tax:		
In respect of current year	**–**	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(11,78,069)**	(39,72,277)
Total income tax expense on continuing operations	**(11,78,069)**	(39,72,277)

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	For the Period ended 31st March, 2021	For the year ended 31st March, 2020
Profit before tax from continuing operations	**(45,82,948)**	**(1,36,28,574)**
Income tax expense calculated at 27.82% (2018-19: 26%)#	**(12,74,976)**	(37,91,469)
Reduction in tax rate	**–**	(5,77,243)
Effect of expenses that is non-deductible in determining taxable profit	**96,907**	3,96,435
Effect of reversal of deferred tax assets of previous year	**–**	
Income tax expense recognised in profit or loss for current year	**(11,78,069)**	**(39,72,277)**
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	–
Income tax expense recognised In profit or loss from continuing operations	**(11,78,069)**	**(39,72,277)**

Notes:

(1)# The tax rate used for the Year Ended 30th sept 19 and year ended 31 March 2019 is the corporate tax rate of 25% plus Health & education cess @ 4 % (Previous year ended 31st March 2018 tax rate is corporate tax rate of 30% plus Education cess @ 3%) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(2) Deferred Tax created for business losses is as below:

Rupees

Financial year	Business loss	Unabsorbed Depreciation	Deferred tax Assets
2017–18	1,57,398	2,50,68,228	70,17,769
2018–19	92,51,166	6,13,77,820	1,96,48,984
2019–20	–	4,58,91,734	1,27,67,080
2020–21	–	7,21,57,591	2,00,74,242
Total	**94,08,564**	**20,44,95,373**	**5,95,08,075**

(3) Deferred Tax Asset (DTA) has been recognised by the Company. The Company has a Power Purchase Agreement with Tech Mahndra Limited for 25 years and based on the revenue generation model, the management believes that the Company will earn taxable profits in the future, and will be able to adjust the DTA against future profits.

(4) Current Tax assets created on account of Advance Taxes paid & TDS receivable is as below:

Financial year	Advance Tax	TDS Receivable	Current tax assets
2016-17	–	–	–
2017-18	–	–	–
2018-19	–	1,59,219	1,59,219
2019-20	10,00,000	2,76,745	12,76,745
2020-21	3,85,000	2,68,438	6,53,438
Total	**13,85,000**	**7,04,402**	**20,89,402**

(c) Movement in deferred tax balances

Rupees

Particulars	For the Year ended 31st March, 2021		
	Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	3,32,76,967	1,88,94,226	5,21,71,193
	3,32,76,967	1,88,94,226	5,21,71,193

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Rupees

Particulars	For the Year ended 31st March, 2021 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax assets			
Carry forward Tax Losses...........	3,98,32,216	2,00,72,295	5,99,04,512
	3,98,32,216	2,00,72,295	5,99,04,512
Net Deferred Tax (Asset)/ Liabilities...................................	**65,55,250**	**11,78,069**	**77,33,319**

Rupees

Particulars	For the year ended 31st March, 2020 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment.............	2,23,39,228	1,09,37,739	3,32,76,967
	2,23,39,228	1,09,37,739	3,32,76,967
Tax effect of items constituting deferred tax assets			
Carry forward Tax Losses....................	2,49,22,200	1,49,10,016	3,98,32,216
	2,49,22,200	1,49,10,016	3,98,32,216
Net Deferred Tax (Asset)/Liabilities	25,82,972	39,72,277	65,55,250

Note No. 6 – Trade receivables

Rupees

Particulars	As at 31st March, 2021 Current	Non– Current	As at 31st March, 2020 Current	No– Current
Trade receivables				
(a) Unsecured, considered good	**56,28,253**	–	88,66,478	–
Total	**56,28,253**	–	88,66,478	–
Of the above, trade receivables from:				
– Related Parties	**23,69,414**	–	18,04,404	–
– Others	**32,58,840**	–	70,62,074	–
Total	**56,28,253**	–	88,66,478	–

Note:

(1) All the trade receivables from Tech Mahindra Ltd. has been charged against borrowings of the Company. (Refer Note No. 11- Non Current Borrowings).

Note No. 7 – Cash and Cash Equivalents

Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Balance with Bank	**56,66,240**	26,23,153
(b) Fixed Depost with maturity	**2,98,30,902**	3,85,01,960
Total Cash and Cash Equivalents	**3,54,97,142**	4,11,25,113

Note No.7(a)– Other Bank Balances

Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Earmarked Balance with Bank	**2,99,02,079**	2,01,43,378
Total Other Bank balances	**2,99,02,079**	2,01,43,378

Reconciliation of Cash and Cash Equivalents

Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
Total Cash and Cash Equivalents as per Balance Sheet..	**3,54,97,142**	4,11,25,113
Add: Bank Overdraft..	**–**	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	–
Total Cash and Cash Equivalents as per Statement of Cashflow......................................	**3,54,97,142**	4,11,25,113

Note:

(1) Cash and cash equivalents include cash in banks, net of overdraft, if any.

Note No. 8 – Other Financial Assets

Rupees

Particulars	As at 31st March, 2021 Current	Non– Current	As at 31st March, 2020 Current	Non– Current
Financial assets at amortised cost				
a) Interest accured on Fixed Deposit..	–	–	4,20,023	–
b) Unbilled Revenue..........................	**2,92,94,070**	–	1,06,30,768	–
Total Other Financial Assets...........	**2,92,94,070**	–	1,10,50,791	–

Note No. 9 – Other assets

Rupees

Particulars	As at 31st March, 2021 Current	Non– Current	As at 31st March, 2020 Current	Non– Current
(a) Other advance				
(i) Security Deposits	**13,22,000**	–	13,22,000	–
(b) Others				
(i) Prepaid Expenses	**10,19,387**	–	7,22,421	–
	23,41,387	–	20,44,421	–

Note No. 10 – Equity Share Capital

Rupees

Particulars	As at 31st March, 2021 No. of shares	Value of shares	As at 31st March, 2020 No. of shares	Value of shares
Authorised:				
Equity shares of Rs. 10 each with voting rights....................................	**3,00,00,000**	**30,00,00,000**	3,00,00,000	30,00,00,000
Total Authorised Equity Share Capital..	**3,00,00,000**	**30,00,00,000**	3,00,00,000	30,00,00,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights....................................	**2,78,16,000**	**27,81,60,000**	1,26,16,000	12,61,60,000
Total Paidup Equity Share Capital ..	**2,78,16,000**	**27,81,60,000**	1,26,16,000	12,61,60,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Notes:

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes	Closing Balance
Equity Shares with Voting rights#						
For the Period ended 31st March 2021						
No. of Shares	**1,26,16,000**	**1,52,00,000**	**–**	**–**	**–**	**2,78,16,000**
Amount	**12,61,60,000**	**15,20,00,000**	**–**	**–**	**–**	**27,81,60,000**
For the Period ended 31st March 2020						
No. of Shares	95,25,100	30,90,900	–	–	–	1,26,16,000
Amount	9,52,51,000	3,09,09,000	–	–	–	12,61,60,000

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates

Particulars	No. of Shares: Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
AS at 31st March 2021			
Mahindra susten private Limited, the Joint Venturer Company	1,41,86,160	–	–
Mitsui & Co. Ltd, Japan, the join venturer Company	1,36,29,840	–	–
As at 31st March 2020			
Mahindra susten private Limited, the Joint Venturer Company	64,34,160	–	–
Mitsui & Co. Ltd, Japan, the join venturer Company	**61,81,840**	**–**	**–**
As at 31st March 2019			
Mahindra susten private Limited, the Holding Company	95,25,100	–	–
As at 31st March 2018			
Mahindra susten private Limited, the Holding Company	**10,000**	**–**	**–**

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March, 2021: Number of shares held	As at 31st March, 2021: % holding in that class of shares	As at 31st March, 2020: Number of shares held	As at 31st March, 2020: % holding in that class of shares
<u>Equity shares with voting rights</u>				
Mahindra susten private Limited	1,41,86,160	51%	64,34,160	51%
Mitsui & co. Ltd.	1,36,29,840	49%	61,81,840	49%

Note No. 11 – Non–Current Borrowings

Rupees

Particulars	Rate of Interest	Maturity	As at 31st March 2020	As at 31st March 2019
Measured at amortised cost*				
A. Secured Borrowings:				
(b) Term Loans				
(1) From Banks			58,08,30,806	53,25,32,738
(2) From Others Parties			–	–
Total Secured Borrowings			**58,08,30,806**	53,25,32,738
Total Non – Current Borrowings			**58,08,30,806**	53,25,32,738

Notes:

(1) The Company has a sanction for project financing from ICICI bank for Rs. 68.28 Crores. Amount has been drawn against this sanction till the balance sheet date.

Note No. 12 – Trade Payables

Rupees

Particulars	As at 31st March, 2021: Current	As at 31st March, 2021: Non-Current	As at 31st March, 2020: Current	As at 31st March, 2020: Non-Current
Trade payable – Other than micro and small enterprises	**82,66,317**	–	91,35,894	–
Total Trade Payables	**82,66,317**	–	91,35,894	–

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the " Micro, small and medium enterprises development act, 2006" was done on the basis of the information to the extent provided by the suppliers of the company.

Note No. 13 – Other Financial Liabilities

Rupees

Particulars	As at 31st March 2021	As at 31st March 2020
Other Financial Liabilities Measured at Amortised Cost		
Current		
(a) Current maturities of long-term debt	**3,30,71,500**	3,30,68,000
(b) Interest accrued on loan	–	3,13,35,630

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Particulars	As at 31st March 2021	As at 31st March 2020
		Rupees
(c) Unsecured short term loan from related party	–	8,06,96,095
(d) Creditors for capital supplies/services	**17,56,19,972**	18,27,41,721
Total Other Financial Liabilities	**20,86,91,472**	32,78,41,446

Note No. 14 – Other Liabilities

Rupees

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non–Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non–Current
Statutory dues				
– taxes payable (other than income taxes)	**12,51,285**	–	27,67,475	–
– Employee Recoveries and Employer Contributions	**2,19,158**	–		
Total Other Liabilities	**14,70,443**	–	27,67,475	–

Note No. 15 – Provisions

Rupees

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non–Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non–Current
(a) Provision for employee benefits				
(1) Long-term Employee Benefits	**3,49,821**	**6,86,839**	18,175	5,30,705
(b) Other Provisions				
(1) Other Provisions	**73,11,992**	–	4,20,920	–
Total Provisions	**76,61,813**	**6,86,839**	4,39,095	5,30,705

Note No. 16 – Revenue from Operations

Rupees

Particulars	For the Period ended 31st March, 2021	For the Year ended 31st March, 2020
Revenue from sale of solar power	**13,31,55,324**	11,50,34,999
Total Revenue from Operations	**13,31,55,324**	11,50,34,999

Note No. 17 – Other Income

Rupees

Particulars	For the Period ended 31st March, 2021	For the year ended 31st March, 2020
Interest Income	**44,57,415**	38,51,677
Total Other Income	**44,57,415**	38,51,677

Note No. 18 – Finance Cost

Rupees

Particulars	For the Period ended 31st March, 2021	For the year ended 31st March, 2020
(a) Interest expense	**5,46,72,220**	6,58,78,303
Less: Amounts included in the cost of qualifying assets	–	–
Total Finance Cost	**5,46,72,220**	6,58,78,303

Analysis of Interest Expenses by Category

Rupees

Particulars	For the Period ended 31st March, 2021	For the year ended 31st March, 2020
Interest Expenses		
On sub–ordinated debt from related party	**6,08,528**	1,35,23,804
Interest on Term Loan	**5,40,63,692**	5,23,54,499
	5,46,72,220	6,58,78,303

Note No. 19 – Other Expenses

Rupees

Particulars	For the Period ended 31st March, 2021	For the year ended 31st March, 2020
(a) ROC Charges, Registration charges and stamp duty expenses	**3,97,050**	14,43,740
(b) Insurance	**13,86,246**	4,92,206
(c) Repairs and maintenance– Machinery	**80,07,536**	59,81,121
(d) Rent For Officers	**30,00,000**	8,75,000
(e) Advertisement	–	95,000
(f) Travelling and Conveyance Expenses	**6,09,382**	5,17,846
(g) Auditors remuneration and out–of–pocket expenses		
(i) As Auditors– Statutory audit fees	**1,26,000**	70,800
(ii) For Tax audit fees	–	29,500
(h) Other expenses		
(i) Legal and other professional costs	**1,93,22,242**	1,34,71,995
(ii) Bank Charges	**1,68,483**	1,25,499
(iii) Miscellaneous expenses	**3,88,367**	12,25,127
Total Other Expenses	**3,34,05,305**	**2,43,27,834**

Note No. 20 – Earnings per Share

Rupees

Particulars	For the Period ended 31st March, 2021	For the year ended 31st March, 2020
Basic Earnings per share		
From continuing operations	**(0.12)**	(0.85)
From discontinuing operations	–	–
Total basic earnings per share	**(0.12)**	(0.85)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Rupees

Particulars	For the Period ended 31st March, 2021	For the year ended 31st March, 2020
Diluted Earnings per share		
From continuing operations	**(0.12)**	(0.85)
From discontinuing operations	–	–
Total diluted earnings per share	**(0.12)**	(0.85)

Basic and Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Rupees

	For the Period Ended 31st March 2021	For the previous year ended 31st March 2020
(Loss)/Profit for the year attributable to owners of the Company	**(34,04,879)**	(96,56,297)
Less: Preference dividend and tax thereon	–	–
(Loss)/Profit for the year used in the calculation of basic earnings per share	**(34,04,879)**	(96,56,297)
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	–	–
(Loss)/Profit used in the calculation of basic earnings per share from continuing operations	**(34,04,879)**	(96,56,297)
Weighted average number of equity shares	**2,78,16,000**	1,13,96,576
Earnings per share from continuing operations – Basic and diluted	**(0.12)**	(0.85)

Note No. 21 – Related Party Transactions

Name of Fellow Subsidiary Company	Mahindra Teqo Private Limited
Name of Parent Company	Mahindra Susten Private Limited
Name of the Intermediate Holding Company	Mahindra Holdings Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	For the year ended	Mahindra & Mahindra Limited	Mahindra Susten Private Limited	Mahindra Teqo Private Limited	Entities having joint control/ significant influence over Company	Subsidiaries	Associates	Joint ventures
Nature of transactions with Related Parties								
Purchase of property and other assets (power plant)	Q4 FY 20-21	–	9,56,88,524	3,28,583				
Purchase of property and other assets (power plant)	Q3 FY 20-21	–	13,43,99,113	9,85,747				
Purchase of property and other assets (power plant)	Q2 FY 20-21	–	5,41,75,920	–				
Purchase of property and other assets (power plant)	Q1 FY 20-21	–	2,24,21,891	–				
Purchase of property and other assets (power plant)	31-Mar-20	–	18,19,01,698	–				
Purchase of property and other assets (power plant)	31-Mar-19	–	11,86,50,014	–				
Purchase of property and other assets (power plant)	31-Mar-18	–	62,17,92,090	–				
Purchase of property and other assets (power plant)	Q4 FY 20-21	–	5,80,00,000	–				
Purchase of property and other assets (power plant)	Q3 FY 20-21	–	85,95,787	8,65,081	9,85,747.51	176091.8		
Purchase of property and other assets (power plant)	Q2 FY 20-21	–	6,67,28,586	–				
Purchase of property and other assets (power plant)	Q1 FY 20-21	–	17,70,80,334	–				
Receiving of services taken	Q4 FY 20-21	–	44,25,000					
Receiving of services taken	Q3 FY 20-21	–	44,25,000					

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Rupees

Particulars	For the year ended	Mahindra & Mahindra Limited	Mahindra Susten Private Limited	Mahindra Teqo Private Limited	Entities having joint control/ significant influence over Company	Subsidiaries	Associates	Joint ventures
Receiving of services taken	Q2 FY 20-21	41,300	44,25,000	–				
Receiving of services taken	Q1 FY 20-21	41,300	44,25,000	–				
Receiving of services	31-Mar-20	1,51,200	1,21,93,451	59,81,120				
Receiving of services	31-Mar-19	1,65,200	40,53,945	–				
Rendering of services	31-Mar-20	78,375	5,26,250	–				
Receiving of services paid	Q4 FY 20-21	–	–	–				
Receiving of services paid	Q3 FY 20-21	–	–					
Receiving of services paid	Q2 FY 20-21	38,675	69,06,250	–				
Receiving of services paid	Q1 FY 20-21	1,52,075	1,08,00,000	–				
Sub- ordinated debt taken	Q1 FY 20-21	–	–	–				
Sub- ordinated debt taken	31-Mar-20	–	–	–				
Sub- ordinated debt taken	31-Mar-19	–	18,56,95,845	–				
Sub- ordinated debt taken	31-Mar-18	–	8,00,00,000	–				
Sub- ordinated debt Repayment	Q1 FY 20-21	–	–	–				
Sub- ordinated debt Repayment	31-Mar-20	–	8,99,99,750	–				
Sub- ordinated debt Repayment	31-Mar-19	–	9,50,00,000	–				
Sub- ordinated debt Repayment	31-Mar-18	–	–	–				
Interest on Subordinated debt accure	Q1 FY 20-21	–	5,47,675					
Interest on Subordinated debt paid	Q1 FY 20-21	–	3,18,83,305					

Rupees

Nature of Balances with Related Parties	Balance as on	Mahindra & Mahindra Limited	Mahindra susten Private Limited	Mahindra Teqo Private Limited	Entities having joint control/ significant influence over Company	Subsidiaries	Associates	Joint ventures
Unsecured loan	31-Mar-21	–	–	–				
Unsecured loan	31-Mar-20	–	–					
Unsecured loan	31-Mar-19	–	17,06,95,845	–				
	31-Mar-18	–	8,00,00,000	–				
Interest on unsecured loan	31-Mar-21	–	–	–				
Interest on unsecured loan	31-Mar-20	–	(3,84,109)	–				
Interest on unsecured loan	31-Mar-19	–	1,91,64,206	–				
Trade receivable	31-Mar-19	–	5,26,250	18,51,123				
Trade payables	31-Mar-21	–	17,56,19,972	(14,18,582)				
Trade payables	31-Mar-20	1,13,400	19,40,35,172	10,45,928				
Trade payables	31-Mar-19	–	1,62,05,518	–				
	31-Mar-18	–	62,07,74,106	–				
	31-Mar-16	78,375	–	–				

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

ASTRA SOLREN PRIVATE LIMITED

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of **Astra Solren Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 (the Act) (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Information Other than the Ind AS Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report, but does not include the Ind AS Financial Statements and our Auditors' Report thereon.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

a. Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

g) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, the provisions of Section 197 of the Act related to the managerial remuneration are not applicable.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The company does not have any pending litigations which will impact its financial positions.

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No. : 105102W

Shirish Rahalkar
Partner
Membership No. : 111212
UDIN: 21111212AAAAQE4374

Place: Mumbai
Date: April 26, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Astra Solren Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No. : 105102W

Shirish Rahalkar
Partner
Membership No. : 111212
UDIN: 21111212AAAAQE4374

Place: Mumbai
Date: April 26, 2021

ANEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of Astra Solren Private Limited for the year ended March 31, 2021

Annexure to the Auditor's Report referred to in our report of even date:

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The Company does not have immovable property.

2) According to the information and explanations given to us, the Company does not have inventory, therefore the provisions of para 3(ii) of the Order are not applicable to the Company.

3) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other related parties covered in the register maintained under section 189 of the Act.

4) The Company has not granted any loan, made investments or given guarantees during the year. Hence. the provisions of section 185 and section 186 of the Act are not applicable to the Company. We are informed that the company has not given any security during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2021 for a period of more than 6 months from the date they become payable.

   ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the money raised by the Company by the way of term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) Being the Company is a private company, the provisions of Section 197 of the Companies Act, 2013 and the provisions of para 3(xi) of the Order regarding payment of managerial remuneration are not applicable for the Company.

12) The Company, not being a Nidhi Company, the provisions of para 3(xii) of the Order are not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm Registration No. : 105102W

Shirish Rahalkar
Partner
Membership No. : 111212
UDIN: 21111212AAAAQE4374

Place: Mumbai
Date: April 26, 2021

BALANCE SHEET FOR YEAR ENDED 31 MARCH, 2021

Rupees

	Particulars	Note No.	As at 31 March 2021	As at 31 March 2020
I	**ASSETS**			
	NON–CURRENT ASSETS			
	(a) Property, Plant and Equipment	4	**3,173,409,910**	3,383,777,586
	(b) Financial Assets			
	(i) Other Financial Assets	8	**713,765**	–
	(c) Other Non–current Assets	9	**533,700,203**	557,535,045
	SUB–TOTAL		**3,707,823,878**	3,941,312,631
	CURRENT ASSETS			
	(a) Financial Assets			
	(i) Trade Receivables	6	**148,662,029**	151,722,184
	(ii) Cash and Cash Equivalents	7	**103,679,920**	9,992,804
	(iii) Other Bank Balance	7(a)	**104,660,193**	112,684,505
	(iv) Other Financial Assets	8	**62,268,383**	61,989,469
	(b) Current Tax Assets (Net)		**–**	16,979,133
	(c) Other Current Assets	9	**22,508,549**	20,053,955
	SUB–TOTAL		**441,779,074**	373,422,050
	TOTAL ASSETS		**4,149,602,952**	4,314,734,681
II	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	(a) Equity Share Capital	10	**88,894,300**	88,894,300
	(b) Other Equity	10	**663,188,653**	615,462,351
	SUB–TOTAL		**752,082,953**	704,356,651
	LIABILITIES			
2	**NON–CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	11	**2,828,292,235**	3,008,957,309
	(i) Other Financial Liabilities	13	**903,459**	1,249,211
	(b) Deferred Tax Liabilities (Net)	5	**12,316,464**	16,819,838
	(c) Other Non–current Liabilities	14	**370,657,151**	396,981,513
	SUB–TOTAL		**3,212,169,309**	3,424,007,871
3	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Trade Payables	12		
	(a) total outstanding dues to Micro & small enterprises		**–**	–
	(b) total outstanding dues to creditors other than Micro & small enterprises		**8,996,634**	10,035,833
	(ii) Other Financial Liabilities	13	**147,395,167**	149,640,644
	(b) Current Tax Liabilities (Net)		**2,437,825**	–
	(c) Other Current Liabilities	14	**26,521,064**	26,693,682
	SUB–TOTAL		**185,350,690**	186,370,159
	TOTAL EQUITY AND LIABILITIES		**4,149,602,952**	4,314,734,681

The accompanying notes 1 to 25 are an integral part of the Financial Statements

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 26 April, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN : 00220395

Mr. Rakesh Singh
Director
DIN : 07319353

Place: Mumbai
Date: 26 April, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2021

	Particulars	Note No.	Year ended 31 March 2021	Rupees Year ended 31 March 2020
	Continuing Operations			
I	Revenue from operations	15	620,593,438	616,260,044
II	Other Income	16	37,563,057	35,627,241
III	**Total Revenue (I + II)**		658,156,495	651,887,285
IV	**Expenses**			
	(a) Finance costs	17	281,632,587	299,730,752
	(b) Depreciation expense	4	210,367,676	210,367,676
	(c) Other expenses	18	100,035,004	84,172,592
	Total Expenses		592,035,267	594,271,019
V	**Profit/(Loss) before tax (III-IV)**		66,121,228	57,616,266
VI	**Tax Expense**			
	(a) Current tax (1) Minimum alternate Tax		11,036,955	–
	(2) Minimum alternate tax credit		(11,036,955)	–
	(b) Provision for income Tax- deferred	5	18,394,926	20,206,652
	Total tax expense		18,394,926	20,206,652
VII	**Profit/(Loss) after tax (V - VI)**		47,726,302	37,409,614
VIII	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss		–	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss			–
	B (i) Items that may be reclassified to profit or loss			–
	(ii) Income tax on items that may be reclassified to profit or loss			–
IX	**Total comprehensive income for the year**		47,726,302	37,409,614
X	**Earnings per equity share:**			
	(a) Basic	19	5.37	4.31
	(b) Diluted	19	5.37	4.31

The accompanying notes 1 to 25 are an integral part of the Financial Statements

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 26 April, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN : 00220395

Mr. Rakesh Singh
Director
DIN : 07319353

Place: Mumbai
Date: 26 April, 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2021

Particulars	For the Year ended 31 March, 2021	Rupees For the Previous Year ended 31 March, 2020
Cash flows from operating activities		
(Loss)/Profit before tax for the year	**66,121,228**	57,616,266
Adjustments for:		
Finance costs recognised in profit or loss	**281,632,587**	299,730,752
Amortisation of deffered revenue	**(26,324,363)**	(26,396,485)
Investment income recognised in profit or loss	**(11,118,755)**	(9,230,756)
Depreciation expense	**210,367,676**	210,367,676
Net loss/(gain) on foreign currency transactions net off Derivative gain/loss	**–**	3,073,920
	454,557,145	477,545,106
Movements in working capital:		
(Increase)/Decrease in trade and other receivables	**3,060,160**	(46,470,903)
(Increase)/Decrease in other assets	**20,666,482**	22,145,226
Decrease/(Increase) in trade and other payables	**(1,039,199)**	4,536,003
(Increase)/decrease in other Financial assets	**(893,225)**	5,077,467
Decrease/(Increase) in other liabilities	**(172,620)**	(283,265)
Cash generated from operations	**21,621,598**	(14,995,472)
Income taxes paid	**(3,481,344)**	(11,521,902)
Net cash flow from (used in) operating activities	**538,818,627**	508,643,998
Cash flows from investing activities		
Interest received	**11,733,066**	9,625,858
Payments for property, plant and equipment		–
Net cash flow from/ (used in) investing activities	**11,733,066**	9,625,858
Cash flows from financing activities		
Paid for Earmarked Balance with Bank	**8,024,312**	(35,053,269)
Repayment of borrowings	**(193,549,592)**	–
Proceeds from borrowings	**2,265,275**	(171,363,805)
Proceeds from government Grant (VGF Refund)		–
Interest paid	**(273,604,572)**	(351,357,662)
Net cash flow from/(used in) financing activities	**(456,864,578)**	(557,774,735)
Net increase/(decrease) in cash and cash equivalents	**93,687,116**	(39,504,880)
Cash and cash equivalents at the beginning of the year	**9,992,804**	49,497,684
Cash and cash equivalents at the end of the year	**103,679,920**	9,992,804

The accompanying notes 1 to 25 are an integral part of the Financial Statements

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 26 April, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN : 00220395

Mr. Rakesh Singh
Director
DIN : 07319353

Place: Mumbai
Date: 26 April, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2021

A. Equity share capital

Particulars	**Rupees Amount**
As at 31 March 2019	**88,894,300**
Changes in equity share capital during the year	
As at 31 March 2020	**88,894,300**
Changes in equity share capital during the year	–
As at 31 March, 2021	**88,894,300**

B. Other Equity

Rupees

Particulars	**Reserves and Surplus** Securities Premium Reserve	**Reserves and Surplus** Retained Earnings	**Total**
As at 1 April 2019	**601,490,222**	**(23,437,485)**	**578,052,737**
Profit/(Loss) for the year	–	37,409,614	37,409,614
Total Comprehensive Income for the year	–	37,409,614	37,409,614
Equity Share Issuance Costs			
As at 1 April 2019	**601,490,222**	**13,972,129**	**615,462,351**
As at 31 March 2020	**601,490,222**	**13,972,129**	**615,462,351**
Profit/(Loss) for the year		47,726,302	47,726,302
Total Comprehensive Income for the year	–	47,726,302	47,726,302
As at 31 March, 2021	**601,490,222**	**61,698,432**	**663,188,653**

The accompanying notes 1 to 25 are an integral part of the Financial Statements

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 26 April, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN : 00220395

Mr. Rakesh Singh
Director
DIN : 07319353

Place: Mumbai
Date: 26 April, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. **Nature of Operations**

Astra Solren Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India on 14th October 2015 as domiciled in India and is a subsidiary of Mahindra Susten Private Limited. The Company is engaged in the business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system/sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

2. **Significant Accounting Policies and Accounting Judgments and Estimates**

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Financial statements

The financial statements have been prepared on a historical cost basis, except for Certain financial assets and liabilities measured at fair value

b) Use of estimates and judgments

The preparation of the standalone financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2021 are as follows:

(i) Recoverability of deferred tax assets:

In determining the recoverability of deferred income tax assets, the Company primarily considers current and expected profitability of applicable operating business segments and their ability to utilise any recorded tax assets. The Company reviews its deferred income tax assets at every reporting year/ period end, taking into consideration the availability of sufficient current and projected taxable profits, reversals of taxable temporary differences and tax planning strategies.

(ii) Impairment losses on financial assets:

The Company reviews its financial assets to assess impairment at regular intervals. The Company's credit risk is primarily attributable to its financial assets. In determining whether impairment losses should be reported in the standalone statement of profit and loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for expected credit loss is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows

(iii) Estimation of provisions and contingencies:

Provisions are liabilities of uncertain amount or timing recognised where a legal or constructive obligation exists at the balance sheet date, as a result of a past event, where the amount of the obligation can be reliably estimated and where the outflow of economic benefit is probable. Contingent liabilities are possible obligations that may arise from past event whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not fully within the control of the Company. The Company exercises judgement and estimates in recognizing the provisions and assessing the exposure to contingent liabilities relating to pending litigations. Judgement is necessary in assessing the likelihood of the success of the pending claim and to quantify the possible range of financial settlement. Due to this inherent uncertainty in the evaluation process, actual losses may be different from originally estimated provision.

c) Revenue Recognition:

The Company has adopted Ind AS 115, Revenue from Contracts with Customers, with effect from 1 April 2018. The Company has applied the following accounting policy for revenue recognition:

Revenue from contracts with customers:

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements

The accounting policies for the specific revenue streams of the Company is:

An entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (ie an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2017.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss

(ii) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

In assessing value in use, the Company makes a reasonable estimate of the value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Foreign Exchange Transactions:

Initial Recognition

All transactions that are not denominated in the Company's functional currency are foreign currency transactions. These transactions are initially recorded in the functional currency by applying the appropriate daily rate which best approximates the actual rate of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the standalone statement of profit and loss.

Measurement of foreign currency items at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Nonmonetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in the standalone statement of profit and loss

h) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

held for sale in discontinued operations. The Valuation Committee comprises of the head of the investment properties segment, heads of the Company's internal mergers and acquisitions team, the head of the risk management department, financial controllers and chief finance officer

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Valuation Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Valuation Committee decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Valuation Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Valuation Committee also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Valuation Committee present the valuation results to the Audit Committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

On an interim basis, the Valuation Committee present the valuation results to the Audit Committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

i) Hedge accounting

The Company designates certain hedging instruments, which include derivatives, and non-derivatives in respect of foreign currency risk, as either fair value hedges, or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

j) Segment information

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performances of the operating segments of the Company. The Company operates only in one segment viz. sale of solar energy.

k) Leases:

At inception of contract, the Company assesses whether the Contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Company allocates consideration in the contract to each lease component on the basis of their relative standalone price.

As a lessee:

i) Right-of-use assets:

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to dismantle. Right of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The Company presents right-to-use assets that do not meet the definition of investment property in 'Property, plant and equipment'.

ii) Lease liabilities:

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company generally uses its incremental borrowing rate at the lease commencement date if the discount rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount is remeasured when there is a change in future lease payments arising from a change in index or rate. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset. The Company presents lease liabilities under financial liabilities in the Balance Sheet.

iii) Short term leases and leases of low value of assets:

The Company applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low value assets recognition exemption that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

l) Taxes on Income:

Income tax comprises current and deferred tax. It is recognised in the standalone statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

On 30th March 2019, MCA has issued amendment regarding the income tax Uncertainty over Income Tax Treatments. The notification clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. In assessing the uncertainty, an entity shall consider whether it is probable that a taxation authority will accept the uncertain tax treatment. This notification is effective for annual reporting periods beginning on or after April 1, 2019. As per the Company's assessment, there are no material uncertainties over income tax treatments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using applicable tax rates (and tax laws) enacted or substantially enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum Alternative Tax ('MAT')

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the standalone statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as a deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an deferred tax asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the year/period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

m) Provisions and Contingent Liabilities :

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

A contingent asset is disclosed where an inflow of economic benefits is probable.

n) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt / equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

o) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

p) Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset and are presented in the balance sheet by setting up the grant as deferred income. Such grant is not reduced from the value of assets.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

q) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and,

Diluted earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period adjusted for the effects of dilutive options.

r) Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted with the standalone financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

s) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores as per the requirement of Schedule III, unless otherwise stated.

Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new Indian Accounting Standards and or amendments to existing Indian Accounting Standards. There is no such notification which would be applicable from 01 April 2021

Note No. 4 - Property, Plant and Equipment

Rupees

Description of Assets	Plant and Equipment	Total
I. Gross Carrying Amount		
Balance as at 1 April 2020	**3,984,236,283**	**3,984,236,283**
Additions	**–**	**–**
Balance as at 31 March, 2021	**3,984,236,283**	**3,984,236,283**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2020	600,458,697	600,458,697
Depreciation expense for the year	210,367,676	210,367,676
Balance as at 31 March, 2021	**810,826,373**	**810,826,373**
III. Net carrying amount (I-II)	**3,173,409,910**	**3,173,409,910**
I. Gross Carrying Amount		
Balance as at 1 April 2019	3,984,236,283	3,984,236,283
Additions		
Balance as at 31 March 2020	**3,984,236,283**	**3,984,236,283**
II. Accumulated depreciation and impairment		
Balance as at 1 April 2019	390,091,021	390,091,021
Depreciation expense for the year	210,367,676	210,367,676
Balance as at 31 March 2020	**600,458,697**	**600,458,697**
III. Net carrying amount (I-II)	3,383,777,586	3,383,777,586

Notes:

(1) Plant and Equipment has been charged against the borrowings. (Refer Note No. 11 Non Current Borrowings).

(2) Method of Depreciation:-

Depreciation on Plant and equipment is provided at the rate as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2017.

Note No. 5 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rupees

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Current Tax:		
In respect of current year	11,036,955	–
Recongnised Deferred Tax assets	(11,036,955)	
Deferred Tax:		
In respect of current year origination and reversal of temporary differences.	18,394,926	20,206,651
Total income tax expense	**18,394,926**	**20,206,651**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rupees

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Profit before tax from continuing operations	**66,121,228**	57,616,266
Income tax expense calculated at 27.82% (2017-18: 30.90%)#	**18,394,926**	16,028,845
Effect of income that is exempt from taxation	–	855,164
Effect of expenses that is non-deductible in determining taxable profit	–	3,322,641
Income tax expense recognised In profit or loss from continuing operations for current year	**18,394,926**	20,206,651
Adjustments recognised in the current year in relation to the current tax of prior years	–	–
Income tax expense recognised In profit or loss	**18,394,926**	20,206,651

Notes:

(1) # The tax rate used for the 31 March 2021 is the corporate tax rate of 25% plus surcharge @7 % plus Health & edcuation cess @ 4% on Tax plus surchage amount (Previous year ended 31 March 2020 s the corporate tax rate of 25% plus surcharge @7 % plus Health & edcuation cess @ 4% on Tax plus surchage) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(2) Deferred Tax Asset (DTA) has been recognised by the Company. The Company has a Power Purchase Agreement with the DISCOM for 25 years and based on the revenue generation model, the management believes that the Company will earn taxable profits in the future, and will be able to adjust the DTA against future profits.

(c) Movement in deferred tax balances Rupees

Particulars	Year ended 31 March 2021		
	Opening Balance	Recognised in profit and loss	Closing Balance
Tax effect of items constituting deferred tax liabilities	88,663,627	26,712,792	115,376,420
Property, Plant and Equipment	**88,663,627**	**26,712,792**	**115,376,420**
Tax effect of items constituting deferred tax assets	71,843,789	31,216,166	103,059,955
Carry forward Tax Losses	**66,400,231**	**4,975,159**	**71,375,391**
Other Assets	–	**3,342,705**	**3,342,705**
MAT Credit	**5,443,558**	**22,898,301**	**28,341,859**
Net Deferred Tax(Asset)/ Liabilities	**16,819,838**	**(4,503,374)**	**12,316,464**

Rupees

Particulars	For the Year ended 31 March 2020		
	Opening Balance	Recognised in profit and loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	61,950,835	26,712,792	88,663,627
	61,950,835	26,712,792	88,663,627
Tax effect of items constituting deferred tax assets	65,337,649	6,506,140	71,843,789
Carry forward Tax Losses	59,894,091	6,506,140	66,400,231
MAT Credit	5,443,558	–	**5,443,558**
Net Deferred Tax Asset/ (Liabilities)	**(3,386,814)**	**20,206,652**	**16,819,838**

Note No. 6 - Trade Receivables

Rupees

Particulars	As at 31 March 2021 Current	As at 31 March 2020 Current
Trade receivables		
Unsecured, considered good	**148,662,029**	151,722,184
Total	**148,662,029**	151,722,184
Of the above, trade receivables from:		
– Related Party	–	–
– Others	**148,662,029**	151,722,184
Total	**148,662,029**	151,722,184

Note:
All the sundry debtors have been charged against the borrowings. (Refer Note no. 11- Non Current Borrowings).

Note No. 7- Cash and Cash Equivalent

Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Balances with banks	**985,414**	9,992,804
(b) Fixed Deposits with maturity less than 3 months	**102,694,506**	–
Total Cash and cash equivalent	**103,679,920**	9,992,804

Note:

(1) All other cash and cash equivalents have been charged against borrowings (Refer Note no.11- Non Current Borrowings)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 7(a) - Other Bank Balance

Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Earmarked balances with banks- For Debt Service Reserve Account..........................	**104,660,193**	112,684,505
Total Other Bank balances.....................	**104,660,193**	112,684,505

Notes:
(1) All other bank balance have been charged against borrowings(Refer Note no.11- Non Current Borrowings)

Note No. 8 - Other Financial Assets

Rupees

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	Non Current	Current	Non Current
Financial assets at amortised cost				
(a) Interest accrued on deposits	**1,267,961**	–	1,882,272	–
(b) Security Deposits	–	**713,765**	–	–
(c) Unbilled Receivable....	**61,000,422**	–	60,107,197	–
Total Other Financial Assets..........................	**62,268,383**	**713,765**	61,989,469	–

Note:
(1) All the other financial assets have been charged against the borrowings (Refer Note no. 11- Non Current Borrowings).

Note No. 9 - Other Assets

Rupees

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	Non Current	Current	Non Current
(a) Advances other than capital advances				
(i) Lease Rent Deffered	**21,799,452**	533,700,203	19,764,064	557,535,045
(ii) Balances with government authorities (other than income taxes)..........................	**90,000**	–	90,000	–
(iii) Prepaid Expenses.........	**619,097**	–	199,891	–
Total Other Assets	**22,508,549**	**533,700,203**	20,053,955	557,535,045

Note:
(1) All the other assets have been charged against the borrowings (Refer Note no. 11- Non Current Borrowings)

Note No. 10 - Equity Share Capital

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of shares	Value of shares	No. of shares	Value of shares
Authorised:				
Equity shares of Rs.10 each with voting rights	**141,000,000**	**141,000,000**	14,100,000	141,000,000
Issued, Subscribed and Fully Paid:				
Equity shares of Rs.10 each with voting rights	**88,896,000**	**88,896,000**	8,889,600	88,896,000
Total Equity Share Capital ...	**88,896,000**	**88,896,000**	8,889,600	88,896,000

Notes:
(i) 30% equity share are pedged with banks for security against the bank borrowing (Refer Note no. 11 - Non current borrowing)

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Other Changes	Closing Balance
(a) Equity Shares with Voting rights*						
Year Ended 31 March 2021						
No. of Shares	**8,489,600**	**400,000**				**8,889,600**
Amount in Rupees	**84,896,000**	**4,000,000**				**88,896,000**
Year Ended 31 March 2020						
No. of Shares	8,489,600	400,000				8,889,600
Amount in Rupees	84,896,000	4,000,000				88,896,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares: Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2021			
Mahindra Renewables Private Limited- Holding Company	**8,889,600**		
As at 31 March 2020			
Mahindra Renewables Private Limited- Holding Company	8,889,600		

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/ Name of shareholder	As at 31 March 2021: Number of shares held	% holding in that class of shares	As at 31 March 2020: Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Renewables Private Limited (Holding Company)*.................	**8,889,600**	**100.00%**	8,889,600	100.00%

* Note:
It includes 1 equity share held as nominee by an indiviudal on behalf of the (Holding Company Mahindra Reneable Private Limited jointly held with Miss Brijbala Batwal 1 Equity Share).

Other Equity:	As at 31 March 2021	As at As at 31 March 2020
		Rupees
(i) Securities Premium..	**601,490,222**	601,490,222

Note:

Securities premium is used to record the excess of the amount received over the face value of the shares. This reserve will be utilised in accordance with the provisions of the Companies Act, 2013.

Note No. 11 - Non-Current Borrowings

Rupees

Particulars		Rate of Interest %	Repayment terms	As at 31 March 2021	As at 31 March 2020
Measured at amortised cost*					
A. Secured Borrowings:					
(a) Term Loans					
From Bank	IDFC Bank	9%	To be repaid by 31/03/2035		2,866,457,309
	HDFC Bank	8.15%	To be repaid by 31/03/2035	2,728,292,235	
				2,728,292,235	2,866,457,309
B. Unsecured Borrowings:					
Subordinated debt from related party		11.50%	Refer Note. 2 below	100,000,000	142,500,000
				100,000,000	142,500,000
Total Non Current Borrowings				**2,828,292,235**	**3,008,957,309**

Notes:

The Company is engaged in the business of operating (a) 40MW AC solar power project at Charanka Solar Park, Gujarat (hereinafter referred to as the "Project 1") and 25MW AC solar power project at Charanka Solar Park, Gujarat (hereinafter referred to as the "Project 2") (Project 1 and Project 2 are hereinafter collectively referred to as the "Project");

The Company had refinanced its existing outstanding term loan of Rs.304.54 Crores and PBG of Rs.5 Crores availed from IDFC Bank Limited through availing long term project finance from HDFC Bank. The said loan is repayable in 60 quarterly structured installment starting from June 2020 and ending on March 2035. The applicable Interest rate is 8.15% p.a.p.m.

(2) The loan amount is secured by:

(a) First charge on all present and future tangible / intangible moveable assets, current assets including receivables

(b) First charge on all present and future immovable properties, both freehold and leasehold.

(c) First charge on all the borrowers bank accounts including Escrow account and any other reserve and other bank accounts.

(d) First charge on all the rights, title interest, benefits, claims and demands whatsoever of the borrower in :

i) Project agreements

ii) the clearances subject to applicable law

iii) any letter of credit, guarantee, performance bond ,corporate guarantee, bank guarantees or warranty provided by any party

(iv) Assignment of insurance policies relating to the project, right, titles, permits/approvals. Clearances and interests to the company.

(e) Pledge of shares held by shareholders in the borrower representing 30% of the total paid up equity share capital and non disposal undertaking for 21% of paid up equity share capital.

(2) The Company had taken a subordinated debt from Mahindra Renewable Private Limited of INR 18,00,00,000 in March 2017 at 11.50 % fixed Interest per annum. The current outstanding of Rs.10,00,00,000/-

(3) The Company have to maintain a debt service reserve account with a minimum balance equal to total amount of schedule interest fees and principal due within next quarter.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 12- Trade Payables

Particulars	As at 31 March 2021 Current	As at 31 March 2020 Current
Trade payable - Other than micro and small enterprises............	**8,996,634**	10,035,833
	8,996,634	10,035,833

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the " Micro, small and medium enterprises development act, 2006'" was done on the basis of the information to the extent provided by the suppliers of the company.

Note No. 13 - Other Financial Liabilities

Rupees

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	Non Current	Current	Non Current
Other Financial Liabilities Measured at Amortised Cost				
(a) Current maturities of long-term debt........				
(Refer Note no 11 - Non Current Borrowings)				
(i) Term Loan with IDFC Bank......................	–	–	**149,640,644**	–
(ii) Term Loan with HDFC Bank............	**147,395,167**			
(b) Interest accrued form related party	–	**903,459**	–	1,249,211
Total Other Financial Liabilities	**147,395,167**	**903,459**	149,640,644	1,249,211

Note No. 14 - Other Liabilities

Rupees

Particulars	As at 31 March 2021		As at 31 March 2020	
	Current	Non Current	Current	Non Current
(a) Statutory dues				
taxes payable (other than income taxes)..............	**196,701**	–	369,319	–
Vibality Gap Funding........	**26,324,363**	370,657,150	26,324,363	396,981,513
Total other Liabilities.....	**26,521,064**	370,657,150	26,693,682	396,981,513

Notes:

(1) Deffered income of VGF is to be amortised over the life of the asset.

Note No. 15 - Revenue from Operations

Rupees

Particulars	Year ended 31 March 2021	For the Previous Year ended 31st March 2020
Revenue from sale of solar power	**620,593,438**	616,260,044
Total Revenue from Operations.........	**620,593,438**	616,260,044

Note No. 16 - Other Income

Rupees

Particulars	Year ended 31 March 2021	For the Previous Year ended 31st March 2020
(a) Interest Income.................................	**11,118,755**	9,230,756
(b) Interest on Income Tax refund	**119,939**	–
(c) Amortisation of deferred income (VGF)	**26,324,363**	26,396,485
Total other Income	**37,563,057**	35,627,241

Note No. 17 - Finance Cost

Rupees

Particulars	Year ended 31 March 2021	For the Previous Year ended 31st March 2020
(a) Interest expense	**281,276,290**	294,675,080
(b) Finance Charges	**356,297**	5,055,671
Total Finance cost......................	**281,632,587**	299,730,752

Analysis of Interest Expenses by Category

Rupees

Particulars	Year ended 31 March 2021	For the Previous Year ended 31st March 2020
Interest Expenses		
On short term loan from Related party		8,438
On sub-ordinated debt from related party (Refer note 11)	**15,972,397**	16,387,500
Interest on Bank Borrowing	**265,303,893**	278,279,142

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 18 - Other Expenses

Rupees

Particulars	**Year ended 31 March 2021**	For the Previous Year ended 31st March 2020
(a) Rent including lease rentals	**23,170,173**	23,170,172
(b) Insurance Charges	**6,868,151**	2,371,133
(c) Operation and Maintenance Charges	**57,578,553**	47,463,553
(d) Expenditure on corporate social responsibilty (CSR)	**550,289**	–
(f) Net (gain)/Loss on foreign currency transactions net off Derivative gain/loss	**–**	3,073,920
(g) Auditors remuneration and out-of-pocket expenses...........		
(i) As Auditors-statutory audit fees..	**247,800**	159,300
(ii) For Tax audit fees	**59,000**	59,000
(iii) For Other services	**35,400**	35,400
(h) Other expenses		
(i) Legal and professional fees..	**5,069,661**	3,051,092
(ii) Bank Charges.....................	**–**	138,101
(iv) Registration and Documentation Charges...........	**2,177,280**	13,140
(v) DSM (Derivation Settlement Mechanism) Charges	**3,631,206**	3,464,839
(vi) SLDC (State Load Despatch Centre) Charges	**437,994**	402,197
(vii) QCA (Qualified Coordinating Agency) Fees	**147,030**	–
(viii) Miscellaneous expenses	**62,467**	770,745
Total Other Expenses..................	**100,035,004**	84,172,592

Note: Details of CSR Expenditure

Rupees

Particulars	**Year ended 31 March 2021**	For the Previous Year ended 31st March 2020
Amount required to be spent by Company..	**550,289**	–
Amount spent during the year:		
(i) Construction /acquisition of any assets...........................	**–**	–
(ii) On purpose other than construction or acquisition of any other asset	**550,289**	–
Amount unspent............................	**–**	–

Note No. 19 - Earnings per Share

Rupees

Particulars	**Year ended 31 March 2021**	For the Previous Year ended 31st March 2020
	Per Share	**Per Share**
Basic Earnings per share		
From continuing operations	**5.37**	4.31
Total basic earnings per share...	**5.37**	4.31
Diluted Earnings per share		
From continuing operations	**5.37**	4.31
From discontinuing operations.....	**–**	–
Total diluted earnings per share	**5.37**	4.31

Basic and diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Particulars	**Year ended 31 March 2021**	For the Previous Year ended 31st March 2020
Profit/(Loss) for the year attributable to owners of the Company	47,726,302	37,409,614
Less: Preference dividend and tax thereon	–	–
Profit/(Loss) for the year used in the calculation of basic earnings per share	47,726,302	37,409,614
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	–	–
Profits used in the calculation of basic earnings per share from continuing operations (i)...............	47,726,302	37,409,614
Weighted average number of equity shares (ii)..	8,889,600	8,684,668
Earnings per share from continuing operations - Basic and diluted (i/ii)	5.37	4.31

Note No. 20- Financial Instruments

Capital management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Debt-to-equity ratio as of 31 March 2021 and 31 March 2020 is as follows:

	31-Mar-21	31-Mar-20
Debt (A) in Rupees	**2,975,687,401**	3,158,597,953
Equity (B) in Rupees	**752,082,953**	704,356,651
Debt Equity Ratio (A/B)	**3.96**	4.48

Categories of financial assets and financial liabilities

As at 31 March 2021

Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Trade Receivables	148,662,029			148,662,029
Other Bank Balances	104,660,193			104,660,193
Other Financial Assets	713,765			713,765
– Non Derivative Financial Assets	62,268,383			62,268,383
Non-current Liabilities				
Borrowings	2,828,292,235			2,828,292,235
Other Financial Liabilities				–
– Non Derivative Financial Liabilities	903,459			903,459
Current Liabilities				
Trade Payables	8,996,634			8,996,634
Other Financial Liabilities				
– Current maturities of long-term debt	147,395,167			147,395,167

As at 31 March 2020

Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Trade Receivables	151,722,184	–	–	151,722,184
Other Bank Balances	112,684,505	–	–	112,684,505
Other Financial Assets		–	–	–
– Non Derivative Financial Assets	61,989,469	–	–	61,989,469
Non-current Liabilities				
Borrowings	3,008,957,309	–	–	3,008,957,309
Other Financial Liabilities				
– Non Derivative Financial Liabilities	1,249,211	–	–	1,249,211
Current Liabilities				
Trade Payables	10,035,833	–	–	10,035,833
Other Financial Liabilities	–	–	–	–
– Current maturities of long-term debt	149,640,644			149,640,644

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has entered into a Power Purchase Agreement with the state DISCOM of Telangana and it believes that it is a solvent debt and hence the risk is minimal.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management of the company, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment years. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting year. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Rupees

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial liabilities				
31-Mar-21				
Non-interest bearing	9,900,093	–	–	–
Variable interest rate instruments	147,395,167	311,844,320	348,997,647	2,067,450,268
Fixed interest rate instruments	–	–	–	100,000,000
	157,295,260	**311,844,320**	**348,997,647**	**2,167,450,268**
31-Mar-20				
Non-interest bearing	11,285,044	–	–	–
Variable interest rate instruments	149,640,644	300,478,412	292,397,818	2,273,581,079
Fixed interest rate instruments	–	–	–	142,500,000
	160,925,688	**300,478,412**	**292,397,818**	**2,416,081,079**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rupees

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
31-Mar-21				
Non-interest bearing	211,644,177			
Variable interest bearing	104,660,193			
	316,304,370	–	–	–
31-Mar-20				
Non-interest bearing	213,711,653			
Variable interest bearing	112,684,505			
	326,396,158	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting year.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's / Company's exposure to currency risk relates primarily to the Company's operating activities and borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month year for hedges of forecasted sales and purchases and for 36 months year for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the year of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company has a policy of investing surplus cash balances in short term liquid debt funds which are subject to minimum market risk.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting year. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting year was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/ decrease in basis points	Effect on profit before tax
31-Mar-21	INR	+100	(28,756,874)
	INR	-100	28,756,874
31-Mar-20	INR	+100	(30,160,980)
	INR	-100	30,160,980

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 21 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

				Rupees
	31-Mar-21		31-Mar-20	
Particulars	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	148,662,029	148,662,029	151,722,184	151,722,184
– others	167,642,341	167,642,341	174,673,974	174,673,974
Total	**316,304,370**	**316,304,370**	**326,396,158**	**326,396,158**
Financial liabilities				
Financial liabilities held at amortised cost				
– bank loans	2,728,292,235	2,728,292,235	2,866,457,309	2,866,457,309
– loans from related parties	100,000,000	100,000,000	142,500,000	142,500,000
– trade and other payables	8,996,634	8,996,634	10,035,833	10,035,833
– Others	903,459	903,459	1,249,211	1,249,211
– Current maturities of long-term debt	147,395,167	147,395,167	149,640,644	149,640,644
Total	**2,985,587,495**	**2,985,587,495**	3,169,882,997	3,169,882,997

	Fair value hierarchy as at 31 March 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	–	148,662 ,029	**148,662,029**
– Others	–	–	167,642,341	**167,642,341**
Total	**–**	**–**	**316,304,370**	**316,304,370**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	2,728,292,235	–	–	**2,728,292,235**
– Current maturities of long-term debt	147,395,167	–	–	**147,395,167**
– loans from related parties	–	–	100,000,000	**100,000,000**
– trade and other payables			8,996,634	**8,996,634**
– Others			903,459	**903,459**
Total	**2,875,687,402**	**–**	**109,900,093**	**2,985,587,495**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	Fair value hierarchy as at 31 March 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	–	151,722,184	**151,722,184**
– Others	–	–	174,673,974	**174,673,974**
Total	**–**	**–**	**326,396,158**	**326,396,158**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	2,866,457,309	–	–	**2,866,457,309**
– Current maturities of long-term debt	149,640,644	–	–	**149,640,644**
– loans from related parties	–	–	142,500,000	**142,500,000**
– trade and other payables	–	–	10,035,833	**10,035,833**
– Others	–	–	1,249,211	**1,249,211**
Total	**3,016,097,953**	**–**	**153,785,044**	**3,169,882,997**

Note No. 22 - Leases

		Rupees
Particulars	**Year ended 31 March 2021**	For the Previous Year ended 31st March 2020
Operating Lease		
The Company has entered into two operating lease arrangements for Land. The leases are non-cancellable and are valid for a period of 19th July 2016 to 18th July 2046 for 30 years and for a period of 8th August 2016 to 7th August 2046 for 30 years respectively and both the leases may be renewed for a further year of 30 years based on mutual agreement of the parties.		
Expenses recognised in the Statement of Profit and Loss for above leases.	**10,929,587**	21,799,450

Note No. 23 - Related Party Transactions

Name of the parent Company	Mahindra Renewables Private Limited
Name of the Intermediate Holding Company	Mahindra Susten Private Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited
Name of Fellow Subsidiary Company	Mahindra Teqo Private Limited

Details of transaction between the Company and its related parties are disclosed below:

					Rupees
Particulars	**For the year ended**	**Ultimate Holding Company**	**Parent Company**	**Fellow Subsidiary Company**	**Intermediate Holding Company**
Nature of transactions with Related Parties					
Receiving of services	31-Mar-21	299,292		24,986,682	1,674,999
	31-Mar-20	271,400	–	29,909,460	1,874,250
Interest paid on Sub oridinated Debts	31-Mar-21		15,972,397		
	31-Mar-20	–	16,387,500		

Nature of Balances with Related Parties	**Balance as on**	**Ultimate Holding Company**	**Parent Company**	**Fellow Subsidiary Company**	**Intermediate Holding Company**
Trade payables	31-Mar-21	–		2,050,643	–
	31-Mar-20	–	–	7,350,630	1,715,417
Interest on Subordinated debt payable	31-Mar-21		903,459		
	31-Mar-20		1,249,211		–
Loans payable	31-Mar-21		100,000,000		
	31-Mar-20		142,500,000		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No 24

COVID-19, a novel Coronavirus, has spread globally, including India and has significantly affected public health and economic activities worldwide. The Company has considered relevant internal and external sources of information to evaluate the impact on the financial statements for the year ended 31st March 2021 and has assessed the carrying value of the assets to be recoverable. However, the actual impact may be different from that estimated as it will depend upon future developments and future actions to contain or treat the disease and mitigate its impact on the economy. The Company continues to closely monitor impact of the pandemic on the future economic conditions and the operations of the Company."

Note No 25

The financial statements have been approved for issue by Company's Board of Directors on April 26th 2021

The accompanying notes 1 to 25 are an integral part of the Financial Statements

In terms of our report attached.
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 26 April, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN : 00220395

Mr. Rakesh Singh
Director
DIN : 07319353

Place: Mumbai
Date: 26 April, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Brightsolar Renewable Energy Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of **Brightsolar Renewable Energy Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 (the Act) (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Information Other than the Ind AS Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report, but does not include the Ind AS Financial Statements and our Auditors' Report thereon.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
   (g) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, the provisions of Section 197 of the Act related to the managerial remuneration are not applicable.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The company does not have any pending litigations which will impact its financial positions.

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B.K. Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 21111212AAAAQW8881

Place: Mumbai
Date: May 10, 2021

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **Brightsolar Renewable Energy Private Limited** (“the Company”) as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B.K. Khare & Co.
Chartered Accountants
Firm’s Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQW8881

Place: Mumbai
Date: May 10, 2021

ANNEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Brightsolar Renewable Energy Private Limited** for the year ended March 31, 2021

Annexure to the Auditor's Report referred to in our report of even date:

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The title deeds of the freehold land are held in the name of the Company.

2) According to the information and explanations given to us, the Company does not have inventory, therefore the provisions of para 3(ii) of the Order are not applicable to the Company.

3) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other related partiescovered in the register maintained under section 189 of the Act.

4) The Company has not granted any loan, made investments or given guarantees during the year. Hence. the provisions of section 185 and section 186 of the Act are not applicable to the Company. We are informed that the company has not given any security during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2021 for a period of more than 6 months from the date they become payable.

   ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the money raised by the Company by the way of term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) Being the Company is a private company, the provisions of Section 197 of the Companies Act, 2013 and the provisions of para 3(xi) of the Order regarding payment of managerial remuneration are not applicable for the Company.

12) The Company, not being a Nidhi Company, the provisions of para 3(xii) of the Order are not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare& Co.**
Chartered Accountants
Firm's Registration Number 105102W

Shirish Rahalkar
Partner
Membership Number 111212
UDIN: 21111212AAAAQW8881

Place: Mumbai
Date: May 10, 2021

BALANCE SHEET AS AT 31ST MARCH 2021

Particulars	Note No.	As at 31 March, 2021	As at 31 March, 2020
I ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	4	58,39,48,254	62,97,96,568
SUB-TOTAL		58,39,48,254	62,97,96,568
CURRENT ASSETS			
(a) Financial Assets			
(i) Trade Receivables	6	23,26,66,038	13,09,15,521
(ii) Cash and Cash Equivalents	7	1,13,58,467	2,54,91,480
(iii) Other Bank Balances	7 (a)	1,02,36,264	1,04,37,500
(iv) Other Financial Assets	8	1,47,84,756	1,35,41,677
(b) Current Tax Assets (Net)		43,14,465	46,71,370
(c) Other Current Assets	9	10,85,981	3,87,950
SUB-TOTAL		27,44,45,971	18,54,45,498
TOTAL ASSETS		85,83,94,225	81,52,42,066
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	10	9,51,78,500	9,51,78,500
(b) Other Equity	10	12,74,81,039	11,83,76,758
SUB-TOTAL		22,26,59,539	21,35,55,258
LIABILITIES			
2 NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	11	58,73,66,988	56,53,03,697
(b) Deferred Tax Liabilities (Net)	5	35,92,772	20,37,084
SUB-TOTAL		59,09,59,760	56,73,40,780
3 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Trade Payables			
(a) total outstanding dues to creditors other than Micro & small enterprises	12	55,77,123	14,64,455
(ii) Other Financial Liabilities	13	3,85,83,518	3,18,59,873
(b) Other Current Liabilities	14	6,14,285	10,21,699
SUB-TOTAL		4,47,74,926	3,43,46,027
TOTAL EQUITY AND LIABILITIES		85,83,94,225	81,52,42,066

The accompanying notes 1 to 24 are an integral part of the Financial Statements

In terms of our report attached.

For B K Khare & Co.
Chartered Accountants
Firm registration no. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date : 10 May, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN : 00220395

Mr. Rajesh Sehgal
Director
DIN : 06805663

Ms. Vidhi Salot
Company Secretary

Place: Mumbai
Date: 10 May, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021

Rupees

Particulars	Note No.	Year Ended 31 March, 2021	Year ended 31 March, 2020
Continuining Operations			
I Revenue from operations	15	13,08,47,333	11,77,29,770
II Other Income	16	8,61,849	8,97,078
III Total Revenue (I + II)		**13,17,09,182**	**11,86,26,847**
IV Expenses			
(a) Finance costs	17	6,25,11,426	6,10,37,577
(b) Depreciation expense	4	4,58,48,314	4,59,73,926
(c) Other expenses	18	1,07,36,141	1,12,21,321
Total Expenses		**11,90,95,881**	**11,82,32,824**
V Profit/(loss) before tax (III-IV)		**1,26,13,300**	**3,94,024**
VI Tax Expense			
(a) Current tax- (i) Minimum Alternate Tax		19,53,332	75,810
(ii) Minimum Alternate Tax Credit		(19,53,332)	(75,810)
(b) Deferred tax		35,09,020	1,09,617
Total tax expense		**35,09,020**	**1,09,617**
VII Profit/(loss) after tax (V - VI)		**91,04,280**	**2,84,406**
VIII Other comprehensive income			
(a) (i) Items that will not be reclassified to profit or loss		–	–
(ii) Income tax relating to items that will not be reclassified to profit or loss		–	–
(b) (i) Items that may be reclassified to profit or loss		–	–
(ii) Income tax on items that may be reclassified to profit or loss		–	–
IX Total comprehensive income for the year		**91,04,280**	**2,84,406**
X Earnings per equity share:			
(a) Basic	19	0.96	0.03
(b) Diluted	19	0.96	0.03

The accompanying notes 1 to 24 are an integral part of the Financial Statements

In terms of our report attached.

For B K Khare & Co.
Chartered Accountants
Firm registration no. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date : 10 May, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN : 00220395

Mr. Rajesh Sehgal
Director
DIN : 06805663

Ms. Vidhi Salot
Company Secretary

Place: Mumbai
Date: 10 May, 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2021

Particulars	For the Year Ended 31 March, 2021	For the previous year ended 31 March, 2020
Cash flows from operating activities		
Profit before tax for the year	1,26,13,300	3,94,024
Adjustments for:		
Finance cost recognised in profit or loss	6,25,11,426	6,10,37,577
Investment income recognised in profit or loss	(8,61,849)	(8,97,078)
Net loss/(gain) on foreign currency transactions net off Derivative gain/loss	–	–
Depreciation expense	4,58,48,314	4,59,73,926
	12,01,11,192	10,65,08,449
Movements in working capital:		
(Increase)/Decrease in trade and other receivables	(10,17,50,517)	(6,36,60,796)
(Increase)/decrease in Other financial assets	(12,63,109)	(1,91,337)
(Increase)/decrease in other assets	(6,98,031)	87,52,717
(Decrease)/Increase in trade and other payables	41,12,669	(2,97,716)
(Decrease)/increase in other liabilities	(4,07,413)	6,77,175
Cash generated from operations	2,01,04,790	5,17,88,492
Income taxes paid	(15,96,427)	(89,01,466)
Net cash flows from/(used in) operating activities	1,85,08,362	4,28,87,026
Cash flows from investing activities		
Interest received	8,81,878	9,88,262
Net cash flows from/(used in) investing activities	8,81,878	9,88,262
Cash flows from financing activities		
Proceeds from Earmarked Balance	2,01,236	–
Proceeds from borrowings	5,02,67,280	3,42,90,571
Repayment of borrowings	(2,85,71,619)	–
Interest paid	(5,54,20,150)	(5,77,41,498)
Net cash flows from/(used in) financing activities	(3,35,23,253)	(2,34,50,926)
Net increase/(decrease) in cash and cash equivalents	(1,41,33,013)	2,04,24,361
Cash and cash equivalents at the beginning of the year	2,54,91,481	50,67,120
Cash and cash equivalents at the end of the year	1,13,58,467	2,54,91,481

The accompanying notes 1 to 24 are an integral part of the Financial Statements

In terms of our report attached.

For B K Khare & Co.
Chartered Accountants
Firm registration no. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date : 10 May, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN : 00220395

Mr. Rajesh Sehgal
Director
DIN : 06805663

Ms. Vidhi Salot
Company Secretary

Place: Mumbai
Date: 10 May, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2021

A. Equity share capital

	Rupees
As at 1st April 2019	9,51,78,500
Changes in equity share capital during the Quarter	–
As at 31st March 2020	9,51,78,500
As at 1st April 2020	9,51,78,500
Changes in equity share capital during the Quarter	–
As at 31st March 2021	9,51,78,500

B. Other Equity

Rupees

Particulars	Reserves and Surplus: Securities Premium Reserve	Reserves and Surplus: Retained Earnings	Total
As at 1st April 2019	**10,69,60,200**	**1,11,32,152**	**11,80,92,352**
Profit/(Loss) for the Period	–	2,84,406	2,84,406
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the quarter	–	2,84,406	2,84,406
As at 31st March 2020	**10,69,60,200**	**1,14,16,558**	**11,83,76,758**
Profit/(Loss) for the Period	–	91,04,280	91,04,280
Other Comprehensive Income/(Loss)	–	–	–
Total Comprehensive Income for the quarter	–	91,04,280	91,04,280
As at 31st March 2021	**10,69,60,200**	**2,05,20,839**	**12,74,81,039**

The accompanying notes 1 to 24 are an integral part of the Financial Statements

In terms of our report attached.

For B K Khare & Co.
Chartered Accountants
Firm registration no. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date : 10 May, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
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Mr. Rajesh Sehgal
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Ms. Vidhi Salot
Company Secretary

Place: Mumbai
Date: 10 May, 2021

Notes to the financial statements for the year ended 31st March, 2021

1. Nature of Operations

Brightsolar Renewable Energy Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India and is a joint venture company between Mahindra Renewable Private Limited and Trina Solar (Singapore) Third Pte Limited. The Company is engaged in the business of Generation of solar power.

Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

The Company is exempt from preparing a consolidated financial statement (CFS)

2. Significant Accounting Policies and Accounting Judgments and Estimates

a) Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Financial statements

The financial statements have been prepared on a historical cost basis, except for Certain financial assets and liabilities measured at fair value

b) Use of estimates and judgments:

The preparation of the standalone financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2021 are as follows:

(i) Recoverability of deferred tax assets :

In determining the recoverability of deferred income tax assets, the Company primarily considers current and expected profitability of applicable operating business segments and their ability to utilise any recorded tax assets. The Company reviews its deferred income tax assets at every reporting year/ period end, taking into consideration the availability of sufficient current and projected taxable profits, reversals of taxable temporary differences and tax planning strategies.

(ii) Impairment losses on financial assets :

The Company reviews its financial assets to assess impairment at regular intervals. The Company's credit risk is primarily attributable to its financial assets. In determining whether impairment losses should be reported in the standalone statement of profit and loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for expected credit loss is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows

(iii) Estimation of provisions and contingencies :

Provisions are liabilities of uncertain amount or timing recognised where a legal or constructive obligation exists at the balance sheet date, as a result of a past event, where the amount of the obligation can be reliably estimated and where the outflow of economic benefit is probable. Contingent liabilities are possible obligations that may arise from past event whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not fully within the control of the Company. The Company exercises judgement and estimates in recognizing the provisions and assessing the exposure to contingent liabilities relating to pending litigations. Judgement is necessary in assessing the likelihood of the success of the pending claim and to quantify the possible range of financial settlement. Due to this inherent uncertainty in the evaluation process, actual losses may be different from originally estimated provision.

c) Revenue Recognition:

The Company has adopted Ind AS 115, Revenue from Contracts with Customers, with effect from 1 April 2018. The Company has applied the following accounting policy for revenue recognition:

Revenue from contracts with customers:

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements

The accounting policies for the specific revenue streams of the Company is:

An entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (ie an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

d) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

e) Property plant and equipment and Intangible Assets:

(i) Property plant and equipment:

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is stated at the cost of acquisition and is not depreciated.

Depreciation on tangible assets in respect of electricity business is provided at the rate as well as methodology notified by the Central Electricity Regulation Commission (Terms and Conditions of Tariff) Regulations, 2017.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds (net of expenses incurred in connection with the sale) and the carrying amount of the asset and is recognised in profit or loss

(ii) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

In assessing value in use, the Company makes a reasonable estimate of the value in use.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

g) Foreign Exchange Transactions:

Initial Recognition

All transactions that are not denominated in the Company's functional currency are foreign currency transactions. These transactions are initially recorded in the functional currency by applying the appropriate daily rate which best approximates the actual rate of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the standalone statement of profit and loss.

Measurement of foreign currency items at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Nonmonetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in the standalone statement of profit and loss

h) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for sale in discontinued operations. The Valuation Committee comprises of the head of the investment properties segment, heads of the Company's internal mergers and acquisitions team, the head of the risk management department, financial controllers and chief finance officer

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Valuation Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Valuation Committee decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Valuation Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Valuation Committee also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Valuation Committee present the valuation results to the Audit Committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

On an interim basis, the Valuation Committee present the valuation results to the Audit Committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

i) Hedge accounting

The Company designates certain hedging instruments, which include derivatives, and non-derivatives in respect of foreign currency risk, as either fair value hedges, or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'Other income' line item

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

j) Segment information

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performances of the operating segments of the Company. The Company operates only in one segment viz. sale of solar energy.

k) Leases:

At inception of contract, the Company assesses whether the Contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Company allocates consideration in the contract to each lease component on the basis of their relative standalone price.

As a lessee:

i) Right-of-use assets:

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to dismantle. Right of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The Company presents right-to-use assets that do not meet the definition of investment property in 'Property, plant and equipment'.

ii) Lease liabilities:

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company generally uses its incremental borrowing rate at the lease commencement date if the discount rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount is remeasured when there is a change in future lease payments arising from a change in index or rate. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset. The Company presents lease liabilities under financial liabilities in the Balance Sheet.

iii) Short term leases and leases of low value of assets:

The Company applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low value assets recognition exemption that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

l) Taxes on Income:

Income tax comprises current and deferred tax. It is recognised in the standalone statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

On 30th March 2019, MCA has issued amendment regarding the income tax Uncertainty over Income Tax Treatments. The notification clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. In assessing the uncertainty, an entity shall consider whether it is probable that a taxation authority will accept the uncertain tax treatment. This notification is effective for annual reporting periods beginning on or after April 1, 2019. As per the Company's assessment, there are no material uncertainties over income tax treatments.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using applicable tax rates (and tax laws) enacted or substantially enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum Alternative Tax ('MAT')

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the standalone statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as a deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an deferred tax asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the year/period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

m) Provisions and Contingent Liabilities :

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

A contingent asset is disclosed where an inflow of economic benefits is probable.

n) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt / equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the ‘Other income’ line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the ‘Finance costs’ line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

o) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

p) Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset and are presented in the balance sheet by setting up the grant as deferred income. Such grant is not reduced from the value of assets.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

q) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period and,

Diluted earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period adjusted for the effects of dilutive options.

r) Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted with the standalone financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

s) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores as per the requirement of Schedule III, unless otherwise stated.

Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new Indian Accounting Standards and or amendments to existing Indian Accounting Standards. There is no such notification which would be applicable from 01 April 2021

Note No. 4 - Property, Plant and Equipment

Rupees

Description of Assets	**Land - Freehold**	**Plant and Equipment**	**Total**
I. Gross Carrying Amount			
Balance as at 1st April 2020	**3,76,25,477**	**78,64,20,488**	**82,40,45,965**
Additions	–	–	–
As at 31st March, 2021	**3,76,25,477**	**78,64,20,488**	**82,40,45,965**
II. Accumulated depreciation and impairment			
Balance as at 1st April 2020	–	19,42,49,397	**19,42,49,397**
Depreciation expense for the Quarter	–	4,58,48,314	**4,58,48,314**
As at 31st March, 2021	**–**	**24,00,97,711**	**24,00,97,711**
III. Net carrying amount (I-II)	**3,76,25,477**	**54,63,22,777**	**58,39,48,254**

Description of Assets	Land - Freehold	Plant and Equipment	Rupees Total
I. Gross Carrying Amount			
Balance as at 1st April 2019	3,76,25,477	78,64,20,488	82,40,45,965
Additions	–	–	–
Balance as at 31st March, 2020	**3,76,25,477**	**78,64,20,488**	**82,40,45,965**
II. Accumulated depreciation and impairment			
Balance as at 1st April 2019	–	14,82,75,471	**14,82,75,471**
Depreciation expense for the Quarter	–	4,59,73,926	**4,59,73,926**
Balance as at 31st March, 2020	**–**	**19,42,49,397**	**19,42,49,397**
III. Net carrying amount (I-II)	**3,76,25,477**	**59,21,71,091**	**62,97,96,568**

Note:

(1) Freehold land and plant and equipment have been charged against the borrowings. (Refer note no. 11- Non Current Borrowings).

(2) Depreciation on plant and equipment is provided at the rate as well as methodology notified by the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.

Note No. 5 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Particulars	Year Ended 31 March, 2021	Year Ended 31 March, 2020
Current Tax:		
In respect of current year	19,53,332.41	75,810.15
Minimum alternate tax credit entitlement	(19,53,332.41)	(75,810.15)
Deferred Tax:		
In respect of current period origination	35,09,020	1,09,617
Total Income Tax Expense on Continuing Operations	**35,09,020**	**1,09,617**

(b) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	As at 31 March, 2021	Rupees As at 31 March, 2020
Profit before tax from continuing operations	**1,26,13,300**	**3,94,024**
Income tax expense calculated at 27.82%#	35,09,020	1,09,617
Reduction in tax rate	–	–
Effect of income that is exempt from taxation		
Effect of expenses that is non-deductible in determining taxable profit	–	–
Effect of reversel of deffered Tax assets for earlier years (Refer note 4 below)	–	–
Effect of Creation of deffered Tax liabilities for earliear years	–	–
	35,09,020	1,09,617
Income tax expense recognised In profit or loss from continuing operations	**35,09,020**	**1,09,617**

Notes:

(1)# The tax rate used for the quarter ended 31st March 2021 is the corporate tax rate of 25% plus Surhcarge @7% plus Health & education cess @ 4 % on Tax plus surchage amount (Previous year ended 31st March 2020 tax rate is corporate tax rate of 25% plus surcharge @7 % plus Health & Education cess @ 4%) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(2) Deferred Tax Asset (DTA) has been recognised by the Company. The Company has a Power Purchase Agreement with the DISCOM for 25 years and based on the revenue generation model, the management believes that the Company will earn taxable profits in the future, and will be able to adjust the DTA against future profits.

(c) Movement in deferred tax balances

Rupees

Particulars	As at 31 March, 2021 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	2,16,53,169	(43,42,826)	1,73,10,343
	2,16,53,169	**(43,42,826)**	**1,73,10,343**
Tax effect of items constituting deferred tax assets			
Carry forward Tax Losses	1,38,02,324	(78,51,846)	59,50,477
MAT Credit	58,13,762	19,53,332	77,67,094
	1,96,16,086	**(58,98,514)**	**1,37,17,571**
Net Deferred Tax (Asset)/ Liabilities	**20,37,084**	**15,55,688**	**35,92,772**

Rupees

Particulars	As at 31 March, 2020 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	1,76,18,766	40,34,403	2,16,53,169
	1,76,18,766	**40,34,403**	**2,16,53,169**
Tax effect of items constituting deferred tax assets			
Carry forward Tax Losses	98,77,538	39,24,786	1,38,02,324
MAT Credit	58,13,762	–	58,13,762
	1,56,91,300	**39,24,786**	**1,96,16,086**
Net Deferred Tax (Asset)/ Liabilities	**19,27,466**	**1,09,617**	**20,37,084**

Note No. 6 - Trade Receivables

Particulars	As at 31 March, 2021	Rupees As at 31 March, 2020
Trade Receivable		
Unsecured, considered good	23,26,66,038	13,09,15,521
Total Trade Receivable	**23,26,66,038**	**13,09,15,521**
Of the above, trade receivables from:		
- Related Party	–-	–
- Others	23,26,66,038	13,09,15,521

Note:

(1) All the trade receivables have been charged against the borrowings. (Refer Note no. 11-Non Current Borrowings).

Note 7 Cash and Cash Equivalents

Rupees

Particulars	As at 31 March, 2021	As at 31 March, 2020
Cash and cash equivalents		
(a) Balances with banks	1,13,58,467	2,54,91,480
(b) Fixed Deposit with maturity-less then 3 month	–	–
Total Cash and cash equivalent	1,13,58,467	2,54,91,480

Note:
All the cash and cash equivalent have been charged against the borrowings. (Refer Note no. 11-Non Current Borrowings)

Note 7(a) other Bank Balance

Rupees

Particulars	As at 31 March, 2021	As at 31 March, 2020
Other Bank Balances		
(a) Earmarked balances with banks- For Debt Service Reserve Account	1,02,36,264	1,04,37,500
Total Other Bank balances	1,02,36,264	1,04,37,500

Notes:
All the other Bank balance have been charged against the borrowings. (Refer Note no. 11-Non Current Borrowings)

Note No. 8 - Other Financial Assets

Rupees

Particulars	As at 31 March, 2021	As at 31 March, 2020
Financial assets at amortised cost		
a) Interest accrued on Fixed Deposit	–	20,029
b) Deposits	3,03,000	3,03,000
c) Unbilled revenue	1,44,81,756	1,32,18,647
Total Other Financials Assets	**1,47,84,756**	**1,35,41,676**

Note:
All the other financial assets have been charged against the borrowings. (Refer Note no. 11-Non Current Borrowings).

Note No. 9 - Other Assets

Rupees

Particulars	As at 31 March, 2021	As at 31 March, 2020
(i) Prepaid expense	10,85,981	3,87,950
Total Other Assets	**10,85,981**	**3,87,950**

Note:
All other assets have been charged against the borrowings. (Refer Note no. 11-Non Current Borrowings)

Note No. 10 - Equity Share Capital

Rupees

Particulars	As at 31 March, 2021 No. of shares	As at 31 March, 2021 Value of Shares	As at 31 March, 2020 No. of shares	As at 31 March, 2020 Value of Shares
Authorised:				
Equity shares of ₹ Rs.10 each with voting rights	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
Issued, Subscribed and Fully Paid:				
Equity shares of ₹ Rs. 10 each with voting rights	95,24,000	9,52,40,000	95,24,000	9,52,40,000
Total Equity Share Capital	**95,24,000**	**9,52,40,000**	**95,24,000**	**9,52,40,000**

Notes:

(i) 30% of the equity share held by shareholders are pledge with banks for security against the bank borrowing (Refer Note no. 11 - Non current Borrowings)

(ii) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars		Opening Balance	Fresh Issue	Bonus	ESOP/ other changes	Closing Balance
(a) Equity Shares with Voting rights						
Year Ended 31st March, 2021						
	No. of Shares	95,24,000	–	–	–	95,24,000
	Amount in Rupees	9,52,40,000	–	–	–	9,52,40,000
Year Ended 31st March, 2020						
	No. of Shares	95,24,000	–	–	–	95,24,000
	Amount in Rupees	9,52,40,000	–	–	–	9,52,40,000

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates

Particulars	No. of Shares Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31st March, 2021			
Mahindra Renewables Private Limited, Co Venturerer	48,57,240	–	–
Trina Solar (Singapore) Third Pte. Limited, Co Venturerer	46,66,760	–	–
As at 31st March, 2020			
Mahindra Renewables Private Limited, Co Venturerer	48,57,240	–	–
Trina Solar (Singapore) Third Pte. Limited, Co Venturerer	46,66,760	–	–

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 March, 2021 Number of shares held	% holding in that class of shares	As at 31 March, 2020 Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Renewables Private Limited	48,57,240	51%	48,57,240	51%
Trina Solar (Singapore) Third Pte. Limited	46,66,760	49%	46,66,760	49%

Note No. 11 - Non-Current Borrowings

Rupees

Particulars		Rate of Interest	Repayment terms	As at 31 March, 2021	As at 31 March, 2020
Measured at amortised cost*					
A. Secured Borrowings:					
	Kotak Infrastructure Debt Fund Ltd.	10.55%	Refer note 1 below	47,84,66,987	50,63,03,697
Total Secured Borrowings (A)				**47,84,66,987**	**50,63,03,697**
B. Unsecured Borrowings - at amortised Cost					
Loans from related party		11.00%	Refer note 3 below	10,89,00,000	5,90,00,000
Total Unsecured Borrowings (B)				**10,89,00,000**	**5,90,00,000**
Total Non Current Borrowings (A+B)				**58,73,66,987**	**56,53,03,697**

Notes:

(1) The loan availed from Kotak Infrastructed debt fund is repayable in 51 Quarterly structured installment starting from September 2019 and ending on March 2032.

(2) The loan amount is secured by:

(a) First charge on all present and future tangible / intangible moveable assets, current assets including receivables.

(b) First charge on all present and future immovable properties, both freehold and leasehold.

(c) First charge on all the borrowers bank accounts including Escrow account and any other reserve and other bank accounts.

(d) First charge on all the rights, title interest, benefits, claims and demands whatsoever of the borrower in :

i) Project agreements

ii) the clearances subject to applicable law

iii) any letter of credit, guarantee, performance bond ,corporate guarantee, bank guarantees or warranty provided by any party.

(e) Assignment of insurance policies relating to the project, right, titles, permits/approvals. Clearances and interests to the company.

(f) Pledge of shares held by shareholders in the borrower representing 30% of the total paid up equity share capital.

(g) Non disposal undertaking from Mahindra Susten private limited for its 21% shareholding in Mahindra Renewables Private Limited.

(3) The Company has taken short term unsecured loan in current year from Mahindra Susten Private Limited (Intermediary Holding Company)

(4) The Company have to maintain a debt service reserve account with a minimum balance equal to total amount of schedules interest fees and principal due within next quarter.

Note No. 12 - Trade Payables

Particulars	As at 31 March, 2021 Current	Rupees As at 31 March, 2020 Current
Trade payable - Other than micro and small enterprises	55,77,123	14,64,455
Total Trade Payables	**55,77,123**	**14,64,455**

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the "Micro, small and medium enterprises development act, 2006'" was done on the basis of the information to the extent provided by the suppliers of the company.

Note No. 13 - Other Financial Liabilities

Particulars	As at 31 March, 2021	Rupees As at 31 March, 2020
Other Financial Liabilities Measured at Amortised Cost		
(i) Current maturities of long-term debt- (Refer Note no. 11- Non current Borrowings)		
Term loan from Financial Institutions - Kotak Infrastructure Debt Fund	2,81,96,163	2,85,63,794
(ii) Interest accrued	1,03,87,356	32,96,079
Total other Financial Liabilities	**3,85,83,519**	**3,18,59,873**

Note No. 14 - Other Liabilities

Particulars	As at 31 March, 2021 Current	Rupees As at 31 March, 2020 Current
Statutory dues		
- taxes payable (other than income taxes)	6,14,285	10,21,699
Total Other Liabilities	**6,14,285**	**10,21,699**

Note No. 15 - Revenue from Operations

Particulars	Year Ended 31 March 2021	Rupees Year ended 31 March 2020
Revenue from sale of solar energy	13,08,47,333	11,77,29,770
Total Revenue from Operations	**13,08,47,333**	**11,77,29,770**

Note No. 16 - Other Income

Particulars	Year Ended 31 March 2021	Rupees Year ended 31 March 2020
Interest income On Financial Assets at Amortised Cost	8,61,849	8,97,078
Other -Interest on Income Tax	–	–
Total Other Income	**8,61,849**	8,97,078

Note No. 17 - Finance Cost

Particulars	Year Ended 31 March 2021	Rupees Year ended 31 March 2020
(a) Interest expense	6,25,11,426	6,10,37,577
Total Finance Cost	**6,25,11,426**	**6,10,37,577**

Analysis of Interest Expenses by Category

Particulars	Year Ended 31 March 2021	Rupees Year ended 31 March 2020
On loans from banks	5,48,45,180	3,92,39,985
On loan from related party	76,66,246	36,62,309

Note No. 18 - Other Expenses

Particulars	Year Ended 31 March 2021	Rupees Year ended 31 March 2020
(a) Insurance Charges	8,15,593	5,18,439
(b) Operation & Maintenance Charges	57,55,005	53,67,922
(c) Travelling and Conveyance Expenses	27,318	1,31,633
(d) Power consumption charges	18,74,031	18,09,682
(e) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors- Statutory audit fees	2,65,500	1,77,000
(ii) For Tax audit Fees	59,000	59,000
(iii) For Other services	23,600	88,500
(f) Other expenses		
(i) Legal and other professional costs	12,82,966	24,75,248
(ii) Bank Charges	–	1,770
(iii) Miscellaneous expenses	6,33,129	5,92,127
Total Other Expenses	**1,07,36,141**	**1,12,21,321**

Note No. 19 - Earnings per Share

Particulars	Year Ended 31 March 2021 Per Share	Rupees Year ended 31 March 2020 Per Share
Basic Earnings per share		
From continuing operations	0.96	0.03
From discontinuing operations		
Total basic earnings per share	**0.96**	**0.03**
Diluted Earnings per share		
From continuing operations	0.96	0.03
From discontinuing operations		
Total diluted earnings per share	**0.96**	**0.03**

Basic and Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

Rupees

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
(Loss)/Profit for the year attributable to owners of the Company	91,04,280	2,84,406
Less: Preference dividend and tax thereon	–	–
(Loss)/profit for the year used in the calculation of basic earnings per share	91,04,280	2,84,406
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	–	–
(Loss)/Profits used in the calculation of basic earnings per share from continuing operations (i)	91,04,280	2,84,406
Weighted average number of equity shares (ii)	95,24,000	95,24,000

Rupees

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
Earnings per share from continuing operations - Basic and Diluted (i/ii)	0.96	0.03

Note No. 20 - Financial Instruments

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31st March 2021 and 31st March 2020 is as follows:

	31-Mar-21	31-Mar-20
Debt (A)	61,55,63,151	59,38,67,491
Equity (B)	22,26,59,539	21,35,55,258
Debt/ Equity Ratio (A / B)	2.76	2.78

Categories of financial assets and financial liabilities

As at 31st March 2021

Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Trade Receivables	23,26,66,038	–	–	**23,26,66,038**
Other Bank Balances	1,02,36,264	–	–	**1,02,36,264**
Other Financial Assets				**–**
- Non Derivative Financial Assets	1,44,81,756	–	–	**14,784,756**
- Derivative Financial Assets	–	–	–	**–**
Current Liabilities				
Borrowings	58,73,66,988	–	–	**58,73,66,988**
Trade Payables	55,77,123	–	–	**55,77,123**
Other Financial Liabilities				
Interest accrued	1,03,87,356	–	–	**1,03,87,356**
Current maturities of long-term debt	2,81,96,163	–	–	**2,81,96,163**

As at 31st March 2020

Rupees

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Trade Receivables	13,09,15,521	–	–	**13,09,15,521**
Other Bank Balances	1,04,37,500	–	–	**1,04,37,500**
Loans				
Other Financial Assets				
- Non Derivative Financial Assets	1,35,41,677	–	–	**1,35,41,677**
- Derivative Financial Assets	–	–	–	**–**
Current Liabilities				
Borrowings	56,53,03,697	–	–	**56,53,03,697**
Trade Payables	14,64,455	–	–	**14,64,455**
Other Bank Balances				
Other Financial Liabilities				
Interest accrued	32,96,079	–	–	**32,96,079**
Current maturities of long-term debt	2,85,63,794	–	–	**2,85,63,794**

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has entered into a Power Purchase Agreement with the state DISCOM of Andhra Pradesh and it believes that it is a solvent debt and hence the risk is minimal.

Trade receivables consist of receivable from the state DISCOM of Andhra Pradesh.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-agencies.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables.

There is no change in estimation techniques or significant assumptions during the reporting period.

There is no Bad Debts in any of the financial year, hence not provided for any Bad Debts

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the managment of the company, who have established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial liabilities 31-Mar-21				
Non-interest bearing	1,59,64,479	–	–	–
Variable interest rate instruments	2,81,96,163	6,68,41,952	8,80,64,272	32,35,60,764
Fixed interest rate instruments	–	–	–	10,89,00,000
Total	**4,41,60,643**	**6,68,41,952**	**8,80,64,272**	**43,24,60,764**
Non-derivative financial liabilities 31-Mar-20				
Non-interest bearing	47,60,534	–	–	–
Variable interest rate instruments	2,85,63,794	6,70,77,934	8,08,81,216	35,83,44,547
Fixed interest rate instruments	–	–	–	5,90,00,000
Total	**3,33,24,328**	**6,70,77,934**	**8,08,81,216**	**41,73,44,547**

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial assets 31-Mar-21				
Non-interest bearing	24,71,47,794	–	–	–
Variable interest rate instruments	1,02,36,264	–	–	–
Total				
Non-derivative financial assets 31-Mar-20				
Non-interest bearing	14,41,54,198	–	–	–
Variable interest rate instruments	1,04,37,500	–	–	–
Total	**15,45,91,698**	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee. There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's / Company's exposure to currency risk relates primarily to the Company's borrowings when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions for 36 months period for borrowings.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Interest rate sensitivity

The sensitivity analyses below have been determined based on exposure to interest rate for both derivative and non-derivative instruments at the end of reporting period. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase / decrease in basis points	Effect on profit before tax
31-Mar-21	**INR**	**100**	(4,784,670)
	INR	**-100**	4,784,670
31-Mar-20	**INR**	**100**	(5,063,037)
	INR	**-100**	5,063,037

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note No. 21 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Rupees

	31-Mar-21		31-Mar-20	
Particulars	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	23,26,66,038	23,26,66,038	13,09,15,521	13,09,15,521
– Other Bank Balance	1,02,36,264	1,02,36,264	1,04,37,500	1,04,37,500
– other financial assets	1,47,84,756	1,47,84,756	1,32,38,677	1,32,38,677
Total	**25,76,87,058**	**25,76,87,058**	**15,45,91,698**	**15,45,91,698**
Financial liabilities				
Financial liabilities held at amortised cost				
– bank borrowings	47,84,66,987	47,84,66,987	50,63,03,697	50,63,03,697
– loans from related party	10,89,00,000	10,89,00,000	5,90,00,000	5,90,00,000
– trade and other payables	55,77,123	55,77,123	14,64,455	14,64,455
– Others Financial liabilities				–
Interest Accrued	1,03,87,356	1,03,87,356	32,96,079	32,96,079
Current maturities of long-term debt	2,81,96,163	2,81,96,163	2,85,63,794.17	2,85,63,794
Total	**63,15,27,630**	**63,15,27,630**	**59,86,28,025**	**59,86,28,025**

	Fair value hierarchy as at 31 March 2021			
Particulars	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	–	23,26,66,038	**23,26,66,038**
– Other Bank balanace	–	–	1,02,36,264	**1,02,36,264**
– other financial assets	–	–	1,47,84,756	**1,47,84,756**
Total	**–**	**–**	**25,76,87,058**	**25,76,87,058**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	47,84,66,987	–	–	**47,84,66,987**
– Current maturities of long-term debt	2,81,96,163	–	–	**2,81,96,163**
– loans from related parties	–	–	10,89,00,000	10,89,00,000
– trade and other payables	–	–	55,77,123	**55,77,123**
– Others			1,03,87,356	**1,03,87,356**
Total	**50,66,63,151**	**–**	**12,48,64,479**	**63,15,27,630**

	Fair value hierarchy as at 31 March 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	–	–	13,09,15,521	**13,09,15,521**
– Other Bank balanace	–	–	1,04,37,500	**1,04,37,500**
– other financial assets	–	–	1,32,38,677	**1,32,38,677**
Total	**–**	**–**	**15,45,91,698**	**15,45,91,698**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– bank loans	50,63,03,697	–	–	**50,63,03,697**
– Current maturities of long-term debt	2,85,63,794	–	–	2,85,63,794
– loans from related parties	–	–	5,90,00,000	**5,90,00,000**
– trade and other payables	–	–	14,64,455	**14,64,455**
– Others	–	–	32,96,079.00	**32,96,079**
Total	**53,48,67,491**	**-**	**6,37,60,534**	**59,86,28,025**

Note No. 22 - Related Party Transactions

Entities having Joint control/Significant Influence over Company	Mahindra Renewables Private Limited
Entities having Joint control/Significant Influence over Company	Mahindra Susten Private Limited
Ultimate Company having joint Control/Significant Influence over Company	Mahindra & Mahindra Limited
Subsidiary of Mahindra Susten Private Limited	Mahindra Teqo Private Limited

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	**For the Year Ended 31 March 2021**	**Entities having joint control/significant influence over Company**	**Ultimate Company having joint Control/ Significant Influence over Company**	**Subsidiary of Mahindra Susten Private Limited**
Nature of transactions with Related Parties				
Receiving of services	31-Mar-21	3,67,502	4,58,784	59,61,830
	31-Mar-20	2,75,624	4,24,800	53,67,922
Interest paid on loan	31-Mar-21	76,66,246	–	–
	31-Mar-20	36,62,309		
Inter Corporate Deposit taken	31-Mar-21	4,99,00,000	–	
	31-Mar-20	5,90,00,000		

Rupees

Particulars	**As at 31 March 2020**	**Entities having joint control/ significant influence over Company**	**Ultimate Company having joint Control / Significant Influence over Company**	**Subsidiary of Mahindra Susten Private Limited**
Nature of Balances with Related Parties				
Trade payables	31-Mar-21	–	3,44,144	46,74,012
	31-Mar-20		29,000	1,42,200
Interest Payable on inter corporate deposit	31-Mar-21	1,03,87,356		
	31-Mar-20	32,96,079		
Inter Corporate Deposit Payable	31-Mar-21	10,89,00,000		
	31-Mar-20	5,90,00,000		

Note No 23

COVID-19, a novel Coronavirus, has spread globally, including India and has significantly affected public health and economic activities worldwide. The Company has considered relevant internal and external sources of information to evaluate the impact on the financial statements for the year ended 31st March 2021 and has assessed the carrying value of the assets to be recoverable. However, the actual impact may be different from that estimated as it will depend upon future developments and future actions to contain or treat the disease and mitigate its impact on the economy. The Company continues to closely monitor impact of the pandemic on the future economic conditions and the operations of the Company.

Note No 24

The financial statements have been approved for issue by Company's Board of Directors on May 10th 2021

The accompanying notes 1 to 24 are an integral part of the Financial Statements

In terms of our report attached.

For B K Khare & Co.
Chartered Accountants
Firm registration no. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date : 10 May, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN : 00220395

Mr. Rajesh Sehgal
Director
DIN : 06805663

Ms. Vidhi Salot
Company Secretary

Place: Mumbai
Date: 10 May, 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

Mega Suryaurja Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of **Mega Suryaurja Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 (the Act) (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Information Other than the Ind AS Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report, but does not include the Ind AS Financial Statements and our Auditors' Report thereon.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
   (g) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, the provisions of Section 197 of the Act related to the managerial remuneration are not applicable.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The company does not have any pending litigations which will impact its financial positions.

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B.K. Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQG3798

Place: Mumbai
Date: April 26, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mega Suryaurja Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B.K. Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQG3798

Place: Mumbai
Date: April 26, 2021

ANNEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mega Suryaurja Private Limited** for the year ended March 31, 2021

Annexure to the Auditor's Report referred to in our report of even date:

1) According to the information and explanations given to us, the Company does not have fixed assets. Accordingly, the provisions of para 3(i) of the Order are not applicable to the Company.

2) According to the information and explanations given to us, the Company does not have inventory, therefore the provisions of para 3(ii) of the Order are not applicable to the Company.

3) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other related parties covered in the register maintained under section 189 of the Act.

4) The Company has not granted any loan, made investments or given guarantees during the year. Hence. the provisions of section 185 and section 186 of the Act are not applicable to the Company. We are informed that the company has not given any security during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2021 for a period of more than 6 months from the date they become payable.

   ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the money raised by the Company by the way of term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) Being the Company is a private company, the provisions of Section 197 of the Companies Act, 2013 and the provisions of para 3(xi) of the Order regarding payment of managerial remuneration are not applicable for the Company.

12) The Company, not being a Nidhi Company, the provisions of para 3(xii) of the Order are not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number: 105102W

Shirish Rahalkar
Partner
Membership Number: 111212
UDIN: 21111212AAAAQG3798

Place: Mumbai
Date: April 26, 2021

BALANCE SHEET FOR THE YEAR END 31 MARCH 2021

	Particulars	Note No.	As at 31 March 2021	As at 31st March 2020
				Rupees
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Capital Work-in-Progress		**5,48,38,506**	–
	(b) Other Non-current Assets	12	**1,00,00,000**	–
	(c) Deferred Tax Assets (Net)	4 (b)	**1,47,190**	–
	CURRENT ASSETS			
	(a) Financial Assets			
	(i) Cash and Cash Equivalents	5	**10,47,353**	3,91,979
	(ii) Other Financial Assets	6	**39**	2,568
	(b) Current Tax Assets (Net)	4	**–**	10,000
	(b) Other Current Assets	7	**2,000**	4,000
	SUB-TOTAL		**10,49,392**	4,08,548
	TOTAL ASSETS		**6,60,35,088**	4,08,548
II	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	(a) Equity Share Capital	8, SOCE	**15,00,000**	15,00,000
	(b) Other Equity	SOCE	**(13,84,637)**	(12,99,404)
	SUB-TOTAL		**1,15,363**	2,00,596
	(a) Deferred Tax Liabilities (Net)	4	**–**	64,662
2	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Trade Payables	9	**1,09,257**	1,38,259
	(iii) Other Financial Liabilities	10	**6,57,82,982**	–
	(b) Other Current Liabilities	11	**27,486**	5,031
	SUB-TOTAL		**6,59,19,725**	1,43,290
	TOTAL EQUITY AND LIABILITIES		**6,60,35,088**	4,08,548

The accompanying notes 1 to 21 are an integral part of the Financial Statements

In terms of our report attached.
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 26 April, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN: 00220395

Mr. Rakesh Singh
Director
DIN: 07319353

Place: Mumbai
Date: 26 April, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

Rupees

	Particulars	Note No.	Year ended 31 March 2021	Year ended 31 March 2020
I	**Revenue**			
II	Other Income	13	**10,456**	26,755
III	**Total Revenue (I + II)**		**10,456**	26,755
IV	**Expenses**			
	(a) Finance costs	14	**78**	–
	(b) Other expenses	15	**3,07,463**	2,59,349
	Total Expenses (IV)		**3,07,541**	2,59,349
V	**(Loss) / Profit before exceptional items (III-IV)**		**(2,97,085)**	(2,32,594)
	Add/(less) :- Exceptional Items		**–**	–
VI	**(Loss)/profit after exceptional items**		**(2,97,085)**	(2,32,594)
VII	**Share of (loss) / profit of joint ventures and associates**		**–**	–
VIII	**(Loss) /Profit before tax (V+VI)**		**(2,97,085)**	(2,32,594)
IX	**Tax Expense**			
	(a) Current tax		**–**	–
	(b) Deferred tax		**(2,11,852)**	64,662
	Total tax expense		**(2,11,852)**	64,662
X	**(Loss/ Profit after tax from continuing operations (X - VIII)**		**(85,233)**	(2,97,256)
XI	**Discontinued Operations**			
	(a) Profit/(Loss) from discontinued operations		**–**	–
	(b) Tax Expense of discontinued operations		**–**	–
	Profit/(Loss) after tax from discontinued operations		**–**	–
XII	**(Loss)/profit for the year (VII + IX)**		**(85,233)**	**(2,97,256)**
XIII	**(Loss)/Profit from continuing operations for the year attributable to:**			
	Owners of the Company		**(85,233)**	(2,97,256)
	Non controlling interests		**–**	–
XIV	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss		**–**	–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
	B (i) Items that may be reclassified to profit or loss		**–**	–
	(ii) Income tax on items that may be reclassified to profit or loss		**–**	–
XV	**Total comprehensive income for the year**		**(85,233)**	(2,97,256)
XVI	**Total comprehensive income for the year attributable to:**			
	Owners of the Company		**(85,233)**	(2,97,256)
	Non controlling interests		**–**	–
XVII	**Earnings per equity share (Face Value of Rs. 10/- each)**			
	(a) Basic	16	**(1.98)**	(1.12)
	(b) Diluted	16	**(1.98)**	(1.12)
XVIII	**Earnings per equity share (for discontinued operation):**			
	(a) Basic		**–**	–
	(b) Diluted		**–**	–
XIX	**Earnings per equity share (for continuing and discontinued operations):**			
	(a) Basic	16	**(1.98)**	(1.12)
	(b) Diluted	16	**(1.98)**	(1.12)

The accompanying notes 1 to 21 are an integral part of the Financial Statements

In terms of our report attached.
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 26 April, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN: 00220395

Mr. Rakesh Singh
Director
DIN: 07319353

Place: Mumbai
Date: 26 April, 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

Rupees

Particulars	**Note No.**	**Year ended 31 March 2021**	For the previous Year ended 31st March, 2020
Cash flows from operating activities			
Loss before tax for the year	PL	**(2,97,085)**	(2,32,594)
Adjustments for:			
Income tax expense recognised in profit or loss		**–**	–
Finance costs recognised in profit or loss	15	**78**	–
Investment income recognised in profit or loss		**(10,456)**	
Movements in working capital:			
Increase/(Decrease) in trade and other payables	9	**(29,002)**	1,11,260
(Increase)/decrease in other assets	7	**2,000**	31
Increase in other liabilities	11	**3,37,887**	(6,130)
Cash generated from operations		**3,00,507**	1,05,161
Income taxes paid		**10,000.00**	(10,000.00)
Net cash flow from/ (used in) operating activities		**13,424**	(1,37,433)
Cash flows from investing activities			
Interest received		**12,985**	
Payments for property, plant and equipment		**(1,37,90,955)**	
Net cash flow from/(used in) investing activities		**(1,37,77,970)**	–
Cash flows from financing activities			
Interest Paid	15	**(78)**	**–**
Proceeds from borrowings	12	**1,44,20,000**	–
Net cash flow from /(used in) financing activities		**1,44,19,922**	–
Net increase/(decrease) in cash and cash equivalents		**6,55,374**	(1,37,434)
Cash and cash equivalents at the beginning of the year	5	**3,91,979**	5,29,413
Cash and cash equivalents at the end of the year	5	**10,47,353**	3,91,979

The accompanying notes 1 to 21 are an integral part of the Financial Statements

In terms of our report attached.
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 26 April, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN: 00220395

Mr. Rakesh Singh
Director
DIN: 07319353

Place: Mumbai
Date: 26 April, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

A. EQUITY SHARE CAPITAL

	Rupees
Balance As at 1st April 2019	15,00,000
Issue of fully paid up equity shares	–
Balance As at 31st March 2020	**15,00,000**
Issue of fully paid up equity shares	–
Balance As at 31st March 2021	**15,00,000**

B. Other Equity

Rupees

Particulars	Reserves and surplus - Retained Earnings	Total
As at 31st March 2019	(10,02,149)	(10,02,149)
Loss for the year	(2,97,256)	(2,97,256)
Items of Other Comprehensive Income	–	–
Total Comprehensive Income for the year	(2,97,256)	(2,97,256)
Equity Share Issuance Costs	–	–
As at 31st March 2020	**(12,99,404)**	**(12,99,404)**
As at 1st April 2020	**(12,99,404)**	**(12,99,404)**
Loss for the year	(85,233)	(85,233)
Items of Other Comprehensive Income	–	–
Total Comprehensive Income for the year	(85,233)	(85,233)
Equity Share Issuance Costs	–	–
As at 31st March, 2021	**(13,84,637)**	**(13,84,637)**

The accompanying notes 1 to 21 are an integral part of the Financial Statements

In terms of our report attached.
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 26 April, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN: 00220395

Mr. Rakesh Singh
Director
DIN: 07319353

Place: Mumbai
Date: 26 April, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. Nature of Operations

Mega Suryaurja Private Limited ('the Company') is a company limited by shares, incorporated and domiciled in India and is a subsidiary of Mahindra Susten Private Limited. The Company is engaged in the business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system/sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

2. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

3. Significant Accounting Policies and Accounting Judgments and Estimates

A) Significant Accounting Policies

a) Basis of Preparation of Financial Statements

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupees.

b) Revenue Recognition:

Revenue from contracts with customers is recognised when control of the goods or services are rendered to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and other incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes or other amounts collected from customers in its capacity as an agent. If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The accounting policies for the specific revenue streams of the Company are summarised below:

- Revenue from Power Supply is recognised in terms of the Power Purchase Agreements (PPA) entered with Central and State Distribution Companies and is measured at the value of the consideration received or receivable, net of discounts if any.
- The Company's contracts with customers for the sale of goods generally include one performance obligation. Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customers, generally on delivery of the goods.
- Interest income is recognised on Effective Interest Rate (EIR) basis taking into account the amount outstanding and the applicable interest rate. Dividend income is accounted for when the right to receive income is established.
- Delayed payment charges and interest on delayed payment for power supply are recognised based on conclusive evidence regarding ultimate collection.

c) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

d) Segment information

Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

Since the operation in the Company has not started it has no reporting operating segment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

e) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

f) Provisions and Contingent Liabilities:

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

g) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt / equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

h) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

i) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

j) Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted with the standalone financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

k) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores as per the requirement of Schedule III, unless otherwise stated.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new Indian Accounting Standards and / or amendments to existing Indian Accounting Standards. There is no such notification which would be applicable from 01 April 2021

Note No. 4 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

		Rupees
Particulars	**Year ended 31 March 2021**	Year ended 31 March 2020
Current Tax:		
In respect of current year	**–**	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(2,11,852)**	(64,662)
Total income tax expense on continuing operations	**(2,11,852)**	(64,662)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(d) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
		Rupees
Profit before tax from continuing operations	**(2,11,852)**	(2,32,594)
Income tax expense calculated at 26%	**(58,937)**	(64,708)
Income tax expense recognised in profit or loss for current year	**(58,937)**	(64,708)
Adjustments recognised in the current year in relation to the current tax of prior years		–
Income tax expense recognised In profit or loss from continuing operations	**(58,937)**	(64,708)

Notes:
(1)# The tax rate used for the year ended 31st Mach 2021 is the corporate tax rate of 25% plus Surhcarge @7% plus Health & education cess @4% on Tax plus surchage amount (Previous year ended ended 31st March 2020 is the corporate tax rate of 25% plus Surhcarge @7% plus Health & education cess @4% on Tax plus surchage) payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

(c) Movement in deferred tax balances

Rupees

Particulars	For the year ended 31 March, 2021 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	–	–	–
	–	–	–
Tax effect of items constituting deferred tax assets			
Carry forward Tax Losses	(64,662)	2,11,852	1,47,190
	(64,662)	2,11,852	1,47,190
Net Deferred Tax (Asset)/Liabilities	**64,662**	**2,11,852**	**1,47,190**

Note No. 05 - Cash and Cash Equivalent

Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Cash and cash equivalents		
Balances with banks in current account	**10,47,353**	16,979
Fixed Deposit with Maturity less then 3 months	**–**	3,75,000
Total Cash and Cash Equivalent	**10,47,353**	3,91,979

Reconciliation of Cash and Cash Equivalents

Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Total Cash and Cash Equivalents as per Balance Sheet	**10,47,353**	3,91,979
Add: Bank Overdraft	**–**	–
Add: Cash and bank balances included in a disposal group held for sale	**–**	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**10,47,353**	3,91,979

Note No. 06 - Other Financial Assets

Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Interest Accrued on Fixed Deposit	**39**	2,568
Total Other Assets	**39**	2,568

Note No. 07 - Other Assets

Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Prepaid Expenses	**2,000**	4,000
Total Other Assets	**2,000**	4,000

Note No. 8 - Equity Share Capital

Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised:		
1,50,000 equity shares of Rs.10 each	**15,00,000**	15,00,000
Issued, Subscribed and Fully Paid:		
Equity shares of Rs.10 each with voting rights	**15,00,000**	15,00,000

Notes:

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Particulars	Opening Balance	Right Issue	Closing Balance
Equity Shares with voting rights			
Year Ended 31st March 2021			
No. of Shares	1,50,000	–	1,50,000
Amount in Rupees	15,00,000	–	15,00,000
Year Ended 31st March 2020			
No. of Shares	1,50,000	–	1,50,000
Amount in Rupees	15,00,000	–	15,00,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

(ii) Details of shares held by the holding company:

Particulars	Equity Shares with Voting rights
Balance at 31st March 2021	
Mahindra Susten Private Limited	1,50,000
Balance at 31st March 2020	
Mahindra Susten Private Limited	1,50,000

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 March 2021 Number of shares held	% holding in that class of shares	As at 31 March 2020 Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra Susten Private Limited (Holding Company)*	**1,50,000**	**100%**	1,50,000	100%

* Note:
It includes 1 equity share held as nominee by an indiviudal on behalf of the (Holding Company Mahindra Reneable Private Limited jointly held with Miss Brijbala Batwal 1 Equity Share).

Note No. 9 - Trade Payables

Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Trade payable - Other than micro and small enterprises	**1,09,257**	1,38,259
Total Trade Payables	**1,09,257**	1,38,259

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the "Micro, small and medium enterprises development act, 2006'" was done on the basis of the information to the extent provided by the suppliers of the company.

(3) The Company has financial risk management poicies in place to ensure that all payables are paid within the pre-agreed credit terms.

Note No. 10 - Other Financial Liabilities

Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Interest accrued on debt	**3,15,431**	–
(b) Creditors for capital supplies/ services	**5,10,47,551**	–
(c) Short Term loan from related party		
Mahindra Susten Private Ltd	**1,44,20,000**	–
Other Financial Liabilities	**6,57,82,982**	–

Notes:

(1) The Company has taken a Inter Corporate deposit in current year from Mahindra Susten Private Limited (the Holding Company) of INR Rs. 1,44,20,000 March 2021 @ interest rate of 11%

Note No. 11 - Other Current Liabilities

Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Statutory dues		
– Taxes payable (other than income taxes)	**27,486**	5,031
Total Other Current Liabilities	**27,486**	5,031

Note No.12 - Other Assets

Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Capital advances		
(i) For Capital work in progress	**1,00,00,000**	–
Total others Assets	**1,00,00,000**	–

Note No. 13 - Other Income

The following is an analysis of the company's revenue for the year from continuing operations.

Rupees

Particulars	Year ended 31 March 2021	For the previous Year ended 31st March, 2020
Interest Income		
On Financial Assets at Amortised Cost	**10,456**	–
Total Revenue from Operations	**10,456**	–

Note No. 14 - Finance Cost

Rupees

Particulars	Year ended 31 March 2021	For the previous Year ended 31st March, 2020
Interest on loan from related party	**78**	–
Total Finance Cost	**78**	–

Note No. 15 - Other Expenses

Rupees

Particulars	Year ended 31 March 2021	For the previous Year ended 31st March, 2020
(a) Auditors remuneration and out-of-pocket expenses		
(i) As statutory auditors - audit fees	**34,811**	29,500
(b) Other expenses		
(i) Legal and Professional fees	**2,36,049**	2,23,092
(ii) Bank Charges	**649**	590
(iii) Miscellaneous expenses	**35,954**	6,167
Total Other Expenses	**3,07,463**	2,59,349

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Note No. 16 - Basic And Diluted Earning per share

The earnings and weighted average number of shares used in the calculation of earnings per share are as follows:

Particulars	Year ended 31 March 2021	Rupees For the previous Year ended 31st March, 2020
Loss for the year	**(85,233)**	(2,97,256)
Weighted average number of equity shares	**1,50,000**	1,50,000
Earnings per share from continuing operations - Basic and Diluted	**(0.57)**	(1.98)

Note No. 17 - Financial Instruments

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31st March 2021 and 31st March 2020 is as follows:

	31-Mar-21	31-Mar-20
Equity	**1,15,363**	2,00,596
Less: Cash and cash equivalents	**10,47,353**	3,91,979
	(9,31,990)	(1,91,383)

Categories of financial assets and financial liabilities:

(a) Financial Assets

As at 31st March 2021 — **Rupees**

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Cash and Bank Balances	**10,47,353**	**–**	**–**	**10,47,353**

As at 31st March 2020 — **Rupees**

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Cash and Bank Balances	3,91,979	–	–	3,91,979

(b) Financial Liabilities

As at 31st March 2021

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Liabilities				
Trade Payables	1,09,257			1,09,257

As at 31st March 2020 — **Rupees**

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Liabilities				
Trade Payables	1,38,259	–	–	1,38,259

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial liabilities				
31-Mar-21				
Non-interest bearing	1,09,257	–	–	–
Fixed interest rate instruments				
31-Mar-20				
Non-interest bearing	1,38,259	–	–	–
Fixed interest rate instruments	–	–	–	–
Total	2,47,516.00			

Note No. 18 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Particulars	As at 31st March 2021 Carrying amount	Fair value	Rupees As at 31st March 2020 Carrying amount	Fair value
Financial assets				
– trade and other receivables				
– Other Bank Balance				
– other financial assets	**39**	**39**	2,568	2,568
Total	**39**	**39**	2,568	2,568
Financial liabilities				
Financial liabilities held at amortised cost				
– trade and other payables	**1,09,257**	**1,09,257**	1,38,259	1,38,259
– Other financial liabilites			–	–
Total	**1,09,257**	**1,09,257**	1,38,259	1,38,259

	Fair value hierarchy as at 31st March 2021 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables				
– Other Bank balanace				
– other financial assets	–	–	**39**	**39**
Total	–	–	**39**	**39**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables			1,09,257	1,09,257
Total	–	–	**1,09,257**	**1,09,257**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Fair value hierarchy as at 31st March 2020

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables				
– Other Bank balanace				
– other financial assets	–	–	2,568	2,568
Total			2,568	2,568
Financial liabilities				
Financial Instruments not carried at Fair Value				
– trade and other payables	–	–	1,38,259	1,38,259
Total	–	–	1,38,259	1,38,259

Note No. 19 - Related Party Transactions

Name of the parent Company	Mahindra Susten Private Limited
Name of Fellow Subsidiary Company	Mahindra Renewables Private Limited
Name of ultimate Holding Company	Mahindra & Mahindra Limited

Details of transactions between the Company and its related parties are disclosed below:

Rupees

Particulars	For the year ended	Parent Company	Ultimate Holding Company
Nature of transactions with Related Parties			
Receiving of services	31-Mar-21	–	1,78,416
	31-Mar-20	–	1,65,200
Interest paid on Inter Corporate Deposit	31-Mar-21	3,41,006	–
	31-Mar-20	–	–
Inter corproate deposit received	31-Mar-21	1,44,20,000	–
	31-Mar-20	–	–

Nature of Balances with Related Parties	Balance as on	Parent Company	Ultimate Holding Company
Trade payables	31-Mar-21	–	44,863.00
	31-Mar-20		1,08,676.00
Interest on ICD payable	31-Mar-21	3,15,431	–
	31-Mar-20	–	–
Loans & advances taken	31-Mar-20	1,44,20,000	–
	31-Mar-19		

Note No :- 20

COVID-19, a novel Coronavirus, has spread globally, including India and has significantly affected public health and economic activities worldwide. The Company has considered relevant internal and external sources of information to evaluate the impact on the financial statements for the year ended 31st March 2021 and has assessed the carrying value of the assets to be recoverable. However, the actual impact may be different from that estimated as it will depend upon future developments and future actions to contain or treat the disease and mitigate its impact on the economy. The Company continues to closely monitor impact of the pandemic on the future economic conditions and the operations of the Company."

Note No :- 21

The financial statements have been approved for issue by Company's Board of Directors on April 26th 2021

The accompanying notes 1 to 21 are an integral part of the Financial Statements

In terms of our report attached.
For B K Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 26 April, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN: 00220395

Mr. Rakesh Singh
Director
DIN: 07319353

Place: Mumbai
Date: 26 April, 2021

Independent Auditor's Report

to the shareholders of Mahindra Susten Bangladesh Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Mahindra Susten Bangladesh Private Limited,** which comprise the statements of financial position as at 31 March 2021, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 March 2021, and notes to the financial statements, including a summary of significant accounting policies and others explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, the financial position of the Company as at 31 March 2021, and its financial performance and its cash flows for the year ended 31 March 2021 in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 require the Management to ensure effective internal audit, internal control and risk management functions of the Company.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charge with governance are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities to the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 we also report the following:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and

c) the Company's statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns.

Dated, 26 April 2021
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants
Mashuque Ahmed FCA, Proprietor
Enrolment Number – 690
DVC:

STATEMENT OF FINANCIAL POSITION
As at 31 March 2021

	Notes	31 March 2021 Taka	31 March 2020 Taka
ASSETS			
Non-current assets:			
Property, plant and equipment	4.00	**–**	–
Total non-current assets		**–**	–
Current assets:			
Advance income tax		**3,500**	3,500
Cash and cash equivalent	5.00	**2,902,542**	2,920,032
Total Current assets		**2,906,042**	2,923,532
TOTAL ASSETS		**2,906,042**	2,923,532
EQUITY AND LIABILITIES			
Shareholders' equity:			
Share capital	6.00	**4,000,000**	4,000,000
Retained earnings		**(3,069,971)**	(2,099,207)
Total equity		**930,029**	1,900,793
Current liabilities:			
Payables and accruals	7.00	**1,363,749**	742,149
Provision for expenses	8.00	**612,264**	280,590
Total current liabilities		**1,976,013**	1,022,739
TOTAL EQUITY AND LIABILITIES		**2,906,042**	2,923,532

This financial statement should be read in conjunction with the annexed notes.

Director

Director

Signed in terms of our report of even date annexed.

Dated, 26 April 2021
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants
Mashuque Ahmed FCA, Proprietor
Enrolment Number - 690
DVC:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2021

	Notes	01 Apr'20 to 31 Mar'21 Taka	01 Apr'19 to 31 Mar'20 Taka
Revenue		**–**	–
Less: Cost of Sales		**–**	–
Gross Profit		**–**	–
Less: Administrative and general expenses	9.00	**(953,274)**	(1,355,661)
Less: Depreciation Expenses		**–**	–
Operating profit		**(953,274)**	(1,355,661)
Less: Finance expense	10.00	**(17,490)**	(14,890)
Net profit before income tax for the year		**(970,764)**	(1,370,551)
Less: Income tax expense		**–**	–
Net profit after income tax for the year		**(970,764)**	(1,370,551)
Other comprehensive income		**–**	–
Total comprehensive income (loss)		**(970,764)**	(1,370,551)

This financial statement should be read in conjunction with the annexed notes.

Director

Director

Signed in terms of our report of even date annexed.

Dated, 26 April 2021
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants
Mashuque Ahmed FCA, Proprietor
Enrolment Number - 690
DVC:

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2021

	Share capital Taka	Retained earnings Taka	Total Taka
Balance as at 01 April 2019	**4,000,000**	**(728,656)**	**3,271,344**
Total comprehensive income/(loss)	–	(1,370,551)	(1,370,551)
Balance as at 31 March 2020	**4,000,000**	**(2,099,207)**	**1,900,793**
Balance as at 01 April 2020	**4,000,000**	**(2,099,207)**	**1,900,793**
Total comprehensive income (loss)	**–**	**(970,764)**	**(970,764)**
Balance as at 31 March 2021	**4,000,000**	**(3,069,971)**	**930,029**

This financial statement should be read in conjunction with the annexed notes.

Director

Director

Signed in terms of our report of even date annexed.

Dated, 26 April 2021
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants
Mashuque Ahmed FCA, Proprietor
Enrolment Number - 690
DVC:

CASH FLOW STATEMENT
For the year ended 31 March 2021

		Notes	01 Apr'20 to 31 Mar'21 Taka	01 Apr'19 to 31 Mar'20 Taka
A.	**Cash flow from operating activities:**			
	Cash receipts from customers		–	–
	Payments to suppliers, contractors and others		–	(1,063,750)
	Income tax paid		–	–
	Bank charges		**(17,490)**	(14,890)
	Net cash used in operating activities		**(17,490)**	(1,078,640)
B.	**Cash flow from investing activities:**			
	Net cash used in investing activities		–	–
C.	**Cash flows from financing activities:**			
	Share Capital		–	–
	Net cash from financing activities		–	–
	Net change in cash and cash equivalents (A+B+C)		**(17,490)**	(1,078,640)
	Add: Cash and Cash equivalents at the beginning of the year		**2,920,032**	3,998,672
	Closing Cash and Cash equivalent		**2,902,542**	2,920,032
Represented by:				
	Cash and cash equivalents	5	**2,902,542**	2,920,032

Director

Director

Signed in terms of our report of even date annexed.

Dated, 26 April 2021
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants
Mashuque Ahmed FCA, Proprietor
Enrolment Number - 690
DVC:

NOTES, COMPRISING SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

As at and for the year ended 31 March 2021

1. Background information

1.1 Formation and legal status

Mahindra Susten Bangladesh Private Limited (hereinafter referred to as "MSBPL"/"the Company") is a 100% foreign owned company incorporated in Bangladesh in 19 April 2018 under the Companies Act, 1994 vide registration number C-144449/2018 and has its registered address at Navana Obaid Eternia, 28-29, Kakrail, Level-13, VIP Road, Dhaka-1000. The immediate parent of MSBPL is Mahindra Susten Private Limited, India.

1.2 Nature of business

The principal activities of the company are to carry on the business of engineering, procurement and construction contractors for power plants including renewable energy and water management sector and to enter into contracts, alliances and joint ventures to undertake assignments to erect, construct, supervise, maintain, alter, repair, pull down and restore, either on own or jointly with other companies or persons, to undertake turnkey projects and operations and maintenance of every description and supervision of any plant or factory with any Government or corporate or under public private partnership.

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the entity have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and adopted by The Institute of Chartered Accountants of Bangladesh (ICAB). IFRS comprise of:

– International Financial Reporting Standards (IFRS);

– International Accounting Standards (IAS); and

– Interpretations.

The titles and format of these financial statements follow the requirements of IFRS which are to some extent different from the requirements of the Companies Act, 1994. However, such differences are not material and in the view of management IFRS title gives better presentation to the shareholders.

The applicable IFRSs are as follows:

IAS 1: Presentation of Financial Statements

IAS 7: Statement of Cash Flows

IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors

IAS 10: Events after the Reporting Period

IAS 12: Income Taxes

IAS 16: Property, Plant and Equipment

IAS 24: Related Party Disclosures

IAS 36: Impairment of Assets

IAS 37: Provisions, Contingent Liabilities and Contingent assets

IFRS 13: Fair Value Measurement

IFRS 15: Revenue from Contracts with Customers

IFRS 16: Leases

Compliance with other regulatory requirements

The entity complied with the requirements of following laws and regulations from various government bodies:

i) The Companies Act,1994;

ii) The Income Tax Ordinance,1984 and amendment thereon;

iii) The Income Tax Rules,1984;

iv) The Value Added Tax Act, 1991;

v) The Value Added Tax Rules,1991;

vi) The VAT and SD Act, 2012;

vii) The VAT and SD Rules, 2016;

viii) The Stamp Act, 1899;

ix) The Bangladesh Labor Act, 2006 and amended in 2015; and

x) Any other applicable laws and regulations of the land.

2.2 Components of the financial statements

The financial statements comprises :

(i) Statement of Financial position as at 31 March 2021;

(ii) Statement of profit or loss and other comprehensive income for the year ended 31 March 2021;

(iii) Statement of changes in equity for the year ended 31 March 2021;

(iv) Statement of cash flows for the year ended 31 March 2021; and

(v) Notes, comprising a summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2021.

2.3 Basis of measurement

Financial statements have been prepared on going concern basis. Historical cost principal has been followed for the purpose of these financial statements.

2.4 Functional and presentational currency and level of precision

The functional currency of the company is Bangladeshi Taka (BDT) and these financial statements are presented in BDT as presentation currency of the company. Figures have been rounded off to nearest BDT, unless stated otherwise.

2.5 Use of estimates and judgment

i) Estimates

The preparation of financial statements in conformity of IFRS recognition and measurement of principles require the use of estimates and assumptions that affect the reported amounts of assets and liabilities and of revenue and expenses. Such estimates are prepared on the assumption of going concern, are established based on currently available information. Changes in facts and circumstances may result in revised estimates, and actual result could differ from the estimates.

Significant estimates made by the management in the preparation of the financial statements include assumption used for depreciation.

ii) Judgments

The accounting for certain provisions and the disclosure of contingent liabilities and claims at the date of the financial statements is judgmental.

2.6 Reporting period

The reporting period of the company is April to March each year. This financial Statements covers from 1 April 2020 to 31 March 2021 on yearly basis.

2.7 Materiality and aggregation

Each material class of similar items are presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

2.8 Offsetting

The entity does not offset assets and liabilities or income and expenses, unless required or permitted by any IFRSs.

NOTES, COMPRISING SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION
As at and for the year ended 31 March 2021

2.9 Comparative information

Comparative figures have been regrouped, reclassified or restated wherever found necessary to conform to the presentation adopted in these financial statements.

2.10 Going concern assumption

The financial statements have been prepared on going concern basis. As per the management assessment, there is no material uncertainties related to events or conditions which may cast significant doubt upon the companies ability to continue as a going concern.

3. Summary of significant accounting policies

3.1 Property, plant and equipment

i) Recognition of property, plant and equipment

Initial measurement

Property, plant and equipments are generally initially recognized at cost and subsequently stated at cost less accumulated depreciation in compliance with IAS 16 "Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and directly attributable cost of bringing the asset to its operating condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

During the reporting period the company did not acquire any property, plant and equipment.

ii) Subsequent measurement

Cost model

These are capitalized at cost of acquisition and subsequently stated at cost amounts less accumulated depreciation and accumulated impairment losses (if any).

iii) Subsequent costs

Subsequent maintenance and normal repairs are expensed as incurred while major renewals and improvements are capitalized.

iv) Depreciation

Depreciation is charged on property, plant and equipment on straight line basis over their respective useful lives. Rates of depreciation are adopted to reflect the true pattern of consumption of economic benefits of each asset and the nature of business and their usefulness.

3.2 Cash and cash equivalent

Cash and cash equivalents include cash in hand, balance and deposits with financial institutions that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.3 Payables and accruals

Liabilities are recognized for amounts to be paid in future for goods and services received whether or not billed to the Company.

3.4 Provisions

The Company recognizes provisions when it has legal or constructive obligation resulting from past events, the settlement of which would result in outflow of resources embodying economic benefits to the company.

3.5 Contingent liabilities

The entity does not recognize contingent liability but discloses the existence of contingent liability in the financial statements. A contingent liability is a probable obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of uncertain future events not within the control of the entity or a present obligation that is not recognized because outflow of resources is not likely or obligation cannot be measured reliably.

3.6 Contingent assets

The entity does not recognize contingent assets but discloses the existence of contingent asset in the financial statements. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

3.7 Revenue

Revenue is generally recognized in the Statement of Profit or loss and other Comprehensive Income after meeting the recognition criteria in accordance with the requirement of IFRS-15: Revenue from Contracts with Customers. Revenues are measured and recognized at net of VAT.

The Company have not started its commercial operation, hence no revenue was generated during the accounting period.

3.8 Cost of Sales

Cost of sales comprises the expenses that are directly related with earning the income. Cost of sales are recognized on accrual basis.

3.9 Income Tax

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the statement of profit or loss and other comprehensive income and accounted for in accordance with the requirements of IAS 12: Income Taxes. Income tax comprises both current tax and deferred tax expense.

Current Tax:

Income tax provision has been made in line with the provision of the Income Tax Ordinance, 1984.

Deferred tax:

Deferred tax asset has not been recognized as there is no significant temporary taxable/tax deductible difference.

3.10 Statement of cash flows

Statement of cash flows is prepared in accordance with IAS 7:Cash Flow Statements under direct method.

4. Property, plant and equipment

The company has not started its commercial operation yet, So no fixed asset was purchased during the year.

5. Cash and cash equivalent

	31-Mar-21 Taka	31-Mar-20 Taka
Cash in hand	**–**	–
Cash at bank (Standard Chartered Bank)	**2,902,542**	2,920,032
	2,902,542	2,920,032

6. Share capital

	31-Mar-21 Taka	31-Mar-20 Taka
Authorized		
(300,000 ordinary shares of Tk. 100 each)	**30,000,000**	30,000,000
Issued, subscribed and paid-up		
(40,000 ordinary shares of Tk. 100 each)	**4,000,000**	4,000,000

Shareholding position of the company is as follows:

Name of the shareholders		
Mahindra Susten Private Limited (39,999 shares @ Tk. 100 each)	**3,999,900**	3,999,900
MSPL International DMCC (1 share @ Tk. 100 each)	**100**	100
	4,000,000	4,000,000

7. Payables and accruals

	31-Mar-21 Taka	31-Mar-20 Taka
Ahmed Mashuque & Co.	**894,348**	438,511
Office rent payable	**195,000**	57,000
Mahindra & Mahindra Ltd.	**274,401**	246,638
	1,363,749	742,149

8. Provision for expenses

	31-Mar-21 Taka	31-Mar-20 Taka
Provision for audit fee	**414,000**	207,000
Provision for TDS	**92,310**	42,440
Provision for VAT and VDS	**105,954**	31,150
	612,264	280,590

9. Administrative and general expenses

	31-Mar-21 Taka	31-Mar-20 Taka
Professional fees	**573,500**	972,900
Audit fees	**207,000**	207,000
License, registration and renewals	**7,011**	7,111
Office rent	**138,000**	138,000
Trademark expense	**27,763**	30,650
	953,274	1,355,661

10. Finance expense

	31-Mar-21 Taka	31-Mar-20 Taka
Bank charges	**17,490**	14,890
	17,490	14,890

11. Contingencies

There is no contingent liability as on 31 March 2021.

12. Capital expenditure commitment

There is no capital expenditure commitment entered into by the company as on 31 March 2021.

13. Events after the Reporting Period

No material events had occurred from the end of the reporting period to the date of issue of Financial Statements, which could materially affect the values stated in the Financial Statements.

14. Related party transactions

During the reporting period, the entity entered into a number of transactions with related party. The name of the related party, nature of the transactions and amount thereof have been set out below in accordance with the provisions of IAS 24: “Related party disclosures”.

Name of related party	Relationship	Nature of transactions	Opening balance 01 April 2020 Debit (Credit)	Transactions during FY 2020-2021 Debit	Transactions during FY 2020-2021 Credit	Closing balance 31 Mar 2021 Debit (Credit)
Mahindra & Mahindra Ltd.	Parent of Parent Company	Trademark expenses	(246,638)	–	27,763	(274,401)
	Total		**(246,638)**	–	**27,763**	**(274,401)**

15. Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Company’s risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities.

- Credit risks
- Liquidity risks
- Market risk

- **Credit risk:**

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company’s receivables from customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In monitoring credit risk, debtors are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. Accounts and other receivables are mainly related to the Company’s buyers. The Company’s exposure to credit risk on accounts receivables is mainly influenced by the individual payment characterstics of credit purchaser. Credit risk does not arise in respect of any other receivables.

a) **Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Particulars	Note	31-Mar-21	31-Mar-20
Cash & cash equivalents (except cash in hand)	5.00	**2,902,542**	2,920,032
		2,902,542	2,920,032

- **Liquidity risk:**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company's approach to managing liquidity (cash and bank balances) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses.

Typically, the Company ensures that it has sufficient cash and bank balances to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of the financial obligation and accordingly arranging for sufficient liquidity/fund to make the expected payment within due date.

In extreme stressed conditions, the Company may get support from the shareholders in the form of shareholder's loan/capital contribution.

The following are the contractual maturities of financial liabilities :

Particulars	Note	31-Mar-21	31-Mar-20
Payables and accruals	7.00	**1,363,749**	742,149
Provision for expenses	8.00	**612,264**	280,590
		1,976,013	1,022,739

- **Market risk**

Market risk is the risk that any change in market conditions, such as foreign exchange rates, interest rates and commodity prices that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable level.

Currency risk

Transaction risk

Transaction risk arises from risk of adverse exchange rate movements occurring in the course of normal international transaction.

Interest rate risk

Interest rate risk arises from movement in interest rates. The company needs to manage interest rate risk so as to be able to repay debts as they fall due and to minimise the risks surrounding interest payments and receipts.

Director

Director

Signed in terms of our report of even date annexed.

Dated, 26 April 2021
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants
Mashuque Ahmed FCA, Proprietor
Enrolment Number - 690
DVC:

FINANCIAL STATEMENTS AT MARCH 31, 2021

Business details	
Registered office	VIA BIRMANIA, 81 ROMA RM
Fiscal Code	02544510221
Rea Number	RM 1633384
VAT Number	02544510221
Share Capital Euro	625,000 fully paid in
Company Type	PRIVATE LIMITED COMPANY
Trade Classification (ATECO)	271200
Company in liquidation	Yes
Comapany with sole quotaholder	Yes
Company subject to management and coordination by another entity	Yes
Name of the company or entity excercising management and coordination activities	MAHINDRA SUSTEN PRIVATE LTD
Belonging to a group	Yes
Name of the group company	MAHINDRA SUSTEN PRIVATE LTD
Country of the group company	**INDIA**

BALANCE SHEET

	31-03-2021	31-03-2020
Assets		
B) Non current assets		
I – Intangible assets	–	45,000
II – Fixed assets	1,946	39,758
Total fixed assets (B)	**1,946**	**84,758**
C) Current assets		
II – Receivables		
within one year	79,502	53,036
after one year		8,305
Total current assets	79,502	61,341
IV – Liquid assets	31,564	272,932
Total current assets (C)	**111,066**	**334,273**
D) Prepaid expenses and accrued income	75	842
Total assets	**113,087**	**419,873**
Liabilities and equity		
A) Equity		
I – Share capital	625,000	625,000
VI – Other reserve	1	–
VIII – Profi (loss) carried forward	(345,153)	–
IX – Profit (loss) of the year	(220,877)	(345,153)
Total equity	**58,971**	**279,847**
C) Provisions for staff termination pay	3,342	1,396
D) Debts		
within one year	50,774	138,630
Total debts	50,774	138,630
Total liabilities and equity	**113,087**	**419,873**

PROFIT & LOSS ACCOUNT

	31-03-2021	31-03-2020
A) Value of Production		
1) Income from sales and services	111,685	–
5) Other income		
operating contributiions (contributi in conto esercizio) ?????	3,600	–
other income	–	2,880
Total other income and revenues	3,600	2,880
Total Value of Production	**115,285**	**2,880**
B) Costs of Production		
6) raw materials, consumables and goods	–	829
7) services	106,395	278,132
8) use of third party assets	31,075	30,971
9) personnel		
a) salaries and wages	86,233	24,535
b) social contributions	26,811	7.305
c), d), e) funds for termination pay, retirement and other costs	8.010	1.396
c) termination pay	6.010	1.396
e) other costs	2.000	–
Total personnel costs	121.054	33.236
10) amortization, depreciation and write downs		
a), b), c) amortization, depreciation and write downs of intangibles and fixed assets	63.556	4.341
b) amortization of fixed assets	556	4.341
c) other depreciation of intangibles	63.000	–
Total amortization, depreciation and write downs	63.556	4.341
14) other operating costs	14.083	526
Total Costs of Production	**336.163**	**348.035**
Difference between Value and Costs of Production (A-B)	(220.878)	(345.155)
C) Financial income and charges		
16) Other financial income:		
d) income other than the above		
Other	1	2
Total income different than the above	1	2
Total other financial income	1	2
Total financial income and charges (15 + 16 - 17 + - 17-bis)	1	2
Profit or loss before taxes (A - B + - C + - D)	(220.877)	(345.153)
21) Profit (Loss) of the year	**(220.877)**	**(345.153)**

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

First part

Dear Sirs,

as you know, your Company was incorporated on March 21, 2019 with share capital of Euro 10,000, increased on July 15, 2019 to Euro 625,000.

Its purposes is the research, development and production of products or services with high technological value in the field of renewable energies.

The Financial Statements, second in the life of the Company, which refers to the financial year for the period from April 1, 2020 to March 31, 2021, close with a loss of Euro 220,877.01, after amortization and depreciation of intangibles for Euro 63,556.

As you know, on March 5, 2021 the voluntary liquidation of the Company was decided which took effect on March 9, 2021.

These Financial Statements have been drawn up on the basis of the provisions of the Civil Code, as amended by Legislative Decree 139/2015 (implementation of Directive 34/2013), supplemented by the Accounting Standards issued by the Italian Accounting Body (O.I.C.).

These Financial Statements comprise the Balance Sheet (prepared in the format prescribed by arts. 2424 and 2424-bis of the Civil Code), the Income Statements (prepared in the format prescribed by arts. 2425 and 2425- bis of the Civil Code) and these Notes. These Financial Statements were prepared in the short form, as allowed by art.2435-bis of the Civil Code. The Notes also contain the information required by nos. 3 and 4 of the art. 2428 of the Civil Code, if applicable. In this regard, it should be noted that there are no treasury shares, nor shares or quotas of parent companies owned by the Company, also through a trust company or third party, and that neither treasury shares, nor shares or quotas of parent companies have been purchased and / or sold by the company during the year, including through a trust company or third party.

The Explanatory Notes have the function of providing the illustration, analysis and in some cases the integration of the financial statements data and contain the information required by art. 2427 of the Civil Code, by other provisions of the legislative decree 9 April 1991 n. 127 or other previous laws.

Items not expressly reported in the Financial Statements are understood to be zero balances.

Valuation criteria

The items listed in the Financial Statements were valued according to general criteria of prudence and accrual in view of the liquidation of the Company and the presentation of the items has been made taking into account the substance of the transactions or contract.

Application of the principle of prudence required reporting only profits that had actually been earned at the closing date and all losses incurred for the period, even those that became known only after the closing date.

As required by the accrual method, the effects of transactions and of other events are attributed to the period to which such transactions and events refer, not to the period in which pecuniary movements materialize.

As already mentioned, it should be noted that on March 5, 2021 the voluntary liquidation of the Company was decided with effect from March 9, 2021.

The criteria applied in valuing the items in the financial statements and described hereinafter conform to the provisions of art. 2426 Civil Code. There were no exceptional cases that would have made it necessary to resort to the derogations referred to in art. 2423, number 4 of the Civil Code.

Fixed assets

The tangible fixed assets consist of the value of the specific equipment, the varied and minute equipment, the furniture and the electronic office machines. They are booked at their purchase cost which is then adjusted by the relevant depreciation charge. The cost of fixed assets, the use of which is limited in time, is systematically depreciated in each financial year in relation to their residual possibility of use.

The depreciation rates are the following, reduced of 50% for the first year:

- Specific equipment 20%;
- Varied and minute equipment 15%;
- Furniture 12%;
- Electronic office machines 20%.

If, regardless of depreciation already recorded, there is a permanent loss of value, the asset is impaired accordingly. If in subsequent years the reasons for devaluation is no longer applied, the original value is reinstated, adjusted only for depreciation.

Accounts receivables

The Company has availed itself of the faculty, provided in art. 2435-bis, paragraph 8 of the Italian Civil Code, to assess the receivables at their presumable realization value. Receivables are shown at their nominal value which is deemed to correspond to their expected realizable value.

Liquid assets

These are stated at the face value of the Company's bank account at the closing date of the period.

Accrued expenses and prepaid income

They include costs and income common to two or more years, the amount of which varies as a function of time.

Severance indemnity provision

The fund represents the actual debt accrued in conformity with applicable laws and employment contracts, considering all forms of remuneration paid on a continuing basis.

Accounts payable

In preparing the financial statements in short form pursuant to art. 2435-bis of the Italian Civil Code, the Company has made the option of assessing the debts at their nominal value without applying the amortizes cost criteria.

Shareholders' equity

It is the difference between total assets and total liabilities as determined according to the principles stated herein.

Recognition of costs and revenues

Costs and revenues are recognized according to the accrual method of accounting.

Taxes

No provisions have been made in current taxes. No conditions occurred for deferred taxes provisions.

Short explanatory notes, assets

Fixed asseets

Intangible fixed assets

These were reduced to zero during the year (Euro 45,000 in the previous year) due to the write-down of research and development costs in progress. The following table shows movements in Intangible fixed assets:

	Total intangible fixed assets
Opening value	
Cost	45,000
Revaluation	
Depreciation	–
Write-downs	
Book value	45,000
Changes during the year	
Additions	18,000
Reclassifications (of book value)	–
Decreases for disposals and divestments (of the book value)	–
Revaluations in current year	–
Current depreciation charge	–
Writedowns in current year	(63,000)
Other changes	–
Total changes	(45,000)
Closing value	
Cost	63,000
Revaluation	–
Depreciation	
Write-downs	(63,000)
Book value	–

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Tangible fixed assets

They amount to Euro 1,946 (Euro 39,758 in the previous year), net of depreciation charges for Euro 834. They consist only of electronic office machines, the remaining fixed assets in the previous balance sheet were disposed of, generating a loss charged to the profit and loss account. The following table shows movements in tangible fixed assets:

	Specific equipment	**Other fixed assets**	**Total tangible fixed assets**
Opening value			
Cost	38,904	5,195	44,099
Revaluations			
Accumulated depreciation	(3,890)	(451)	(4,341)
Writedowns			
Book value	35,014	4,744	39,758
Changes during the year			
Additions			
Reclassification (of book value)			
Decreases for disposals and divestments (of the book value)	(38,904)	(2,415)	(41,319)
Revaluations in current year			
Current depreciation charge		(556)	(556)
Write-downs in current year			
Other changes	3,890	173	4,063
Total changes	(35,014)	(2,798)	(37,812)
Closing value			
Cost	–	2,780	2,780
Revaluations			
Accumulated depreciation	–	(834)	(834)
Write-downs			
Book value	–	1,946	1,946

Current assets
Income from current assets

Receivables from current assets are equal to Euro 79,502 (Euro 61,341 in the previous year). Movements in receivables are summarised as follows:

	Tax credits	Receivables from other parties	Total accounts receivables
Opening value	53,036	8,305	61,341
Changes	18,161	–	18,161
Closing value	**71,197**	**8,305**	**79,502**
Part due after 5 years			

The following table shows the geographic distribution of accounts receivables:

Current acconts receivables by geographical area			
Geographic area	Italy	EU	Extra EU
Tax credits	70,681		
Receivables from social security funds	516		
Receivables from other parties	8,305		
Total account receivables	**79,502**		

Tax credits, for Euro 70,681, are referred to VAT credit and withholding tax. Receivalbes from social security funds, for Euro 516, are referred only to INAIL. Receviables from other parties, for Euro 8,305, are referred only to deposits.

Liquid assets

They amount to Euro 31,564 (Euro 272,932 in the previous year) and represent cash deposited at bank at the end of the financial period.

Movements in this item are summarized in the following table:

	Bank and postal deposits	Cheques	Cash on hands	**Total liquid assets**
Opening value	272,932			272,932
Changes	(241,368)			(241,368)
Closing value	**31,564**			**31,564**

Prepaid expenses and accrued income

They amounts to Euro 75 (Euro 842 in the previous year) and consist solely of prepaid expenses relating to the deferral of costs pertaining to the following year.

Movements in this item are summarized in the following table:

	Discount on loans	Accrued income	Other prepaid expenses	**Total prepaid expenses and accrued income**
Opening value			842	842
Changes			(767)	(767)
Closing value			**75**	**75**

Short explanatory notes, liabilities and equity

Equity

Equity at March 31, 2021 amounts to Euro 58,971 (Euro 279,847 in the previous year), net of the loss for the period for Euro 220,877.

Movements in this item are as follows:

	Share capital	**Profit (loss) carried forward**	**Profi (loss) of the year**	**Rounding to the nearest euro unit**	**Total equity**
Opening value	625,000	–	(345,153)	–	279,847
Destination of the result of the previous year					
Dividend allocation					
Other destination		(345,153)		1	1
Other changes					
Increases					
Decreases					
Reclassifications					
Net profit (loss) of the year			(220,877)		(220,877)
Closing value	**625,000**	**(345,153)**	**(220,877)**	**1**	**58,971**

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Availability and usage of Equity:

Description	Amount	Usage	Available quota	Summary of the uses made in the three previous years: To cover losses	Summary of the uses made in the three previous years: For other reasons
Share capital	625,000				
Totale	625,000		–		
Unavailable quota			–	–	–
Available quota for distribution			–	–	–

Severance indemnity provision

The item amounts to Euro 3,342 (Euro 1,396 in the previous year). It represents the Company's actual debt at March 31, 2021 to employees who were on the payroll at that date.

As per art. 2427, n. 15, of the Civil Code, we inform that during FY 2020/2021 the average number of employees was three.

Movements during the period were as follows:

	Severance indemnity provision
Opening value	1,396
Changes	
Accrual of the year	6,010
Utilization in the year	(4,064)
Other changes	–
Total changes	1,946
Closing value	3,342

Accounts payable

Debts amount to Euro 50,774 (Euro 138,630 in the previous year). They consist in:

Description	**Debts to suppliers**	**Debts to Tax authority**	**Debts to social contributions agency**	**Debts to others**	**Total debts**
Opening value	117,665	334	5,181	15,450	138,630
Changes	(87,642)	4,719	5,737	(10,670)	(87,856)
Closing value	**30,023**	**5,053**	**10,918**	**4,780**	**50,774**
Part due after 5 years					

Debts to suppliers for Euro 30,023 refer to suppliers' invoices received or to be received.

Debts to Tax authority for Euro 5,053 refer to withholding taxes on employee and self-employment income.

Debts to social contributions agencies for 10,918 are mainly referred to INPS.

Debts to others for Euro 4,780 refer to debts to employees concerning the amounts accrued at March 31, 2021.

The following table shows the area in which the creditors reside:

Accounts payable by geographical area

Geographical area	Italy	EU	Extra EU
Debts to suppliers	30,023		
Debts to Tax authority	5,053		
Debts to social contribution agency	10,918		
Debts to other	4,780		
Total debts	**50,774**	**–**	

Short explanatory notes, income statement

The income statement for the period ended at March 31, 2021 shows a loss for Euro 220,877 and include:

Value of Production	115,285
Cost of Production	(336,163)
Margin of Production	(220,878)
Net financial items	1
Result before taxes	(220,877)
Income taxes	–
Profit (loss) for the period	(220,877)

Value of production

Income from sales and services for Euro 111,685 (no amount in the previous year) refer to services rendered to the parent company during the year.

Other income for Euro 3,660 (Euro 2,880 in the previous year) refer to contributions received from Trentino Sviluppo Spa with reference to the contract for the Rovereto office.

Costs of production

The costs of production amount to Euro 336,163 (Euro 348,035 in the previous year) and consist of:

- costs for services for Euro 106,395 which refer mainly to technical consultancy and services relating to the Company's own business, to administrative and tax consultancy and bank expenses;
- rental for Euro 31,075 refer to office rental;
- personnel costs for Euro 121,054;
- depreciation for tangible fixed assets for Euro 556;
- other depreciation of non current assets for Euro 63,000 refer to depreciation of ongoing research and development costs;
- other operating costs for Euro 14,083, consisting mainly on losses on assets disposals.

Financial income and charges

This item shows a positive balance of Euro 1 (Euro 2 in the previous year). It contists only on bank interest income.

Short explanatory notes, other information

Summary of the financial statements of the company exercising management and coordination activities

Pursuant to the provisions of art. 2497-bis, paragraph 4 of the Italian Civil Code, the following table summarises the essential data from the latest approved financial statements of MAHINDRA SUSTEN PRIVATE LIMITED, which exercises management and coordination activities over MSPE URJA Srl (amounts in rupees).

Summary of the balance sheet of the company exercising management and coordination activities

	Last year	**Previous year**
Date of the last approved financial statements	**31/03/2020**	**31/03/2019**
B) Non current assets	10,209,414,047	9,113,071,930
C) Current assets	9,264,364,242	12,102,196,140
Total assets	19,473,778,289	21,215,268,070
A) Equity		
Share capital	1,954,617,280	1,682,617,280
Reserves	7,518,712,434	5,798,955,028
Profit (loss) of the year	415,818,041	631,757,406
Total equity	9,889,147,755	8,113,329,714
D) Payables	9,584,630,534	13,101,938,356
Total liabilities	19,473,778,289	21,215,268,070

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Summary of the profit and loss account of the company exercising management and coordination activities

	Last year	Previous year
Date of the last approved financial statements	**31/03/2020**	**31/03/2019**
A) Value of production	21,637,983,672	26,562,583,117
B) Costs of production	21,016,324,320	25,764,053,969
C) Financial income and charges	(2,483,864)	2,234,696
Income taxes	203,357,448	169,006,438
Profi (loss) of the year	**415,818,041**	**631,757,406**

Short explanatory notes, conclusions

No remuneration is accrued to the Administrative body.

These Financial Statements, comprising the Balance Sheet, the Income statement and the Explanatory Notes, give a true and fair view of the Company's equity and financial position and the economic result of the period and correspond to the result of the accounting entries.

In conclusion, we invite you to approve the Financial Statements for the period ended at March 31, 2021 as they have been submitted to you and to carry forward the loss for the year of Euro 220,877.01.

The Liquidator
Angelantonio Molfetta

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF MSPL INTERNATIONAL DMCC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MSPL International DMCC** (the "Company'') which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates (UAE), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for their compliance with the applicable provisions of Dubai Multi Commodities Centre Authority Regulations 2020, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related notes made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the notes thereto, and whether the Financial Statements represents the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

We further confirm that the financial statements comply with the applicable provisions of the Dubai Multi Commodities Centre Authority Regulations 2020. Also, in our opinion, the Company has undertaken only the activities permitted under its license.

For **PKF**

Vinod M. Joshi
Partner
Registration No. 1200
Dubai
United Arab Emirates

26th April 2021

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	31.3.2021	31.3.2020
ASSETS		**AED**	AED
Non-current assets			
Property plant and equipment	6	–	208,405
Intangible assets		–	4,752
		–	213,157
Current assets			
Sundry receivables	7	**15,378**	32,266
Other current assets	8	**16,386**	37,667
Due from related parties	9	**76,460**	34,187
Other financial assets		–	76,322
Cash and cash equivalents	10	**77,417**	159,349
		185,641	339,791
Total assets		**185,641**	552,948
EQUITY AND LIABILITIES			
Share capital	11	**50,000**	50,000
Accumulated losses		**(11,321,813)**	(5,670,415)
Deficit		**(11,271,813)**	(5,620,415)
Shareholder's current account	12	**120,353**	751,366
Loans from shareholder	13	**11,320,130**	3,160,000
Total shareholder's funds/(net deficit)		**168,670**	(1,709,049)
Non-current liabilities			
Provision staff end-of-service gratuity	14	–	54,657
Current liabilities			
Sundry payables	15	**16,971**	242,691
Accruals of staff benefits		–	1,372,524
Due to a related party	9	–	592,125
		16,971	2,207,340
Total liabilities		**16,971**	2,261,997
Total equity and liabilities		**185,641**	552,948

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages herein.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Approved and authorised by the director, Mr. Rajiv Gupta on

For **MSPL INTERNATIONAL DMCC**

CONSTITUTED ATTORNEY

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	1.4 2020 to 31.3.2021	1.4.2019 to 31.3.2020
		AED	AED
Sundry income		**140**	–
Staff costs	17	**(4,193,652)**	(8,438,370)
Depreciation and amortisation	18	**(87,952)**	(149,739)
Other operating expenses	19	**(1,161,868)**	(2,150,634)
Finance cost	20	**(208,066)**	(37,345)
LOSS FOR THE YEAR		**(5,651,398)**	(10,776,088)
Other comprehensive income for the Year		**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(5,651,398)**	(10,776,088)

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages herein.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share Capital	Accumulated losses	Total
		AED	AED	AED
Balance at 1 April 2019		–	–	–
Comprehensive income				
– Loss	(a)	–	(10,776,088)	(10,776,088)
– Amount transferred to shareholder's current account (note 12)	(b)	–	5,105,673	5,105,673
– Other comprehensive income	(c)	–	–	–
Total comprehensive income for the year	(a+b+c)	–	(5,670,415)	(5,670,415)
Issue of share capita		50,000	–	50,000
Balance at 31 March 2020		50,000	(5,670,415)	(5,620,415)
Comprehensive income				
– Loss	(d)	**–**	**(5,651,398)**	**(5,651,398)**
– Other comprehensive income	(e)	**–**	**–**	**–**
Total comprehensive income for the year	(d+e)	**–**	**(5,651,398)**	**(5,651,398)**
Balance at 31 March 2021		**50,000**	**(11,321,813)**	**(11,271,813)**

Note: The loss of AED 5,105,673 incurred by Mahindra Susten Private Limited DMCC Branch for the period till it was converted into a subsidiary of Mahindra Susten Private Limited, India (i.e from 1 April 2019 to 7 October 2019) has been transferred to shareholder's current account and the losses incurred subsequently from 8 October 2019 to 31 March 2020 are disclosed as accumulated losses in shareholder's equity. [refer note 1(a) below]

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages herein.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARTCH 2021

	1.4.2020 to 31.3.2021	1.4.2019 to 31.3.2020
	AED	AED
Cash flows from operating activities		
Loss for the Year	**(5,651,398)**	(10,776,088)
Adjustments for:		
Depreciation of property, plant and equipment	**86,759**	148,356
Amortisation of intangible assets	**1,193**	1,383
Finance costs	**208,066**	37,345
Provision for end of service benefits	**94,292**	59,854
Loss on disposal of property, plant and equipment	**74,030**	–
Loss on disposal of intangible assets	**3,558**	–
	(5,183,500)	(10,529,150)
Changes in:		
– Sundry receivables	**16,888**	(5,960)
– Other current assets	**21,281**	95,652
– Sundry payables	**(225,720)**	(177,767)
– Accruals of staff benefits	**(1,372,524)**	609,175
End of service benefits paid	**(148,949)**	(5,197)
Net cash used in operating activities	**(6,892,524)**	(10,013,247)
Cash flows from investing activities		
Payments for property, plant and equipment (net)	**–**	(16,661)
Proceeds on disposal of Property, plant and equipment	**19,923**	–
Payments for intangible assets	**–**	(6,135)
Decrease/(increase) in other financial assets (net)	**76,322**	(1,368)
(Payments to)/receipts from related parties	**(42,273)**	362,456
Net cash from investing activities	**53,972**	338,292
Cash flows from financing activities		
Issue of share capital	**–**	50,000
Proceeds from shareholder's loans	**8,160,130**	3,160,000
(Payments to)/receipts from related parties	**(592,125)**	592,125
Funds (withdrawn)/introduced by the shareholder	**(811,385)**	4,486,319
Net cash generated from financing activities	**6,756,620**	8,288,444
Net decrease in cash and cash equivalents	**(81,932)**	(1,386,511)
Cash and cash equivalents at beginning of year	**159,349**	1,545,860
Cash and cash equivalents at end of year (Refer Note 10)	**77,417**	159,349

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages herein.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. LEGAL STATUS AND BUSINESS ACTIVITY

a) On 9 April 2018, the branch of a foreign company, Mahindra Susten Private Limited India (the "Parent Company"), was registered in accordance with the applicable provisions of Dubai Multi Commodities Centre DMCC Company Regulations, 2020. On 8 October 2019, the branch was converted into a company, namely, MSPL International DMCC (the "Company"), which is a subsidiary of Mahindra Susten Private Limited, India.

b) The principal activity of the Company is renewable energy consultancy and trading of solar energy system and components.

c) The immediate parent company of the Company is Mahindra Susten Private Limited, India, intermediate parent company is Mahindra Holdings Limited and the ultimate parent company is Mahindra & Mahindra Limited, India, listed on a stock exchange in India.

2. BASIS OF PREPARATION

a) The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB)and which are effective for accounting periods beginning on or after 1 April 2020, and with the applicable provisions of Dubai Multi Commodities Centre Authority Regulations 2020.

b) **Basis of measurement**

The financial statements are prepared using historical cost.

Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) **Going concern**

The financial statements are prepared on a going concern basis.

When preparing the financial statements, management makes an assessment of the Company's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company incurred a loss of AED 5,651,398 for the year ended 31 March 2021 (previous year AED 10,776,088), and at that date, the Company's accumulated losses aggregated to AED 11,321,813 (previous year AED 5,670,415). However, the shareholder has agreed to continue with the operations of the Company and has agreed to provide continuing financial support to enable the Company to discharge its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis.

The outbreak of Covid-19 continues to cause disruptions in normal lives and business in several ways. The uncertainty due to Covid-19 outbreak with regard to the future impact on the Company's business performance has also been considered as part of Management's assessment of the Company's ability to continue as a going concern. The Company is principally engaged in renewable energy consultancy and trading of solar energy system and components, however, the Company has not carried out commercial operations during the year, Covid-19 is not expected to have a significant impact on the Company. Hence, management has determined that there is no material uncertainty that casts doubt on the Company's ability to continue as a going concern.

Since the impact of Covid-19 continues to evolve, the Company will continue to monitor the situation and its impacts on the financial statements (refer Note 5).

d) **Adoption of new International Financial Reporting Standards**

Standards, amendments, improvements and interpretations effective for the current period

The following International Financial Reporting Standards, amendments, improvements and interpretations which became effective 1 April 2020 or after, did not have any significant impact on the Company's financial statements:

- Amendments to IFRS 3 - Definition of a Business
- Amendments to IAS 1 and IAS 8 - Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform
- Revised Conceptual Framework for Financial Reporting
- Amendment to IFRS 16 - Covid-19-Related Rent Concessions (early adopted)

The Company has not early adopted any other amendments, improvements and interpretations that have been issued but is not yet effective.

New and revised IFRSs in issue but not yet effective and not early adopted

The following International Financial Reporting Standards, amendments, improvements and interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark - Phase 2 (1 January 2021)
- Amendments to IAS 37 – Onerous Contracts - Cost of Fulfilling a contract (1 January 2022)
- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use (1 January 2022)
- Annual Improvements to IFRS Standards 2018-2020 (1 January 2022)
  - IFRS 9 Financial Instruments
  - IFRS 16 Leases
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (1 January 2023)

e) **Functional and presentation currency**

The financial statements are presented in UAE Dirhams ("AED") which is also the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, and which have been consistently applied, are as follows:

a) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful lives of three year.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the expenditure will flow to the Company and such cost can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognise such parts as individual assets with specific useful lives and depreciate them accordingly. The carrying amount of replaced parts is derecognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

All other repairs and maintenance costs are charged to profit or loss during the financial Year in which they are incurred.

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'sundry income / other operating expenses' in profit or loss.

b) **Impairment of tangible assets**

At the reporting date, the management reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. Where it is not possible to estimate the recoverable amount of an individual asset, the acquirer estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

c) **Staff end-of-service benefits**

Provision is made for end-of-service benefits payable to non-UAE national employees at the reporting date in accordance with the local labour laws.

d) **Leases**

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

e) **Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank current account, which are subject to an insignificant risk of change in value.

f) **Foreign currency transactions**

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

g) **Borrowing costs**

Borrowing costs are recognised as an expense in the year in which they are incurred.

h) **Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

i) **Current versus non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting Year. or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting Year.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting Year. or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting Year.

The Company classifies all other liabilities as non-current.

j) **Financial instruments**

Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") – debt investment; FVTOCI – equity investment; or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrumental level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

The business model determines whether cash flows will result from collecting contractual cashflows, selling the financial assets, or both.

Financial liabilities are classified as financial liabilities at FVTPL or at amortised cost. The Company determines the classification of its financial liabilities at initial recognition.

Recognition

Financial assets and financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

Derecognition

Financial assets are de-recognised when, and only when,

- The contractual rights to receive cash flows expire or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) the Company has transferred substantially all the risks and rewards of the asset, or
  - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities are de-recognised when, and only when, they are extinguished i.e. when obligation specified in the contract is discharged, cancelled or expired.

Measurement

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Transactions costs of financial assets carried at FVTPL are expensed in profit or loss.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at amortised cost

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss and deferred income, if any using the effective interest method.

1. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
2. the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and profit on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The financial assets at amortised cost comprise of sundry receivables, due from related parties, other financial assets, and cash and cash equivalents.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost comprise of sundry payables, due to a related party, shareholder's loans and current account.

Impairment of financial assets

Expected credit losses (ECLs) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Loss allowances are measured on 12-month ECLs: ECLs that result from possible default events within 12 months after the reporting date

The Company measures the loss allowance on 12-month ECLs: ECLs that result from possible default events within 12 months after the reporting date.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 45 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 45 days past due.

At the reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the asset.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Equity

Share capital is recorded at the value of proceeds received towards interest in share capital of the Company.

k) **Fair value measurement**

The Company discloses the fair value of financial instruments measured at amortised cost.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

4. SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Classification of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

Impairment

At each reporting date, management conducts an assessment of property, plant, equipment, to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

The Company applies expected credit loss (ECL) model to measure loss allowance in case of financial assets on the basis of 12-month ECLs depending on credit risk characteristics and how changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Carrying values of property, plant and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Fair value of financial assets

The fair values of financial instruments that are not traded on an active market are determined using valuation techniques. The Company uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. The key assumptions used and the impact of changes in these assumptions is provided in Note 3 (k).

Impairment

Assessments of net recoverable amounts of property, plant, equipment are based on assumptions regarding future cash flows expected to be received from the related assets.

Impairment of financial assets

The loss allowance for financial assets are based on assumptions about the risk of default and expected loss rates. The management have not used judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of the reporting year. Details of the key assumptions and inputs used are disclosed in Note 3 (j).

Impact of Covid-19

Since the Covid-19 outbreak is evolving rapidly, the Company continues to assess the impact on its operations on a regular basis. The management does not believe that there exists a material uncertainty in respect of expected duration and its potential impact on the overall economy including the operations of the Company.

6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture, fixtures, and office equipment	Total
	AED	AED	AED
Cost			
At 1 April 2019	230,266	197,018	427,284
Additions	–	16,661	16,661
At 31 March 2020	230,266	213,679	443,945
Disposals	**(230,266)**	**(125,740)**	**(356,006)**
Transferred to Parent company	**–**	**(87,939)**	**(87,939)**
At 31 March 2021	**–**	**–**	**–**
Accumulated depreciation			
At 1 April 2019	53,672	33,512	87,184
Depreciation for the Year	76,957	71,399	148,356
At 31 March 2020	130,629	104,911	235,540
Depreciation for the Year	**44,996**	**41,763**	**86,759**
Adjustment on disposal	**(175,625)**	**(86,430)**	**(262,055)**
Adjustment on transfer to parent company	**–**	**(60,244)**	**(60,244)**
At 31 March 2021	**–**	**–**	**–**
Carrying amount			
At 1 April 2019	176,594	163,506	340,100
At 31 March 2020	99,637	108,768	208,405
At 31 March 2021	**–**	**–**	**–**

7. SUNDRY RECEIVABLES

	31.3.2021	31.3.2020
	AED	AED
Deposits	**1,000**	32,266
Other receivables	**14,378**	–
	15,378	32,266

8. OTHER CURRENT ASSETS

	31.3.2021	31.3.2020
	AED	AED
Prepayments	**16,386**	29,127
Advances	**–**	8,540
	16,386	37,667

9. RELATED PARTIES

The Company enter into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and are at prices determined by the management.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Related parties comprise the Parent Company and its other branches, the intermediate parent company, the ultimate parent company, companies under common ownership and/or common management control, key management personnel and directors.

At the reporting date significant balances with related parties were as follows:

	Shareholder	Key management personnel	Other related parties	31.3.2021	31.3.2020
	AED		**AED**	**AED**	AED
Due from related parties	–	–	76,460	**76,460**	
	–	–	34,187		34,187
Current account	120,353	–	–	**120,353**	
	751,366	–	–		751,366
Loan from the shareholder	11,320,130	–	–	**11,320,130**	
	3,160,000	–	–		3,160,000
Provision for end-of-service gratuity	–	–	–	–	
	–	7,606	–		7,606
Accruals and payables of salaries and benefits	–	–	–	–	
	–	204,347	–		204,347
Due to a related party	–	–	–	–	
	–	–	592,125		592,125

The above balances are unsecured, interest-free, repayable on demand except for shareholder's loans (repayment and other terms are set out in note 13).

All these balances are expected to be settled in cash.

	Shareholder	Key management personnel	Other related parties	1.4.2020 to 31.3.2021	1.4.2019 to 31.3.2020
	AED		**AED**	**AED**	AED
Remuneration	–	835,431	–	**835,431**	
	–	914,845	–		914,845
Interest expense	208,066	–	–	**208,066**	
	37,345	–	–		37,345
Transfer of property, plant and equipment	27,694	–	–	**27,694**	
	–	–	–		–

The Company also provides funds to/receive funds from the Parent Company as working capital facilities.

10. CASH AND CASH EQUIVALENTS

	31.3.2021	31.3.2020
	AED	AED
Cash on hand	**–**	19,727
Bank balances in current accounts	**77,417**	139,622
	77,417	159,349

11. SHARE CAPITAL

Issued and paid-up		
50 shares of AED 1,000 each	**50,000**	50,000

12. SHAREHOLDER CURRENT ACCOUNT

Opening balance	**751,366**	1,333,375
Interest credited	**208,066**	37,345
Loss for the period from 1 April 2019 to 7 October 2019 (refer note below)	**–**	(5,105,673)
Assets transferred	**(27,694)**	–
Funds (withdrawn)/ introduced during the year (net)	**(811,385)**	4,486,319
Closing balance	**120,353**	751,366

Note:

The loss incurred by Mahindra Susten Private Limited DMCC Branch for the period till it was converted into a subsidiary of Mahindra Susten Private Limited, India has been transferred to shareholder's current account. [refer note 1(a) above]

13. LOANS FROM SHAREHOLDER

– Bears interest of 4.5% per annum till 31 December 2020 on loans amounting to AED 11,320,130 (previous year – AED 3,160,000), after which the loans became interest-free; and

– Are repayable on demand.

14. PROVISION FOR STAFF END-OF-SERVICE GRATUITY

	31.3.2021	31.3.2020
	AED	AED
Opening balance	**54,657**	–
Provision made during the year	**94,292**	59,854
Paid during the year	**(148,949)**	(5,197)
Closing balance	**–**	54,657

15. SUNDRY PAYABLES

Accruals (other than staff benefits)	**15,000**	25,776
Other payables	**1,971**	216,915
	16,971	242,691

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

16. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to ensure that the Company continues as a going concern and to provide the shareholders with a rate of return on their investment commensurate with the level of risk assumed.

Capital, which is unchanged from the previous year, comprises equity funds as presented in the statement of financial position together with shareholders loan and current accounts and amounts due to/due from related parties. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The Company is not exposed to any externally imposed capital requirements.

17. STAFF COSTS

	1.4.2020 to 31.3.2021	1.4.2019 to 31.3.2021
	AED	AED
Salaries and benefits	**3,830,631**	6,984,794
Performance pay	**129,331**	1,126,617
End of service benefits	**94,292**	59,854
Other costs	**139,398**	267,105
	4,193,652	8,438,370

18. DEPRECIATION AND AMORTISATION

Depreciation of property, plant and equipment	**86,759**	148,356
Amortisation of intangible assets	**1,193**	1,383
	87,952	149,739

19. OTHER OPERATING EXPENSES

Project and related expenses	**748,549**	646,475
Rent	**123,700**	303,929
Utilities expenses	**58,928**	395,877
Business development expenses	**59,703**	431,527
Other expenses	**170,988**	372,826
	1,161,868	2,150,634

20. FINANCE COST

Comprise interest on shareholder's loan amounting to AED 208,066 (previous year – AED 37,345).

21. FINANCIAL INSTRUMENTS

As at the reporting date of financial assets and financial liabilities are carried amortised cost at as follows:

	31.3.2021	31.3.2020
Financial Assets	**AED**	AED
Sundry receivables	**15,378**	32,266
Due from related parties	**76,460**	34,187
Other financial assets	**–**	76,322
Cash and cash equivalents	**77,417**	159,349
	169,255	302,124

	31.3.2021	31.3.2020
Financial liabilities	**AED**	AED
Shareholder's current account	**120,353**	751,366
Loans from shareholder	**11,320,130**	3,160,000
Sundry payables	**16,971**	242,691
Due to a related party	**–**	592,125
	11,457,454	4,746,182

Management of risk

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed comprise credit risks, liquidity risks and market risks (including interest rate risks and fair value risks).

Credit risk is managed by assessing the creditworthiness of counter parties and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally cash and cash equivalents, dues from related parties, deposits with banks and outstanding receivables.

The bank account is placed with a high credit quality financial institution.

The management assesses the credit risk arising from amounts due from related parties and other receivables taking into account their financial position, past experience and other factors. Based on the assessment individual risk limits are determined.

At the reporting date 100% of amount due from related parties are due from a single related party (previous year 100% from two related parties).

Based on the assessment, the management believes that no impairment provision is required under IFRS 9.

Liquidity risk

The Company is provided funds on an on-going basis by the Parent Company to manage its liquidity risk.

Interest rate risk

Shareholder's loans are subject to fixed interest rates at levels generally obtained in the UAE and are therefore exposed to fair value interest rate risk.

Fair values

The management assesses the fair values of all its financial assets and financial liabilities at each reporting date.

The fair values of cash and cash equivalents, sundry receivables, due from related parties, sundry payables, due to a related party, shareholder's loans and current accounts approximate their carrying amounts largely due to the short-term maturities of these instruments.

22. CONTINGENTLIABILITIES

	31.3.2021	31.3.2020
	AED	AED
Bankers' letters of guarantee	**–**	76,322

For **MSPL INTERNATIONAL DMCC**

CONSTITUTED ATTORNEY

INDEPENDENT AUDITOR'S REPORT

To the Members of Martial Solren Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of **Martial Solren Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 (the Act) (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Information Other than the Ind AS Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report, but does not include the Ind AS Financial Statements and our Auditors' Report thereon.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)

(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
   (g) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, the provisions of Section 197 of the Act related to the managerial remuneration are not applicable.
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. the company does not have any pending litigations which will impact its financial positions.
      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQI4309

Mumbai, April 26, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Martial Solren Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQI4309

Mumbai, April 26, 2021

ANNEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Martial Solren Private Limited** for the year ended March 31, 2021.

Annexure to the Auditor's Report referred to in our report of even date:

1) According to the information and explanations given to us, the Company does not have fixed assets. Accordingly, the provisions of para 3(i) of the Order are not applicable to the Company.

2) According to the information and explanations given to us, the Company does not have inventory, therefore the provisions of para 3(ii) of the Order are not applicable to the Company.

3) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other related parties covered in the register maintained under section 189 of the Act.

4) The Company has not granted any loan, made investments or given guarantees during the year. Hence. the provisions of section 185 and section 186 of the Act are not applicable to the Company. We are informed that the company has not given any security during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2021 for a period of more than 6 months from the date they become payable.

   ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the money raised by the Company by the way of term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) Being the Company is a private company, the provisions of Section 197 of the Companies Act, 2013 and the provisions of para 3(xi) of the Order regarding payment of managerial remuneration are not applicable for the Company.

12) The Company, not being a Nidhi Company, the provisions of para 3(xii) of the Order are not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQI4309

Mumbai, April 26, 2021

BALANCE SHEET AS AT 31 MARCH 2021

	Particulars	Note No.	As at 31 March, 2021
I	**ASSETS**		
	1 NON-CURRENT ASSETS		**–**
	2 CURRENT ASSETS		
	(a) Financial Assets		
	(i) Cash and Cash Equivalents	**04**	**16,679**
	SUB-TOTAL		**16,679**
	TOTAL ASSETS		**16,679**
II	**EQUITY AND LIABILITIES**		
	1 EQUITY		
	(a) Equity Share Capital	**05**	**1,00,000**
	(b) Other Equity	**05**	**(2,39,611)**
	SUB-TOTAL		**(1,39,611)**
	2 NON-CURRENT LIABILITIES		**–**
	3 CURRENT LIABILITIES		**–**
	(a) Financial Liabilities		
	(i) Trade Payables	**06**	**1,50,851**
	(ii) Other Current Liabilities	**07**	**5,439**
	SUB-TOTAL		**1,56,290**
	TOTAL EQUITY AND LIABILITIES		**16,679**

The accompanying notes 1 to 14 are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 26 April, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN : 00220395

Mr. Rakesh Singh
Director
DIN : 07319353

Place: Mumbai
Date: 26 April, 2021

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD 27 AUGUST 2020 TO 31 MARCH 2021

	Particulars	Note No.	For the period 27 August 2020 to 31 March 2021
	Revenue		
I	Other Income		–
I	**Total Revenue**		–
II	**Expenses**		
	(a) Other expenses	**08**	**2,39,611**
	Total Expenses (II)		**2,39,611**
III	**(Loss)/Profit before exceptional items (I – II)**		**(2,39,611)**
	Add: Exceptional Gain		–
IV	**(Loss)/profit after exceptional items**		**(2,39,611)**
	Share of profit/(loss) of joint ventures and associates		–
V	**Profit/(loss) before tax (III-IV)**		–
VI	**Tax Expense**		
	(a) Current tax		–
	(b) Deferred tax		–
	Total tax expense		–
VII	**(Loss)/profit after tax from continuing Operations (VII – VIII)**		**(2,39,611)**
VIII	**Other comprehensive income**		
	A (i) Items that will not be reclassified to profit or loss		–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		–
	B (i) Items that may be reclassified to profit or loss		–
	(ii) Income tax on items that may be reclassified to profit or loss		–
IX	**Total comprehensive income for the year (XIII + XV)**		**(2,39,611)**
X	**Earnings per equity share (for continuing operation):**		
	(a) Basic	**09**	**(23.96)**
	(b) Diluted		**(23.96)**

The accompanying notes 1 to 14 are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 26 April, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN : 00220395

Mr. Rakesh Singh
Director
DIN : 07319353

Place: Mumbai
Date: 26 April, 2021

STATEMENT OF CASH FLOWS FOR THE PERIOD 27 AUGUST 2020 TO 31 MARCH 2021

Particulars	Note No.	For the period 27 August 2020 to 31 March 2021
Cash flows from operating activities		
Profit/(Loss) before tax for the year		**(2,39,611)**
Adjustments for:		
(Decrease)/Increase in trade and other payables		**1,56,290**
Cash generated from operations		**(83,321)**
Income taxes paid		**–**
Net cash flow from/(used in) operating activities		**–**
Cash flows from investing activities		**–**
Interest received		**–**
Net cash flow from/(used in) investing activities		**–**
Cash flows from financing activities		**–**
Proceeds from issue of equity instruments of the Company		**1,00,000**
Net cash flow from/(used in) financing activities		**1,00,000**
Net increase/ (decrease) in cash and cash equivalents		**16,679**
Cash and cash equivalents at the beginning of the year		**–**
Cash and cash equivalents at the end of the year		**16,679**

The accompanying notes 1 to 14 are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 26 April, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN : 00220395

Mr. Rakesh Singh
Director
DIN : 07319353

Place: Mumbai
Date: 26 April, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 27 AUGUST 2020 TO 31 MARCH 2021

A. Equity share capital

Rupees

Particulars	Amount
Changes in equity share capital during the year	**1,00,000**
As at 31 March 2021	**1,00,000**

B. Other Equity

Rupees

Particulars	Reserves and Surplus		
Particulars	**Securities Premium Reserve**	**Retained Earnings**	**Total**
Profit/(Loss) for the year	–	(2,39,611)	–
Other Comprehensive Income/(Loss)	–	–	–
As at 31 March 2021	**–**	**(2,39,611)**	**(2,39,611)**

The accompanying notes 1 to 14 are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 26 April, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN : 00220395

Mr. Rakesh Singh
Director
DIN : 07319353

Place: Mumbai
Date: 26 April, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2021

1. **Nature of Operations**

   Martial Solren Private Limited ('the Company') is a company limited by shares was incorporated in India on 27 August, 2020 as domiciled in India and is a subsidiary of Mahindra Susten Private Limited. The Company is engaged in the business as a producer and distributor of solar power by using solar cells, photo voltaic cells, wafers, photo voltaic solar modules, photo voltaic solar system/sub system, tracker or fixed tilt, concentrated solar power and to provide related services.

2. **Statement of compliance**

   The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

3. **Significant Accounting Policies and Accounting Judgments and Estimates**

   A) Significant Accounting Policies

   a) Basis of Preparation of Financial Statements

   The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

   Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

   Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

   In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

   - Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
   - Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
   - Level 3 inputs are unobservable inputs for the asset or liability.

   The financial statements are prepared in Indian Rupees.

   b) Revenue Recognition:

   Revenue from contracts with customers is recognised when control of the goods or services are rendered to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services

   Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and other incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes or other amounts collected from customers in its capacity as an agent. If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

   The accounting policies for the specific revenue streams of the Company are summarised below:

   – Revenue from Power Supply is recognised in terms of the Power Purchase Agreements (PPA) entered with Central and State Distribution Companies and is measured at the value of the consideration received or receivable, net of discounts if any.

   – The Company's contracts with customers for the sale of goods generally include one performance obligation. Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customers, generally on delivery of the goods.

   – Interest income is recognised on Effective Interest Rate (EIR) basis taking into account the amount outstanding and the applicable interest rate. Dividend income is accounted for when the right to receive income is established.

   – Delayed payment charges and interest on delayed payment for power supply are recognised based on conclusive evidence regarding ultimate collection.

   c) Current and Non-current classification

   The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

   - Expected to be realized or intended to be sold or consumed in normal operating cycle
   - Held primarily for the purpose of trading
   - Expected to be realized within twelve months after the reporting period, or
   - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

   All other assets are classified as non-current.

   A liability is current when:

   - It is expected to be settled in normal operating cycle
   - It is held primarily for the purpose of trading
   - It is due to be settled within twelve months after the reporting period, or
   - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

   The Company classifies all other liabilities as non-current.

   Deferred tax assets and liabilities are classified as non-current assets or liabilities.

   The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

   d) Segment information

   Operating segments are reported consistently with the internal reporting provided to the Chief Executive Officer. The highest decision-making executive is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Chief Executive Officer.

   Since the operation in the Company has not started it has no reporting operating segment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2021

e) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

f) Provisions and Contingent Liabilities:

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

(ii) Contingent liabilities

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

g) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

All financial assets by regular way of purchases or sales are recognised and derecognised on a trade date basis. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in debt / equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights for each category of receivable. Credit loss is the difference between all contractual cash flows that are due to

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2021

the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual/agreed terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss, if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and/or payable is recognised in profit or loss.

h) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statements include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

i) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

j) Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted with the standalone financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

k) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores as per the requirement of Schedule III, unless otherwise stated.

B) Accounting Judgments and Estimates

In the course of applying the policies outlined in note 3(A) above, management makes estimations and assumptions that impact the amounts recognised in the financial statements. The Company believes that judgement and estimation have been made in the following areas:

Intended use, useful lives and residual value of property, plant and equipment

Based on technical evaluations, management makes its judgement when property, plant and equipment and intangible assets are capable to operate in the manner intended by them.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2021

Management reviews the useful lives and residual values of property, plant and equipment and intangible assets, at least once a year and any changes could affect the depreciation rates prospectively and hence the asset carrying values.

Impairment of non-financial assets

The Company reviews its property, plant and equipment and intangible assets for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable. In assessing the impairment, the management considers the fall in prices of power tariffs, increase in cost of capital etc.

The carrying value of assets is compared with the fair value of those assets, that is, the higher of net realisable value and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on market demand and generation of power, economic and regulatory environment, discount rate and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact on carrying value of assets.

Provisions and liabilities

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

Contingencies

Contingent liabilities are disclosed under notes on accounts but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the group does not expect them to have a materially adverse impact on financial position or profitability.

Tax

The Company is subject to tax in India. The current tax liability booked in respect of any period is dependent upon the interpretation of the relevant tax laws and rules as applicable to the Company. The amount of tax payable may remain uncertain until the position of the Company is agreed with/ assessed by the relevant tax authorities. Whilst estimates must be made of deferred tax positions of the Company, this may involve the exercise of a degree of judgement.

Fair value measurements

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance for slow-moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Allowance for doubtful debts on trade receivables

Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the reporting date.

Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new Indian Accounting Standards and / or amendments to existing Indian Accounting Standards. There is no such notification which would be applicable from 01 April 2021

Note No. 04 - Cash and Cash Equivalents

Particulars	As at 31 March 2021
Cash and cash equivalents	
(a) Balances with banks	**16,679**
Total Cash and Cash Equivalents	**16,679**

Note No. 05 - Equity Share Capital

Rupees

Particulars	As at 31 March 2021	
	No. of shares	Share Capital
Authorised:		
Equity shares of Rs.10 each with voting rights	**10,000**	**1,00,000**
Issued and Subscribed:		
Equity shares of Rs.10 each with voting rights	**10,000**	**1,00,000**
Total Equity share capital	**10,000**	**1,00,000**

Notes:

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Bonus	Closing Balance
(a) Equity Shares with Voting rights*				
Year Ended 31 March 2021				
No. of Shares	–	**10,000**	–	**10,000**
Amount in Rupees	–	**1,00,000**	–	**1,00,000**

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No. of Shares		
	Equity Shares with Voting rights	Equity Shares with Differential Voting rights	Others
As at 31 March 2021			
Mahindra Susten Private Limited-Holding Company	**10,000**	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2021

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 March 2021 Number of shares held	% holding in that class of shares
Equity shares with voting rights		
Mahindra Susten Private Limited*	**10,000**	**100%**

* Note :- This includes 01 equity share held as nominee by an individual on behalf of the holding company.

(Mahindra Susten Private Limited jointly with Miss Brijbala Batwal - 01 equity share)

Note No. 6 – Trade Payables

Particulars	As at 31 March 2021
Trade payable - Other than micro and small enterprises	**1,50,851**
Total Trade Payables	**1,50,851**

Notes:

(1) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

(2) The identification of suppliers as Micro and Small enterprises covered under the "Micro, small and medium enterprises development act, 2006" was done on the basis of the information to the extent provided by the suppliers of the company.

Note No. 7 – Other Liabilities

Particulars	As at 31 March 2021 Current
Statutory dues	
- taxes payable (other than income taxes)	**5,439.00**
Total Other Liabilities	**5,439.00**

Note No. 8 – Other Expenses

	Particulars	For the period 27 August 2020 to 31 March 2021
(a)	Auditors remuneration and out-of-pocket expenses	
	1 As Auditors-Statutory audit fees	**29,500**
(b)	Legal and other professional costs	**2,08,384**
(c)	Registration and Documentation Charges	**1,500**
(d)	Bank charges	**127**
(e)	Miscellaneous expenses	**100**
	Total Other Expenses	**2,39,611**

Note No. 9 – Earnings per Share

Particulars	For the period 27 August 2020 to 31 March 2021 Per Share
Basic Earnings per share	
From continuing operations	**(23.96)**
From discontinuing operations	**–**
Total basic earnings per share	**(23.96)**
Diluted Earnings per share	
From continuing operations	**(23.96)**
From discontinuing operations	**–**
Total diluted earnings per share	**(23.96)**

Basic And Diluted Earning per share

The earnings and weighted average number of shares used in the calculation of earnings per share are as follows:

Particulars	For the period 27 August 2020 to 31 March 2021
Loss for the year	
Weighted average number of equity shares	**(2,39,611)**
Earnings per share from continuing operations – Basic and Diluted	**10,000**
	(24)

Note No. 10 – Related Party Transactions

Name of the parent Company from 27th Augeust 2020	Mahindra Susten Private Limited
Name of Fellow Subsidiary Company	Mahindra Renewables Private Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited

Details of transaction between the Company and its related parties are disclosed below:

Rupees

Particulars	**For the year ended**	**Parent Company**	**Ultimate Holding Company**
Nature of transactions with Related Parties			
Equity contribution to the Company	31-Mar-21	1,00,000	–
Receiving of services	31-Mar-21	–	1,00,360

Particulars	**Balance as on Year end**	**Parent Company**	**Ultimate Holding Company**
Nature of Balances with Related Parties			
Trade payables	31-Mar-21	–	93,982

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2021

Note No. 11 – Withdrawal of Scheme of Arrangement between Mahindra Renewables Private Limited and Martial Solren Private Limited

The Company had at its meeting held on August 31, 2020, approved the Scheme of Arrangement with Mahindra Renewables Private Limited and their respective shareholders and creditors and the same was subsequently filed before the Hon'ble National Company Law Tribunal, Mumbai Bench.

The Management due to change in business environment, has decided not to proceed with the proposed Scheme of Arrangement with Mahindra Renewables Private Limited and has filed an application with Assistant Director / Registrar of National Company Law Board Tribunal for withdrawal of scheme of Arrangement post approval of Board of Directors via its resolution dated April 6th 2021. As on date of adoption of accounts, the Management is awaiting written order from National Company Law Board Tribunal Giving effect to the withdrawal.

Note No. 12 –

COVID-19, a novel Coronavirus, has spread globally, including India and has significantly affected public health and economic activities worldwide. The Company has considered relevant internal and external sources of information to evaluate the impact on the financial statements for the year ended 31st March 2021 and has assessed the carrying value of the assets to be recoverable. However, the actual impact may be different from that estimated as it will depend upon future developments and future actions to contain or treat the disease and mitigate its impact on the economy. The Company continues to closely monitor impact of the pandemic on the future economic conditions and the operations of the Company."

Note No. 13 –

This is the first year of operations of the Company hence previous year comparative numbers are not presented.

Note No. 14 –

The financial statements have been approved for issue by Company's Board of Directors on April 26th 2021

The accompanying notes 1 to 14 are an integral part of the Financial Statements

In terms of our report attached.

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 26 April, 2021

For and on behalf of the Board of Directors

Mr. Basant Jain
Director
DIN : 00220395

Mr. Rakesh Singh
Director
DIN : 07319353

Place: Mumbai
Date: 26 April, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra Engineering and Chemical Products Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **Mahindra Engineering and Chemical Products Limited** ("the Company"), which comprise the balance sheet as at 31st March 2021, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report.

Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016/ 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The company does not have any pending litigations which will impact its financial positions.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAPY5730

Place: Mumbai
Date: 5th May, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Engineering and Chemical Products Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAPY5730

Place: Mumbai
Date: 5th May, 2021

ANNEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mahindra Engineering and Chemical Products Limited** for the year ended March 31, 2021

<u>Annexure to the Auditor's Report referred to in our report of even date:</u>

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The title deeds of the freehold land are held in the name of the Company.

2) Physical verification of inventory has been conducted at reasonable intervals by the management and not material discrepancies were noticed.

3) The Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Act. Hence, the provisions of para 3(iii) of the Order are not applicable.

4) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it.

   ii) There are no disputed dues outstanding as on March 31, 2021 on account of sales tax, customs duty, income tax, service tax, GST and cess. except as follows:

Name of the Statute	Nature of dues	Amount	Periods to which amounts relates	Forum where the dispute is pending
Income Tax Laws	Income Tax	1,35,030	A.Y. 2015-16	CIT (A)
Income Tax Laws	Income Tax	24,91,676	A.Y. 2017-18	CIT (A)

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles -in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

12) The Company, not being a Nidhi Company, the para 3(xii) of the Order is not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAPY5730

Place: Mumbai
Date: 5th May, 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

Rupees lakhs

Particulars	Notes	As at 31st March, 2021	As at 31st March, 2020
ASSETS			
I. Financial Assets			
(a) Cash and Cash Equivalents	3	**709.20**	571.12
(b) Bank Balances other than (a) above	4	**1,128.50**	1,539.00
(c) Trade Receivables	5	**252.74**	29.76
(d) Investments	6	**86,972.11**	85,532.77
(e) Other Financial assets	7	**454.86**	485.83
		89,517.41	88,158.48
II. Non-financial Assets			
(a) Inventories	8	**32.37**	99.62
(b) Current tax assets (Net)	9	**187.86**	174.22
(c) Deferred tax assets (Net)	16	**0.39**	0.45
(d) Investment Property	10	**424.21**	433.46
(e) Property, Plant and Equipment	11	**0.58**	12.24
(f) Other Non Financial Assets	12	**23.19**	23.64
		668.60	743.63
TOTAL ASSETS		**90,186.01**	88,902.11
LIABILITIES AND EQUITY			
LIABILITIES			
I. Financial Liabilities			
(a) **Payables**			
Trade Payables			
(i) Micro, Small and Medium Enterprises	13	**163.34**	0.02
(ii) Other than Micro, Small and Medium Enterprises		**105.10**	155.74
(b) Other financial Liabilities	14	**100.00**	100.00
		368.44	255.76
II. Non-Financial Liabilities			
(a) Current tax liabilities (Net)	15	**–**	4.73
(b) Deferred tax liabilities (Net)	16	**–**	–
(c) Other non financial Liabilities	17	**34.26**	1.03
		34.26	5.76
III. EQUITY			
(a) Equity Share capital	18	**11,779.30**	11,645.09
(b) Other Equity	19	**78,004.01**	76,995.49
		89,783.31	88,640.58
TOTAL LIABILITIES		**90,186.01**	88,902.11

The accompanying notes 1 to 35 are an integral part of the Financial Statements

As per our report of even date attached

For B.K.Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Date : 05th May, 2021
Place : Mumbai

For and on behalf of the Board of Directors of
Mahindra Engineering and Chemical Products Limited
CIN No. U74999MH1954PLCO19908

Chief Financial Officer — Director

Chief Executive Officer — Director

Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

Rupees lakhs

	Particulars	Notes	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(I)	**Revenue from Operations**	20		
	(i) Interest Income		**161.45**	189.41
	(ii) Dividend Income		**–**	47.21
	(iii) Rental Income		**13.96**	13.57
	(iv) Sale of Products		**3248.01**	29.62
	(v) Sale of Services		**12.90**	0.86
	Total Revenue from Operations		**3436.32**	280.67
(II)	**Other Income**	21	**8.93**	10.12
(III)	**Total Income (I + II)**		**3445.25**	290.79
	Expenses			
	(i) Finance Cost	22	**6.16**	5.77
	(ii) Purchase of stock-in-trade	23	**2,880.93**	123.12
	(iii) Changes in inventory of stock-in-trade	24	**66.36**	(99.62)
	(iv) Depreciation, Impairment and amortisation	9 &10	**16.01**	16.72
	(v) Other Expenses	25	**305.15**	52.39
(IV)	**Total Expenses**		**3274.61**	98.38
(V)	Profit Before Exceptional Item and Tax (III-IV)		**170.64**	192.42
(VI)	Add: Exceptional Item		**–**	–
(VII)	Profit Before Tax (V-VI)		**170.64**	192.42
(VIII)	**Tax Expenses :**			
	Current tax for the year	16	**46.82**	42.46
	Deferred tax for the year		**0.06**	(0.63)
	Total Tax Expenses		**46.88**	41.83
(IX)	**Profit/(Loss) for the period from continuing operations (After Tax) (VII-VIII)**		**123.76**	150.59
(X)	**Profit/(Loss) for the period from discontinuing operations**		**–**	–
(XI)	**Profit/(Loss) for the period (IX+XII)**		**123.76**	150.59
(XII)	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss		**–**	–
	(a) Equity instruments through other comprehensive income			–
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
	Other Comprehensive Income for the period		**–**	–
	Total Comprehensive Income for the period for the period (IX+X)		**123.76**	150.59
(XIII)	Earnings per equity share : (Basic and diluted) (for continuing operations (Face Value Rs.10 per share) (Rupees)	26	**0.11**	0.14
(XIV)	Earnings per equity share : (Basic and diluted) (for discontinuing operations (Face Value Rs.10 per share) (Rupees)	26	**–**	–

The accompanying notes 1 to 35 are an integral part of the Financial Statements

As per our report of even date attached

For B.K.Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Date : 05th May, 2021
Place : Mumbai

For and on behalf of the Board of Directors of
Mahindra Engineering and Chemical Products Limited
CIN No. U74999MH1954PLCO19908

Chief Financial Officer Director

Chief Executive Officer Director

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

Rupees lakhs

	Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
A .	**Cash Flow from Operating Activities:**		
	Profit before tax	**170.64**	192.42
	Adjustments for :		
	Add: Depreciation	**16.01**	16.72
	Add: Finance Cost	**6.16**	5.77
	Add: Fixed Assets written off	**0.09**	–
	Add: Provision for doubtful debts	**0.34**	–
	Add: Provision for Inventory	**1.02**	–
	Less: Gain on sale of fixed asset	**(3.87)**	–
	Less: Provision for expenses written back	**–**	(10.12)
	Operating Profit /(Loss) before Working Capital changes	**190.39**	204.79
	Changes in Working Capital:		
	Adjustments for (increase) / decrease in operating assets:		
	(Increase)/Decrease in Trade Receivables	**(223.32)**	(29.19)
	(Increase)/Decrease in Current Tax Assets	**0.02**	(4.07)
	(Increase)/Decrease in Inventories	**66.23**	(99.62)
	(Increase)/Decrease in Non financial assets	**0.45**	(18.24)
	(Increase)/ Decrease in other financial assets	**30.97**	(154.82)
	Bank Balances not considered as Cash and Cash equivalents	**410.50**	626.00
	Adjustments for increase / (decrease) in operating Liabilities:		
	Increase/(Decrease) in Trade Payables	**112.68**	145.70
	Increase/(Decrease) in Non financial liabilities	**33.23**	0.37
		430.76	466.14
	Cash generated from operations	**621.15**	670.93
	Income taxes paid (Inclusive of Tax Deducted at Source)	**(65.21)**	(43.95)
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**555.94**	626.98
B	**Cash Flow from Investing Activities :**		
	(Increase)/ Decrease in PPE	**8.67**	–
	Investments made by the Company during the year	**(1,020.00)**	–
	Corporate Fixed Deposits placed (Net)	**(419.34)**	(124.00)
	NET CASH FLOW USED IN INVESTING ACTIVITIES (B)	**(1430.67)**	(124.00)
C	**Cash Flow from Financing Activities :**		
	Proceeds from Issue of Share Capital	**1,020.00**	–
	Share issue expenses	**(1.03)**	–
	Finance Cost	**(6.16)**	(5.77)
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**1012.81**	(5.77)
	CHANGES AS NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**138.08**	497.21
	Cash and cash equivalents at the beginning of the year	**571.12**	73.91
	Cash and cash equivalents at the end of the year	**709.20**	571.12

Notes:

1. The above Cash Flow Statement has been prepared under the indirect method as set out in IND AS - 7 - Cash Flow Statement.
2. CSR Spent during the period is Rs.4.69 Lakhs(Previous Year Rs. 3.57 Lakhs)

As per our report of even date attached

For B.K.Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Date : 05th May, 2021
Place : Mumbai

For and on behalf of the Board of Directors of
Mahindra Engineering and Chemical Products Limited
CIN No. U74999MH1954PLCO19908

Chief Financial Officer Director

Chief Executive Officer Director

Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2021

(A) Equity share capital

Rupees lakhs

Particulars	Balance at the beginning of the reporting year	Changes in equity share capital during the year	Balance at the end of the reporting year
As at 31st March 2021	11,645.09	134.21	**11,779.30**
As at 31st March 2020	11,645.09	–	**11,645.09**

(B) Other equity

For the year ended 31st March 2021

Rupees lakhs

Particulars	As at 31st March 2021				
Particulars	**Capital reserve**	**Securities premium**	**General reserve**	**Retained earnings**	**Total**
Balance at beginning of year	**10.15**	**84,544.34**	**414.23**	**(7,973.24)**	**76,995.49**
Profit for the year	**–**	**–**	**–**	**123.76**	**123.76**
Share Premium for the year	**–**	**885.79**	**–**	**–**	**885.79**
Share Issue Costs	**–**	**–**	**–**	**(1.03)**	**(1.03)**
Balance as on 31st March 2021	**10.15**	**85,430.13**	**414.23**	**(7,850.51)**	**78,004.01**

For the year ended 31st March 2020

Particulars	As at 31st March 2020				
Particulars	**Capital reserve**	**Securities premium**	**General reserve**	**Retained earnings**	**Total**
Balance at beginning of year	**10.15**	**–**	**414.23**	**(8,123.83)**	**76,844.90**
Profit for the year	**–**	**–**	**–**	**150.59**	**150.59**
Share Premium for the year	**–**	**–**	**–**	**–**	**0.00**
Balance as on 31st March 2020	**10.15**	**–**	**414.23**	**(7,973.24)**	**76,995.49**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1 **Corporate Information:**

Mahindra Engineering and Chemical Products Limited is a public limited company incorporated in Mumbai, India on 7 June, 1954 under the Companies Act, 1956. The Company's main activity is carrying on the business of trading / distributing of goods and offering services of boats and yachts of all kinds and engines and making investments in group companies.

The Company falls under the category of Core Investment Company (CIC) as it holds majority of its assets as investments in group company/ies and does not engage in financing activity other than that of investments/ guarantees/ loans mainly relating to its group company/ies. It is a Non-Banking Financial Company (NBFC) and does not engage in financing activity similar to other NBFCs.

The Company is exempt from registration with RBI under section 45IA of the RBI Act, 1934 in terms of Notification No. DNBS.PD.221/CGM(US)2011 dated 5th January, 2011 (issued under section 45NC of the RBI Act).

The financial statements were approved by the Board of Directors and authorized for issue on 5th May, 2021.

2 **Significant Accounting Policies followed by the Company:**

a) **Statement of compliance and basis of preparation and presentation of financial statements:**

These standalone or separate financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

b) **Basis of measurement**

The financial statements have been prepared on the historical cost basis except for certain financial instruments which can be measured at fair values.

c) **Use of estimates & judgements**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities:

Fair value of financial assets, liabilities and investments

The Company measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) require management's best estimate about future developments.

d) **Measurement of fair values**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

e) **Revenue Recognition:**

Sale of stock-in-trade:

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

(i) the Company has transferred to the buyer the significant risk and reward of ownership of the goods;

(ii) the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and

(v) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services:

Sale of services are recognized in the year when services are rendered.

Dividend and interest income:

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

Rental Income on investment property:

Rental income from operating leases is generally recognised on a straight-line basis over the term of the leave and licence agreement.

f) **Property, Plant and Equipment:**

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use. The estimated useful life, residual values, are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

Depreciation is calculated on Straight Line method over the estimated useful life of all assets. These lives are in accordance with Schedule II to the Companies Act, 2013. Below is Company's expected usage pattern:

1) Vehicles (Speed Boat)- 13 Years

2) Computer and data processing unit- 3 Years

g) **Financial Instruments:**

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit or Loss.

Financial Assets:

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial Liabilities and Equity Instruments:

Equity instruments issued by the Company are classified as equity in accordance with the substance of the contractual agreements and the definitions of an equity instrument.

Equity Instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instrument is recognised and deducted directly in equity. No gain or loss is recognised in the Statement of Profit or Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial Liabilities:

All the financial liabilities are subsequently measured at either amortised cost using the effective interest method or at fair value through profit and loss, depending on the classification of the financial liabilities.

De-recognition of financial assets

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for the amount it may have to pay.

If the Company enters into transactions whereby it transfers assets recognised on its Balance Sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not de-recognised and the proceeds received are recognised as a collateralised borrowing.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the Statement of Profit and Loss

Impairment of financial assets

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVTOCI, the loss allowance is recognised in OCI and is not reduced from the carrying amount of the financial asset in the balance sheet.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Profit and Loss.

Impairment of nonfinancial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of the value in use or fair value less cost to sell, of the asset or cash-generating unit, as the case may be, is estimated and impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) earlier. The reversal of an impairment loss is recognised in Statement of Profit and Loss.

h) Investment Property:

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 40's requirements for cost model.

An Investment Property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

i) Investments in Subsidiaries, Fellow Subsidiaries & Associates:

The Company accounts for its investments in subsidiaries, fellow subsidiaries & associates at cost less accumulated impairment, if any.

j) Inventory:

The company for its trading operations purchases items for resale to customers. These items held for resale are treated as inventory assets held in the ordinary course of business and are in the form of material or supplies to be entirely used in the trading activities of the company.

The company measures inventory as prescribed under IND-AS 2 wherein Inventories shall be measured at the lower of cost and net realisable value.

Cost for purpose of determining inventory is all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The company uses the First In First Out (FIFO) formula for assigning cost to inventory items.

Net Realisable Value will be determined for those inventory items which have become damaged, have become completely or partially obsolete or if their selling prices have declined. The amount of any write down of inventories to net realisable value shall be recognised as an expense in the period such a write down happens.

k) Impairment of assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted at their present value using the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

l) Taxes on Income:

Income tax expense represents the sum of the tax currently payable, short/(excess) provisions of earlier years and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax:

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

m) Provisions and Contingent Liabilities:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

n) Lease:

Lease are classified as finance leases whenever the terms of lease transfer substantially all the risk and reward of ownership to the lease. All other leases are classified as operating lease.

Company as a Lessor:

Rental Income from operating lease is recognized on a straight line basis over the term of the relevant lease.

o) Earnings Per Share:

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year.

p) Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

q) Cash flow statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

r) Segment Information:

The Company falls under the category of Core Investment Company (CIC) exempt from registration with RBI under section 45IA of the RBI Act, 1934, primarily engaged in the business of acquisition of shares and other securities in group companies. The Company's main segments are Trading, Investing activities and giving speed boat on hire.

Note 3 – Cash and Cash Equivalents

Rupees lakhs

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balances with Banks :		
On current accounts	**64.20**	11.12
On deposit account (with original maturity of 3 months or less)	**645.00**	560.00
TOTAL	**709.20**	571.12

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 4 – Other Balances with Bank

Rupees lakhs

Particulars	As at 31st March, 2021	As at 31st March, 2020
Other bank balances		
In deposit account (with original maturity of more than 3 months)	**1,128.50**	1,539.00
TOTAL	**1,128.50**	1,539.00

Note 5 – Trade Receivables

Rupees lakhs

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade Receivables		
Unsecured, considered good	**252.74**	29.76
Credit impaired receivables	**0.34**	–
Less: Allowance for Credit impaired receivables	**(0.34)**	–
TOTAL	**252.74**	29.76

Note 6 – Investments

Rupees lakhs

Particular	As at 31st March, 2021		As at 31st March, 2020	
	QTY	Amounts	QTY	Amounts
A. COST				
I. Unquoted Investments				
Investments in Equity Instruments of:				
Subsidiaries				
A) Retail Initiatives Holdings Limited	**2,05,50,000**	**2,055.00**	2,05,50,000	2,055.00
B) Mahindra Retail Limited	**44,83,74,722**	**44,395.10**	43,81,74,722	43,375.10
(Formerly known as Mahindra Retail Private Limited)				
Associates				
Mahindra Tsubaki Conveyor Systems Private Limited	**1,53,76,025**	**1,831.41**	1,53,76,025	1,831.41
Total Aggregate Unquoted Equity Investments (A)		**48,281.51**		47,261.51
II. Quoted Investments				
Investments in Equity Instruments of:				
Fellow Subsidiaries				
Mahindra Logistics Limited	**100**	**0.01**	100	0.01
Total Aggregate Quoted Equity Investments (B)	**100.00**	**0.01**	100.00	0.01
Total Equity Instruments (1)		**48,281.52**		47,261.52
I. Unquoted Investments				
Investments in Compulsorily Fully Convertible Debentures (CCD) :				
Subsidiaries				
Retail Initiatives Holdings Limited	**49,44,053**	**49,440.53**	49,44,053	49,440.53
Total Compulsorily Fully Convertible Debentures (2)		**49,440.53**		49,440.53
Investments in Compulsorily Convertible Preference Shares (CCPS) :				
Associate				
Brainbees Solutions Private Limited	**48,87,180**	**9,506.72**	48,87,180	9,506.72
Total Compulsorily Convertible Preference Shares (3)		**9,506.72**		9,506.72
Investments in Corporate Fixed Deposits	**–**	**543.34**	**–**	**124.00**
Total Corporate Fixed Deposits (4)	**–**	**543.34**	**–**	**124.00**
A. Total Aggregate Investments (1 + 2+ 3)	**98,31,233**	**107,772.11**	98,31,233	106,332.77
Less: Impairment for Allowance Loss		**20,800.00**		20,800.00
B. Total impairment value for investments	**–**	**20,800.00**	**–**	20,800.00
TOTAL INVESTMENTS CARRYING VALUE (A) –(B)		**86,972.11**		85,532.77

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Rupees lakhs

Investment Geographical Details	As at 31st March, 2021	As at 31st March, 2020
(i) Investments outside India	**–**	–
(ii) Investments in India	**86,972.11**	85,532.77
TOTAL	**86,972.11**	85,532.77

Note 7 – Other Financial assets

Rupees lakhs

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Inter Corporate Deposits	**400.00**	420.00
(b) Interest accrued but not due on Inter Corporate Deposit	**4.69**	5.39
(c) Interest accrued but not due on deposits with bank	**41.57**	58.90
(d) Interest accrued but not due on corporate fixed deposit	**8.10**	1.04
(e) Security Deposit	**0.50**	0.50
TOTAL	**454.86**	485.83

Note 8 – Inventories

Rupees lakhs

Particulars	As at 31st March, 2021	As at 31st March, 2020
Stock-in-Trade	**33.26**	99.62
Less: Provision	**(0.89)**	–
	32.37	99.62
TOTAL	**32.37**	99.62

The above stock-in-trade has been valued at cost price being lower of cost and net realisable value as per IND-AS 2.

Note 9 – Current tax assets (Net)

Rupees lakhs

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current Tax Assets (Net)		
Income tax assets (Net)	**187.86**	174.22
TOTAL	**187.86**	174.22

Note 10 – Investment Property

Rupees lakhs

Description of Assets	Buildings	Total
I. Cost		
Balance as at 1st April, 2020	512.11	512.11
Additions	–	–
Balance as at 31st March 2021	**512.11**	**512.11**
II. Accumulated depreciation and impairment for the year 2020-21		
Balance as at 1st April, 2020	78.65	78.65
Charge for the period	9.24	9.24
Balance as at 31st March 2021	**87.90**	**87.90**
Net block (I–II)		
Balance as at 31st March 2021	**424.21**	**424.21**
Balance as on 31st March 2020	433.46	433.46

Rupees lakhs

Description of Assets	Buildings	Total
I. Cost		
Balance as at 1st April, 2019	512.11	512.11
Additions	–	–
Balance as at 31st March 2020	512.11	512.11
II. Accumulated depreciation and impairment for the year 2019-20		
Balance as at 1st April, 2019	69.41	69.41
Charge for the period	9.24	9.24
Balance as at 31st March 2020	78.65	78.65
Net block (I–II)		
Balance as at 31st March 2020	433.46	433.46
Balance as on 31st March 2019	442.70	442.70

Description of the Investment Property

The Company's investment properties consist of one flat bearing number 901, 9th floor, Mahindra Heights Cooperative Housing Society Limited, 96, Tardeo Road, Next to A.C. Market, Tardeo, Mumbai, 400 034 in India. This property has been given on a three year leave and licence agreement ending on September 30, 2018 to its holding company viz Mahindra & Mahindra Limited on a monthly licence fee. The Leave and license agreement has been renewed on October 01, 2018 to September 30, 2021.

Measurement of Investment Property

The Investment Property has been measured using the cost model as specified in IND-AS 16. The valuation of the investment property was done by M/s Liases Foras Valuers Private Limited who is a Valuer and is not related to the group. and has qualification and recent experience in the valuation of properties in the relevant locations. The value of the property has been assessed by the valuer at Rs.652.50 lacs vide his report dated October 10, 2018.

Depreciation Method & Useful Life :

Depreciation on investment property is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Note No. 11– Property Plant & Equipment

Rupees lakhs

Description of Assets	Office Equipment	Vehicles (Vessel – Speedboat)	Total
I. Cost			
Balance as at 1st April, 2020	11.94	58.19	70.13
Additions	0.33	–	0.33
Disposals	(1.77)	(58.19)	(59.96)
Reclassified as held for sale	–	–	–
Balance as at 31st March 2021	**10.50**	**(0.00)**	**10.50**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Rupees lakhs

Description of Assets	Office Equipment	Vehicles (Vessel – Speedboat)	Total
II. Accumulated depreciation and impairment for the year 2020-21			
Balance as at 1st April, 2020	8.92	48.98	57.90
Depreciation / amortisation expense for the period	2.68	4.08	6.77
Disposals	(1.68)	(53.06)	(54.74)
Impairment losses recognised in profit or loss	–	–	–
Reversals of impairment losses recognised in profit or loss	–	–	–
Balance as at 31st March 2021	9.92	(0.00)	9.92
Net block (I–II)			
Balance as at 31st March 2021	0.58	(0.00)	0.58
Balance as on 31st March 2020	3.02	9.21	12.24

Rupees lakhs

Description of Assets	Office Equipment	Vehicles (Vessel – Speedboat)	Total
I. Cost			
Balance as at 1st April, 2019	11.94	58.19	70.13
Additions	–	–	–
Disposals	–	–	–
Reclassified as held for sale	–	–	–
Balance as at 31st March 2020	11.94	58.19	70.13
II. Accumulated depreciation and impairment for the year 2019-20			
Balance as at 1st April, 2019	5.71	44.71	50.42
Depreciation / amortisation expense for the year	3.22	4.26	7.48
Impairment losses recognised in profit or loss	–	–	–
Reversals of impairment losses recognised in profit or loss	–	–	–
Balance as at 31st March 2020	8.92	48.98	57.90
Net block (I–II)			
Balance as at 31st March 2020	3.02	9.21	12.24
Balance as on 31st March 2019	6.24	13.48	19.71

Description of PP & E

Office Equipment are Laptops, I-Pads & Audio Visual Equipment

Assets pledged as security and restriction on titles

No assets have been pledged as security by the Company and there are no restriction on titles of the assets of the Company.

Impairment losses recognised in the year:

No tangible assets have been impaired during the year.

Note No. 11– Property Plant & Equipment

Depreciation Method & Useful Life of the Asset

Depreciation on fixed assets is calculated on Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Speed boat is depreciated over the useful life prescribed in Schedule II of the Companies Act, 2013 which is 13 years.

Laptops, I-pads and Audio Visual equipment is depreciated over the useful life prescribed in Schedule II of the Companies Act, 2013 which is 3 years.

Other disclosures

No asset has been classified as held for sale or has been included in a group classfied as held for sale in accordance with IND-AS 105.

There have been no revaluation of PP & E.

There are no contractual commitments for the acquisition of PP & E.

Note 12 – Other Non Financial assets

Rupees lakhs

	Particulars	**As at 31st March, 2021**	As at 31st March, 2020
(a)	Balances with government authorities (other than income taxes)	**20.73**	22.97
(b)	Prepaid Expenses	**0.20**	0.67
(c)	Advances paid to vendors	**2.26**	–
TOTAL		**23.19**	23.64

Note 13 – Trade Payables

Rupees lakhs

	Particulars	**As at 31st March, 2021**	As at 31st March, 2020
(i)	Total outstanding dues of micro, small and medium enterprises	**163.34**	0.02
(ii)	Total outstanding dues of creditors other than micro, small and medium enterprises	**105.10**	155.74
TOTAL		**268.44**	155.76

Note : The identification of vendors as a “Supplier” under the Micro, Small and Medium Enterprises Development Act, 2006 (The Act) has been done on the basis of the information to the extent provided by the vendors to the Company. This has been relied upon by the auditors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 14 – Other Non Financial Liabilities

Rupees lakhs

Particulars	As at 31st March, 2021	As at 31st March, 2020
Other Financial Liabilities at Amortized Cost		
– Security Deposit for Investment Property	**96.71**	90.55
– Advance Rent received	**3.29**	9.45
TOTAL	**100.00**	100.00

Note 15 – Current Tax Liabilities (Net)

Rupees lakhs

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for Income Tax (net of advance tax)	**–**	4.73
TOTAL	**–**	4.73

Note No. 16 – Deferred Tax

Income Tax recognised in profit or loss

Rupees lakhs

Particulars	31st March 2021	31st March, 2020
Current Tax:		
In respect of current year	**46.82**	42.46
In respect of prior year	**–**	–
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**0.06**	(0.63)
Total income tax expense recognised in profit and loss	**46.88**	41.83

(b) The reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in the statement of profit and loss is as follows:

Rupees lakhs

Particulars	March 31st, 2021	March 31st, 2020
Profit before tax	**170.64**	192.42
Indian Income Tax Statutory Rate	**25.17%**	25.17%
Estimated Income tax expense calculated at 25.168 % (2020: 25.168%)	**42.95**	48.43
Effect of income that is exempt from taxation	**–**	(11.88)
Tax impact of deduction on account of Donation/ CSR	**–**	(0.45)
Effect of expenses that is non-deductible in determining taxable profit	**5.88**	5.78
Effect of expenses that is deductible in determining taxable profit	**(0.86)**	(1.20)
Effect of write off / (write back) of provisions	**0.33**	(0.76)
Tax impact on account of Income from House Property	**(0.67)**	(1.06)
Tax impact on account of Income from sale of asset	**(0.81)**	
Tax impact on account of Disallowance u/s 14A	**–**	3.59
Deferred tax impact in opening adjustment	**0.06**	(0.63)
Tax Liability	**46.88**	41.83
Income tax expense recognised In profit or loss	**46.88**	41.83

Rupees lakhs

Particulars	For the Year ended 31st March, 2021 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	**(0.45)**	0.06	(0.39)
Net Tax (Asset)/ Liabilities	**(0.45)**	0.06	(0.39)

Particulars	For the Year ended 31st March, 2020 Opening Balance	Recognised in profit and Loss	Closing Balance
Tax effect of items constituting deferred tax liabilities			
Property, Plant and Equipment	0.18	(0.63)	(0.45)
Net Tax (Asset)/ Liabilities	0.18	(0.63)	(0.45)

Note 17 – Other Non Financial Liabilities

Rupees lakhs

Particulars	As at 31st March, 2021	As at 31st March, 2020
Statutory dues		
– TDS	**4.81**	1.03
– GST	**0.14**	–
Revenue received in advance from customer	**29.32**	–
TOTAL	**34.26**	1.03

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 18 – Share capital

Rupees lakhs

		As at 31st March, 2021		As at 31st March, 2020	
(i)	**Particulars**	**Number of Shares**	**Rupees**	Number of Shares	Rupees
(a)	**Authorised**				
	Equity shares of Rs. 10 each	**118,500,000**	**11,850.00**	117,500,000	11,750.00
		118,500,000	**11,850.00**	117,500,000	11,750.00
(b)	**Issued, Subscribed & Fully paid up**				
	Equity shares of Rs. 10 each	**117,793,038**	**11,779.30**	116,450,934	11,645.09
		117,793,038	**11,779.30**	116,450,934	11,645.09

(ii) The company has not allotted any equity shares for consideration other than cash , bonus shares, nor have any shares been bought back during the period of five years immediately preceding the Balance Sheet date.

Terms/rights attached to equity shares

The Company has only one class of equity share having a par value of Rs. 10/- per share. Each shareholder has the following voting rights (i) On a show of hands: one vote for a member present in person and (ii) On a poll: in proportion to his share of the paid up equity capital of the Company. The same are subject to restrictions contained in the Articles in this regard. In the event of winding up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(iii) Details of shares held by the holding company

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
Mahindra & Mahindra Limited, the holding Company (including 8 equity shares held jointly with its nominees)	**117,793,038**	116,450,934

(iv) Details of shares held by each shareholder holding more than 5% shares

Particulars	**As at 31st March, 2021**		As at 31st March, 2020	
	Number of shares	**% of holding**	Number of shares	% of holding
Mahindra & Mahindra Limited (including 8 equity shares held jointly with its nominees)	**117,793,038**	**100%**	116,450,934	100%

Note 19 : Other Equity

For the year ended 31st March 2021

Rupees lakhs

Particulars	**As at 31st March, 2021**				
	Capital reserve	**Securities premium**	**General reserve**	**Retained earnings**	**Total**
Balance at beginning of year	**10.15**	**84,544.34**	**414.23**	**(7,973.24)**	**76,995.49**
Profit for the year	**–**	**–**	**–**	**123.76**	**123.76**
Share Premium for the year	**–**	**885.79**	**–**	**–**	**885.79**
Share Issue Costs	**–**	**–**	**–**	**(1.03)**	**(1.03)**
Balance as on 31st March 2021	**10.15**	**85,430.13**	**414.23**	**(7,850.51)**	**78,004.01**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

For the year ended 31st March 2020

Rupees lakhs

Particulars	As at 31st March, 2020				
	Capital reserve	Securities premium	General reserve	Retained earnings	Total
Balance at beginning of year	10.15	84,544.34	414.23	(8,123.83)	76,844.90
Profit for the year	–	–	–	150.59	150.59
Share Premium for the year	–	–	–	–	–
Balance as on 31st March 2020	10.15	84,544.34	414.23	(7,973.24)	76,995.49

Note 20 – Revenue from Operations

Rupees lakhs

Particulars		**For the year ended 31st March, 2021**	For the year ended 31st March, 2020
(i)	Interest Income on financial assets measured at amortised cost comprises of:		
	(a) Interest on Deposits with Bank	**116.68**	152.78
	(b) Interest on Deposits with Corporates	**16.65**	1.16
	(c) Interest on Inter Corporate Deposits	**28.12**	35.48
		161.45	189.41
(ii)	Dividend income		
	From Investments in Equity shares measured at amortised cost	**–**	47.21
(iii)	Rental Income from Investment Property (Includes discounting of Deposit)	**13.96**	13.57
(iv)	Sale of Products	**3,248.01**	29.62
(v)	Sale of Services	**12.90**	0.86
	TOTAL	**3,436.32**	280.67

NOTE 21 – Other Income

Rupees lakhs

Particulars		**For the year ended 31st March, 2021**	For the year ended 31st March, 2020
(i)	Provision for Expenses written back	**–**	10.12
(ii)	Cash discount on purchase of goods	**5.06**	–
(iii)	Gain / (Loss) on Sale of Fixed Assets	**3.87**	
	Total	**8.93**	10.12

Note 22 – Finance Cost

Rupees lakhs

Particulars	**For the year ended 31st March, 2021**	For the year ended 31st March, 2020
On financial liabilities measured at fair value through amortized cost		
(i) Finance Cost - Interest Expenses (Includes discounting of Deposit)	**6.16**	5.77
Total	**6.16**	5.77

NOTE 23 – Purchase of Stock–in–trade

Rupees lakhs

Particulars	**For the year ended 31st March, 2021**	For the year ended 31st March, 2020
Purchase of stock-in-trade	**2,880.93**	123.12
TOTAL	**2,880.93**	123.12

NOTE 24 – Change in inventory

Rupees lakhs

Particulars	**For the year ended 31st March, 2021**	For the year ended 31st March, 2020
Opening Inventory of trading goods	**99.62**	–
Closing inventory of trading goods	**(33.26)**	(99.62)
TOTAL	**66.36**	(99.62)

Note 25 – Other Expenses

Rupees lakhs

Particulars		**For the year ended 31st March, 2021**	For the year ended 31st March, 2020
Other Expenses			
(a)	Rates and taxes	**0.43**	1.55
(b)	Insurance	**0.65**	0.25

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Rupees lakhs

	Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(c)	Repairs and maintenance - Buildings	**2.20**	2.23
(d)	Repairs and maintenance - Others	**10.35**	8.35
(e)	Expenditure on corporate social responsibilty (CSR) under section 135 of the Companies Act, 2013.	**4.69**	3.57
(f)	Auditors remuneration and out-of-pocket expenses		
	(i) As Auditors	**1.50**	1.50
	(ii) For taxation matters	**–**	0.40
(g)	Professional and Legal fees	**18.69**	19.20
(h)	Deputation Charges	**225.07**	11.31
(i)	Annual Custody Fees	**0.77**	2.21
(j)	Packing & Courier Charges	**32.64**	0.30
(k)	Communcation Expenses	**1.09**	**–**
(l)	Provision for doubtful debts	**0.34**	–
(m)	other general expenses	**6.73**	1.51
TOTAL		**305.15**	52.39

Note 26 – Earnings per share

Rupees lakhs

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Earnings per share (from continuing operations)		
Profit after tax -(A) (In Lakhs)	**123.76**	150.59
Weighted average number of shares-Basic (B)	**11,69,59,946**	11,64,50,934
Earnings per share-Basic / Diluted (Rupees) (A/B)	**0.11**	0.13
Nominal Value of Equity Shares	**10**	10
Earnings per share (from discontinuing operations)		
Profit after tax -(A)	**–**	**–**
Weighted average number of shares-Basic (B)	**11,69,59,946**	11,64,50,934
Earnings per share-Basic / Diluted (Rupees) (A/B)	**–**	**–**
Nominal Value of Equity Shares	**10**	10

Note 27 – Segment Reporting

a) Primary Segment - Business Segment

The Company has identified business segments as its primary segment and there are no geographical segments. Business segments are primarily Trading, Investing activities and Speed Boat. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on effort estimate basis for the segment. All other expenses which are not attributable or allocable to segments have been disclosed as net of unallocated income. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary segment.

Rupees Lakhs

Particulars	Trading		Investing activities		Speed Boat		Total	Total
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Revenue	3,265.98	29.62	175.41	250.20	3.87	7.66	3,445.25	287.48
Unallocable to segments	–	–	–	–	–	–	–	3.31
Total	3,265.98	29.62	175.41	250.20	3.87	7.66	3,445.25	290.79
Exceptional item							–	
Segment Result	57.71	5.82	169.25	213.69	(10.48)	(5.19)	216.48	214.33
Unallocated income net of unallocated corporate expenses	–	–	–	–	–	–	(45.84)	(21.92)
Exceptional item - unallocable to segments	–	–	–		–	–	–	–
Profit before tax	–	–	–	–	–	–	170.64	192.42
Income Taxes	–	–	–	–	–	–	46.88	41.83
Profit after tax	–	–	–	–	–	–	123.76	150.59
Other Information								
Segment assets	335.21	131.14	87,385.50	85,959.62	10.41	11.01	87,731.12	86,101.77
Unallocated corporate assets	–	–	–	–	–	–	2,454.89	2,800.34
Total assets	–	–					90,186.01	88,902.11
Segment liabilities	273.32	142.48	–	0.42	1.79	0.50	275.11	143.40
Unallocated corporate liabilities	–	–	–	–	–	–	127.59	118.12
Total liabilities	–	–					402.70	261.52
Other information								
Depreciation expenditure (allocable)	–	–	–	–	4.08	4.26	4.08	4.26
Depreciation expenditure (unallocable)	–	–	–	–	–	–	11.93	12.46
Provision for diminution in value of fixed assets	–	–	–	–	–	–	–	–

Note : Business segments of the Company are organised on the basis of three segments - trading, investing activities and speed boat.

b) Secondary Segment – Geographical segment

The company does not have any geographical segment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 28: Disclosures under Ind AS 17

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
		Rupees lakhs
Details of leasing arrangements		
As Lessor		
Operating Lease		
The Company has entered into operating lease arrangements for its residential flat with its parent company viz Mahindra & Mahindra Limited. The lease is non-cancellable for a period of 3 years. It was renewed from October 1, 2018 and renewed further for a period of 3 years.		
Future minimum lease rental income		
a) not later than one year	**3.90**	7.80
b) later than one year and not later than five years	**0.00**	3.90
c) later than five years	–	–

Note No. 29 – Contingent liabilities and commitments

Rupees lakhs

Contingent liabilities (to the extent not provided for)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Contingent liabilities		
(a) Claims against the Company not acknowledged as debt	**270.99**	–
(b) Guarantees	**–**	–
(c) Other money for which the Company is contingently liable		
– Income Tax demand in respect of which the Company is in appeal	**12.27**	12.27
– Income Tax demand where the matters have been declared in favour of the Company against which the Income Tax department may go for an appeal	**1,254.13**	1,254.13

Commitments to the extent not provided for.

During the year, the company has not given any letter of comfort to the bank of Mahindra Retail Limited, however the same was given in the previous year with respect to financial facilities aggregating Rs.2500 Lakhs granted by the said bank to Mahindra Retail Limited.

Note 30 – Related Party Transactions

A) Disclosure of transactions between the company and related parties during the period ended 31st March 2021 including Outstanding receivable and Outstanding payable:

					Rupees lakhs
Name of Related Party	**Description of Relationship**	**Nature of Transactions**	**Amount of Transactions**	**Amount Outstanding at the end of year**	
			Rupees	**Payable in Rupees**	**Receivable in Rupees**
Mahindra & Mahindra Ltd.	Holding Company	Issue of shares (including securities premium)	1,020.00	–	–
			(–)	(–)	(–)
		Rent Deposit received	–	100.00	–
			(–)	(100.00)	(–)
		Rent income	7.80	–	0.60
			(7.80)	–	(0.42)
		Deputation Charges	38.09	16.09	–
			(10.86)	(3.19)	(–)
		Professional Fees	10.58	4.57	–
			(3.83)	(0.63)	(–)
		Income from Boat hiring	–	–	0.42
			(0.52)	(–)	(0.59)
		Travel Expenses	(–)	(–)	(–)
			0.04	0.03	0.00
		Sale of Goods	716.43	–	64.66
			(7.32)	(–)	(7.89)
		Purchase of Goods (Free samples)	0.00	0.00	0.00
			(–)	(–)	(–)
Mumbai Mantra Media Limited	Fellow Subsidiary	Inter Corporate Deposit Given	–	–	–
			(24.79)	(–)	(–)
		Inter Corporate Deposit Repaid	–	–	–
			(93.50)	(–)	(–)
		Interest income on Intercorporate Deposit	–	–	–
			(4.59)	(–)	(–)
		Deputation Charges	2.67	0.89	–
			(–)	(–)	(–)
Mahindra Marine Private Limited	Fellow Subsidiary	Inter Corporate Deposit Given	450.00	–	400.00
			(220.00)	(–)	(420.00)
Mahindra Marine Private Limited	Fellow Subsidiary	Inter Corporate Deposit Repaid	470.00	–	–
			(–)	(–)	(–)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

					Rupees lakhs
Name of Related Party	**Description of Relationship**	**Nature of Transactions**	**Amount of Transactions**	**Amount Outstanding at the end of year**	
			Rupees	**Payable in Rupees**	**Receivable in Rupees**
Mahindra Marine Private Limited	Fellow Subsidiary	Interest income on Intercorporate Deposit	28.12	–	4.69
			(30.89)	(–)	(5.39)
		Income from Boat hiring	–	–	0.04
			(0.34)	(–)	(0.04)
		Sale of boat	9.45	–	9.45
			(–)	(–)	(–)
		Deputation Charges	–	–	–
			(0.45)	(–)	(–)
		Telephone Expenses	–	–	–
			(0.02)	(–)	(–)
		Sale of Goods	0.30	–	0.01
			(0.02)	(–)	(0.02)
Retail Initiative Holdings Limited	Subsidiary	Investment in compulsorily fully convertible debentures	–	–	49,440.53
			(–)	(–)	(49,440.53)
		Investment in equity shares	–	–	2,055.00
			(–)	(–)	(2,055.00)
Mahindra Retail Limited	Subsidiary	Investment in equity shares	1,020.00	–	44,395.10
			(–)	(–)	43,375.10
		Deputation Fees	153.00	–	–
			(–)	(–)	(–)
		Purchase of Goods	57.66	–	–
			(99.09)	(116.49)	(–)
		Sale of Goods	24.76	–	–
			(1.12)	(–)	(1.17)
Mahindra Intertrade Limited	Fellow Subsidiary	Sale of Goods	2.41	–	1.54
			(0.12)	(–)	(0.14)
Mahindra Logistics Limited	Fellow Subsidiary	Investment in equity shares	–	–	0.01
			(–)	(–)	(0.01)
		Dividend income	0.00	–	–
			(0.00)	(–)	(–)
		Sale of Goods	237.11	–	3.69
			(–)	(–)	(–)
Mahindra Auto Steels Limited	Fellow Subsidiary	Sale of Goods	1.12	–	0.51
			(0.02)	(–)	(0.03)
Mahindra MSTC Recycling Limited	Fellow Subsidiary	Sale of Goods	1.21	–	0.77
			(0.02)	(–)	(0.03)
Mahindra Steel Service Centre Limited	Fellow Subsidiary	Sale of Goods	4.18	–	2.67
			(0.14)	(–)	(0.16)
Mahindra Susten Limited	Fellow Subsidiary	Sale of Goods	13.23	–	–
			(0.12)	(–)	(0.13)
Mahindra Vehicle Manufacturing Limited	Fellow Subsidiary	Sale of Goods	150.96	0.36	0.32
			(11.45)	(–)	(12.84)
Mahindra Water Utilities Limited	Fellow Subsidiary	Sale of Goods	0.22	–	–
			(0.07)	(–)	(–)
Mahindra Aerostructures Limited	Associate of Holding Company	Sale of Goods	–	–	–
			(0.43)	(–)	(0.46)
Mahindra Tsubaki Conveyor Systems Private Limited	Associate	Investment in equity shares	–	–	1,831.41
			(–)	(–)	(1,831.41)
		Dividend income	–	–	–
			(47.21)	(–)	(–)
		Sale of Goods	7.06	–	0.82
			(0.03)	(–)	(–)
Mahindra Holidays & Resorts Limited	Fellow Subsidiary	Sale of Goods	356.31	–	27.12
			(–)	(–)	(–)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

				Rupees lakhs	
Name of Related Party	**Description of Relationship**	**Nature of Transactions**	**Amount of Transactions**	**Amount Outstanding at the end of year**	
			Rupees	**Payable in Rupees**	**Receivable in Rupees**
Mahindra First Choice Services Limited	Fellow Subsidiary	Sale of Goods	2.60	–	–
			(–)	(–)	(–)
Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary	Sale of Goods	158.43	–	4.10
			(–)	(–)	(–)
		Corporate Deposits Given	543.34	–	543.34
			(124.00)	(–)	(124.00)
		Interest on Corporate Deposits	16.65	–	8.10
			(1.16)	(–)	(1.04)
Mahindra Emarket Limited	Fellow Subsidiary	Sale of Goods	20.27	0.03	–
			(–)	(–)	(–)
Mahindra Airways Limited	Fellow Subsidiary	Sale of Goods	0.18	–	–
			(–)	(–)	(–)
Mahindra Consulting Engineers Limited	Fellow Subsidiary	Sale of Goods	0.32	–	–
			(–)	(–)	(–)
Mahindra Heavy Engines Limited	Fellow Subsidiary	Sale of Goods	6.99	–	–
			(–)	(–)	(–)
Mahindra Automobile Distributor Private Limited	Fellow Subsidiary	Sale of Goods	20.98	–	–
			(–)	(–)	(–)
Mahindra Insurance Brokers Limited	Fellow Subsidiary	Sale of Goods	0.13	–	–
			(–)	(–)	(–)
NBS International Limited	Fellow Subsidiary	Sale of Goods	0.30	–	–
			(–)	(–)	(–)
Mahindra Lifespace Developers Limited	Fellow Subsidiary	Sale of Goods	6.92	–	0.04
			(–)	(–)	(–)
Gables Promoters Private Limited	Fellow Subsidiary	Sale of Goods	3.54	–	2.88
			(–)	(–)	(–)
Mahindra Rural Housing Finance Limited	Fellow Subsidiary	Sale of Goods	78.34	–	3.98
			(–)	(–)	(–)
Mahindra First Choice Wheels Limited	Fellow Subsidiary	Sale of Goods	57.04	–	–
			(–)	(–)	(–)
Mahindra Electric Mobility Limited	Fellow Subsidiary	Sale of Goods	3.45	–	0.13
			(–)	(–)	(–)
Tech Mahindra Limited	Associate of Holding Company	Sale of Goods	140.45	0.39	–
			(–)	(–)	(–)
Mahindra Manulife Investment Management Private Limited (formerly known as Mahindra Asset Management Company Private Limited)(name changed w.e.f. 19.05.2020)	Fellow Subsidiary	Sale of Goods	25.54	–	0.18
			(–)	(–)	(–)
Medwell Ventures Limited	Fellow Subsidiary	Sale of Goods	2.16	–	–
			(–)	(–)	(–)
Mahindra Happinest Developers Limited	Fellow Subsidiary	Sale of Goods	2.97	–	0.29
			(–)	(–)	(–)
The Indian & Eastern Engineer Company Private Limited	Private Company in which director of holding company is a member	Sale of Goods	0.40	–	–
			(–)	(–)	(–)
Mahindra Summit Agriscience Limited	JV of Fellow Subsidiary	Sale of Goods	0.39	–	–
			(–)	(–)	(–)
Mahindra Summit Agriscience Limited	JV of Fellow Subsidiary	Purchase of Goods	240.09	0.68	
			(–)	(–)	(–)
Mahindra Summit Agriscience Limited	JV of Fellow Subsidiary	Cash discount on purchase of goods	5.05	–	–
			(–)	(–)	(–)
Swaraj Engines Limited	Fellow Subsidiary	Sale of Goods	14.53	–	–
			(–)	(–)	(–)
Comviva Technologies Limited	Subsidary of Associate of Holding Company	Sale of Goods	21.28	–	–
			(–)	(–)	(–)
Tech Mahindra Business Services Limited	Subsidary of Associate of Holding Company	Sale of Goods	930.00	–	100.00
			(–)	(–)	(–)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

					Rupees lakhs
Name of Related Party	**Description of Relationship**	**Nature of Transactions**	**Amount of Transactions**	**Amount Outstanding at the end of year**	
			Rupees	**Payable in Rupees**	**Receivable in Rupees**
Tech Mahindra Foundation	Subsidary of Associate of Holding Company	Sale of Goods	38.79	–	0.05
			(–)	(–)	(–)
Mahindra Two Wheelers Limited	Fellow Subsidiary	Sale of Goods	1.56	–	–
			(–)	(–)	(–)
Lords Freight (India) Private Limited	Subsidiary of fellow subsidiary	Sale of Goods	1.68	–	–
			(–)	(–)	(–)
Mahindra & Mahindra Contech Limited	Fellow Subsidiary	Deputation Fees	62.85	18.09	–
		(Includes provision Rs. 14.50L)	(–)	(–)	(–)
Cinestaan Digital Private Limited	KMP of holding company holds stake	Purchase of Asset	0.39	–	–
			(–)	(–)	(–)
Brainbees Solutions Private Limited	Associate	Investment in Compulsory Convertible Preference Shares of the Company	–	–	9,506.72
			(–)	(–)	(9,506.72)

Note:–

Figures in brackets are in respect of the previous year.

B) Compensation of key managerial personnel

The remuneration of directors and other members of key managerial personnel during the year was as follows:

		Rupees lakhs
Particulars	**Period ended 31/03/2021**	Year ended 31/03/2020
Sitting fees to directors	**0.00**	0.24
Professional Fees	**0.60**	2.00

During the year, provision has been made for secretarial debit of Rs. 0.60 Lakhs pertaining to KMP's debit from Mahindra Logistics Limited.

Note 31 – Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

				Rupees lakhs
	31–Mar–21		**31–Mar–20**	
Particulars	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and cash equivalents	**709.20**	**709.20**	571.12	571.12
– Bank deposits	**1,128.50**	**1,128.50**	1,539.00	1,539.00
– Trade and other receivables	**252.74**	**252.74**	29.76	29.76
– Investments	**86,972.11**	**86,972.11**	85,532.77	85,532.77
– Inter Corporate Deposits	**400.00**	**400.00**	420.00	420.00
– Accrued Interest on Deposits	**54.36**	**54.36**	65.33	65.33
– Other Deposits	**0.50**	**0.50**	0.50	0.50
	89,517.41	**89,517.41**	88,158.48	88,158.48
Financial liabilities				
Financial liabilities held at amortised cost				
– Security Deposit for Flat-Principal	**96.71**	**100.00**	90.55	100.00
– Security Deposit for Flat-Interest	**3.29**	**–**	9.45	–
– Trade and other payables	**268.44**	**268.44**	155.76	155.76
Total	**368.44**	**368.44**	255.76	255.76

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Fair value hierarchy as at 31 March 2021			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Trade and other receivables	–	**252.74**	–	**252.74**
– Cash and cash equivalents	–	**709.20**	–	**709.20**
– Bank deposits	–	**1,128.50**	–	**1,128.50**
– Investments	–	**86,972.11**	–	**86,972.11**
– Inter Corporate Deposits	–	**400.00**	–	**400.00**
– Accrued Interest on Deposits	–	**54.36**	–	**54.36**
– Other Deposits	–	**0.50**	–	**0.50**
Total	–	**89,517.41**	–	**89,517.41**
Financial liabilities				
Financial liabilities carried at amortised cost				
– Security Deposit for Flat-Principal	–	**100.00**	–	**100.00**
– Security Deposit for Flat-Interest	–	–	–	–
– trade and other payables	–	**268.44**	–	**268.44**
Total	–	**368.44**	–	**368.44**

Particulars	Fair value hierarchy as at 31 March 2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Trade and other receivables	–	29.76	–	29.76
– Cash and cash equivalents	–	571.12	–	571.12
– Bank deposits	–	1,539.00	–	1,539.00
– Investments	–	85,532.77	–	85,532.77
– Inter Corporate Deposits	–	420.00	–	420.00
– Accrued Interest on Deposits	–	65.33	–	65.33
– Other Deposits	–	0.50	–	0.50
Total	–	88,158.48	–	88,158.48
Financial liabilities				
Financial liabilities carried at amortised cost				
– Security Deposit for Flat-Principal	–	100.00	–	100.00
– Security Deposit for Flat-Interest	–	–	–	–
– trade and other payables	–	155.76	–	155.76
Total	–	**255.76**	–	**255.76**

Note 32 – Financial Instrument

Categories of financial asets and financial liabilities

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk."

The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

		Rupees lakhs
Particulars	**31–Mar–21**	**31–Mar–20**
Total Equity	**89,783.31**	88,640.58
	89,783.31	88,640.58

	As at 31st March 2021			
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
– Cash and cash equivalents	**709.20**	–	–	**709.20**
– Bank Deposits	**1,128.50**	–	–	**1,128.50**
– Trade Receivables	**252.74**	–	–	**252.74**
– Investments	**86,972.11**	–	–	**86,972.11**
– Other Financial Assets	**454.86**	–	–	**454.86**
– Trade Payables	**268.44**	–	–	**268.44**
– Other Financial Liabilities	–	–	–	–
Advance Rent Received & Security Deposit	**100.00**	–	–	**100.00**

	As at 31st March 2020			
	Amortised Costs	FVTPL	FVOCI	Total
– Cash and cash equivalents	571.12	–	–	571.12
– Bank Deposits	1,539.00	–	–	1,539.00
– Trade Receivables	29.76	–	–	29.76
– Investments	85,532.77	–	–	85,532.77
– Other Financial Assets	485.83	–	–	485.83
– Trade Payables	155.76	–	–	155.76
– Other Financial Liabilities	–	–	–	–
Advance Rent Received & Security Deposit	100.00	–	–	100.00

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a system that performs monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company's exposure and credit ratings of its counterparties are monitored by the Company.

The credit risk on non-current investments are limited because the company's investments are of a strategic nature and are in group companies. The Company has also given loans, in nature of inter-corporate deposits, to group-companies.

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management. The Company manages liquidity risk by maintaining adequate reserves, banking facilities by monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the cash flows of financial liabilities based on the date on which the Company can be required to pay. The tables include both interest and principal cash flows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Rupees lakhs

Particulars	Less than 1 Year INR	1–3 Years INR	3 Years to 5 Years INR	5 years and above INR	Total INR
Non–derivative financial liabilities					
31–Mar–21					
Non-interest bearing	368.44	–	–	–	368.44
Fixed interest rate instruments	–	–	–	–	–
Total	368.44	–	–	–	368.44
31–Mar–20					
Non-interest bearing	165.20	90.55	–	–	255.75
Fixed interest rate instruments	–	–	–	–	–
Total	165.20	90.55	–	–	255.75

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rupees lakhs

	Less than 1 Year INR	1–3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non–derivative financial assets				
31–Mar–21				
Non-interest bearing	317.43	–	–	317.43
Fixed interest rate instruments	2,460.20	311.00	–	2,771.20
Total	2,777.63	311.00	–	3,088.63
31–Mar–20				
Non-interest bearing	40.88	0.50	–	41.38
Fixed interest rate instruments	2,708.33	–	–	2,708.33
Total	2,749.21	0.50	–	2,749.71

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The company deploys its surplus funds in bank fixed deposits which have fixed interest rates. As on date of the respective balance sheets the company does not have any variable interest rate financial instruments.

OTHER PRICE RISK

The Company is exposed to equity price risks arising from equity investments. Equity investments are held for strategic investment purposes rather than trading purposes. The Company does not trade these investments.

Note No. 33 Corporate Social Responsibility (CSR)

The CSR obligation for the period as computed by the Company and relied upon by the auditors is Rs. 4.69 Lakhs (Previous Year Rs. 3.57 Lakhs). CSR Spend during the period was Rs.4.69 Lakhs (Previous Year Rs. 3.57 Lakhs)

Note No. 34 Impact of COVID–19 Pandemic

On 11th March, 2020, Covid-19 outbreak was declared a global pandemic by World Health Organisation. The extent to which Covid-19 pandemic will impact the company's performance will depend on future developments which are highly uncertain at the moment. In assessing the impact of Covid-19 on recoverability of trade receivables, inventories, investments etc.. the Company has considered both internal & external information upto the date of approval of these standalone financial statements. Based on current indicators of future economic conditions, the company expects to recover the carrying value of these assets & revenues recognised. The impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone financial results and the company will continue to closely monitor any material changes to future economic conditions.

Note No. 35

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date attached

For B.K.Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Date : 5th May, 2021
Place : Mumbai

For and on behalf of the Board of Directors of
Mahindra Engineering and Chemical Products Limited
CIN No. U74999MH1954PLCO19908

Chief Financial Officer Director

Chief Executive Officer Director

Company Secretary

INDEPENDENT AUDITOR'S REPORT

To

The Members of

Retail Initiative Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Retail Initiative Holdings Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss, and the Cash Flow Statement for the year ended on that date and notes to the financial statements and summary of the significant accounting policies and other explanatory information (herein after referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India , of the state of affairs of the Company as at 31 March 2021 , the loss and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of matter

Without qualifying our opinion, attention is drawn to Note 14 to the financial statements on preparation of these financial statements on a going concern basis despite substantial erosion of the net worth of the Company for the reasons stated therein.

Our opinion is not qualified in respect of this matter.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information at the date of this Auditor's Report comprises the information included in the Director's Report including Annexures, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing specified under Section 143 (10) of the Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("CARO 2016"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standard specified under Section 133 of the Act.
   (e) On the basis of the written representations received from the Directors as on 31 March 2021 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. (Refer Note 16 to the financial statements).
      ii. The Company did not have any long-term contracts or derivative contracts.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **P D Sarang & Associates**
Chartered Accountants
Firm's Registration Number 013423S

P D Sarang
Proprietor
Membership No. 127268
UDIN: 21127268AAAAGS9321

Place: Bangalore
Date: 22nd April 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Retail Initiative Holdings Limited** ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls over Financial Reporting

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **P D Sarang & Associates**
Chartered Accountants
(Firm's Registration No. 013423S)

P D Sarang
Proprietor
Membership No. 127268
UDIN: 21127268AAAAGS9321

Place: Bangalore
Date: 22nd April 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. The Company does not have any Property, Plant and Equipment and hence reporting under clause (i) of CARO 2016 is not applicable.

ii. The Company does not have any inventories and hence reporting under clause (ii) of CARO 2016 is not applicable.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of Act and hence reporting under clause (iii) of CARO 2016 is not applicable.

iv. The Company has not granted any loans or provided guarantees or securities and hence compliance of Sections 185 and 186 is not applicable. In our opinion and according to the information and explanation given to us, the Company has not made any investments during the year.

v. According to the information and explanations given to us, the Company has not accepted any deposits during the year. There were no unclaimed deposits outstanding at any time during the year.

vi. Having regard to the nature of the Company's business / activities, reporting under clause (vi) Maintenance of Cost records of CARO 2016 is not applicable.

vii. According to the records of the Company and information and explanations given to us, in respect of statutory dues:

a) The Company has generally been regular in depositing the undisputed statutory dues of Tax deducted at source and Goods and Services Tax, ('GST') as applicable and other material statutory dues, with the appropriate authorities.

b) There were no undisputed amounts payable in respect of Tax deducted at source and GST and other material statutory dues in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

c) There are no dues as on 31 March 2021 on account of disputes other than as given below.

Name of the Statue	Nature of dues	Forum where dispute is pending	Period to which Amount relates	Amount unpaid (Rupees)
Income Tax Act 1961	Income Tax	Commissioner of Income Tax (Appeals)	AY 2015 – 16	18,13,600

viii. In our opinion and according to the information and explanations given to us, there are no interest or principal dues payable to debenture holders during the year as per the terms and conditions of the agreement. The Company has not taken any loans or borrowings from financial institutions, government and banks.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year and hence reporting under clause (ix) of CARO 2016 is not applicable

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such cases by the Management.

xi. In our opinion and according to the information and explanation given to us, the Company has not paid / provided any managerial remuneration and accordingly reporting under clause (xi) of CARO 2016 is not applicable.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of CARO 2016 is not applicable.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding or subsidiary company or persons connected with them and hence provisions of Section 192 of the Act are not applicable.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. (Refer Note 1 of the financial statements).

For **P D Sarang & Associates**
Chartered Accountants
(Firm's Registration No. 013423S)

P D Sarang
Proprietor
Membership No. 127268
UDIN: 21127268AAAAGS9321

Place: Bangalore
Date: 22nd April 2021

BALANCE SHEET AS AT 31 MARCH, 2021

Particulars	Note No.	As at 31 March 2021	Amount in Rs. As at 31 March 2020
I. EQUITY AND LIABILITIES			
(1) **Shareholders' funds**			
(a) Share Capital	2	**205,500,000**	205,500,000
(b) Reserves and Surplus	3	**(1,577,973,712)**	(1,577,565,591)
		(1,372,473,712)	(1,372,065,591)
(2) **Non-current liabilities**			
(a) Long term Borrowings	4	**4,944,053,000**	4,944,053,000
		4,944,053,000	4,944,053,000
(3) **Current liabilities**			
(a) Trade payables	5		
– total outstanding dues of micro enterprises and small enterprises		**–**	–
– total outstanding dues of Creditors other than Micro Enterprises and small enterprises		**1,894,753**	1,547,402
(b) Other current liabilities	**6**	**335,011**	274,241
		2,229,764	1,821,643
TOTAL		**3,573,809,052**	3,573,809,052
II. ASSETS			
(1) **Non-current assets**			
(a) Non-current Investments	7	**3,573,716,390**	3,573,716,390
		3,573,716,390	3,573,716,390
(2) **Current assets**			
(a) Cash and cash equivalents	8	**92,662**	92,662
		92,662	92,662
TOTAL		**3,573,809,052**	3,573,809,052
Summary of significant accounting policies	1		

The accompanying notes 1 to 17 form an integral part of these financial statements.

In terms of our report of even date

For P D Sarang & Associates
Chartered Accountants
Firm registration number: 013423S

P D Sarang
Proprietor
Membership No : 127268
UDIN: 21127268AAAAGS9321

Place: Bengaluru
Date: 22 April 2021

For and on behalf of the Board of Directors of
Retail Initiative Holdings Limited

Narayan Shankar
Director

Rajkamal Agarwal
Director

Mitesh Shah
Chief Executive Officer

Dharmakanth Todurkar
Chief Financial Officer

Archana Mudaliar
Company Secretary
Membership No. 43119

Place: Mumbai
Date: 22 April 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2021

Amount in Rs.

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
I. Revenue from operations		**–**	–
II. Other Income		**–**	–
III. Total Revenue (I+II)		**–**	–
IV. EXPENSES			
Other expenses	9	**408,121**	473,836
Total Expenses		**408,121**	473,836
V. Loss before tax (III-IV)		**(408,121)**	(473,836)
VI. Tax expense			
(1) Current tax		**–**	–
(2) Deferred tax (Refer Note 11)		**–**	–
VII. Loss for the year (V-VI)		**(408,121)**	(473,836)
VIII. Earnings per equity share: (Face Value of Rs 10 each)	**12**	**Rs.**	Rs.
Basic and Diluted		**(0.02)**	(0.02)

Summary of significant policies 1

The accompanying notes 1 to 17 form an integral part of these financial statements.

In terms of our report of even date

For P D Sarang & Associates
Chartered Accountants
Firm registration number: 013423S

P D Sarang
Proprietor
Membership No : 127268
UDIN: 21127268AAAAGS9321

Place: Bengaluru
Date: 22 April 2021

For and on behalf of the Board of Directors of
Retail Initiative Holdings Limited

Narayan Shankar
Director

Rajkamal Agarwal
Director

Mitesh Shah
Chief Executive Officer

Dharmakanth Todurkar
Chief Financial Officer

Archana Mudaliar
Company Secretary
Membership No. 43119

Place: Mumbai
Date: 22 April 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2021

		For the year ended 31 March 2021	Amount in Rs. For the year ended 31 March 2020
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Loss for the year before tax	**(408,121)**	(473,836)
	Operating loss before working capital changes	**(408,121)**	(473,836)
	Changes in working capital:		
	Decrease/(Increase) in loans and advances	**–**	–
	Increase Tradepayables and other current liabilities	**408,121**	473,836
		408,121	473,836
	Income Taxes paid	**–**	–
	NET CASH USED IN OPERATING ACTIVITIES (A)	**–**	–
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Interest Income	**–**	–
	NET CASH FROM INVESTING ACTIVITIES (B)	**–**	–
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	NET CASH (USED IN)/FROM FINANCING ACTIVITIES (C)	**–**	–
	NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**–**	–
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**92,662**	92,662
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (REFER NOTE 8)	**92,662**	92,662

Significant Accounting Policies 1

The accompanying notes 1 to 17 form an integral part of these financial statements.

In terms of our report of even date

For P D Sarang & Associates
Chartered Accountants
Firm registration number: 013423S

P D Sarang
Proprietor
Membership No : 127268
UDIN: 21127268AAAAGS9321

Place: Bengaluru
Date: 22 April 2021

For and on behalf of the Board of Directors of
Retail Initiative Holdings Limited

Narayan Shankar
Director

Rajkamal Agarwal
Director

Mitesh Shah
Chief Executive Officer

Dharmakanth Todurkar
Chief Financial Officer

Archana Mudaliar
Company Secretary
Membership No. 43119

Place: Mumbai
Date: 22 April 2021

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH, 2021

1. **Summary of Significant Accounting Policies**

Corporate Information

Retail Initiative Holdings Limited ('the Company') is a Core Investment Company as defined in the Core Investment Companies (Reserve Bank) Directions, 2016 and is not required to obtain Certificate of Registration under Section 45 IA of the Reserve Bank India Act, 1934.

a) **i) Basis for Preparation of Financial Statements**

The financial statements are prepared under historical cost convention on an accrual basis of accounting to comply in all material respects with mandatory accounting standards as notified by the Companies (Accounting Standards) Rules, 2006 (as amended) issued by the Central Government in consultation with National Advisory Committee on Accounting Standards ("NACAS"), specified under Section 133 of the Companies Act, 2013 (the Act) read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies Act, 2013 to the extent notified and applicable to the Company. (Accounting principles generally accepted in India).

All assets and liabilities have been classified and disclosed as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle for the purpose of current / non-current classification of assets and liabilities as one year.

ii) Exemption from preparation of consolidated financial statement

The Company has investments in a subsidiary- Mahindra Retail Limited. The Holding company, Mahindra Engineering & Chemical Products Limited are presenting the consolidated financial statements. The Company has therefore availed the exemption and have satisfied the conditions for exemption from preparing consolidated financial statements as per MCA Notification G.S.R. 742(E) dated 27 July 2016 and accordingly the consolidated financial statement is not prepared.

b) **Use of estimates:**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of financial statements and reported amounts of income and expenses during the year. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Difference between the actual results and estimates are recognized in the year in which the results are known/materialized.

c) **Revenue recognition:**

Dividends from investments are recognized in the Statement of the Profit and Loss when the right to receive the payment is established.

Interest is recognized on time proportion basis.

d) **Investments:**

All long-term investments are valued at cost. Provision for diminution, if any in the value of each long-term investments is made to recognize a decline, other than of a temporary nature.

e) **Impairment of Assets**

The management periodically assesses using, external and/or internal sources, whether there is an indication that carrying amount of asset exceeds its recoverable amount. If any such indication exists, the management estimates the recoverable amount of the investment. If such recoverable amount of the investment is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and recognised in the Statement of Profit and Loss

f) **Cash & Cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

g) **Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

h) **Income Taxes**

Income taxes are accounted for in accordance with Accounting Standard 22 (AS 22) on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India. Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to/ recovered from the tax authorities using the applicable tax rates.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward of losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Deferred tax assets are not recognised to the extent that there is no virtual certainty or reasonable certainty, as the case may be, supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

i) **Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

j) **Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

k) Goods and Services Tax

Goods Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits

Note 2

Share Capital:	As at 31 March 2021	As at 31 March 2020
		Amount in Rs.
a. Authorised:		
21,000,000 (Previous Year 21,000,000) equity shares of Rs.10 each	**210,000,000**	210,000,000
b. Issued, subscribed and fully paid up:		
20,550,000 (Previous Year 20,550,000) equity shares of Rs.10 each	**205,500,000**	205,500,000
Total	**205,500,000**	205,500,000

c. Reconciliation of share outstanding at the beginning and at the end of the Year

	For the year ended 31 March 2021		For the year ended 31 March 2020	
	Number of shares	(Amount in Rs.)	Number of shares	(Amount in Rs.)
Equity Shares:				
Balance at the beginning of the year	**20,550,000**	**205,500,000**	20,550,000	205,500,000
Add: Issued during the year	**–**	**–**	–	–
Balance at the end of the year	**20,550,000**	**205,500,000**	20,550,000	205,500,000

d. Shares held by holding company

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	(Amount in Rs.)	Number of shares	(Amount in Rs.)
Mahindra Engineering and Chemical Products Limited	**20,550,000**	**205,500,000**	20,550,000	205,500,000

e. Details shareholders holding more than 5% shares in the company

	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% Holdings	Number of shares	% Holdings
Mahindra Engineering and Chemical Products Limited and its nominee	**20,550,000**	**100.00%**	20,550,000	100.00%

f. The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital

The Company has one class of Equity Shares having par value of Rs.10 each. Each Equity shareholder is eligible for one vote per share held and is entitled to dividend as and when the Company declares and pays dividend after obtaining shareholders' approval. Dividends are paid in Indian rupees.

The equity shares are held by Mahindra Engineering and Chemical Products Limited and its nominees.

g. Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date.

For details of securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date, please refer Note 4.

h. The Company has not issued any bonus shares, shares for consideration other than cash and not bought back any shares for a period of five years preceding the date as at which the Balance Sheet is prepared.

Note 3

Reserves and surplus	As at 31 March 2021	As at 31 March 2020
		Amount in Rs.
Deficit in statement of Profit & Loss Account		
Opening balance	**(1,577,565,591)**	(1,577,091,755)
Add: Loss for the Current Year	**(408,121)**	(473,836)
Closing Balance	**(1,577,973,712)**	(1,577,565,591)

Note 4

Long term borrowings	As at 31 March 2021	As at 31 March 2020
		Amount in Rs.
Unsecured		
Zero Coupon Compulsorily Convertible Debentures 49,44,053 (Previous Year: 49,44,053) Zero Coupon Fully Compulsorily Convertible Debentures of Rs. 1,000 each	**4,944,053,000**	4,944,053,000
Total	**4,944,053,000**	4,944,053,000

Zero Coupon Fully Compulsorily Convertible Debentures are convertible into equity shares of the company on or before 10 years from the date of allotment (12 March 2014). The debenture holders have an option to seek conversion of debentures in full or part thereof into equity shares of the face value of Rs. 10 each issued at par any time after 5 years from the date of allotment. On exercising such option, the debenture holder will get 100 equity shares of Rs. 10 each issued at par for every one debenture held. (Also Refer Note 14)

Note 5

Trade payables	As at 31 March 2021	As at 31 March 2020
		Amount in Rs.
– Total outstanding Dues of micro enterprises and small enterprises (Refer Note 10)	**–**	–
– Total outstanding dues of Creditors other than Micro Enterprises and small enterprises	**1,894,753**	1,547,402
Total	**1,894,753**	1,547,402

Note 6

Other current liabilities	As at 31 March 2021	As at 31 March 2020
		Amount in Rs.
TDS Payable	**3,045**	4,000
Other payables (Accrual for Expenses)	**331,966**	270,241
Total	**335,011**	274,241

Note 7

Amount in Rs.

Non-current Investments	As at 31 March 2021	As at 31 March 2020
Trade Investments (valued at cost unless stated otherwise)		
– Investment in Equity Instruments (Unquoted)		
– Investment in subsidiary		
51,32,88,514 (PY: 51,32,88,514) Equity Shares of Rs.10 each fully paid up in Mahindra Retail Limited (formerly Mahindra Retail Private Limited)	**5,133,716,390**	5,133,716,390
Less : Provision for dimunition in the value of investments	**(1,560,000,000)**	(1,560,000,000)
Total	**3,573,716,390**	3,573,716,390
Aggregate value of unquoted investments	5,133,716,390	5,133,716,390
Aggregate provision for dimunition in the value of investments	1,560,000,000	1,560,000,000

Also Refer Note 13

Note 8

Amount in Rs.

Cash and Cash Equivalents	As at 31 March 2021	As at 31 March 2020
Balances with banks		
– in Current Accounts	**92,662**	92,662
Total	**92,662**	92,662

Note 9

Amount in Rs.

Other expenses	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Professional Fees	**214,264**	167,186
Rates and Taxes	**118,857**	221,250
Auditors' Remuneration (as auditors)	**25,000**	35,400
Deputation Charges	**50,000**	50,000
Total	**408,121**	473,836

Note 10 - Additional Information to the Financial Statements

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

There are no overdue amounts payable to Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as at the reporting date or anytime during the year and hence no interest has been paid or payable accordingly no additional disclosures have been made.

Amount in Rs.

Sl No	Particulars	As at 31 March 2021	As at 31 March 2020
1.	Dues remaining unpaid		
	Principal	**–**	**–**
	Interest	**–**	**–**
2.	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	Principal paid beyond the appointed date	**–**	–
	Interest paid in terms of Section 16 of the MSMED Act	**–**	–
3.	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**–**	–
4.	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	**–**	–
5.	Amount of interest accrued and remaining unpaid	**–**	–

Note 11. Amounts on which deferred tax asset has not been created:

There is no provision for current tax either under normal provision or as per Section 115 JB MAT provision in view of the losses in the current year.

In accordance with the accounting policy adopted by the Company, the Deferred tax asset mainly arising on unabsorbed business losses has not been recognised in these financial statements in the absence of virtual certainty supported by appropriate evidence regarding availability of future taxable income against which such deferred tax assets can be realised.

Note 12. Earnings Per Share

Earnings per Share (EPS) is calculated as follows:

Sr. No.	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
1.	Loss attributable to equity shareholders (in Rs)	**(4,08,121)**	(4,73,836)
2.	Weighted Average No. of shares (in Nos)	**2,05,50,000**	2,05,50,000
3.	Nominal Value per share (in Rs)	**10**	10
4.	Earnings Per share: (in Rs) – Basic and Diluted*	**(0.02)**	(0.02)

* Since the zero coupon compulsorily convertible debentures are anti-dilutive in nature, the basic and diluted earnings per share are the same.

Note 13. The Company has equity investment of Rs.5,13,37,16,390 in Mahindra Retail Limited ("MRL"), a Subsidiary company representing 53% of the share capital of that Company. In view of the continuous losses incurred by MRL, the Company carries a provision for impairment of Rs.1,56,00,00,000 as on 31 March 2020 and the net carrying amount is Rs.357,37,16,390.

The management did an impairment analysis of this subsidiary as on 31 March 2021 and the following aspects were considered:

- MRL have terminated its store operations as of 31 March 2021. The store operations of MRL was loss making. Hence with this closure of operations the losses for MRL will significantly reduce.
- As per the current business plan MRL is expected to be profitable from F22 onwards.
- Further, MRL sold 0.98% of its shareholding in Brainbees Solutions Private limited during the year ended 31 March 2021. The sale consideration of Rs 125 Cr was received from sale of these shares. There is significant appreciation in the value of investments in Brainbees Solutions Private Limited.
- Taking into account this sale transaction of investments in BrainBees Solutions Private Limited. the management is of the view that the intrinsic value of its investment in MRL as on 31 March 2021 is more than the carrying value and hence no further provision needs to be considered for impairment of these investments.

Note 14. Going concern

The Company as at 31 March 2021 has an accumulated loss of Rs 1,57,79,73,712 and the net worth has been fully eroded. However the Holding Company has made an investment of Rs. 4,94,40,53,000 in the Company in form of Zero Coupon Fully Compulsorily Convertible Debentures, convertible into equity shares at any time after five years of allotment. Accordingly, these Debentures, have also been considered in evaluation of erosion of net worth. Also as explained in Note 13 above, the intrinsic value of the investments made by the Company in its subsidiary has increased recoverable value of the investments and would have positive impact on the net worth. Considering the above and the future business plan of BrainBees, the management is of the view that going concern assumption in preparation of these financial statements is appropriate.

Note 15. Related Party Disclosures

(a) *Ultimate Holding Company:-*
Mahindra & Mahindra Limited

(b) *Holding company:-*
Mahindra Engineering & Chemical Products Limited

(c) *Subsidiary Company:-*
Mahindra Retail Limited

Details of transaction between the Company and its related parties are disclosed below:

Amount in Rs.

Nature of Transactions	Ultimate Holding company (Mahindra & Mahindra Limited)	Holding Company (Mahindra Engineering & Chemical Products Limited)	Subsidiary (Mahindra Retail Limited)
Expenses Reimbursement	1,51,200 (1,65,200)	Nil (Nil)	Nil (Nil)
Debentures outstanding	Nil (Nil)	4,94,40,53,000 (4,94,40,53,000)	Nil (Nil)
Payables	10,67,356 (9,00,280)	Nil (Nil)	7,52,765 (5,56,290)

Amount in brackets represents previous year figures.

Note 16. Contingent Liabilities:

Contingent liabilities and capital commitments as of 31 March 2021 and 31 March 2020

Amount in Rs.

Particulars	31 March 2021	31 March 2020
Contingent Liabilities (Disputed Income Tax demand)	**18,13,600**	18,13,600
Capital Commitments	**NIL**	NIL

Note 17. Others

i. The Company did not have any pending litigation which would impact its financial position other than those disclosed in Note 16.

ii. The Company did not have any material foreseeable losses on long term contracts; the Company has not entered into any derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. There are no imports or exports and there is no expenditure incurred in foreign currency during the year.

v. No material events have occurred after the Balance Sheet date and upto the approval of the financial statements.

For and on behalf of the Board of Directors
Retail Initiative Holdings Limited

Narayan Shankar Director	**Rajkamal Agarwal** Director
Mitesh Shah Chief Executive Officer	**Dharmakanth Todurkar** Chief Financial Officer

Place: Mumbai
Date: 22 April 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of **Mahindra Retail Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra Retail Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

    e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

    i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements – Refer to Notes 14 and 27 to the financial statements;

    ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

    iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the current year and hence reporting under Section 197 (16) is not applicable. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155
ICAI UDIN: 21076806AAAAAP3371

Place: Bengaluru
Date: 21 April 2021

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA RETAIL LIMITED FOR THE YEAR ENDED 31 MARCH 2021

With respect to the Annexure referred to in paragraph 1 under Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2021, we report that:

(i) The Company has either sold or written off all its fixed assets during the current year. As a result, the Company does not have any fixed assets as on 31 March 2021. Thus, the paragraph 3(i) of the Order is not applicable to the Company.

(ii) The Company does not have any inventory as on 31 March 2021. Thus, the paragraph 3 (ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us, there are no loans, investments, guarantees and security given in respect of which provisions of section 185 and 186 of the Act are applicable. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the products of the Company. Accordingly, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, duty of customs, cess and any other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee state insurance, income-tax, goods and services tax, duty of customs, cess and any other material statutory dues were in arrears, as at 31 March 2021, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income-tax or goods and services tax or sales-tax or duty of customs which have not been deposited by the Company on account of disputes, except for the following:

Name of statue	Nature of dues	Amount (INR lakhs) *	Period to which the amount relates	Forum where dispute is pending
Maharashtra Value Added Tax, 2002	Sales tax	62 (19)	AY 2012-13	Appellate Tribunal
Central Sales Tax, 1958	Sales tax	17 (15)	AY 2012-13	Appellate Tribunal
Jharkhand Value Added Tax, 2005	Sales tax	36 (27)	AY 2016-17	Deputy Commissioner of Sales Tax

* The amount in brackets represent taxes paid under protest.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues to financial institutions, government or debenture holders during the year.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has not paid/ provided managerial remuneration during the year. Hence reporting under the provisions of Section 197 read with Schedule V to the Act, is not applicable to the Company.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, clause 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155
ICAI UDIN: 21076806AAAAAP3371

Place: Bengaluru
Date: 21 April 2021

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA RETAIL LIMITED FOR THE YEAR ENDED 31 MARCH 2021

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Retail Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155
ICAI UDIN: 21076806AAAAAP3371

Place: Bengaluru
Date: 21 April 2021

BALANCE SHEET AS AT 31 MARCH 2021

(Rs in lakhs)

	Notes	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	–	234
Other intangible assets	4a	–	9
Right of use assets	5	–	2,626
Financial assets			
Investments	6	32,073	35,548
Loans	7	–	643
Other financial assets	8	286	38
Other non-current assets	9 (a)	117	202
		32,476	39,300
Current assets			
Inventories	10	–	1,986
Financial assets			
Trade receivables	11	4	483
Cash and cash equivalents	12 (a)	12,099	31
Other financial assets	8	28	–
Other current Assets	9 (b)	45	408
		12,176	2,908
TOTAL ASSETS		44,652	42,208
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	96,166	95,146
Other equity		(52,266)	(58,269)
Total equity		43,900	36,876
Liabilities			
Non-current liabilities			
Provisions	14 (a)	389	437
Financial liabilities			
Lease liabilities	5	–	1,816
		389	2,253
Current liabilities			
Financial liabilities			
Borrowings	15	–	660
Lease liabilities	5	–	836
Trade payables			
– total outstanding dues of micro and small enterprises		–	–
– total outstanding dues of creditors other than micro and small enterprises	16	228	1,412
Other financial liabilities	17	–	53
Provisions	14 (b)	–	45
Other tax liabilities	18	20	–
Other current liabilities	19	115	72
		363	3,078
TOTAL EQUITY AND LIABILITIES		44,652	42,208
Summary of significant accounting policies	2.3		

The accompanying notes form an integral part of the IND AS financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155
UDIN: 21076806AAAAAP3371

Place: Bengaluru
Date: 21 April 2021

For and on behalf of the Board of Directors of
Mahindra Retail Limited

Zhooben Bhiwandiwala
Chairman (DIN 00110373)

Sugato Majumdar
Chief Executive Officer

Dharmakanth Todurkar
Chief Financial Officer

Ruchika Shah
Company Secretary
Membership No. F9114

Place: Bengaluru
Date: 21 April 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

(Rs. in lakhs except per share data)

	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue			
Revenue from operations		–	–
Other Income	20	8,728	2
Total Income		8,728	2
Expenses	21	19	22
Total Expenses		19	22
Profit before tax		8,709	(19)
Tax expense			
Current tax	18	50	–
Deferred tax	18	–	–
Profit for the year from continuing operations		8,659	(19)
Discontinued Operations			
Loss from discontinued operations, net of tax	22	(2,656)	(2,128)
Loss for the year		6,003	(2,147)
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Remeasurements of defined benefit plan, net of tax	25	–	9
Total comprehensive loss for the year attributable to the owners of the Company		6,003	(2,138)
Profit/ (loss) per equity share of face value of Rs. 10 each			
Basic and diluted (for Continuing and Discontinuing)	23	0.63	(0.23)
Profit per equity share of face value of Rs. 10 each			
Basic and diluted - Continuing Operations	23	0.91	(0.00)
Loss per equity share of face value of Rs. 10 each			
Basic and diluted - Discontinuing Operations	22	(0.28)	(0.22)
Summary of significant policies	2.3		

The accompanying notes form an integral part of the IND AS financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155
UDIN: 21076806AAAAAP3371

Place: Bengaluru
Date: 21 April 2021

For and on behalf of the Board of Directors of
Mahindra Retail Limited

Zhooben Bhiwandiwala
Chairman (DIN 00110373)

Sugato Majumdar
Chief Executive Officer

Dharmakanth Todurkar
Chief Financial Officer

Ruchika Shah
Company Secretary
Membership No. F9114

Place: Bengaluru
Date: 21 April 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

(Rs. in lakhs)

	Notes	31 March 2021	31 March 2020
Cash flows from operating activities			
Profit for the year from continuing operations		**8,709**	(19)
Loss for the year from discontinued operations		**(2,656)**	(2,128)
Adjustments for:			
Finance costs		**53**	324
Amortisation of prepaid rent		**–**	(46)
Unwinding of interest on security deposit		**–**	48
Inventory damages write -back		**–**	(72)
Loss on sale/disposal of property, plant and equipment		**78**	14
Net income from Sale of Investment in an Associate		**(8,721)**	–
Impairment losses		**–**	47
Depreciation and amortisation		**742**	1,018
Allowances for expected credit losses on financial assets		**–**	17
Liabilities no longer required written back		**(218)**	(32)
Derecognition of lease liability and ROU asset		**12**	–
Provision against balances with government authorities	9	**256**	–
Interest income		**(7)**	(2)
Operating cash flows before changes in working capital		**(1,752)**	(834)
Movements in working capital:			
Trade and other receivables		**479**	(290)
Inventories		**1,986**	966
Other assets		**777**	269
Trade and other payables		**(1,067)**	132
Cash used in operating activities		**423**	243
Income taxes paid		**28**	(41)
Net cash used in operating activities		**451**	203
Cash flows from investing activities			
Interest received		**7**	2
Net proceeds from sale of investment in an Associate		**12,196**	–
Acquisition for property, plant and equipment		**(1)**	(54)
Proceeds from disposal of property, plant and equipment		**56**	10
Investment in fixed deposits		**(276)**	–
Net cash generated from / (used in) investing activities		**11,982**	(42)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company	13	**1,020**	–
Payment of lease liabilities		**(699)**	(687)
Interest paid		**(26)**	(324)
Net cash (used)/generated from financing activities		**295**	(1,011)
Net (decrease)/increase in cash and cash equivalents		**12,728**	(850)
Cash and cash equivalents at the beginning of the year		**(629)**	221
Cash and cash equivalents at the end of the year		**12,099**	(629)
Components of cash and cash equivalents			
Cash on hand	12	**–**	25
Balances with banks			
- on current accounts		**96**	**6**
- on deposit account with a maturity of less than 3 months		**12,003**	**–**
Less: Bank overdraft		**–**	**(660)**
		12,099	(629)
Summary of significant accounting policies	2.3		

The accompanying notes form an integral part of the IND AS financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155
UDIN: 21076806AAAAAP3371

Place: Bengaluru
Date: 21 April 2021

For and on behalf of the Board of Directors of
Mahindra Retail Limited

Zhooben Bhiwandiwala
Chairman (DIN 00110373)

Sugato Majumdar
Chief Executive Officer

Dharmakanth Todurkar
Chief Financial Officer

Ruchika Shah
Company Secretary
Membership No. F9114

Place: Bengaluru
Date: 21 April 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

(Rs. in lakhs)

Equity share capital*	
As at 1 April 2019	95,146
Issued during the year	–
Balance as at 31 March 2020	95,146
As at 1 April 2020	95,146
Issued during the year	1,020
Balance as at 31 March 2021	**96,166**

* refer note 13

Other Equity

(Rs. in lakhs)

Particulars	Reserves and surplus (Retained earnings)	Items of Other Comprehensive Income (Remeasurement of defined benefit liability, net of tax)	Total
Balance as at 1 April 2019	**(56,131)**	**–**	**(56,131)**
Total comprehensive income for the year ended 31 March 2020			
Loss for the year	(2,147)	–	(2,147)
Other comprehensive income	–	9	9
Total comprehensive income	**(2,147)**	**9**	**(2,138)**
Transferred to retained earnings	**9**	**(9)**	**–**
Balance as at 31 March 2020	**(58,269)**	**–**	**(58,269)**
Total comprehensive income for the year ended 31 March 2021			
Profit for the year	6,003	–	6,003
Other comprehensive income	–	–	–
Total comprehensive income	6,003	–	6,003
Balance as at 31 March 2021	**(52,266)**	**–**	**(52,266)**

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155
UDIN: 21076806AAAAAP3371

Place: Bengaluru
Date: 21 April 2021

For and on behalf of the Board of Directors of
Mahindra Retail Limited

Zhooben Bhiwandiwala
Chairman (DIN 00110373)

Sugato Majumdar
Chief Executive Officer

Dharmakanth Todurkar
Chief Financial Officer

Ruchika Shah
Company Secretary
Membership No. F9114

Place: Bengaluru
Date: 21 April 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. Corporate Information

Mahindra Retail Limited (formerly Mahindra Retail Private Limited) ('the Company' or 'Mahindra Retail'), was incorporated in 2007. Mahindra Retail operates in the Mother and Childcare retail segment with its 'FirstCry.com a Mahindra Venture' branded stores. On 15 October 2016, Mahindra Retail entered into a business transfer agreement with Brainbees Solutions Pvt Ltd (FirstCry.com). Under the agreement the erstwhile franchisee business of the Company had been sold to FirstCry.com and Mahindra Retail would operate as a master franchisee of FirstCry.com. During the current year, Mahindra Retail decided to discontinue all its Retail operations and continues to hold investment in Brainbees Solutions Private Limited. Also refer to note 22.

The Company is an unlisted public limited company domiciled in India and is incorporated under the provisions of the Indian Companies Act. The registered office of the Company is located at Mahindra Towers, P.K.Kurne Chowk, Worli, Mumbai – 400018, Maharashtra. The CIN of the Company is U52190MH2007PLC173762

The Company converted from a private limited to a public company effective 6 April 2018 and the name of the Company was changed to Mahindra Retail Limited effective 6 April 2018.The Company's Holding Company is Retail Initiative Holding Limited ("the Holding Company"). Mahindra Engineering & Chemical Products Limited is the Intermediate Holding Company ("Intermediate Holding Company") and Mahindra & Mahindra Limited is the Ultimate Holding Company ("the Ultimate Holding Company").

2. Significant accounting policies

2.1. Statement of compliance

These Ind AS financial statements have been prepared in accordance with Indian Accounting Standards (referred to as "Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013 ('the Act') and other relevant provisions of the Act as amended from time to time.

In the Board of Directors meeting held on 21 April 2021, the Board has approved to issue these Ind AS financial statements to shareholders of the Company.

2.2. Basis of preparation

a) Basis of measurement

The Ind AS financial statements have been prepared on the historical cost convention and on an accrual basis except for certain financial assets which are measured at amortised cost at the end of each reporting period.

b) Functional and presentation currency

These Ind AS financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

c) Use of estimates and judgements

In preparing these Ind AS financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, and future periods are affected.

Going concern

The Company has been incurring losses for the past years and has accumulated losses of Rs. 52,766 lakhs as at 31 March 2021. The Company currently holds Bank Deposits to the extent of Rs 12,317 lakhs. As the Company has discontinued its Retail operations, its recurring and accumulated losses are expected to reduce. Furthermore, while the Company has closed all its stores and discontinued its Retail operations, as mandated by the Shareholders, the Company will continue to be in existence. Based on its future business plans, the Company is confident of funding its operating expenditure and continue its business operations in the foreseeable future. Hence, these Ind AS financial statements have been prepared on a going concern basis.

d) Measurement of fair values

The Company has an established control framework with respect to the measurement of fair values. Significant valuation issues, if any, are reported to the Company's management.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted (unadjusted) market price in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 2.3 (o) - financial instruments.

2.3 Significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Borrowing costs directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent these relate to the period till such assets are ready to be put to use.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the Property, plant and equipment is de-recognized.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated range of useful lives of the assets as follows:

Class of assets	Management estimate of useful life in years	Useful life as per Schedule II
Office equipment	5	5
Furniture and fixtures*	5	10
Computer and peripherals*	3	3 to 6
Vehicles*	4	8

Leasehold improvements are amortized over the lease term or useful lives of assets, whichever is lower.

*The Company, based on technical assessment made by technical expert and management estimate, depreciates certain assets over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

c) **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost and carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

The Management estimates the useful lives for its intangible assets as follows:

Class of assets	Useful life estimated (in years)
Computer software	3

De-recognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

d) **Impairment**

i. **Impairment of financial assets**

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off.

ii. **Impairment of non-financial assets**

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). The Company considers each store as separate CGU and each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

e) **Revenue recognition**

The Company recognises revenue to depict the transfer of promised goods to customers in an amount that reflects the consideration to which the entity expects to be received in exchange for those goods. A 5-step approach is used to recognise revenue as below:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Sale of goods

Revenue from the sale of goods is recognised upon transfer of control of promised goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, discounts and volume rebates.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

f) Foreign currency transactions

Transactions in foreign currency are translated to the functional currency at the exchanges rates at the dates of the transaction or an average rate, if the average rate approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using exchange rate prevalent at each reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in to the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in statement of profit and loss for the period in which the transaction is settled.

g) Employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the reporting date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability. If the contribution already paid exceeds the contribution due for services received before the reporting date, then excess is recognized as an asset.

The Company operates a defined benefit gratuity plan which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined on the basis of on actuarial valuation at the year end, using the projected unit credit method. Defined benefit gratuity payments which are expected to occur within twelve months after the end of period in which employee renders related services, are considered as current liability and those which are not expected to occur within twelve months after the end of period are considered as non-current liability.

Compensated absences are not expected to occur within twelve months after the end of period in which employee renders related services, therefore compensated absences considered as non-current liability and are provided for based on the actuarial valuation carried out at year-end using the projected unit credit method.

Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income and are not reclassified to profit or loss in a subsequent period. Further, as required under Ind AS compliant Schedule III, the Company transfers those amounts recognised in other comprehensive income to retained earnings.

h) Leases

Effective 1 April 2019, the Company has applied Ind AS 116, which replaces the existing lease standard, Ind AS 17 Leases and other interpretations. The Company has applied Ind AS 116 using the modified retrospective approach and has accordingly not restated the comparative information. The Company at the inception of a contract, assesses whether a contract, is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Ind AS 116 introduces a single balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company has elected not to recognise right-of-use of assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets or variable lease payments. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. Lessor accounting remains similar to the accounting under the previous standard i.e. lessor continues to classify leases as finance or operating lease. This policy is applied to contracts entered into, or changed, on or after 1 April 2019. For contracts entered into before 1 April 2019, the determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payment of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

In the comparative period, leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases, where the Company is a lessor, is recognised as income on a straight-line basis over the lease term.

i) Income taxes

Income tax comprises current and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the balance sheet date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

j) Earnings/(loss) per share

The basic earnings / (loss) per share ('EPS') is computed by dividing the net profit / (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. In computing dilutive earning per share, only potential equity shares that are dilutive i.e. which reduces earnings per share or increases loss per share are included.

k) Provision and contingent liabilities

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Ind AS financial statements.

l) Inventories

Inventories (traded goods) are valued at the lower of cost and net realisable value. Cost of inventories include cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to sell. The comparison of cost and net realizable value is made on an item-by-item basis.

Inventories are stated net of write down or allowances on account of obsolescence, damage or slow moving items.

The provision for inventory obsolescence is assessed periodically and is created as considered necessary.

m) Statement of cash flows

Cash flows are reported using the indirect method, whereby net profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

n) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits net of outstanding bank overdrafts if those are considered an integral part of the Company's cash management.

o) Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at either at amortised cost, FVTPL or fair value in other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at investment level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for each of such investments and the operation of those policies in practice;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit and loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in the statement of profit and loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to the statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

iii. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

p) Investment in associates

An associate is an entity in which the Company has significant influence. Significant influence is power to participate in the financial and operating decisions of the investee, but not control on those policies. Investment in associates is recognised at cost and are accounted for using equity method until the date on which significant influence ceases. The Company has availed the exemption from applying the equity method of accounting as per para 17 of Ind AS -28 *"Investments in Associates and Joint Ventures"*.

On disposal of investment in an associate, the difference between the net disposal proceeds and the carrying amount of the investment in associate is charged or credited to the statement of profit and loss.

q) Discontinued operations

A discontinued operation is a component of the Company's business, the operation and cash flows of which can be clearly distinguished from those of the rest of the Company and which represents a separate major line to business or geographical area of operations and

- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- Is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of profit and loss is re-presented as if the operation had been discontinued from the start of the comparative period.

r) Recent pronouncements

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.

- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in the name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

4. Property, plant and equipment

Reconciliation of carrying amount

(Rs. in lakhs)

Particulars	**Leasehold improvement**	**Office equipment**	**Furniture and fixtures**	**Computers and peripherals**	**Vehicles**	**Total**
At Cost (Gross carrying amount)						
At 31 March 2019	1,714	698	1,723	410	24	4,569
Additions during the year	25	14	7	6	–	52
Disposals during the year	(171)	(101)	(194)	(46)	–	(512)
At 31 March 2020	1,568	611	1,536	370	24	4,109
Additions during the year	–	1	–	–	–	1
Disposals/write offs during the year (i)	(1,568)	(612)	(1,536)	(370)	(24)	(4,110)
At 31 March 2021	**–**	**–**	**–**	**–**	**–**	**–**
Accumulated depreciation						
At 31 March 2019	1,559	647	1,542	398	14	4,160
Depreciation for the year	47	18	82	7	3	157
Impairment losses for the year	22	5	19	1	–	47
On disposals during the year	(157)	(98)	(188)	(46)	–	(489)
At 31 March 2020	**1,471**	**572**	**1,455**	**360**	**17**	**3,875**
Depreciation for the year	**30**	**13**	**52**	**4**	**3**	**102**
On disposals/write offs during the year (i)	**(1,501)**	**(585)**	**(1,507)**	**(364)**	**(20)**	**(3,977)**
At 31 March 2021	**–**	**–**	**–**	**–**	**–**	
Carrying amount (net)						
At 31 March 2020	**97**	**39**	**81**	**10**	**7**	**234**
At 31 March 2021	**–**	**–**	**–**	**–**	**–**	**–**

i) As part of the decision to discontinue the Company's Retail store operations, the Company disposed off its property, plant and equipment with a net book value of INR 78 lakhs for INR 59 lakhs. Furthermore, the property, plant and equipment with a net book value of INR 55 lakhs were written off from the books in the current year. Also refer to note 22.

4a. Other intangible assets

Reconciliation of carrying amount

(Rs. in lakhs)

Particulars	**Computer software**	**Total**
Cost (Gross carrying amount)		
At 31 March 2019	**31**	31
Additions during the year	**2**	2
Written off during the year	**–**	–
At 31 March 2020	**33**	33
Additions during the year	**–**	–
Written off during the year	**(33)**	(33)
At 31 March 2021	**–**	**–**
Accumulated amortisation		
At 31 March 2019	**16**	16
Amortisation for the year	**8**	8
Written off during the year	**–**	–
At 31 March 2020	**24**	**24**
Amortisation for the year	**6**	6
Write off during the year (i)	**(30)**	(30)
At 31 March 2021	**–**	–
Carrying amount (net)		
At 31 March 2020	**9**	9
At 31 March 2021	**–**	–

(i) As part of the decision to discontinue the Company's Retail store operations, the Company has written off its intangible assets with net book value of Rs. 3 lakhs in the current year. Also refer to note 22.

5 Right-of-use assets

	(Rs. in lakhs)
A. Right-of-use assets*	**Buildings**
Gross carring value as at 1 April 2019	**2,721**
Additions during the year	**758**
As at 31 March 2020	**3,479**
At 1 April 2020	**3,479**
Additions during the year	**–**
Derecognition during the year (refer to note 22)	**(3,479)**
At 31 March 2021	**–**
Accumulated Amortization	
At 1 April 2019	**–**
Depreciation for the year	**853**
As at 31 March 2020	**853**
At 1 April 2020	**853**
Depreciation for the year	**634**
Derecognition during the year (refer to note 22)	**(1,487)**
As at 31 March 2021	**–**
Carrying amount (net)	
As at 31 March 2020	**2,626**
As at 31 March 2021	**–**

B. Lease liabilities	**As at 31 March 2020**
Current	**836**
Non Current	**1,816**
Total	**2,652**

	As at 31 March 2021
Current	**–**
Non Current	**–**
Total	**–**

6. Investments

(Rs. in lakhs)

	As at 31 March 2021	As at 31 March 2020
Non-current investments, unquoted:		
Carried at cost		
Investments in equity instruments of an associate company		
16,446,754 (31 March 2020 : 18,228,980) equity shares of Brainbees Solutions Private Limited ("Brainbees") fully paid-up*	**32,073**	35,548
	32,073	35,548
Aggregate amount of unquoted investments	**32,073**	35,548

* Represents 9.06% in the equity shares of Brainbees (31 March 2020: 11.07%). The Company's management have determined that the Company has a significant influence on Brainbees based on representation on the Board of Directors of Brainbees and voting rights on reserved matters as defined in the Shareholders' agreement dated 21 December, 2018.

During the current year 1,782,226 shares were sold at a sales price of Rs 702.17 per share. The Company incurred expenses of Rs. 318 lakhs as part of the sale transaction which has been netted off from the sales consideration. Also refer to note 20.

7. Loans

(Rs. in lakhs)

	As at 31 March 2021	As at 31 March 2020
Non-current		
Security deposits		
Unsecured, considered good	**–**	643
	–	643

8. Other financial assets

(Rs. in lakhs)

Non Current	**As at 31 March 2021**	As at 31 March 2020
Unsecured, considered good		
Bank deposits due to mature after 12 months from the reporting date*	**286**	38
	286	38
Current	**As at 31 March 2021**	As at 31 March 2020
Unsecured, considered good		
Bank deposits with maturity more than 3 months but less than 12 months	**28**	–
	28	–

* Cash and bank balances include restricted bank balances of Rs. Nil (31 March 2020: Rs.38 lakhs). The restrictions are primarily on account of margin money accounts with banks as security against bank guarantees.

9. Other assets

(Rs. in lakhs)

	As at 31 March 2021	As at 31 March 2020
(a) Non-current		
Advances other than capital advances		
Unsecured, considered good		
Tax deducted at source	**14**	72
Balances with government authorities	**103**	130
	117	202
(b) Current assets		
Unsecured, considered good		
Advances recoverable in cash or kind	**43**	137
Prepaid expenses	**2**	12
Balances with government authorities	**256**	259
Provision against balances with government authorities	**(256)**	**–**
	45	408

10. Inventories

	As at 31 March 2021	As at 31 March 2020
	(Rs. in lakhs)	
(At lower of cost or net realisable value)		
Traded goods -Net of provision of Nil, (31 March 2020: Rs. 536 lakhs)	**–**	1,986
	–	1,986

11. Trade receivables

(Rs. in lakhs)

	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good	**4**	500
Less: Loss allowance	**–**	(17)
	4	483
Of the above, trade receivables from:		
- Related parties (refer note 26)	**–**	450
- Others	**4**	33
	4	483

Note:

No trade or other receivables are due from Directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any Director is a partner, a Director or a member.

12. Cash and bank balances

(Rs. in lakhs)

	As at 31 March 2021	As at 31 March 2020
Cash and cash equivalents		
Cash on hand	–	25
Balances with banks		
- On current accounts	**96**	6
- on deposit account with a maturity of less than 3 months	**12,003**	**–**
	12,099	31

13. Equity share capital

(Rs. in lakhs except number of shares)

	As at 31 March 2021	As at 31 March 2020
Authorised		
967,000,000 (31 March 2020: 957,000,000) equity shares of Rs 10 each	**96,700**	95,700
Issued, subscribed and paid-up		
961,663,236 (31 March 2020: 951,463,236) equity shares of Rs 10 each fully paid-up	**96,166**	95,146

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of reporting year:

(Rs. in lakhs except number of shares)

Equity shares of Rs. 10 each, fully paid up	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	**95,14,63,236**	**95,146**	95,14,63,236	95,146
Issued during the year*	**1,02,00,000**	**1,020**	–	–
At the end of the year	**96,16,63,236**	**96,166**	95,14,63,236	95,146

***Rights Issue - Tranche 1 (70,00,000 Equity Shares)**

During the year, the Company allotted 70,00,000 fully paid equity shares of face value of Rs. 10 each at par aggregating to Rs 700 lakhs pursuant to a rights issue. Equity shares were issued pursuant to a rights issue approved by the Board of Directors at their meeting on 24 September 2020. The shares under rights issue were offered in proportion to the shares held and are issued at par as on 25 September, 2020. The Holding Company declined their rights shares which were then allotted to the Intermediate Holding Company on 27 October 2020.

***Rights Issue - Tranche 2 (32,00,000 Equity Shares)**

During the year, the Company allotted 32,00,000 fully paid equity shares of face value of Rs. 10 each at par aggregating to Rs 320 lakhs pursuant to a rights issue. Equity shares were issued pursuant to a rights issue approved by the Board of Directors by passing circular resolution dated 26 November, 2020. The shares under rights issue were offered in proportion to the shares held and are issued at par as on 26 November, 2020. The Holding Company declined their rights shares which were then allotted to the Intermediate Holding Company on 5 January 2021.

(ii) Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

(iii) Particulars of shares held by each shareholder holding more than 5% shares:

(Rs. in lakhs except per share data)

Particulars of shareholders holding more than 5% of shares	As at 31 March 2021		As at 31 March 20220	
	Number of shares	Percentage	Number of shares	Percentage
Equity shares of Rs. 10 each, fully paid-up				
Retail Initiative Holdings Limited (the Holding Company)	**51,32,88,514**	**53%**	51,32,88,514	54%
Mahindra Engineering & Chemical Products Limited (Intermediate Holding Company)	**44,83,74,722**	**47%**	43,81,74,722	46%

(iv) There are no bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

14. Provisions

(Rs. in lakhs)

	As at 31 March 2021	As at 31 March 2020
(a) Non -current		
Provision for employee benefits		
Compensated absences	–	48
Other provisions		
Provision for disputes and contingencies	389	389
	389	437
(b) Current		
Provision for employee benefits		
Compensated absences	–	12
Gratuity benefits (refer note 25)	–	33
	–	45

Details of movement in provision for disputes and contingencies is as follows:

(Rs. in lakhs)

	As at 31 March 2021	As at 31 March 2020
Opening balance as at 01 April	**389**	437
Amounts used during the year	–	(16)
Unused amount reversed during the year	–	(32)
Closing balance as at 31 March	**389**	389

15. Borrowings

(Rs. in lakhs)

	As at 31 March 2021	As at 31 March 2020
Secured		
Bank overdraft	–	660
	–	660

The overdraft facility has been repaid in full and the facility has been terminated during the year.

The overdraft facility carried interest at the rate of 9.85% p.a., and was secured by the following:

1) Primary: First charge on the current assets of the Company, present and future.
2) Collateral: Second charge on the entrie fixed assets of the Company, present and future.
3) A letter of comfort from the Parent Companies i.e., Retail Initiative Holdings Limited and Mahindra Engineering & Chemicals Products Limited.

16. Trade payables

(Rs. in lakhs)

	As at 31 March 2021	As at 31 March 2020
Total outstanding dues of micro and small enterprises (refer note 28)	–	–
Total outstanding dues of creditors other than micro and small enterprises*	**228**	1,412
	228	1,412

* Refer note 26 for payables to related parties amounting to Rs.105 lakhs (31 March 2020: Rs. 8 lakhs) included in the above balance.

17. Other financial liabilities

(Rs. in lakhs)

	As at 31 March 2021	As at 31 March 2020
Current		
Creditors for capital goods	–	8
Accrued salary and benefits	–	45
	–	53

18. Other tax liabilities

(Rs. in lakhs)

	As at 31 March 2021	As at 31 March 2020
Opening balance	–	–
Add: Current tax payable	**50**	–
Less: Advance income tax paid during the year	**(30)**	–
	20	–

Reconciliation of tax expenses

(Rs. in lakhs)

	As at 31 March 2021	As at 31 March 2020
Profit / (loss) before tax as per the Statement of profit and loss	**6,003**	(2,147)
Tax rate in India %	**25.17**	27.82
Tax as per tax rates	**1,511**	(597)
Reconciling items:		
- Permanent differences not deductible for tax purposes and temporary differences on which no deferred tax asset/liability is considered	–	597
- Short term capital loss	**(1,056)**	–
- tax impact of unabsrbed depreciation carried forward	**(373)**	–
- Other adjustments	**(32)**	–
Current tax as per statement of profit and loss	**50**	–

Unrecognized deferred tax (net)

Net deferred tax assets have been recognized only to the extent that the Company has sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available against which such deferred tax assets can be realized:

(Rs. in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred tax liability		
Provisions	–	–
Deferred tax assets		
On carry forward business losses and unabsorbed depreciation	**11,800**	14,784

(Rs. in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
(tax loss expiry date: 31 March 2020 to 31 March 2028 and Unabsorbed depreciation expiry date: indefinitely)		
Property, plant and equipment	–	1,115
Provisions	–	9
	11,800	15,908
Deferred tax net (refer note below)	–	–

19. Other liabilities

(Rs. in lakhs)

	As at 31 March 2021	As at 31 March 2020
Current		
Advance received from customers	–	9
Statutory dues	**89**	37
Interest payable to MSME vendors	**26**	26
	115	72

20. Other income

(Rs. in lakhs)

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income on bank deposits	**7**	2
Net income from sale of Investment in an Associate (refer to note 6)	**8,721**	–
	8,728	2

21. Expenses

(Rs. in lakhs)

	For the year ended 31 March 2021	For the year ended 31 March 2020
Auditors remuneration and out of pocket expenses		
As auditors	**11**	11
For reimbursement of expenses	**1**	1
Director sitting fees	**5**	4
Secretarial fees	**2**	6
	19	22

22. Discontinued Operations

Mahindra Retail Limited, incorporated in 2007, marked the entry of the Mahindra group into the organized retail segment. The Company started its operations in the Mother & Child retail segment with its Mom & Me branded stores. The Company continued to operate its business under multiple channels/verticals – Own stores, Franchisee Stores, Online Platform and Distribution. Being in retail industry, the Company continued to face tough competition from organised as well as unorganised retail operators. This resulted in continued losses being sustained by it. In 2016, the Company collaborated with Brainbees Solutions Private Limited ("Brainbees"). As a part of this transaction the Company transferred its Franchisee business to Brainbees Solutions Private Limited in consideration of shares in Brainbees Solutions Private Limited. The Company also consolidated its operations and discontinued loss-making business verticals/channels (online and distribution). The Company continued to operate its own stores as master franchisee of Brainbees Solutions Private Limited. The Company's management was working towards turning the owned store business profitable, as such multiple initiatives like relocation of stores, cutting costs, improving efficiency etc. were undertaken every year. As a result of these steps the losses declined but continued every year.

With the outbreak of Global Pandemic in March 2020, the after effects of which are expected to continue for couple of years for retail industry, particularly towards physical stores segment, the Company's management and the Board was of the view that the Retail store operations of the Company (which were incurring losses) should be discontinued. Accordingly, the Board approved the closure of its Retail store business in the Board meeting held on 19 January 2021. The Shareholders also in their General Meeting held on 8 February, 2021, granted their approval for closure of stores and operations of the Company (also refer to note 4 and 5). All the stores of the Company have been terminated as of 31 March 2021 and all Employees of the Company have also been released as of 31 March 2021 (also refer to notes 4 and 5).

Financial performance and cashflows of discontinued operations

22.1 Analysis of Profit/(loss) from discontinued operations

(Rs. in lakhs)

	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue			
Revenue from operations		**2,914**	14,254
Other income	22.2	**433**	95
Total Income		**3,347**	14,348
Expenses			
Purchases of traded goods		**941**	10,912
Changes in inventories of traded goods		**1,986**	894
Employee benefits expense		**1,101**	1,472
Finance costs	22.3	**53**	324
Depreciation and amortisation expense		**742**	1,018
Impairment losses		–	47
Other expenses	22.4	**1,180**	1,808
Total Expenses		**6,004**	16,476
Loss before tax		**(2,656)**	(2,127)
Tax expense		–	–
Loss for the year		**(2,656)**	(2,127)
Loss per equity share of face value of Rs. 10 each			
Basic and diluted		**(0.28)**	(0.22)

22.2 Other income

(Rs. in lakhs)

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income on financial assets carried at amortised cost		
Security deposits	–	48
Other non-operating income		
Liabilities no longer required written back	**218**	32
Security deposit refund - excess of fair value	**139**	–
Other non-operating revenue	**76**	–
Rent from subletting	–	15
	433	95

22.3 Finance cost

(Rs. in lakhs)

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest expenses on:		
Bank overdraft	**26**	54
Interest expenses on lease liabilities	**27**	270
	53	324

22.4 Other expenses

(Rs. in lakhs)

	For the year ended 31 March 2021	For the year ended 31 March 2020
Stores consumed	**12**	36
Power and fuel	**92**	232
Common area maintenance	**64**	169
Rent expense on short-term leases	**5**	433
Rent expense on low value leases	**3**	1
Rent expense on variable leases	**35**	84
Rates and taxes	**316**	18
Insurance	**3**	7
Repairs and maintenance - others	**8**	19
Sales promotion expenses	**24**	112
Travelling and conveyance expenses	**8**	81
Commission, discounts and rebates	**10**	15
Legal and professional fees	**244**	199
House keeping	**43**	92
Software expenses	**9**	17
Warehousing charges	**12**	64
Communication charges	**14**	27
Provision for expected credit loss allowance	**–**	17
Inventory damages (write-back) / write off or shrinkage	**–**	(72)
Loss on sale of capital assets (net)	**79**	14
Store closure expense	**112**	12
Other miscellaneous expenses	**89**	232
	1,180	1,808

22.5 Cashflows from/(used in) discontinued operations

(Rs. in lakhs except per share data)

		For the year ended 31 March 2021	For the year ended 31 March 2020
Cash flows from operating activities			
Loss for the year from discontinued operations		**(2,656)**	(2,128)
Adjustments for:			
Finance costs		**53**	324
Amortisation of prepaid rent		**–**	(46)
Unwinding of interest on security deposit		**–**	48
Inventory damages (write-back)/write off		**–**	(72)
Loss/(profit) on disposal of property, plant and equipment		**78**	14
Impairment losses		**–**	47
Depreciation and amortisation		**742**	1,018
Allowances for expected credit losses on financial assets		**–**	17
Liabilities no longer required written back		**(218)**	(32)
Operating cash flows before changes in working capital		**(2,001)**	(811)
Movements in working capital:			
Trade and other receivables		**479**	(290)
Inventories		**1,986**	966
Other assets		**777**	267
Trade and other payables		**(1,016)**	132
Cashflows generated from operating activities		**224**	264
Income taxes refund received/(paid)		**28**	(41)
Net cash generated from operating activities	**(A)**	**252**	223
Cash flows from investing activities			
Acquisition for property, plant and equipment		**(1)**	(54)
Proceeds from disposal of property, plant and equipment		**56**	10
Net cash generated from/(used in) investing activities	**(B)**	**55**	(44)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		**1,020**	–
Payment of lease liabilities		**(699)**	(687)
Interest paid		**(26)**	(324)
Net cash generated from/(used in) financing activities	**(C)**	**295**	(1,011)
Net cash flows for the year	**(D) = (A) + (B) + (C)**	**602**	(831)

22.6 Book value of assets and liabilities of discontinued operations

	For the year ended 31 March 2021
Other non-current assets	**117**
Trade receivables	**4**
Other current assets	**45**
Total Assets (A)	**166**
Provisions	**389**
Trade payables	**228**
Other current liabilities	**115**
Total Liabilities (B)	**732**
Net Liabilities (A - B)	**(566)**

23. Earnings per share

(Rs. in lakhs except number of shares and per share data)

	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit/(loss) for the year	**6,003**	(2,147)
Weighted average number of equity shares outstanding	**95,52,08,989**	95,14,63,236
Basic and diluted loss per share (face value of Rs. 10 each)	**0.63**	(0.23)
Continuing Operations		
Profit for the year	**8,659**	(19)
Weighted average number of equity shares outstanding	**95,52,08,989**	95,14,63,236
Basic and diluted loss per share (face value of Rs. 10 each)	**0.91**	(0.00)

24. Financial instruments

The carrying value and fair value of financial instruments by categories are as follows:

(Rs. in lakhs)

Particulars	Note	Carrying value As at 31 March 2021	As at 31 March 2020
Financial assets*			
Carried at cost			
Investment in an Associate Company**	6	**32,073**	35,548
Measured at amortised cost			
Loans	7	**–**	643
Trade receivables	11	**4**	483
Cash and cash equivalents	12 (a)	**12,099**	31
Other financial assets	8	**314**	38
Total financial assets		**44,490**	36,742
Financial liabilities*			
Measured at amortised cost			
Borrowings	15	**–**	660
Trade payables	16	**228**	1,412
Other financial liabilities	17	**–**	53
Lease liabilities	5	**–**	2,652
Total financial liabilities		**228**	4,777

* The Company has not separately disclosed the fair values for financial assets and liabilities because their carrying amounts are a reasonable approximation of the fair value.

** Investment in equity shares in an Associate Company is accounted at cost as per Ind AS-28.

24.1 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

24.2 Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Company's management oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The management is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

24.3 Financial risk management objective and policies

The Company's principal financial liabilities comprise trade payables. The main purpose of these financial liabilities was to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and short-term deposits.

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these IND AS financial statements.

24.4 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises from cash held with banks and financial institutions as well as credit exposure to clients, including outstanding accounts receivable and security deposit. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Company's trade and other receivables are actively monitored to review credit worthiness of the customers to whom credit terms are granted and also avoid significant concentrations of credit risks.

Given below is ageing of trade receivables spread by period of six months.

(Rs. in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Outstanding for more than 6 months	**4**	23
Others	**–**	500
Total:	**500**	209

The Company continuously monitors receivables from customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls. As the customer base is distributed economically and geographically, there is no concentration of credit risk.

The Company has considered possible effects that may result from COVID-19, a Global Pandemic, on the carrying amount of receivables. The carrying amount of the Company's trade and other receivables as at 31 March 2021 is not significant. The Company has balance of GST input credit receivable amounting to Rs. 256 lakhs as on 31 March 2021. As the Company's Retail stores operations have been discontinued, a full provision against the GST input credit receivable amounting to Rs. 256 lakhs has been created as of 31 March 2021. Also refer to note 9 (a).

Financial assets that are not credit impaired:-

The Company has financial assets which are in nature of cash and cash equivalents, security deposit, bank deposit, trade receivable which are not credit impaired. These are contractually agreed, and the probability of default is negligible.

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks with high credit ratings assigned by international and domestic credit rating agencies.

24.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. While management expects to generate cash from the operations of the Company, to mitigate liquidity risk, the Holding Company is also committed to support the operations of the Company.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2021 and 31 March 2020:

(Rs. in lakhs)

	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at 31 March 2021					
Trade payables (refer note 16)	**228**	**–**	**–**	**–**	**228**
Total	**228**	**–**	**–**	**–**	**228**

(Rs. in lakhs)

	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at 31 March 2020					
Borrowings (refer note 15)	**660**	**–**	**–**	**–**	**660**
Trade payables (refer note 16)	**1,412**	**–**	**–**	**–**	**1,412**
Other financial liabilities (refer note 17)	**53**	**–**	**–**	**–**	**53**
Lease liabilities (refer note 5)	**220**	**616**	**1,544**	**272**	**2,652**
Total	**2,345**	**616**	**1,544**	**272**	**4,777**

24.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial investments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company is not exposed to significant currency risk as majority of the transactions are primarily denominated in Indian Rupees ("INR"), which is the national currency of India.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have exposure to long-term debt obligations with floating interest rates and hence does not foresee any significant risk arising from interest rate fluctuation.

24.7 Capital management

The Company's capital management objectives are:

– to ensure the Company's ability to continue as a going concern.

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company is not subject to externally enforced capital regulation. The Company's capital requirements are substantially met through the issue of equity to the Holding Company and the Intermediate Holding Company.

There is no change in the overall capital risk management strategy of the Company compared to last year.

25. Employee benefits

(a) Defined contribution plan

The Company's contribution to Provident Fund and Employee State Insurance aggregating Rs. 47 lakhs (2020: Rs. 95 lakhs) has been recognised in the Statement of profit and loss under the head employee benefits expense.

(b) Defined benefit plan:

Gratuity

The Company operated one defined benefit plan, viz., gratuity, for its employees. Under the gratuity plan, every employee who had completed at least five years of service got gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme was funded with an insurance company in the form of qualifying insurance policy.

Through the defined benefit plan the Company was exposed to the following risks:

<u>Asset volatility</u>

The plan liabilities were calculated using a discount rate set with references to government bond yields; if plan assets under performed compared to the government bonds discount rate, this created or increased a deficit. The defined benefit plan held a significant proportion of equity type assets, which were expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

The Company had chosen a suitable plan with Insurance, which augured well with the Company's long term strategy to manage the plan efficiently.

<u>Changes in bond yields</u>

A decrease in government bond yields would increase plan liabilities, although this was expected to be partially offset by an increase in the value of the plans' bond holdings.

<u>Life expectancy</u>

Increase in life expectancy would result in an increase in the plan's liabilities, as the inflationary increases result in higher sensitivity to changes in life expectancy.

The Company does not have any employees, at the close of business hours on 31 March 2021. All the gratuity dues were settled by the Company as part of full and final settlement of these employees.

Actuarial assumptions

	As at 31 March 2021	As at 31 March 2020
Discount rate(s)	**–**	7.52%
Expected rate(s) of salary increase	**–**	10.00%
Average longevity	**–**	Indian Assured Lives Mortality (2012-14)

Defined benefit plan – as per actuarial valuation

(Rs. in lakhs)

Particulars	Funded Plan As at 31 March 2021	Funded Plan As at 31 March 2020
Amounts recognized in comprehensive income in respect of these defined benefit plans are as follows:		
Service cost:		
Current service cost	–	15
Net interest expense	–	2
Components of defined benefit costs recognized in profit or loss	–	17
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amount included in net interest expense)	–	(2)
Actuarial gains arising from changes in demographic assumptions	–	(8)
Actuarial gains arising from changes in financial assumptions	–	(68)
Actuarial loss arising from experience adjustments	–	69
Components of defined benefit costs recognized in other comprehensive income	–	(9)
	–	8
I. Net Asset recognized in the Balance Sheet		
- Present value of defined benefit obligation	–	68
- Fair value of plan assets	–	(35)
Surplus	–	33
Current portion of the above	–	33
II. Change in the obligation during the year		
- Present value of defined benefit obligation at the beginning of the year	–	73
- Expenses Recognized in Profit and Loss	–	
- Current Service Cost	–	15
- Interest expense	–	4
Remeasurement (gains)/losses	–	
- Actuarial (gains)	–	(7)
Benefit payments	–	(17)
Present value of defined benefit obligation at the end of the year	–	68
III. Change in fair value of assets during the year ended 31 March 2020		
Fair value of plan assets at the beginning of the year	–	47
Expenses Recognized in Profit and Loss Account	–	
- Expected return on plan assets	–	3
Recognized in Other Comprehensive Income	–	
Remeasurement losses	–	
- Actual Return on plan assets in excess of the expected return	–	2
Contributions by employer (including benefit payments recoverable)	–	
Benefit payments	–	(17)
Fair value of plan assets at the end of the year	–	35
IV. The major categories of plan assets		
- Investment with Insurer	**0%**	100%

The Company's policy was driven by considerations of maximizing returns. The asset allocation for plan assets was determined by the Fund Manager based on investment criteria prescribed by the local regulators. The Company evaluated the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compared actual returns for each asset category with published benchmarks.

V. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption	Year	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate	**2021**	**1.00%**	–	–
	2020	1.00%	(4.42)	5.10
Salary growth rate	**2021**	**1.00%**	–	–
	2020	1.00%	4.70	(4.15)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

VI. Maturity profile of defined benefit obligation:

(Rs. in lakhs)

	As at 31 March 2021	As at 31 March 2020
Within 1 year	–	–
1 - 2 years	–	9
2 - 3 years	–	7
3 - 4 years	–	5
4 - 5 years	–	4
5 - 10 years	–	16
Above 10 years	–	26
	–	68

Plan Assets:

The details with respect to the investment made by Fund manager (Life Insurance Corporation) into major categories of plan assets have not been disclosed, as the same has not been provided by the Fund manager to the Company.

VII. Experience adjustments:

(Rs. in lakhs)

	As at 31 March 2021	As at 31 March 2020
	Gratuity	
1. Defined Benefit Obligation	–	68
2. Fair value of plan assets	–	(35)
3. Surplus	–	33
4. Experience adjustment on plan liabilities loss	–	69
5. Experience adjustment on plan assets loss	–	(2)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation. The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

26. Related party disclosures

Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Retail Initiative Holding Limited
Intermediate Holding Company	Mahindra Engineering and Chemical Products Limited
Associate Company	Brainbees Solutions Private Limited
Fellow Subsidiaries (with whom transactions have taken place)	Mahindra Automobile Distributor Private Limited
	Mahindra Asset Management Company Private Limited
	Mahindra Auto Steel Private Limited
	Mahindra eMarket Limited
	Mahindra Susten Private Limited
	Mahindra First Choice Services Limited
	Mahindra Holidays & Resorts India Limited
	Mahindra Logistics Limited
	Mahindra & Mahindra Financial Services Limited
	Mahindra MSTC Recycling Private Limited
	Mahindra Trucks and Buses Limited
	Mahindra Heavy Engines Limited
	Mahindra Electric Mobility Limited
	Mahindra Rural Housing Finance Limited
	Mahindra Steel Service Centre Limited
	Mahindra Vehicle Manufacturers Limited
	Mahindra Water Utilities Limited
	Mahindra Marine Private Limited
	Mahindra Sanyo Special Steel Private Limited
	Swaraj Engines Limited
	Mahindra Telephonics Integrated Systems Limited
	Mahindra Lifespace Developers Limited
	Mahindra First Choice Wheels Limited
	Comviva Technologies Limited
	Mahindra Insurance Brokers Limited
	The Mahindra UWC of India
	Mahindra Happinest Developers Limited
	Mahindra Tsubaki Conveyor System Private Limited
	Mahindra & Mahindra Limited - International
	Mahindra Intertrade Limited
	Mahindra CIE Automotive Limited
	Mahindra Teqo Private Limited
	Mahindra USA Inc
Key Managerial Personnel (KMP)	Sugato Majumdar (CEO)
	Dharmakanth Todurkar (CFO)
	Ruchika Shah (Company Secretary)

Details of transaction between the Company and its related parties are disclosed below:

(Rs. in lakhs)

Nature of transactions with Related Parties	**For the year ended**	**Ultimate Holding Company**	**Intermediate Holding Company**	**Fellow Subsidiaries**	**Associate**	**KMP of the Company**
Sale of goods	**31-Mar-21**	115	50	5	–	–
	31-Mar-20	1,193	99	1,392	13	–
Sale of services	**31-Mar-21**	–	139	–	–	–
	31-Mar-20	–	–	–	–	–
Purchase of goods / services	**31-Mar-21**	–	15	–	337	–
	31-Mar-20	–	–	–	4,655	–
Equity contribution to the Company	**31-Mar-21**	–	1,020	–	–	–
	31-Mar-20	–	–	–	–	–
Logistic expenses incurred	**31-Mar-21**	–	–	2	2	–
	31-Mar-20	–	–	–	21	–
Other expenses incurred	**31-Mar-21**	102	5	3	65	–
	31-Mar-20	36	1	12	64	–
Remuneration of key managerial personnel	**31-Mar-21**	–	–	–	–	182
	31-Mar-20	–	–	–	–	93

Balance Outstanding with related parties are disclosed below:

Nature of Balances with Related Parties	Balance as on	Ultimate Holding Company	Intermediate Holding Company	Fellow Subsidiaries	Associate	KMP of the Company
Payables	**31-Mar-21**	87	–	–	18	–
	31-Mar-20	–	1	7	–	–
Receivables	**31-Mar-21**	–	–	–	–	–
	31-Mar-20	5	116	324	5	–
Other Receivables	**31-Mar-21**	**8**	**–**	**3**	**–**	**–**
	31-Mar-20	8	–	3	–	–

Compensation of key managerial personnel

The remuneration of key managerial personnel during the year was as follows:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Short-term employee benefits	**174**	90
Post-employment benefits	**8**	3
Total	**182**	93

27 Contingent liabilities and commitments

(Rs. in lakhs)

Contingent liabilities	For the year ended 31 March 2021	For the year ended 31 March 2021
(a) Disputed Income Tax demand*..................	**–**	360
(b) Central Sales Tax and Value Added Tax matters under dispute*...............................	**99**	158

(c) In February 2019, Supreme Court of India in its judgement clarified that certain special allowances should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company had made a provision for provident fund contribution from the date of Supreme Court order. There is no change in the above ruling during the year. During the current year, the Company has released all its employees and based on the provision created in the books, settled the Provident Fund dues as part of the full and final settlement.

* The Company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/courts and the ultimate outcome will not have a material adverse effect on the Company's financial position and results of operations.

Commitments

(Rs. in lakhs)

	For the year ended 31 March 2021	For the year ended 31 March 2021
Commitment relating to leases	**–**	158

28 Dues to micro, medium and small enterprises

The Ministry of Micro, Medium and Small Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2021 has been made in the IND AS financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

The principal amount due and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:

(Rs. in lakhs)

	For the year ended 31 March 2021	For the year ended 31 March 2021
(a) Dues remaining unpaid		
- Principle	**–**	–
- Interest on the above...............................	**–**	–
(b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year..................	**–**	–
- Principle paid beyond the appointed date	**–**	–
- Interest paid in terms of Section 16 of the MSMED Act	**–**	–
(c) Amount of interest due and payable for period of delay on payments made made beyond the appointed day during the year.	**–**	–
(d) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises..............................	**–**	–
(e) Amount of interest accrued and remaining unpaid	**26**	26

29 Segment information

During the year, the Company operated in a single reportable segment, i.e., in the business of retailing a variety of lifestyle and consumer products through its own branded stores in India. Consequently, the requirements for a separate disclosure under Ind AS 108 - "Operating Segments" is not applicable.

30 Long-term contracts

The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.

31 Impact of COVID-19

The COVID-19 pandemic is rapidly spreading throughout the world. The event significantly affects the economic activity worldwide. The impact of the COVID-19 pandemic may be different from that estimated as at the date of approval of these financials statements and the Company continues to closely monitor any material changes to future economic conditions.

The Company's stores and offices were under complete lockdown since 24 March 2020 and the post release of lockdown restrictions, the Company had started closing all its Retail stores. All the Company's Retail stores are closed as on 31 March 2021. Accordingly, since the Company has discontinued its Retail stores operations, the impact of Covid 19 Pandemic on the operations and results of the Company is not likely to be significant.

Management has performed comprehensive assessment of the implications of COVID-19 on the financial statements of the Company for the year 31 March 2021 including specifically on the going concern assumptions, estimate of expected credit loss and revenue recognized during the year, significant estimates (including assumptions, data. method, & disclosures), and have accordingly concluded that there is no adjustment required in these Ind AS financial statements.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155
UDIN: 21076806AAAAAP3371

Place: Bengaluru
Date: 21 April 2021

For and on behalf of the Board of Directors of
Mahindra Retail Limited

Zhooben Bhiwandiwala
Chairman (DIN 00110373)

Sugato Majumdar
Chief Executive Officer

Dharmakanth Todurkar
Chief Financial Officer

Ruchika Shah
Company Secretary
Membership No. F9114

Place: Bengaluru
Date: 21 April 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
MAHINDRA DEFENCE SYSTEMS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mahindra Defence Systems Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS"), and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are

appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position. Refer to note 39 (i) of the financial statements.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. Refer to note 37 of the financial statements.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer to note 38 of the financial statements.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

FOR **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 015125N)

Pramod B. Shukla
(Partner)
(Membership No. 104337)
UDIN: 21104337AAAABH8346

PLACE: Gurugram
DATE: April 27, 2021

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date on the financial statements for the year ended March 31, 2021 of Mahindra Defence Systems Limited

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Mahindra Defence Systems Limited (“the Company”) as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on “the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

FOR **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm’s Registration No. 015125N)

Pramod B. Shukla
(Partner)
(Membership No. 104337)
(UDIN: 21104337AAAABH8346)

PLACE: Gurugram
DATE: April 27, 2021

ANNEXURE “B” TO THE AUDITORS’ REPORT

Referred to in paragraph 2 under ‘Report on Legal and Regulatory Requirements’ section of our report of even date on the financial statements for the year ended March 31, 2021 of Mahindra Defence Systems Limited

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) Based on the examination of the registered sale deeds provided to us, we report that, the title deed, comprising all the immovable properties of land and Buildings which are freehold, are held in the name of the Company as at the balance sheet date. The Company does not have any immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the financial statements.

(ii) The inventories were physically verified during the year by the Management at reasonable intervals other than for inventories lying with third party at the end of the year for which confirmation have been obtained in most of the cases. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) The Company has not accepted any deposits from the public. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.

(vi) The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us and the records of the Company examined by us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Customs Duty, Goods and Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Customs Duty, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2021 on account of disputes.

(viii) The Company has not defaulted in repayment of loans or borrowings to bank. The Company has not taken any loans or borrowings from financial institutions and government and has not issued any debentures during the year.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V of the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding or associate company or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

FOR **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm’s Registration No. 015125N)

Pramod B. Shukla
(Partner)
(Membership No. 104337)
(UDIN: 21104337AAAABH8346)

PLACE: Gurugram
DATE: April 27, 2021

BALANCE SHEET AS AT MARCH 31, 2021

(Amount in Rs. Lakhs)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
1. Non-current assets			
(a) Property, Plant and equipment	5	**6,775.24**	4,478.29
(b) Right of use assets	5A	**354.34**	590.56
(c) Capital Work- in-Progress		**79.12**	299.09
(d) Intangible assets	6	**1,579.63**	1,918.99
(e) Intangible assets under development	6A	**105.03**	86.39
(f) Financial assets			
(i) Investments	7	**734.00**	2,590.00
(ii) Trade receivables	8	**3,411.07**	1,025.88
(iii) Other financial assets	10	**165.84**	170.91
(g) Deferred tax assets (Net)	11	**395.43**	447.76
(h) Non Current Tax Assets (Net)		**506.15**	1,663.44
(i) Other non-current assets	12	**1,386.41**	742.31
Total Non-current Assets		**15,492.26**	14,013.62
2 Current assets			
(a) Inventories	13	**4,415.77**	5,485.28
(b) Financial assets			
(i) Investments	9	**–**	2,976.63
(ii) Trade receivables	8	**17,048.31**	6,003.77
(iii) Cash and cash equivalents	14	**3,259.05**	7,380.04
(iv) Other Bank balances (other than (iii) above)	15	**339.42**	319.12
(v) Other financial assets	10	**5,004.11**	3,299.84
(c) Other current assets	12	**3,037.83**	3,174.29
Total Current Assets		**33,104.49**	28,638.97
Total Assets		**48,596.75**	42,652.59
EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	16	**1,672.37**	1,672.37
(b) Other equity		**32,011.71**	26,999.64
Total Equity		**33,684.08**	28,672.01
2 Liabilities			
Non-current liabilities			
(a) Provisions	17	**742.66**	784.19
(b) Lease Liabilities	42	**143.83**	403.83
(c) Other Financial Liabilities	18	**26.76**	26.76
(d) Other Liabilities	19	**598.12**	896.13
Total Non-current Liabilities		**1,511.37**	2,110.91
Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
(A) total outstanding dues of micro and small enterprises	35	**1,058.66**	1,077.17
(B) total outstanding dues of creditor other than micro and small enterprises		**8,770.30**	6,323.79
(ii) Lease Liabilities	42	**260.00**	226.97
(iii) Other financial liabilities	18	**36.66**	49.49
(b) Provisions	17	**853.02**	321.07
(c) Other liabilities	19	**2,422.66**	3,871.18
Total Current Liabilities		**13,401.30**	11,869.67
Total Liabilities		**14,912.67**	13,980.58
Total Equity and Liabilities		**48,596.75**	42,652.59
The accompanying notes forming part of the financial statements	1 to 48		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Pramod B.Shukla
Partner

Mukul Verma
Chief Financial Officer

Place : Gurugram
Date : 27-04-2021

For and on behalf of Board of Directors

S. P. Shukla Managing Director
DIN: 00007418

Sukhvindar Hayer Director
DIN: 07272511

Manish Sharma Company Secretary

Place : Mumbai
Date : 27-04-2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(Amount in Rs. Lakhs)

	Particulars	Note No	**For the year ended March 31, 2021**	For the year ended March 31, 2020
I	Revenue from operations	20	**44,707.41**	30,732.79
	Other income	21	**1,151.70**	1,150.24
	Total Income		**45,859.11**	31,883.03
II	**Expenses**			
	Cost of materials consumed	22	**14,700.87**	10,442.72
	Purchases of stock in trade	23	**1,047.80**	748.57
	Changes in Inventories of finished goods, work-in-progress and stock-in-trade	24	**2,929.40**	(3,425.29)
	Employee benefits expense	25	**5,910.95**	5,685.70
	Finance costs	26	**137.46**	95.11
	Depreciation and amortisation expense	5 & 5A & 6	**1,475.10**	1,455.62
	Subcontracting and service charges		**5,990.38**	5,870.02
	Other expenses	27	**4,515.24**	7,278.55
	Total expenses		**36,707.20**	28,151.00
III	**Profit before exceptional items and tax (I-II)**		**9,151.91**	3,732.03
IV	Exceptional items (Net)	46	**1,856.00**	–
V	**Profit before tax (III-IV)**		**7,295.91**	3,732.03
VI	**Tax expense**			
	Current tax	28	**2,190.88**	87.35
	Tax related to earlier year		**53.19**	–
	Deferred tax charge/(benefits)	28	**49.17**	1,749.05
VII	**Profit for the year (V-VI)**		**5,002.67**	1,895.63
VIII	**Other comprehensive income**		**9.40**	36.16
	Items that will not be reclassified to profit or loss:			
	Remeasurements (gain)/loss of the defined benefit plans	31	**12.56**	48.32
	Income tax relating to these items	28	**3.16**	12.16
IX	**Total comprehensive income for the year (VII + VIII)**		**5,012.07**	1,931.79
	Earnings per share (Face value of Rs 10 per share) (in Rs.)			
	– Basic	30	**29.91**	11.34
	– Diluted	30	**29.91**	11.34
	The accompanying notes forming part of the financial statements	1 to 48		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Pramod B.Shukla
Partner

Mukul Verma
Chief Financial Officer

Place : Gurugram
Date : 27-04-2021

For and on behalf of Board of Directors

S. P. Shukla — Managing Director
DIN: 00007418

Sukhvindar Hayer — Director
DIN: 07272511

Manish Sharma — Company Secretary

Place : Mumbai
Date : 27-04-2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flows from operating activities		
Profit after tax	**5,012.07**	1,931.79
Adjustments for:		
Income tax recognised in statement of Profit or loss	**2,293.24**	1,836.40
Interest on borrowings (At Amortised cost)	**–**	39.17
Impairment of Investment in Joint Venture	**1,856.00**	–
Interest on bank deposits (At amortised cost)	**(201.60)**	(22.25)
Interest on income tax refund	**(94.06)**	(243.79)
Interest Income on financial assets at fair value through Profit and Loss (FVTPL)	**(145.89)**	(49.01)
Profit on sale of property, plant and equipment	**(0.69)**	(6.23)
Intangible assets under development written off	**–**	2,119.52
Loss on write off of Property, plant and equipment and Intangible assets	**–**	334.46
Loss on sale of property, plant and equipment	**28.85**	9.77
Loss on write down of inventories	**–**	192.17
Dividend Income on financial instruments measured at FVTPL	**(57.03)**	(99.39)
Depreciation and amortisation expense	**1,475.10**	1,455.62
Excess provision/liabilities, no longer required written back	**(14.41)**	(50.96)
Bad Debts written off	**–**	395.03
Allowance for doubtful debts	**57.17**	208.52
Unrealised (gain)/loss on foreign currency transaction and translation	**(2.78)**	(49.18)
Unwinding of discount on provision for warranty	**0.77**	0.12
Interest expenses on financial assets at fair value through Profit and Loss (FVTPL)	**54.99**	–
Interest on Loan to fellow subsidiaries	**(29.14)**	–
Interest on delay in payment of income tax	**41.27**	–
Interest on delay payment of statutory dues	**1.15**	3.39
Interest on Lease liability (Refer Note No 42)	**31.09**	44.08
	10,306.10	8,049.23
Movements in working capital:		
(Increase)/decrease in trade receivables (current & non-current)	**(13,374.16)**	4,701.05
(Increase)/decrease in inventories (current)	**1,069.51**	(2,370.68)
(Increase)/decrease in other assets (current & non-current)	**(475.79)**	(400.88)
(Increase)/decrease in other financial assets (current & non-current)	**(1,701.08)**	348.06
Increase/(decrease) in trade and other payables (current)	**2,382.08**	(338.98)
Increase/(decrease) in provisions (current & non-current)	**492.81**	264.96
Increase/(decrease) in other liabilities (current)	**(1,780.23)**	(1,493.47)
Cash generated/(used in) from operations	**(3,080.76)**	8,759.28
Income taxes paid (Net of refund)	**(1,086.78)**	1,094.20
Net cash generated/(used in) by operating activities	**(4,167.54)**	9,853.49
Cash flows from investing activities		
Acquisition of Property, plant and equipment and Intangible assets including capital advances (net of capital creditors)	**(3,033.65)**	(1,206.30)
Sale of Property, plant and equipment	**6.59**	36.32
Interest on income tax refund	**94.06**	243.79
Interest on deposits	**203.48**	32.36
Interest on Loan to fellow subsidiaries	**29.14**	–
Dividend Income on financial instruments measured at FVTPL	**57.03**	99.39
Change in bank balance not considered as cash and cash equivalents	**(20.30)**	59.97
Proceed from/ (Acquisition of) current investment (Net)	**2,976.63**	(2,976.63)
Inter corporate deposit given	**(2,950.00)**	–
Inter corporate deposit refunded	**2,950.00**	–
Net cash from/(used in) by investing activities	**312.98**	(3,711.10)
Cash flows from financing activities		
Repayment of borrowings to bank	**–**	(912.32)
Interest paid	**(7.22)**	(45.00)
Interest on delay payment of statutory dues	**(1.15)**	(3.39)
Payment of lease liabilities	**(258.06)**	(240.06)
Net cash generated/(used in) financing activities	**(266.43)**	(1,200.76)
Net increase/(decrease) in cash and cash equivalents	**(4,120.99)**	4,941.62
Cash and cash equivalents at the beginning of the year	**7,380.04**	2,438.42
Cash and cash equivalents at the end of the year (Refer Note No: 14)	**3,259.05**	7,380.04

Note: The working capital changes for the previous year have been determined after considering the liabilities and assets transferred under the Scheme of Amalgamation of Mahindra Defence Naval System Limited with the company.

The accompanying notes forming part of the financial statements 1 to 48

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Pramod B.Shukla
Partner

Mukul Verma
Chief Financial Officer

Place : Gurugram
Date : 27-04-2021

For and on behalf of Board of Directors

S. P. Shukla — Managing Director
DIN: 00007418

Sukhvindar Hayer — Director
DIN: 07272511

Manish Sharma — Company Secretary

Place : Mumbai
Date : 27-04-2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

a. Equity share capital

(Amount in Rs. Lakhs)

Particulars	
As at April 1 2019	1,672.37
Issue of equity share capital during the year	–
As at March 31, 2020	**1,672.37**
Issue of equity share capital during the year	–
As at March 31, 2021	**1,672.37**

b. Other Equity

(Amount in Rs. Lakhs)

	Reserves and Surplus			Items of Other Comprehensive Income	Total
Particulars	**Securities premium**	**Capital Reserve#**	**Retained earnings##**	**Defined Benefits Plan**	
Balance as on April 1, 2019	**27,622.68**	**2,412.24**	**(5,017.26)**	**50.19**	**25,067.85**
Profit for the year 2019-20	–	–	1,895.63	–	1,895.63
Remeasurements of the defined benefit plan, net of income tax	–	–	–	36.16	36.16
Balance as on March 31, 2020	**27,622.68**	**2,412.24**	**(3,121.63)**	**86.35**	**26,999.64**
Balance as on April 1, 2020	**27,622.68**	**2,412.24**	**(3,121.63)**	**86.35**	**26,999.64**
Profit for the year 2020-21	–	–	5,002.67	–	5,002.67
Remeasurements of the defined benefit plan, net of income tax	–	–	–	9.40	9.40
Balance as on March 31, 2021	**27,622.68**	**2,412.24**	**1,881.04**	**95.75**	**32,011.71**

This reserve represents reserve recognised on amalgamation of the erstwhile Defence Land Systems India Limited with the Company being the difference between Company's investment value and share capital of the transferor Company.

Retained Earnings refers to Net Earnings not paid as dividends but retained by the Company to be reinvested in its core business. This amount is available for distribution to its equity shareholders.

* Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013

The accompanying notes forming part of the financial statements 1 to 48

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Pramod B.Shukla
Partner

Mukul Verma
Chief Financial Officer

Place : Gurugram
Date : 27-04-2021

For and on behalf of Board of Directors

S. P. Shukla Managing Director
DIN: 00007418

Sukhvindar Hayer Director
DIN: 07272511

Manish Sharma Company Secretary

Place : Mumbai
Date : 27-04-2021

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. **General Information**

Mahindra Defence Systems Limited is a Public Limited Company incorporated on July 30, 2012 under the Companies Act, 1956 ("the Act"). The Company is a subsidiary of Mahindra & Mahindra Limited. The Company is engaged in design, development, manufacture, supply, dealing, operating, trading, overhaul, repair, maintenance and service of all kinds of defence vehicle and other defence equipment including training to armed forces people through specific equipments. The Company is also engaged in business of consultancy, training, implementation, management, maintenance and audit in the areas of information security, physical security, homeland security, critical infrastructure security, IT systems & network security, applications security, web & software security, change management & training, business continuity, disaster recovery, governance, loss prevention, fraud risk management, forensics, third party assessment and other allied areas with the objective of derisking the business and mitigation of loss arising from such security risks. The address of company's registered office is Mahindra Towers, P.K. Kurne Chowk, Dr. G.M.Bhosale Marg, Worli, Mumbai-400018 and the address of its corporate office is Mahindra Towers, 1st Floor, 2-A, Bhikaji Cama Place, New Delhi- 110066.

2. **Basis of preparation and presentation**

2.1 Statement of Compliance

The financial statements have been prepared in accordance with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

The financial statements are presented in rupees and all values are rounded to the nearest lakhs except when otherwise indicated.

2.2 Accounting convention

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 Operating Cycle

Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3. **Significant Accounting Policies**

3.1 Revenue recognition

Revenue represents income derived from contracts for the provision of goods and services, over time or at a point in time, by the company to customers in exchange for consideration in the ordinary course of the activities.

Contract Identification

The contract between the Company and customer is identified which creates enforceable rights and obligations with defined payment terms.

Performance obligations

Upon approval by the parties to a contract, the contract is assessed to identify each promise to transfer either a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Goods and services are distinct and accounted for as separate performance obligations in the contract if the customer can benefit from them either on their own or together with other resources that are readily available to the customer and they are separately identifiable in the contract.

Transaction price

At the start of the contract, the total transaction price is determined with respect to the contract. The total transaction price is allocated to the performance obligations identified in the contract in proportion to their relative stand-alone selling prices.

Revenue recognition

Revenue is recognised as performance obligations are satisfied as control of the goods and services is transferred to the customer. For each performance obligation within a contract, the company determines whether it is satisfied over time or at a point in time.

Performance obligations are satisfied over time if one of the following criteria is satisfied:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as it performs;
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Company's performance does not create an asset with an alternative use to the Company and it has an enforceable right to payment for performance completed to date.

For each performance obligation to be recognized over time, the Company recognises revenue using an input method and output method. Input method is used to recognize revenue on the basis of Percentage completion method applied on the company actual spent on the basis of resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used while Output methods recognize revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. Revenue and attributable margin are calculated by reference to estimates of sale price and total costs.

<u>Significant financing component;</u>

In determining the transaction price, the company adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract provides the customer or the company with a significant benefit of financing the transfer of goods or services to the customer.

The company recognises revenue at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer (ie the cash selling price)

<u>Dividend, interest and rental income</u>

Dividend income from investments is recognized when right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the companies expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

3.2 Leasing

Rental expense from operating leases is generally recognised on a straight line basis over the term of relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

The Company is Lessor

Leases for which the company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Separate lease components in the contract is accounted as Lease Income.

The Company did not need to make any adjustments to the accounting of assets held as lessor under operating leases as a result of the adoption of IND AS 116.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

The Company is Lessee

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

ii) Transition

The Company applied Ind AS 116 initially on 1 April 2019, using the modified retrospective approach with Option 2 where an amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease is recognised in the balance sheet as Right-of use asset immediately before the date of initial application.

The following is the summary of practical expedients elected on initial application:

Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application, Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 disclosed under Note 25 of financial statements for the year ended March 31, 2019 and the value of the lease liability as of 01 April 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

3.3 Foreign currency transactions and translations

In preparing the financial statements transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.4 Borrowing costs

Borrowing costs directly attributable to the' acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.5 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity, compensated absences and post-employment medical benefits.

<u>Retirement benefit costs</u>

Payments to defined contribution retirement benefit plans are recognised as an expense employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re – measurements, comprising actuarial gains and losses, the effect of changes to asset ceiling (if applicable) and the return on plan assets, is recognized in other comprehensive income in the period in which they occur. Re - measurements recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the companies defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

3.6 Taxes on income

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Minimum Alternate Tax (MAT) paid as current tax expense in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as tax credit and recognised as deferred tax asset when there is reasonable certainty that the Company will pay normal income tax in the future years and future economic benefit associated with it will flow to the Company.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively

3.7 Property, Plant and equipment

Property, Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses.

Depreciation is recognised so as to write off the cost of assets (Other than free hold land and properties under contruction less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is charged on a pro-rata basis at the straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, other than certain assets which are depreciated as follows:

Estimated useful life of assets are as follows:

Plant and equipment	1- 10 years
Office equipment	1- 5 years
Furniture and fixtures	1-10 years
Vehicles	5 years

The above useful life has been assessed based on internal assessment and technical advice, taking into account the nature of the asset, the estimated usage of the asset, and the operating conditions of the asset and anticipated technological changes.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.8 Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Useful lives of intangible assets

Intangible assets comprising of technical knowledge and development expenditure, etc. are amortised over a period of three years or less depending on the estimated useful life of the assets remaining as at balance sheet date. Intangible assets, comprising of software, expenditure on product design and prototypes incurred are amortised on a straight line method over a period of 5 years and 3-5 years respectively.

3.9 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs of disposal and value in use.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash- generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a moving weighted average. Finished goods and work-in-progress include appropriate proportion of overheads. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.11 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

3.12 Warranties

In respect of sale of manufactured and traded goods, the estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures (except warranties backed by the supplier).

3.13 Financial instruments

Financial assets and financial liabilities are recognised when Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.14 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Financial instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income:
- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Financial assets at fair value through profit or loss (FVTPL)

A financial asset that meets the amortised cost criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the company right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Investment in Equity instruments

Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment, if any.

3.15 Financial liabilities

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' Line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

3.16 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:-

Recoverability of intangible asset under development

During the period, the Company assessed the recoverability of the intangible assets under development.

Capitalisation of cost in intangible assets under development is based on management's judgment that technological and economic feasibility is confirmed and asset under development will generate economic benefits in future. This situation is closely monitored, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Useful lives of depreciable assets and intangible assets

Management reviews the useful lives of depreciable assets and intangible assets at each reporting. As at March 31, 2021 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

Investment considered Joint venture

The Company holds 51% equity share capital of Mahindra Telephonics Integration Systems Limited (MTISL) and the remaining 49% is held by Telephonics corporation USA (TC) (Joint venture partner). Based on the joint venture agreement between the Company and TC, decisions on certain relevant activities, which are significant in nature, require the consent of both the Company and TC. Company cannot take unilateral decision on those activities

The provision of output from operations, do not go to "both the parties" as MTISL does not sell its product to the Company and hence the Company does not receive economic benefits of the assets of the operations. The outputs of the MTISL are purchased only by TC. The MTISL is generating cash to contribute to the continuity of the operations. Therefore, the director of the Company decided to classify MTISL as joint venture.

Impairment of Investments

The Company assesses impairment of investments in joint ventures which are recorded at cost. At the time when there are any indications that such investments have suffered a loss, if any, is recognised in the statement of Profit and Loss. The recoverable amount requires estimates of operating margin, discount rate, future growth rate, terminal values, etc. based on management's best estimate

Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

4.1 Recent Accounting pronouncements

i. On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021

   The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

ii. The Company has analysed it and concluded that there no recent accounting pronouncements which have material impact on the financial performance and position of the Company.

Note No: 5 - Property, Plant and equipment

(Amount in Rs. Lakhs)

Description of Assets	Land- Free Hold	Buildings*	Plant and equipment	Office equipment	Furniture and Fixtures	Vehicles	Total
I. Cost or deemed cost							
Balance as at April 1, 2020	836.42	2,719.58	2,674.03	202.78	340.52	1,094.57	7,867.90
Additions	2,341.50	–	418.07	14.38	5.52	87.92	2,867.39
Disposal/write off	–	–	40.19	2.59	10.67	158.80	212.25
Balance as at March 31, 2021	**3,177.92**	**2,719.58**	**3,051.91**	**214.57**	**335.37**	**1,023.69**	**10,523.04**
II. Accumulated depreciation							
Balance as at April 1, 2020	–	757.14	1,602.52	117.77	266.51	645.67	3,389.61
Depreciation expense for the year	–	86.12	282.74	24.61	17.78	124.44	535.69
Eliminated on disposal/write off	–	–	36.06	2.46	10.12	128.86	177.50
Balance as at March 31, 2021	**–**	**843.26**	**1,849.20**	**139.92**	**274.17**	**641.25**	**3,747.80**
III. Net carrying amount (I-II)	**3,177.92**	**1,876.32**	**1,202.71**	**74.65**	**61.20**	**382.44**	**6,775.24**

* Part of building measuring 42,488 Sq Ft out of total area of 2,61,274 Sq Ft is leased out.

(Amount in Rs. Lakhs)

Description of Assets	Land- Free Hold	Buildings*	Plant and equipment	Office equipment	Furniture and Fixtures	Vehicles	Total
I. Cost or deemed cost							
Balance as at April 1, 2019	836.42	2,693.18	2,403.35	192.30	337.09	1,079.34	7,541.68
Additions	–	26.40	292.56	10.86	3.43	264.33	597.58
Disposal/write off	–	–	21.88	0.38	–	249.10	271.36
Balance as at March 31, 2020	836.42	2,719.58	2,674.03	202.78	340.52	1,094.57	7,867.90
II. Accumulated depreciation							
Balance as at April 1, 2019	–	670.33	1,368.51	101.82	230.05	653.48	3,024.19
Depreciation expense for the year #	–	86.81	250.04	16.31	36.46	133.74	523.36
Eliminated on disposal/write off	–	–	16.03	0.36	–	141.55	157.94
Balance as at March 31, 2020	–	757.14	1,602.52	117.77	266.51	645.67	3,389.61
III. Net carrying amount (I-II)	836.42	1,962.44	1,071.51	85.01	74.01	448.90	4,478.29

* Part of building measuring 42,488 Sq Ft out of total area of 2,61,274 Sq Ft is leased out.

Note No: 5A:- Right of use assets (Refer Note 42)

(Amount in Rs. Lakhs)

Description of Assets	Total	Description of Assets	Total
Balance as at April 1, 2020	826.78	Balance as at April 1, 2019	–
Additions (Refer Note 42)	–	Additions (Refer Note 42)	826.78
Balance as at March 31, 2021	**826.78**	**Balance as at March 31, 2020**	**826.78**
II. Accumulated amortisation		II. Accumulated amortisation	
Balance as at April 1, 2020	236.22	Balance as at April 1, 2019	–
Amortisation expense for the year	236.22	Amortisation expense for the year	236.22
Balance as at March 31, 2021	**472.44**	**Balance as at March 31, 2020**	**236.22**
III. Net carrying amount (I-II)	**354.34**	**III. Net carrying amount (I-II)**	**590.56**

Note No: 6 - Intangible assets

(Amount in Rs. Lakhs)

Description of assets	Software $	Product design and prototypes ##	Total
I. Cost or deemed cost			
Balance as at April 1, 2020	190.14	2,903.66	**3,093.80**
Additions ###	4.00	359.83	**363.83**
Disposal/Write -offs	–	–	**–**
Balance as at March 31, 2021	**194.14**	**3,263.49**	**3,457.63**
II. Accumulated amortisation			
Balance as at April 1, 2020	190.06	984.75	**1,174.81**
Amortisation expense for the year	0.78	702.41	**703.19**
Eliminated on disposal of assets	–	210.75	**381.40**
Balance as at March 31, 2021	**190.84**	**1,687.16**	**1,878.00**
III. Net carrying amount (I-II)	**3.30**	**1,576.33**	**1,579.63**

Product design and prototypes includes specified projects with net carrying amount as at March 31, 2021 Rs. 1375.44 lakhs with a remaining amortisation period of 2 years and Rs 200.89 Lakhs with a remaining amortisation period of 3 years.

$ Acquired

Includes Product design and prototypes acquired during the year by Rs 217.14 Lakhs

(Amount in Rs. Lakhs)

Description of assets	Technical knowledge	Development expenditure	Software $	Product design and prototypes ##	Total
I. Cost or deemed cost					
Balance as at April 1, 2019	76.97	93.68	190.06	857.05	**1,217.76**
Additions	–	–	0.08	2,518.25	**2,518.33**
Disposal/Write -offs	76.97	93.68	–	471.64	**642.29**
Balance as at March 31, 2020	–	–	190.14	2,903.66	3,093.80
II. Accumulated amortisation					
Balance as at April 1, 2019	76.97	93.68	187.70	501.82	**860.17**
Amortisation expense for the year	–	–	2.36	693.68	**696.04**
Eliminated on disposal of assets	76.97	93.68	–	210.75	**381.40**
Balance as at March 31, 2020	**–**	**–**	**190.06**	**984.75**	**1,174.81**
III. Net carrying amount (I-II)	**–**	**–**	**0.08**	**1,918.91**	**1,918.99**

Product design and prototypes includes specified projects with net carrying amount as at March 31, 2020 Rs. 1918.91 lakhs with a remaining amortisation period of 3 years.

$ Acquired

Note No: 6A Intangible assets under development

(Amount in Rs. Lakhs)

Description of Assets	Total		Total
Balance as at March 31, 2020 #	**86.39**	**Balance as at March 31, 2019 #**	**4,427.94**
Additions	161.33	Additions	379.67
Capitalised**	142.69	Capitalised**	2,601.70
Written Off	–	Written Off*	2,119.52
Balance as at March 31, 2021 #	**105.03**	**Balance as at March 31, 2020 #**	**86.39**

* as management expects that there is no future economic benefits expected from its use or disposal.

The above includes eligible design and prototype related development expenditure with respect to specified projects . On capitalisation the same would be amortised over 3 to 5 years based on economic benefits expected from its use.

** During the year Rs 142.69 Lakhs (Previous Year Rs. 2518.25 Lakhs) capitalised in Product design and prototypes and Rs. Nil (Previous Year Rs. 83.45 Lakhs) capitalised in Plant & Equipment

Note No: 7 Non Current Investments

(Amount in Rs. Lakhs)

	As at March 31, 2021		As at March 31, 2020	
Particulars	**Qty (In Number)**	**Amounts**	Qty (In Number)	Amounts
Non current investment carried at cost				
Unquoted Investments (all fully paid) in equity instruments				
– **In Joint venture***				
Mahindra Telephonics Integration Systems Limited	**25,900,000**	**2,590.00**	25,900,000	2,590.00
Less : Aggregate amount of Impairement in value of investment in Joint venture	**–**	**(1,856.00)**	–	–
Total	**25,900,000**	**734.00**	25,900,000	2,590.00

*Refer Note no.4 , 45 and 46

Note No: 8 Trade receivables

(Amount in Rs. Lakhs)

	As at March 31, 2021		As at March 31,2020	
Particulars	**Current**	**Non–Current**	Current	Non–current
Trade receivables				
Receivable considered good- Unsecured	**17,048.31**	**3,411.07**	6,003.77	1,025.88
Receivable - credit impaired	**251.28**	**–**	208.52	–
Less: Allowance for doubtful debts (expected credit loss allowance) (Refer Note (i) below)	**251.28**	**–**	208.52	–
Total	**17,048.31**	**3,411.07**	6,003.77	1,025.88
Of the above, trade receivables from:				
– Related Parties	**1,360.84**	**494.79**	2,283.27	1,025.88
– Others	**15,687.47**	**2,916.28**	3,720.50	–
Total	**17,048.31**	**3,411.07**	6,003.77	1,025.88

(i) Details of movement in Allowance for doubtful receivable

Amount (Rs in Lakhs)

Particulars	**As at March 31, 2021**	As at March 31, 2020
Balance at beginning of the year	**208.52**	305.21
Written off during the year	**–**	305.21
Created during the year	**57.17**	208.52
Excess provision written back	**14.41**	–
Balance at end of the year	**251.28**	208.52

Refer Note No. 32- Financial Instruments for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note No: 9 Current Investments

(Amount in Rs. Lakhs)

	As at March 31, 2021		As at March 31,2020	
Particulars	**Units**	**Amount**	Units	Amount
UnQuoted Investments at Fair value thru Profit & Loss (FVTPL)				
ICICI Prudential Overnight Fund Direct Plan Daily Dividend- Reinvestment	–	–	**530,151.00**	**530.15**
Kotak Liquid Fund Direct Plan Daily Dividend - Reinvestment	–	–	**49,403.04**	**604.11**
Mahindra Liquid Fund Regular Daily Dividend - Reinvestment	–	–	**82,656.28**	**827.02**
ABSL Overnight fund - Daily Dividend - Direct Plan- Reinvestment	–	–	**51,350.70**	**513.52**
HDFC Overnight Fund Direct Plan - Daily Dividend - Reinvestment	–	–	**48,129.84**	**501.83**
Total		–		2,976.63

Other Disclosures

(i) Aggregate book value and market value of Unquoted investments	–	2,976.63

Note No: 10 Other financial assets

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2021 Current	As at March 31, 2021 Non-current	As at March 31, 2020 Current	As at March 31, 2020 Non-current
Unsecured considered good				
Security deposits	**63.50**	**165.84**	44.40	170.91
Others			–	–
Interest accrued on bank deposits	**17.49**	**–**	19.37	–
Unbilled revenue	**4,923.12**	**–**	3,235.50	–
Others	**–**	**–**	0.57	–
Total	**5,004.11**	**165.84**	3,299.84	170.91

Refer Note No. 32- Financial Instruments for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

Note No: 11 Deferred tax assets (Net)

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2021 Non-Current	As at March 31, 2020 Non-Current
Deferred tax assets		
Brought forward business losses/Unabsorbed depreciation	**–**	111.95
Provision for employee benefits	**194.21**	188.25
Allowance for doubtful debts	**63.24**	52.48
Financial assets carried at amortised cost	**5.15**	18.14
Bonus payable	**6.24**	5.91
Deductible temporary disallowances	**56.29**	290.74
Intangible Assets	**102.17**	76.58
Total deferred tax assets (A)	**427.30**	744.05
Deferred tax liabilities		
Property, Plant and Equipment	**31.87**	296.29
Total Deferred tax liabilities (B)	**31.87**	296.29
Net Deferred Tax Assets/(Liabilities) (A - B)	**395.43**	447.76

Note No: 12 Other assets

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2021 Current	As at March 31, 2021 Non-Current	As at March 31, 2020 Current	As at March 31, 2020 Non-current
Balances with government authorities(GST & VAT)	**1,676.63**	**–**	2,241.15	–
Advances to employees	**6.26**	**–**	8.63	–
Prepaid expenses and unamortised cost	**630.89**	**999.66**	604.68	422.61
Advances to suppliers	**724.05**	**35.20**	319.83	–
Capital advances	**–**	**351.55**	–	319.70
Total	**3,037.83**	**1,386.41**	3,174.29	742.31

Note No: 13 Inventories

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials (Including goods in transit Rs.236.85 Lakhs previous year Rs Nil)	**3,724.48**	1,845.22
Work in progress	**239.47**	284.93
Finished Goods(Including goods in transit Rs 139.24 Lakhs previous year Rs 678.82 Lakhs)	**406.65**	3,290.59
Stores and spares	**31.35**	40.54
Loose Tools	**13.82**	24.00
Total	**4,415.77**	5,485.28

(i) The cost of inventories recognised as an expense during the year was Rs.18,678.06 lakhs (March 31, 2020: Rs 7766.00 Lakhs)

(ii) The cost of inventories recognised as an expense is Rs Nil (March 31,2020 : Rs 192.17 Lakhs) in respect of write-down of inventory to net realisable value.

Note No: 14 Cash and cash equivalents

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance with banks		
– In current accounts	**1,059.05**	7,176.68
– In deposit accounts with original maturity of less than three months	**2,200.00**	–
Remittance in transit	**–**	203.36
Total	**3,259.05**	7,380.04

Note No: 15 Other bank balances

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance with banks		
Bank deposit kept with government authorities and bank*	**339.42**	319.12
Total	**339.42**	319.12

* held as margin money

Note No: 16 Equity share capital

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	**Value of shares**	No. of shares	Value of shares
Authorised share capital				
Equity shares of Rs.10 each with voting rights	**315,000,000**	**31,500.00**	315,000,000	31,500.00
Issued, subscribed and fully paid shares				
Equity shares of Rs.10 each fully paid up with voting rights	**16,723,655**	**1,672.37**	16,723,655	1,672.37

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

(Amount in Rs. Lakhs)

	As at March 31, 2021		As at March 31, 2020	
Particulars	**No of Shares**	**Amount**	No of Shares	Amount
Shares outstanding at the beginning of the year	**16,723,655**	**1,672.37**	16,723,655	1,672.37
Add: Fresh issue of equity shares during the year	**–**	**–**	–	–
Shares outstanding at the end of the year	**16,723,655**	**1,672.37**	16,723,655	1,672.36

Details of shareholders holding more than 5% shares in the Company

Particulars	**As at March 31, 2021**		As at March 31, 2020	
Mahindra & Mahindra Limited (Holding company) jointly with its Nominees	16,723,655	100%	16,723,655	100%

Note No: 17 Provisions

(Amount in Rs. Lakhs)

	As at March 31, 2021		As at March 31, 2020	
Particulars	**Current**	**Non–current**	Current	Non–current
Provision for employee benefits				
(i) Gratuity*	**56.69**	**386.16**	20.80	353.19
(ii) Compensated absences	**118.58**	**222.77**	41.14	302.47
(iii) Post retirement medical benefits*	**0.44**	**88.69**	0.10	78.57
(iv) Provision for warranty (refer note (i) below)	**206.46**	**45.04**	123.64	49.96
(v) Provision for Liquidated Damages (refer note (ii) below)	**470.85**	**–**	135.39	–
Total	**853.02**	**742.66**	321.07	784.19

*Refer Note No. 31 - Employee benefits

(i) Details of movement in warranty provisions

(Amount in Rs. Lakhs)

Particulars	**As at March 31, 2021**	As at March 31, 2020
Balance at beginning of the year	**173.60**	121.03
– Additional provisions recognised	**85.19**	86.55
– Amounts used during the period	**8.05**	34.10
– Unwinding of discount and effect of changes in the discount rate	**0.76**	0.12
Balance at end of the year	**251.50**	173.60

Provision for warranty represent the present value of managements best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties. The estimate has been made based on historical warranty trends and may vary as a result of new materials, altered manufacturing process or other events. It is expected that most of these costs will be incurred in the next financial year and all will have been incurred within three years after the reporting date. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the three-year warranty period for all products sold . Further, specific waranty related cases identified by management are also covered.

(ii) Details of movement in Liquidated Damages

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at beginning of the year	**135.39**	47.45
– Additional provisions recognised	**335.82**	399.91
– Amounts used during the period	**0.36**	311.97
Balance at end of the year	**470.85**	135.39

Note No: 18 Other financial liabilities

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2021 Current	As at March 31, 2021 Non-current	As at March 31, 2020 Current	As at March 31, 2020 Non-current
Capital creditors*	**28.09**	**–**	–	–
Security deposits received	**8.57**	**26.76**	42.27	26.76
Interest accured but not due on borrowings	**–**	**–**	7.22	–
Total	**36.66**	**26.76**	49.49	26.76

*Refer Note No. 32- Financial Instruments

Note No: 19 Other Current liabilities

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2021 Current	As at March 31, 2021 Non-current	As at March 31, 2020 Current	As at March 31, 2020 Non-current
Advances received from customers	**952.21**	**–**	2,339.97	–
Advance billing to the customers	**1,264.86**	**598.12**	1,378.33	896.13
Statutory dues (contribution to provident fund, ESIC, LWF, withholding taxes,GST, etc.)	**205.59**	**–**	152.88	–
Total	**2,422.66**	**598.12**	3,871.18	896.13

Note No: 20 Revenue from operations

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from Contracts:		
Sale of Manufactured Goods		
Equipment for Torpedo defence system	**2,066.44**	329.11
VIP Discreet Vehicle	**235.96**	–
Light Armoured Vehicle	**3,879.90**	5,921.55
Wheel assembly	**5,615.24**	3,749.75
Police Special Purpose Vehicle	**–**	275.01
Others	**447.12**	815.79

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of Traded Goods		
Spare parts and other allied products	**1,290.18**	840.27
Software Licenses	**447.54**	270.27
Turnkey contracts revenue	**12,262.39**	252.11
Revenue from rendering of services		
Consultancy services	**861.45**	1,144.20
Annual maintenance contract	**999.58**	980.20
Training service	**7,985.36**	7,532.76
Business support service	**8,388.87**	8,301.62
Other services	**31.99**	142.23

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Other operating Revenue		
Excess provision doubtful debt/ liabilities, no longer required written back	**14.41**	50.96
Bad Debt recovered	**119.64**	–
Insurance claim	**–**	0.61
Sale of scrap	**21.46**	58.06
Duty drawback and other export incentives	**39.88**	68.29
Total	**44,707.41**	30,732.79

Note No: 21 Other income

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Other income		
Interest on bank deposits (At amortised cost)	**201.60**	22.25
Interest Income on financial assets at fair value through profit and loss(FVTPL)	**145.89**	49.01
Interest on Loan to fellow subsidiaries	**29.14**	–
Interest on Income tax refund	**94.06**	243.79
Dividend Income on financial instruments measured at FVTPL	**57.03**	99.39
Net gain on foreign currency transaction and translation	**–**	111.19
Service charges recovered	**214.98**	209.47
Other non-operating income		
Rental income (Refer Note 42)	**397.62**	390.77
Profit on sale of property, plant and equipment	**0.69**	6.23
Miscellaneous income	**10.69**	18.14
Total	**1,151.70**	1,150.24

Note No:22 Cost of materials consumed

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening stock	**1,845.22**	3,110.84
Add: Purchases*	**16,580.13**	9,177.10
Less: Closing stock	**3,724.48**	1,845.22
Total	**14,700.87**	10,442.72

* Includes conversion/processing charges Rs 244.65 Lakhs (Previous year Rs.411.85 Lakhs)

Note No: 23 Purchases of stock-in-trade

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Stock-in-trade - Spares Parts and other allied products	**707.81**	497.04
Stock-in-trade - Software licenses	**339.99**	251.53
	1,047.80	748.57

Note No: 24 Changes in inventories of finished goods, work-in-progress and stock-in-trade

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the end of the year:		
Finished goods	**406.65**	3,290.59
Work-in-progress	**239.47**	284.93
	646.12	3,575.52
Inventories at the beginning of the year:		
Finished goods	**3,290.59**	93.04
Work-in-progress	**284.93**	57.19
	3,575.52	150.23
(Increase)/Decrease	**2,929.40**	(3,425.29)

Note No: 25 Employee benefits expense

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages, bonus,etc	**5,415.56**	5,135.32
Contribution to provident and Other fund #	**257.52**	250.67
Gratuity #	**100.90**	94.05
Post retirement medical benefit #	**21.30**	24.09
Expense on Employee Stock Option (ESOP) Scheme *	**2.06**	4.13
Staff welfare expenses	**113.61**	177.44
Total	**5,910.95**	5,685.70

* represents reimbursement of cost to holding company, towards ESOP's granted by the Holding company to employees of the Company for detail refer note no 36

Refer Note No. 31 - Employee benefits

Note No: 26 Finance costs

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on borrowings (At Amortised cost)	**–**	39.17
Interest Expense on financial assets at fair value through profit and loss(FVTPL)	**54.99**	–
Interest on delay of payment to micro and small enterprise	**8.19**	8.35
Interest on delay in payment of statutory dues	**1.15**	3.39
Interest on delay in payment of income tax	**41.27**	–
Unwinding of discount on provision for warranty	**0.77**	0.12
Interest on Lease liability (Refer Note No 42)	**31.09**	44.08
Total	**137.46**	95.11

Note No: 27 Other expenses

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Consumption of stores and spare parts	**25.99**	49.45
Tools Consumed	**9.44**	9.04
Power and Fuel	**113.48**	213.33
Rent including lease rent (Refer Note 42)	**199.96**	253.96
Rates and taxes	**66.12**	28.33
Repairs and maintenance-building	**112.92**	37.98
Repairs and maintenance-plant and equipment	**1,062.79**	551.22
Repairs and maintenance-others	**148.06**	195.75
Insurance	**122.36**	109.43
Legal and professional charges**	**319.75**	269.20
Shared service charges	**317.65**	203.28
Travelling and conveyance	**403.10**	651.04
Printing and stationery	**19.54**	27.23
Communication expenses	**32.43**	42.31
Software charges	**42.37**	29.87
Advertisement	**30.92**	25.57
Selling and marketing expenses	**33.81**	282.05
Loss on write down of inventories	**–**	192.17
Loss on sale of property, plant and equipment	**28.85**	9.77
Intangible assets under development written off	**–**	2,119.52
Loss on write off of Property, plant and equipment and Intangible assets	**–**	334.46
Bad Debts written off *	**–**	395.03
Freight outward	**276.93**	109.21
Vehicle trial expenses	**346.77**	134.05
Liquidated damages	**335.82**	399.91
Allowance for doubtful debts	**57.17**	208.52
Warranty Expenses	**85.19**	86.55
Net loss on foreign currency transaction and translation	**51.70**	–
Bank charges	**73.44**	65.09
Development & Testing Charges	**30.19**	64.00
CSR Expenditure (Refer Note No 41)	**48.60**	29.80
Miscellaneous expenses	**119.89**	151.43
Total	**4,515.24**	7,278.55

* Net of allowance for doubtful debts agreegating Rs Nil (Previous year Rs. 305.21 lakhs) created in earlier years.

** Legal & Professional fees include payment to auditor's :-

As Auditor :		
Stautory Audit Fees	38.00	38.00
For Other services	1.00	3.50
For Reimbursement of expenses	1.24	0.70

Note No. 28 - Income Tax

Income tax expense in the statement of profit and loss comprises:

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current income tax		
In respect of the current year	**2,190.88**	87.35
(Sub-Total)	**2,190.88**	87.35
Deferred Tax Assets		
Brought forward business losses & Unabsorbed Depreciation	**111.95**	1,276.74
Provision for employee benefits	**(9.12)**	34.64
Allowance for doubtful debts	**(10.76)**	54.17
Financial assets carried at amortised cost	**12.99**	19.20
Bonus payable	**(0.33)**	1.67
Deductible temporary disallowances	**234.45**	(9.87)
Mat credit entitlement	**–**	573.30
Intangible Assets	**(25.59)**	(45.67)
Deferred Tax Liabilities		
Property, Plant and Equipment	**(264.42)**	(155.13)
Total	**2,240.05**	1,836.40

The Income tax expense for the year can be reconciled to the accounting profit as follows:

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax	**7,295.91**	3,732.03
Income tax expense calculated at 25.17% (Previous year : 25.17%)	**1,836.23**	939.28
Effect of change in income tax rate	**–**	457.60
Effect of income exempt from taxation	**(10.86)**	(39.11)
Effect of expenses non deductible in determining taxable profits	**30.18**	13.90
Effect of disallowance of provision for impairement for Joint Venture	**467.12**	–
Effect of MAT credit (entitlement)/ Charge	**–**	573.30
Others	**(82.62)**	(108.57)
Income Tax Expense/(benefit) recognised in profit or loss	**2,240.05**	1,836.40

Deferred tax recognised in statement of profit or loss

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Tax effect of items constituting deferred tax (assets)/Liabilities		
Brought forward business losses & Unabsorbed Depreciation	**111.95**	1,276.74
Provision for employee benefits	**(9.12)**	34.64
Allowance for doubtful debts	**(10.76)**	54.17
Financial assets carried at amortised cost	**12.99**	19.20
Bonus payable	**(0.33)**	1.67
Deductible temporary disallowances	**234.45**	(9.87)
MAT credit (entitlement)/Charge	**–**	573.30
Property, Plant and Equipment	**(264.42)**	(155.13)
Intangbile Assets	**(25.59)**	(45.67)
Deferred Tax recognised in profit or loss	**49.17**	1,749.05

Deferred tax recognised in "Other Comprehensive Income"

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Remeasurement of defined benefits obligations	**3.16**	12.16

Note No: 29 - Segment information

For management purposes, the Company is organised into business units based on its products and services to the customer and has two reportable segments, as follows:

– Defence and Homeland security

– Non Defence

The Managing Director, the chief operating decision maker (CODM), have chosen to organise the Company in to the above mentioned segments and which is also the basis for the purposes of resource allocation and assessment of segment performance. No aggregation has been done in arriving at the reportable segments of the Company.

The CODM primarily uses Earnings before Interest and Tax (EBIT) as a measure to assess the performance of the segments.

(Amount in Rs. Lakhs)

Particulars	**For the year ended March 31, 2021**			For the year ended March 31, 2020		
	Defence & Homeland Security	**Non Defence**	**Total Segments**	Defence & Homeland Security	Non Defence	Total Segments
External sales and service income	**43,835.55**	**1,308.99**	**45,144.54**	29,801.80	1,414.47	31,216.27
Other income (excluding interest income)	**408.76**	**0.24**	**409.00**	513.89	12.43	526.32
Total revenue	**44,244.31**	**1,309.23**	**45,553.54**	30,315.69	1,426.90	31,742.59
Depreciation and amortisation	**1,449.51**	**9.96**	**1,459.47**	1,419.48	16.19	1,435.67
Segment profit	**8,840.74**	**123.85**	**8,964.59**	3,173.72	40.75	3,214.47
Total Segment Operating assets	**41,584.80**	**1,014.20**	**42,599.00**	24,621.19	622.98	25,244.17
Total Segment Operating liabilities	**13,431.30**	**821.60**	**14,252.90**	12,814.46	501.30	13,315.76

Other disclosures

– Disclosure of operating segment assets and liabilities are not made as such measures are not provided to the CODM.

– All other adjustments and eliminations are part of detailed reconciliations presented further below.

(Amount in Rs. Lakhs)

Reconciliation of Revenue	For the year ended March 31, 2021	For the year ended March 31, 2020
Operating Revenue	**45,553.54**	31,742.59
Unallocable Revenue	**742.70**	624.53
Elimination: Inter Segment Sales	**(437.13)**	(484.09)
Total Revenue	**45,859.11**	31,883.03

(Amount in Rs. Lakhs)

Reconciliation of profit	For the year ended March 31, 2021	For the year ended March 31, 2020
Segment Profit	**8,964.59**	3,214.47
Unallocable Profit/(loss)	**(1,974.81)**	198.23
Finance income	**352.69**	365.43
Gain on financial assets at fair value through profit or loss	**145.89**	49.01
Loss on financial assets at fair value through profit or loss	**(86.08)**	(44.08)
Finance costs	**(106.37)**	(51.03)
Profit before tax	**7,295.91**	3,732.03

(Amount in Rs. Lakhs)

Reconciliation of assets	For the year ended March 31, 2021	For the year ended March 31, 2020
Segment operating assets	**42,599.00**	25,244.17
Unallocable Assets	**5,096.17**	15,297.22
Deferred tax assets	**395.43**	447.76
Advance Tax	**506.15**	1,663.44
Total assets	**48,596.75**	42,652.59

(Amount in Rs. Lakhs)

Reconciliation of liabilities	For the year ended March 31, 2021	For the year ended March 31, 2020
Segment operating liabilities	**14,252.90**	13,315.76
Unallocable liabilities	**659.77**	664.82
Equity	**33,684.08**	28,672.01
Total liabilities	**48,596.75**	42,652.59

Other Segment Information

Addition to Non Current Assets

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Defence & Homeland Security	**3,208.04**	3,109.63
Non Defence	**22.51**	1.01
Un allocable Assets	**0.67**	5.27
Right of use assets	**–**	826.78
	3,231.22	3,942.69

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on Segment operating assets	**1,459.47**	1,435.67
Depreciaton on unallocated assets	**15.63**	19.95
Total Depreciation and Amortisation	**1,475.10**	1,455.62

(Amount in Rs. Lakhs)

Geographic information*	As at March 31, 2021	As at March 31, 2020
Revenue from external customers		
India	**29,251.09**	21,165.89
Outside India	**15,456.32**	9,566.90
Total sales	**44,707.41**	30,732.79

*There are no Non Current Assets located Outside India

Revenue from major products and services

The following is an analysis of the Company's revenue from continuing operations from its major products and services:

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Equipment for Torpedo defence system	**2,066.44**	329.11
Light Armoured Vehicle	**3,879.90**	5,921.55
Wheel assembly	**5,615.24**	3,749.75
Police Special Purpose Vehicle	**–**	275.01
Sale of Traded Goods	**1,737.72**	1,110.54
Turnkey Project	**12,262.39**	252.11
Consultancy services	**861.45**	1,144.20
Annual maintenance contract	**999.58**	980.20
Training Service	**7,985.36**	7,532.76
Business support service	**8,388.87**	8,301.62
VIP Discreet Vehicle	**235.96**	–
Other	**479.11**	958.02
Total	**44,512.02**	30,554.87

The revenues from single customer exceeding 10% or more of entity's revenue is as under:

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
External Customers		
Customer 1	**12,074.86**	–
Customer 2	**6,973.33**	6,329.46
Customer 3	**6,107.74**	5,634.68
Customer 4	**5,880.04**	3,660.20
Customer 5	**3,172.32**	41.82
Related Party		
Customer 6	**399.29**	451.81
Total	**34,607.58**	16,117.97

Note No: 30 Earnings Per Share

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	Per Share	Per Share
Basic earnings per share	**29.91**	11.34
Total basic earnings per share	**29.91**	11.34
Diluted earnings per share	**29.91**	11.34
Total diluted earnings per share	**29.91**	11.34

a) Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit for the year attributable to owners of the Company (Amt in Rs Lakh)	**5,002.67**	1,895.63
Profit for the year used in the calculation of basic earnings per share (Amt in Rs Lakh)	**5,002.67**	1,895.63
Weighted average number of equity shares (In Number)	**16,723,655**	16,723,655
Earnings per share - Basic (In Rs.)	**29.91**	11.34

b) Diluted earnings per share

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit for the year used in the calculation of basic earnings per share	**5,002.67**	1,895.63
Profits/(loss) used in the calculation of diluted earnings per share	**5,002.67**	1,895.63

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Weighted average number of equity shares used in the calculation of Basic EPS	**16,723,655**	16,723,655
Weighted average number of equity shares used in the calculation of Diluted EPS	**16,723,655**	16,723,655

Note No. 31 - Employee benefits

(a) Defined Contribution Plan

The employees are entitled to receive benefits under the Provident Fund. Both the employee and the employer make monthly contributions to the plan at a predetermined rate of an employee's basic salary. All employees have an option to make additional voluntary contributions. These contributions are made to the fund administered and managed by the Government of India (GOI). The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the statement of profit and loss in the period they are incurred.

An amount of Rs. 257.52 Lakhs (Previous year: Rs 250.67 Lakhs) has been recognised as an expense in respect of the Company's contribution to Provident Fund deposited with the relevant authorities and has been shown under Employee benefits expenses in the Statement of Profit and Loss.

(b) Defined Benefit Plans:

Gratuity

The Company has a gratuity plan covering qualifying employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Post retirement medical benefits

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

Asset volatility

Through its benefits plan the Company is exposed to a number of risk, most significant of which are detailed below:-

Salary Increases

Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

Discount Rate

Reduction in discount rate in subsequent valuations can increase the plan's liability.

Mortality & disability

Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities

Withdrawals

Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

Defined benefit plans

(Amount in Rs. Lakhs)

Particulars	**Un Funded Plan Gratuity**		**Unfunded Plans Post Medical Benefit**	
	2021	2020	**2021**	2020
Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:				
Service cost				
Current service cost	**75.17**	71.03	**15.88**	19.49
Net interest expense	**25.73**	23.02	**5.42**	4.60
Components of defined benefit costs recognised in profit or loss	**100.90**	94.05	**21.30**	24.09
Remeasurement on the net defined benefit liability				
Actuarial (gains) and loss arising from changes in financial assumptions	**35.03**	(8.96)	**9.12**	1.45
Actuarial (gains) and loss arising from experience adjustments	**3.98**	(19.01)	**(11.47)**	(21.81)
Actuarial (gains) and loss arising from Demographic adjustments	**(40.73)**	0.03	**(8.49)**	(0.02)
Components of defined benefit costs recognised in other comprehensive income	**(1.72)**	(27.94)	**(10.84)**	(20.38)
I. Net Asset/(Liability) recognised in the Balance Sheet at the end of the year				
1. Present value of defined benefit obligation at the end of the year	**442.85**	373.99	**89.13**	78.67
2. Fair value of plan assets at the end of the year		–		–
3. Surplus/(Deficit)	**(442.85)**	(373.99)	**(89.13)**	(78.67)
4. Current portion of the above	**56.69**	20.80	**0.44**	0.10
5. Non current portion of the above	**386.16**	353.19	**88.69**	78.57
II. Change in the obligation during the year ended				
1. Present value of defined benefit obligation at the beginning of the year	**373.99**	345.06	**78.67**	74.96
2. *Expenses Recognised in Profit and Loss Account*				
– Current Service Cost	**75.17**	71.03	**15.88**	19.49
– Past Service Cost	**–**	–	**–**	–
– Interest Expense (Income)	**25.73**	23.02	**5.42**	4.60
3. *Recognised in Other Comprehensive Income Remeasurement gains/ (losses)*				
– Actuarial Gain (Loss) arising from:				
i. Demographic assumptions	**(40.73)**	0.03	**(8.49)**	(0.02)
ii. Financial assumptions	**35.03**	(8.96)	**9.12**	1.45
iii. Experience adjustments	**3.98**	(19.01)	**(11.47)**	(21.81)
4. Benefit payments	**(30.32)**	(37.18)	**–**	–
Present value of defined benefit obligation at the end of the year	**442.85**	373.99	**89.13**	78.67

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Actuarial assumptions	2021	2020	2021	2020
1. Discount rate	6.25%	6.88%	6.25%	6.88%
2. Salary Increase	8.00	8.00	8.00	8.00
3. Attrition rate				
Up to 30 years	23.00	5.00	23.00	5.00
31 to 44 years	19.00	4.00	19.00	4.00
above 44 years	3.00	3.00	3.00	3.00
4. Medical premium inflation	–	–	7.50	7.50
5. In service morality	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)	IALM (2012-14)

The estimate of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(Amount in Rs. Lakhs)

Principal assumption		**Changes in assumption**	**Impact on defined benefit obligation**	
			Increase in assumption	**Decrease in assumption**
Discount rate				
	2021	**0.50%**	**(17.22)**	**18.45**
	2020	0.50%	(20.72)	22.62
Salary growth rate				
	2021	**0.50%**	**18.05**	**(17.02)**
	2020	0.50%	22.27	(20.67)
Medical Inflation rate				
	2021	**0.50%**	**(7.38)**	**7.39**
	2020	0.50%	(6.68)	6.84

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

Maturity profile of defined benefit obligation:

	2021	2020
Within 1 year	**56.69**	20.80
1 - 2 year	**40.74**	32.30
2 - 3 year	**31.84**	14.54
3 - 4 year	**27.26**	13.38
4 - 5 year	**28.27**	12.79
5 - 6 years	**18.80**	16.86
6 years onwards	**239.25**	263.31

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2017	For the year ended March 31, 2016
Defined benefit obligation	**442.85**	373.99	345.06	270.02	278.46
Net asset/(liability)	**(442.85)**	(373.99)	(345.06)	(270.02)	(278.46)
actuarial (gain)/loss on obligation	**(1.72)**	(27.94)	4.82	(32.09)	4.07

Note No. 32- Financial Instruments

Capital management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern.
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

Undrawn Borrowing facility

(a) The Company has working capital facilities amounting to Rs. 45,000 Lakhs (31 March 2020: Rs 45,000 Lakhs) from HDFC bank. Of this the Company has utilised Rs 39,179.75 Lakhs and balance Rs 5,820.2 Lakhs is undrawn as at 31 March 2021 (Of this the Company has utilised Rs 19,506.28 Lakhs and balance Rs 25,493.72 Lakhs is undrawn as at 31 March 2020)

(b) Working capital limits from HDFC bank are secured by way of first pari-passu hypothecation charge over Stocks and Book Debts

The following table summarises the capital of the Company:

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Share Capital	**1,672.37**	1,672.37
Other Equity	**32,011.71**	26,999.64
Total Equity	**33,684.08**	28,672.01

The following methods and assumptions were used to estimate the fair values:

The following table categorise the financial instruments measured at fair value into Level 1 to Level 3, as described below.

Level 1: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Categories of financial assets and financial liabilities

(Amount in Rs. Lakhs)

				As at March 31, 2021
Particulars	**Amortised Costs**	**FVTPL**	**FVTOCI**	**Total**
Non-current Assets				
Other Financial Assets				
– Investments	734.00	–	–	734.00
– Security deposits	165.84	–	–	165.84
– Trade receivables	–	3,411.07	–	3,411.07
Current Assets				
Other Financial Assets				
– Security deposits	63.50	–	–	63.50
– Cash and cash equivalents	3,259.05	–	–	3,259.05
– Other bank balances	339.42	–	–	339.42
– Other financial Assets	17.49	–	–	17.49
– Unbilled revenue	4,923.12	–	–	4,923.12
– Trade receivables	17,048.31	–	–	17,048.31
Current Liabilities				
Other financial liabilities	63.42	–	–	63.42
Trade payables	9,828.96	–	–	9,828.96

(Amount in Rs. Lakhs)

				As at March 31, 2020
Particulars	**Amortised Costs**	**FVTPL**	**FVTOCI**	**Total**
Non-current Assets				
Other Financial Assets				
– Security deposit	29.79	141.12	–	170.91
– Investments	2,590.00	–	–	2,590.00
– Trade receivable	–	1,025.88	–	1,025.88
Current Assets				
Other Financial Assets				
– Security deposits	44.40	–	–	44.40
– Investment	–	2,976.63	–	2,976.63
– Trade receivable	6,003.77	–	–	6,003.77
– Unbilled revenue	3,235.50	–	–	3,235.50
– Other financial Assets	19.93	–	–	19.93
– Cash and cash equivalents	7,380.04	–	–	7,380.04
– Other Bank balances	319.12	–	–	319.12
Current Liabilities				
Other Financial Liabilities	76.25	–	–	76.25
Trade payables	7,400.96	–	–	7,400.96

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors. The Company manages risk through finance department, which evaluates and exercises independent control over the entire process of market risk management. The Company operates a risk management policy and a program that that performs close monitoring of and responding to each risk factors which includes management of cash resources and ensuring market risk limit and policies.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Credit Risk

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company is majorily dealing with creditworthy counterparties i.e government agencies and big companies with international repute. Company has negligible history of bad debts in the past.

Company has strong system to manage receivable . Ageing analysis is being done where monthly emails are send to marketing to minimise the risk and regular followup is done to realise the receivables.

The credit risk on fixed deposits is limited because the counterparties are banks with high credit-ratings assigned by domestic credit-agencies. Customers are basically Government agencies, State police or Army dealing for majority of them is done on credit basis.

The age analysis of trade receivables as of the balance sheet date have been considered from the due date.

The loss allowance provision is determined as follows:

(Amount in Rs. Lakhs)
As at March 31, 2021

Particulars	**Not due**	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Gross carrying amount	**13,945.54**	**4,700.78**	**2,064.34**	**20,710.66**
Loss allowance	**–**	**–**	**(251.28)**	**(251.28)**
Net balance	**13,945.54**	**4,700.78**	**1,813.06**	**20,459.38**

(Amount in Rs. Lakhs)
As at March 31, 2020

Particulars	**Not due**	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Gross carrying amount	3,091.57	2,774.47	1,372.13	7,238.17
Loss allowance	–	–	(208.52)	(208.52)
Net balance	3,091.57	2,774.47	1,163.61	7,029.65

Liquidity Risk

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

(Amount in Rs. Lakhs)

Particulars	**Less than 1 Year**	**1-3 Years**	**3 -5 Years**	**Carrying Value**
Non-derivative financial liabilities				
As at March 31, 2021				
Non - Interest Bearing				
Trade payables	**9,828.96**	**–**	**–**	**9,828.96**
Other financial liabilities	**36.66**	**–**	**–**	**36.66**
Total	**9,865.62**	**–**	**–**	**9,865.62**
As at March 31, 2020				
Non - Interest Bearing				
Trade payables	7,400.96	–	–	7,400.96
Other financial liabilities	49.49	–	–	49.49
Total	7,450.45	–	–	7,450.45

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Amount in Rs. Lakhs)

Particulars	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**Carrying Value**
Non-derivative financial assets				
As at March 31, 2021				
Non Interest Bearing				
Security deposits	**63.50**	**165.84**	**–**	**229.34**
Trade receivables	**17,048.31**	**3,411.07**	**–**	**20,459.38**
Cash and cash equivalents	**3,259.05**	**–**	**–**	**3,259.05**
Unbilled revenue	**4,923.12**	**–**	**–**	**4,923.12**
Total	**25,293.98**	**3,576.91**	**–**	**28,870.89**
As at March 31, 2020				
Non Interest Bearing				
Security deposits	44.39	194.53	–	238.92
Trade receivables	5,931.70	1,025.88	–	6,957.58
Cash and cash equivalents	7,380.04	–	–	7,380.04
Unbilled revenue	3,235.50	–	–	3,235.50
Total	16,591.63	1,220.41	–	17,812.04

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises one type of risk: currency risk . The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the Company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

(Amount in Lakhs)

Particulars	Currency	March 31, 2021	March 31, 2020
Trade receivables	USD	**1,672.51**	1,217.42
Trade receivables	CAD	**–**	–
Trade receivables	GBP	**168.67**	155.50
Advance to supplier	USD	**–**	–
Trade payables	USD	**278.05**	71.87
Advance from customer	GBP	**–**	–
Trade payables	EUR	**0.31**	21.59
Trade payables	GBP	**0.19**	0.18
Trade payables	AUD	**11.70**	0.47

Of the above foreing currency exposures, the following exposures are not hedged by a derivative:

(Amount in Lakhs)

Particulars	Currency	March 31, 2021	March 31, 2020
Trade receivables	USD	**1,672.51**	1,217.42
Advance from supplier	USD	**–**	–
Trade receivables	GBP	**168.67**	155.50
Trade payables	USD	**278.05**	71.87
Trade payables	EUR	**0.31**	21.59
Advance from customer	GBP	**0.19**	0.18
Trade payables	GBP	**0.19**	0.18
Trade payables	AUD	**11.70**	0.47

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD ,CAD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities . The Company's exposure to foreign currency changes for all other currencies is not material.

(Amount in Rs. Lakhs)

Particulars	Currency	Change in rate	Effect on profit before tax
As at March 31, 2021	**USD**	**+10%**	**139.45**
	USD	**-10%**	**(139.45)**
	EUR	**+10%**	**(0.03)**
	EUR	**-10%**	**0.03**
	GBP	**+10%**	**16.85**
	GBP	**-10%**	**(16.85)**
	AUD	**+10%**	**(1.17)**
	AUD	**-10%**	**1.17**
As at March 31, 2020	USD	+10%	114.55
	USD	-10%	(114.55)
	EUR	+10%	(2.16)
	EUR	-10%	2.16
	GBP	+10%	15.53
	GBP	-10%	(15.53)
	AUD	+10%	(0.05)
	AUD	-10%	0.05

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Note No 33 - Fair Valuation Techiques and Inputs used - recurring Items

(Amount in Rs. Lakhs)

	At at March 31, 2021		At at March 31, 2020	
Particulars	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– trade and other receivables	**20,459.38**	**20,459.38**	7,029.65	7,029.65
– Cash and cash equivalents	**3,259.05**	**3,259.05**	7,380.04	7,380.04
– Other Bank balances	**339.42**	**339.42**	319.12	319.12
– Investments	**734.00**	**734.00**	5,566.63	5,566.63
– deposits and similar assets	**246.82**	**246.82**	234.68	234.68
– unbilled revenue	**4,923.12**	**4,923.12**	3,235.50	3,235.50
– Other	**–**	**–**	0.57	0.57

(Amount in Rs. Lakhs)

	At at March 31, 2021		At at March 31, 2020	
Financial liabilities				
Financial liabilities held at amortised cost				
– Other financial liabilities	**63.42**	**63.42**	76.25	76.25
– trade and other payables	**9,828.95**	**9,828.95**	7,400.96	7,400.96

Note No 34 - Related party transactions

Name of related party	Nature of Relationship
Mahindra & Mahindra Limited (M&M)	Holding company
Mahindra Telephonics Integrated Systems Limited	Joint Venture
Mahindra Life Space Developers Limited	Fellow subsidiary
Mahindra & Mahindra Financial Services Limited	Fellow subsidiary
Mahindra Agri Solutions Limited	Fellow subsidiary
Mahindra Summit Agriscience Limited	Fellow subsidiary
Mahindra Vehicle Manufacturers Limited	Fellow subsidiary
Mahindra First Choice Service Limited	Fellow subsidiary

Name of related party	Nature of Relationship
Mahindra Integrated Business Solutions Private Limited	Fellow subsidiary
Mahindra Logistic Limited	Fellow subsidiary
Mahindra Holiday & Resorts India Limited	Fellow subsidiary
Mahindra Retail Private Limited	Fellow subsidiary
Lords Freight India Private Limited	Fellow subsidiary
Mahindra Emirates Vehicle Armouring FZ-LLC	Fellow subsidiary
Mahindra World City (Jaipur) Limited	Fellow subsidiary
Mahindra Aerostructures Private Limited	Fellow subsidiary
Mahindra Two Wheeler	Fellow subsidiary
Mahindra Sustan Private Limited	Fellow subsidiary
Tech Mahindra Limited	Associate
Mr. Shri Prakash Shukla	Managing Director
Mr. Sukhvindar Hayer	Director
Mr Devendra Bhatnagar	Director
Mrs Seema Bangia	Director (w.e.f 21 October 2020)
Mr. Mukul Verma	Chief Financial Officer

B) Details of transactions with above related parties (Inclusive of taxes):

(Amount in Rs. Lakhs)

	For the year ended March 31, 2021					For the year ended March 31, 2020				
Nature of transactions	**Holding company**	**Fellow Subsidiaries**	**Associate**	**Joint venture**	**Key Managerial Personnel**	Holding company	Fellow Subsidiaries	Associate	Joint venture	Key Managerial Personnel
Purchases										
Purchase of goods	**566.10**	**0.03**	**–**	**–**	**–**	976.03	40.29	–	–	–
Purchase of service	**–**	**7.25**	**2,000.25**	**–**	**–**	–	39.89	1,851.98	–	–
Purchase of Property, Plant & equipment	**31.26**	**–**	**–**	**–**	**–**	61.84	–	–	–	–
Revenue										
Sale of service	**256.75**	**155.50**	**232.39**	**–**	**–**	277.60	122.76	402.59	–	–
Service charges recovered	**–**	**–**	**–**	**226.53**	**–**	–	5.43	–	207.31	–
Sale of Goods	**–**	**3,150.69**	**295.86**	**–**	**–**	–	0.42	–	–	–
Rental Income	**–**	**–**		**169.79**	**–**	–	–	–	161.70	–
Remuneration (Short term employee benefits) #	**–**	**–**		**–**	**513.87**	–	–	–	–	346.18
Interest Income	**–**	**–**		**29.14**	**–**	–	–	–	–	–
Other transactions										
Office Rent	**53.33**	**0.07**	**–**	**–**	**–**	85.65	0.11	–	–	–
Reimbursement of expenses paid	**521.70**	**–**	**–**	**–**	**–**	484.80	–	–	–	–
Reimbursement of expenses received	**–**	**–**	**–**	**19.26**	**–**	3.46	–	–	22.41	–
Inter corporate deposit given*	**–**	**2,950.00**	**–**	**–**	**–**	–	–	–	–	–

(Amount in Rs. Lakhs)

Nature of transactions	For the year ended March 31, 2021 Holding company	Fellow Subsidiaries	Associate	Joint venture	Key Managerial Personnel	For the year ended March 31, 2020 Holding company	Fellow Subsidiaries	Associate	Joint venture	Key Managerial Personnel
Outstanding balances as at the year end										
Trade receivables (Including advances to vendors)	**114.75**	**67.70**	**1,336.81**	**313.57**	**–**	19.23	2.96	2,985.67	307.00	–
Trade payables (including customer advances)	**(611.53)**	**(0.85)**	**(1,022.14)**	**–**	**(161.28)**	(251.77)	(1,787.67)	(910.58)	–	(76.06)
Security deposit payable	**–**	**–**		**(26.76)**	**–**	–	–		(26.76)	–

The above transaction with related party were made at arm's length price

* During the year the company has given ICD to fellow subsidiaries for the purpose of meeting business requirements, which has been received back

Post employment benefit comprising compensated absences, gratuity and post retirement medical benefits has not been disclosed as these are determined for the Company as a whole

(Amount in Rs. Lakhs)

Particulars	Nature of Relationship	**For the year ended March 2021**	For the year ended March 2020
Service charges recovered			
Mahindra Telephonics Integrated Systems Limted	Joint Venture	**226.53**	207.31
Sales of Services			
Tech Mahindra Limited	Associate	**232.39**	402.59
Mahindra Integrated Business Solutions Private Limited	Fellow subsidiary	**1.60**	1.70
Mahindra & Mahindra Limited	Holding	**256.75**	277.60
Mahidnra Vehicle Manufacturers Limited	Fellow subsidiary	**1.24**	1.94
Mahindra & Mahindra Financial Services Limited	Fellow subsidiary	**96.93**	63.85
Mahindra Emirates Vehicle Armouring FZ-LLC	Fellow subsidiary	**42.88**	41.40
Mahindra Aerostructures Pvt Limited	Fellow subsidiary	**1.16**	5.22
Rental Income			
Mahindra Telephonics Integrated Systems Limited	Joint Venture	**169.79**	161.70
Sales of Goods			
Tech Mahindra Limited	Associate	**295.86**	–
Mahindra Emirates Vehicle Armouring Fz LLC	Fellow subsidiary	**3,150.69**	0.42
Purchase of service			
Tech Mahindra Limited	Associate	**2,000.25**	1,851.98
Mahindra Integrated Business Solutions Private Limited	Fellow subsidiary	**7.25**	6.69
Mahindra Logistics Limited	Fellow subsidiary	**–**	33.20
Reimbursement of expenses paid			
Mahindra & Mahindra Limited	Holding	**521.70**	484.80
Purchase of Property, Plant & equipment			
Mahindra & Mahindra Limited	Holding	**31.26**	61.84
Purchase of goods			
Mahindra & Mahindra Limited	Holding	**566.10**	976.03
Mahindra Two Wheeler Limited	Fellow subsidiary	**0.03**	40.29
Interest Income			
Mahindra Agri Solutions Limited	Fellow subsidiary	**6.05**	–
Mahindra Summit Agriscience Limited	Fellow subsidiary	**23.10**	–
Remuneration			
Mr. Shri Prakash Shukla	Managing Director	**175.62**	121.08
Mr Mukul Verma	Chief Financial Officer	**79.18**	75.93
Mr Sukhvindar Hayer	Director	**138.16**	83.93
Mr Devendra Bhatnagar	Director	**78.25**	65.24
Mrs Seema Bangia	Director	**42.66**	–

(Amount in Rs. Lakhs)

Particulars	Nature of Relationship	For the year ended March 2021	For the year ended March 2020
Other transactions - Office Rent			
Mahindra & Mahindra Limited	Holding	**53.33**	85.65
Mahindra World City (Jaipur) Limited	Fellow subsidiary	**0.07**	0.11
Inter corporate deposit given			
Mahindra Agri Solutions Limited	Fellow subsidiary	**1,450.00**	–
Mahindra Summit Agri Science Limited	Fellow subsidiary	**1,500.00**	–
Reimbursement of expenses received			
Mahindra & Mahindra Limited	Holding	**–**	3.46
Mahindra Telephonics Integrated Systems Limted	Joint Venture	**19.26**	22.41
Closing balance as the year end -			
Receivables/(Payables) (Net)			
Tech Mahindra Limited	Associate	**314.67**	2,075.10
Mahindra & Mahindra Limited	Holding	**(496.77)**	(232.54)
Mahindra & Mahindra Financials	Fellow subsidiary	**53.97**	–
Mahindra & Mahindra Financials Services Limited	Fellow subsidiary	**5.38**	–
Mahindra Telephonics Integrated Systems Limted	Joint Venture	**286.80**	280.24
Mahindra Emirates Vehicle Armouring Fz LLC	Fellow subsidiary	**–**	(1,787.03)
Remuneration	Managing Director	**(161.28)**	(76.06)

The amount outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

Note No: 35 - Disclosure as per Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below:

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Amount payable to supplier under MSMED (suppliers) as at the end of year		
– Principal	**850.14**	268.57
– Interest due there on	**0.05**	1.86
Payment made to supplier beyond the appointed day during the year		–
– Principal	**2,300.19**	514.90
– Interest due there on	**8.13**	6.51
Amount of interest accrued and remaining unpaid as at the end of year	**52.19**	33.26
Amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as deduction expenditure under section 23	**–**	0.16

Note: Owing to dispute with MSME vendor, interest on outstanding amount not considered in the financial statements Rs 26.51 Lakhs (Previous year Rs 55.51 Lakhs) while outstanding amount current year is Rs 208.46 Lakhs (Previous year Rs 808.60 Lakhs), The Company do not expect any Future Outflow.

Note No: 36 - Information in respect of Options granted under the Holding Company's Employee Stock Option Schemes ('Schemes')

The employees of the Company covered under Mahindra & Mahindra Limited (Holding company) Employee Stock Option Scheme (M&M ESOS) are granted an option to purchase shares of Mahindra & Mahindra Limited in accordance with the terms and conditions of the scheme as approved by Mahindra & Mahindra Limited from time to time. Each Option entitles the holder thereof to apply for and be allotted ten Ordinary Shares of Mahindra & Mahindra Limited of Rs. 5.00 each upon payment of the exercise price during the exercise period.

The Options have been granted at the 'market price' as defined from time to time under the erstwhile Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The fair value of the options granted is determined using the Black Scholes Option Pricing model at the grant date.

The scheme has been recognized as cash settled share based payment scheme in accordance with Ind AS 102 – Share Based Payment. The fair value of options granted is recognized as employee benefits expense , net of reimbursements, if any. The total cost recognized during the year amounted to Rs. 2.06 Lakhs (previous year - Rs. 4.13 Lakhs). The Company consider these amounts as not material and accordingly has not provided for the disclosures.

Note No: 37 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

Note No: 38 - There are no amounts that are due to be transferred to investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 2013 and rules made thereunder.

Note No: 39 - Contingent liabilities & Commitments (not provided for)

(Amount in Rs. Lakhs)

	Particulars	As at March 31, 2021	As at March 31, 2020
(i)	**Contingent Liabilities**	–	–
(ii)	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**1,126.70**	306.67

The Company does not have any pending litigations as at March 31, 2021 and as at March 31, 2020.

Note No: 40 - Research and development expenditure

(i) Debited to the statement of Profit and Loss - Rs 727.39 lakhs (previous year Rs 457.37 lakhs) (excluding depreciation and amortisation of Rs. 684.72 lakhs) (previous year: Rs. 967.52 lakhs)

(ii) Capitalization of assets and development work in progress (Net) - Rs. 381.15 lakhs (previous year: Rs. 126.54 lakhs)

Note No: 41 - Corporate Social Responsibility

As per section 135 of Companies Act 2013, a CSR committee has been formed by the Company. The area for CSR activities includes projects like education, woman economic empowerment and rural development such as safe drinking water, health and education etc. (i) Gross amount required to be spent by the company during the year is Rs 48.60 Lakhs (ii) Actual Spent is Rs 48.60 Lakhs

Note No: 42 - Leases

With effect from 1 April 2019, the Company had adopted Ind AS 116, 'Leases' and applied to all lease contracts existing on 1 April, 2019 using the modified retrospective method. Accordingly, the Company is not required to restate the comparative information for the previous periods. Right-of-use (ROU) assets at 1 April, 2019 for leases previously classified as operating leases were recognised and measured at an amount equal to lease liability (adjusted for any related prepayments). Also, the Company had elected not to apply the requirements of Ind AS 116 to short-term leases or low value leases.

The Company as a lessee

i) The Company has taken certain premises on lease

ii) Depreciation charge for right of use assets, addition to right of use assets and carrying amount of right of use assets at the end of the reporting period by class of underlying asset- Refer to Note 5A

iii) The following is the movement in lease liability during the year ended March 31, 2021

(Amount in Rs. Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	**630.80**	–
Addition during the year	**–**	826.78
Finance cost accured during the year	**31.09**	44.08
Payment of Lease Liabilities	**258.06**	240.06
Balance at the end of the year	**403.83**	630.80

iv) The following is the break up of current and non current lease liabilities as at March 31 2021

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current	**260.00**	226.97
Non Current	**143.83**	403.83
Total	**403.83**	630.80

v) Expense relating to short term leases and leases of low value assets for th year ended March 31, 2021 were Rs. 199.96 Lakhs

vi) The total cash outflow for leases for the year ended March 31, 2021 were Rs. 258.06 Lakhs

vii) Maturity analysis of Lease Liabilities

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Within one year	**260.00**	226.97
Later than one year but less than five years	**143.83**	403.83
Later than five years	**–**	–

viii) Extension and Termination options

Extension and termination options are included in building lease executed by the company. These are used to maximise operational flexibility in terms of managing the assets used in company's operations.

Generally, these options are exercisable mutually by both the lessor and the lessee. For the above lease there is no extension clause and details of termination clause is as follows:

1. 30 Days, if any breach of any term of agreement
2. 15 Days, if lessor, fail to any compensate, loss/cost
3. 90 days by giving a written notice.

The Company as Lessor

The Company has entered into operating lease arrangements for land and premises. These arrangements are both cancellable and non-cancellable in nature and range between one to five years. Lease rental income earned by the Company is set out in Note 21 as 'Rental income'. The future minimum lease receivables under non-cancellable operating leases are as under:

(Amount in Rs. Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Within one year	**278.13**	397.79
Later than one year but less than five years	**325.59**	603.72
Later than five years	**–**	–
	603.72	**1,001.51**

Note No 43 Disclosures as per IND AS 115

1. Disaggregation of Revenue

(Amount in Rs. Lakhs)

Particulars	For the year Ended March 31, 2021			For the year Ended March 31, 2020		
	Defence	**Non-Defence**	**Total Amount**	Defence	Non-Defence	Total Amount
Sale of Manufactured Goods						
Equipment for Torpedo defence system	**2,066.44**	**–**	**2,066.44**	329.11	–	329.11
VIP Discret Vehicle	**235.96**	**–**	**235.96**	–	–	–
Light Armoured Vehicle	**3,879.90**	**–**	**3,879.90**	5,921.55	–	5,921.55
Wheel assembly	**5,615.24**	**–**	**5,615.24**	3,749.75	–	3,749.75
Police Special Purpose Vehicle	**–**	**–**	**–**	275.01	–	275.01
Other	**447.12**	**–**	**447.12**	815.79	–	815.79
Sale of Traded Goods						
Spare parts and other allied products	**1,290.18**	**–**	**1,290.18**	840.27	–	840.27
Software License	**–**	**447.54**	**447.54**	–	270.27	270.27
Turnkey contracts revenue	**12,262.39**	**–**	**12,262.39**	252.11	–	252.11
Revenue from rendering of services						
Consultancy services	**–**	**861.45**	**861.45**	–	1,144.20	1,144.20
Annual maintenance contract	**999.58**	**–**	**999.58**	980.20	–	980.20
Training service	**7,985.36**	**–**	**7,985.36**	7,532.76	–	7,532.76
Business support service	**8,388.87**	**–**	**8,388.87**	8,301.62	–	8,301.62
Other	**31.99**	**–**	**31.99**	142.23		142.23

2. Contracted Assets, Contracted Liabilities & Receivables

(Amount in Rs. Lakhs)

Particulars	Opening as on April 1, 2020	Addition During the Year	Reduction During the year	**Closing as on March 31, 2021**	Reference
Unbilled Revenue	3,235.50	4,902.77	3,215.15	**4,923.12**	Note -a
Advance Billing	2,274.46	1,208.98	1,620.46	**1,862.98**	Note -b
Advance from Customer	2,339.97	943.94	2,331.70	**952.21**	Note -c
Receivables	7,029.65	44,838.31	31,408.58	**20,459.38**	Note -d

Note – a: Opening unbilled revenue represents the fulfilled obligation which couldnot be invoiced to the customer on opening balance sheet date due to contractual terms. Addition/reduction in unbilled revenue represent the accumulation of further unbilled obligations and invoicing of opening unbilled revenue respectively. The Closing balance represents the revenue for which contractual obligation has been fulfilled and invoicing is pending on the balance sheet date. The unbilled revenue pertains to defence as well as non defence business

Note – b: Opening Advance billing represents the unfulfilled obligation which though has been invoiced to the customer on opening balance sheet date but obligation is still to be performed. Addition/reduction in Advance billing represent the further invoicing and fulfilling performance obligations respectively. The Closing balance represents the revenue for which invoicing has been done on balance sheet date and contractual obligation has still to be fulfilled. The Advance pertains to defence business as well as non defence business

Note – c: The Advance from customer relates to the money received in advance ahead of the performance obligation to be fulfilled in future. Reduction in advance to customer represents fulfilment of contractual obligation and invoicing to the customer. Major part of advance from customer pertains from defence business.

Note – d: Account recievables represent the amount for which performance obligation has been fulfilled and revenue recognized but the money is receivable from customer.

* Revenue Recognized in the current year that was included in contracted Liability at beginning of the year (Refer Note 19)

3. Unsatisfied Contract Value

Total performance obligation remaining unsatisfied as on March 31, 2021 with timelines within which it is expected to recognize revenue.

(Amount in Rs. Lakhs)

Performance obligation	0-1 Year	1-3 Year	3-5 Yrs	Total
Unsatisfied Performance Obligation as on March 31, 2021*	49,970.40	100,097.72	7,809.37	157,877.49

* Represent unsatisfied performance obligation for major contracts entered with the customer which is to be satisfied in future as per the terms of the contract.

4. Performance Obligations over the period of time

a) When the Performance Obligation is satisfied over period of time, Input method is used to recognize revenue on the basis of Percentage completion method applied on the company actual spent on the basis of resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used, as applicable. This is considered to be most appropriate method for performance obligation satisfied over period of time due to the fact that there is direct relationship between the resource consumed and the control transferred to the customer.

b) Output methods recognize revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. Output methods include methods such as surveys of performance completed to date, appraisals of results achieved, milestones reached, time elapsed and units produced or units delivered. This is considered to be most appropriate method due to the fact that the company performance towards completion of performance obligation can be measured more appropriately with the output.

c) Company evaluates whether to apply an input method or output method for revenue recognition. For evaluation of method to be applied, the company considers the relationship between the resource consumed and the control transferred to the customer ie input method & whether the company performance towards completion of performance obligation can be measured more appropriately with the output ie output method

5. Significant Payment term in Subcontracting project with the customer having significant financing component

Payment Milestone

Project 1

Particulars	Percentage of payment for Capex	Milestone detail	Period of Milestone
1st Milestone	20%	Supply of IT equipment and furniture	Invoice + 12 weeks
2nd Milestone	20%	Inspection of successful installation of all the hardware and software	Invoice + 22 weeks
3rd Milestone	40%	Go-Live & Training	Invoice + 24 weeks
4th Milestone	20%	O & M for 5 years from Go Live	Equally spread over 5 years payable quarterly
	100%		

Project 2

Particulars	Percentage of payment for Capex	Milestone detail	Period of Milestone
1st Milestone	5%	Submission of Inception Report,Design, testing and acceptance of GIS Mobile application for GIS Data Collection	Invoice + 45 Days
2nd Milestone	40%	Supply and commissioning of IT and non-IT components at DC	Invoice + 45 Days
3rd Milestone	20%	Functional and Integration testing of entire system including hardware, software, network and other components	Invoice + 45 Days
4th Milestone	5%	Go-Live	Invoice + 45 Days
5th Milestone	30%	Integration with SCC	Equally spread over 5 years payable quarterly
	100%		

6. The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding probable future incidence based on corrective actions for product failures.

The company provides standard warranty on sale of armored vehicles, wheel assembly, Equipment for Torpedo defence systemt, Deck panels , Composite body for Mines customer based on no. of years. No warranty is provided for traded items.

Note No 44: Reconciliation of Cash flow arising from financing activities

(Amount in Rs. Lakhs)

Performance obligation	For the year Ended March 31, 2021
Opening balance	
Share Capital	**1,672.37**
Securities Premium	**27,622.68**
Short Term Borrowings	**–**
Interest	**7.22**
Total	**29,302.27**
Repayments	
Short Term Borrowings	**–**
Interest	**(7.22)**
Total	**(7.22)**
Closing balance	
Share Capital	**1,672.37**
Securities Premium	**27,622.68**
Short Term Borrowing	**–**
Interest	**–**
Total	**29,295.05**

Note No 45: Investment in Joint venture

1. The Company is a wholly owned subsidiary of Mahindra & Mahindra Limited which presents Consolidated Financial Statements to its Shareholders. As such the Company in view of the exemption given in paragraph 4(a) of Ind AS-110 " Consolidated Financial Statements" has decided to avail the exemption contained in the paragraph 16 of Ind AS-27 "Separate Financial Statements" for not preparing the consolidated financial statements.

2. Mahindra & Mahindra Limited, the holding Company having its registered office at Gateway Building, Apollo Bunder, Mumbai, Maharashtra- 400001, India will be preparing Consolidated Financial Statements which will comply with the applicable Ind AS for public use and would be available on the website of holding Company i.e. www. mahindra.com

3. The details of the Joint Venture of the Company are as under:

   (a) Mahindra Telephonics Integrated Systems Limited (Joint venture) in which the Company holds 51% of the equity share capital and is having its registered office at Mahindra Towers, P.K. Kurne Chowk, Dr. G.M. Bhosale Marg, Worli Mumbai, Maharashtra- 400018, India

Note No 46

As a result of change in market conditions and having regards to the performance (Including order book position) of Mahindra Telephonics Integrated Systems Limited (MTISL), Joint venture of the Company, during the year the Company performed an impairment assessment for Its investment in the MTISL. Based on the aforesaid assessment carried by the Company, the recoverable amount of the investment was estimated to be lower than its carrying value and has resulted in an impairment charge of Rs.1856 Lakhs in MTISL which is disclosed as exceptional item in the Statement of Profit and Loss for the year ended March 31, 2021.

Note No 47: COVID 19 Impact

As per the impact assessment of COVID-19 carried out by the Management, the Company believes that there is no significant impact of COVID-19 pandemic on the financial position and performance of the Company.

Note No 48: Events occurring after the reporting period: (i) All events or transactions that have taken place between March 31, 2021 and date of signing of the IND AS financial statements and for which the Indian Accounting Standard 10 – 'Events after the Reporting Period' ("Ind AS 10") requires disclosure/ adjustment are disclosed and/ or adjusted in the Ind AS financial Statements. (ii) Approval of financial statements - The financial statements were authorised for issue by the Board of Directors on 27 April 2021.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Pramod B.Shukla
Partner

Mukul Verma
Chief Financial Officer

Place : Gurugram
Date : 27-04-2021

For and on behalf of Board of Directors

S. P. Shukla — Managing Director
DIN: 00007418

Sukhvindar Hayer — Director
DIN: 07272511

Manish Sharma — Company Secretary

Place : Mumbai
Date : 27-04-2021

INDEPENDENT AUDITORS' REPORT

To the Members of Mahindra Telephonics Integrated Systems Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra Telephonics Integrated Systems Limited ("the Company"), which comprise the balance sheet as at 31 March, 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Director report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our

opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March, 2021.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Deepesh Sharma
Partner
Membership No.: 505725
UDIN: 21505725AAAAAY7193

Place: New Delhi
Date: 27 April, 2021

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MAHINDRA TELEPHONICS INTEGRATED SYSTEMS LIMITED FOR THE YEAR ENDED 31 MARCH, 2021.

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date).

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, the Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, this periodicity of physical verification by management is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, discrepancies noticed on such verification were not material.

(c) According to the information and explanations given to us, the Company does not have any immovable properties. Accordingly, paragraph 3(i)(c) of the Order is not applicable.

(ii) Inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its business. According to the information and explanations given to us, the procedures for physical verification of inventories followed by the management during the year are reasonable and adequate in relation to the size of the Company and the nature of its business. No material discrepancies noticed on verification between the physical stocks and the book records.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3(iii) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not given any loan, or provided any guarantee or security or made any investment as specified under Section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013, in respect of any activities undertaken by the Company. Accordingly, the provisions of paragraph 3(vi) of the Order are not applicable.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax, duty of customs, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there has been slight delay in depositing in a few cases. Dues relating to value added tax, sales tax, service tax and duty of excise are not applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, value added tax, sales tax, employees' state insurance, income tax, service tax, goods and services tax, duty of customs, duty of excise, cess and other material statutory dues were in arrears as at 31 March, 2021 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, goods and services tax, and value added tax which have not been deposited on account of any dispute.

(viii) The Company did not have any dues to debenture holders or outstanding loans or borrowings from any bank, financial institution or government during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, provisions of paragraph 3(ix) of the Order are not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit for the year.

(xi) According to information and explanations given to us and on the basis of our examination of the records of the Company, managerial remuneration has been provided or paid in accordance with the provision of section 197 read with schedule V to the Companies Act.

(xii) According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the transactions with the related parties are in compliance with section 188 of the

Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required by the accounting standards. Further, the provisions of Section 177 of the Companies Act, 2013 are not applicable to the Company.

(xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to information and explanations given to us and based on our examination of the records of Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Deepesh Sharma
Partner
Membership No.: 505725
UDIN: 21505725AAAAAY7193

Place: New Delhi
Date: 27 April, 2021

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA TELEPHONICS INTEGRATED SYSTEMS LIMITED FOR THE YEAR ENDED 31 MARCH 2021.

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013.

(Referred to in paragraph 1 (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date).

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Telephonics Integrated Systems Limited ("the Company") as of 31 March, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March, 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Deepesh Sharma
Partner
Membership No.: 505725
UDIN: 21505725AAAAAY7193

Place: New Delhi
Date: 27 April, 2021

BALANCE SHEET AS AT 31 MARCH, 2021

(All amounts in Indian ₹ Lacs, unless otherwise stated)

	Notes	As at 31 March, 2021	As at 31 March, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	**331.86**	411.41
Right-of-use assets	3	**353.72**	474.05
Capital work-in-progress	3	**–**	2.26
Intangible assets	4	**56.45**	63.98
Intangible assets under development	4	**29.24**	-
Financial assets	5		
- Loans		**21.60**	20.47
- Other financial assets		**11.64**	67.54
Other non-current assets	6	**167.56**	351.26
Total non-current assets		**972.07**	1,390.97
Current assets			
Inventories	7	**43.52**	99.88
Financial assets	8		
– Trade receivables		**466.08**	376.69
– Cash and cash equivalents		**172.42**	175.67
– Bank balances other than cash and cash equivalents above		**59.87**	27.47
– Other financial assets		**1.62**	4.62
Other current assets	9	**374.42**	470.28
Total current assets		**1,117.93**	1,154.61
Total assets		**2,090.00**	2,545.58
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	**5,078.43**	5,078.43
Other equity	11		
– Securities premium		**217.92**	217.92
– Retained earnings		**(4,253.05)**	(3,958.41)
Equity attributable to equity shareholders		**1,043.30**	1,337.94
Liabilities			
Non-current liabilities			
Financial liabilities	12		
– Lease liabilities		**288.38**	407.39
Provisions	13	**105.34**	102.35
Total non-current liabilities		**393.72**	509.74
Current liabilities			
Financial liabilities	14		
– Trade payables			
Total outstanding dues of micro enterprises and small enterprises		**–**	–
Total outstanding dues of creditors other than micro enterprises		**431.45**	499.20
– Lease liabilities		**119.01**	101.47
– Other financial liabilities		**87.49**	82.16
Provisions	15	**1.56**	1.38
Other current liabilities	16	**13.47**	13.69
Total current liabilities		**652.98**	697.90
Total equity and liabilities		**2,090.00**	2,545.58
Summary of significant accounting policies	2		

The accompany notes form an integral part of financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Deepesh Sharma
Partner
Membership no. : 505725

Place: New Delhi
Date: 27 April, 2021

For and on behalf of the Board of Directors of
Mahindra Telephonics Integrated Systems Limited

S. P. Shukla
(Director)
DIN: 00007418
Place: Mumbai

Mukul Verma
(Director)
DIN: 02428217
Place: New Delhi

Jayantaraj Chatterjee
(CEO)
PAN: ADJPC7684E
Place: New Delhi

Arun Gupta
(CFO)
PAN: AFYPG8293A
Place: New Delhi

Manish Sharma
(Company Secretary)
PAN: DIXPS7998F
Place: Mumbai
Date: 27 April, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2021

(All amounts in Indian ₹ Lacs, unless otherwise stated)

Particulars	Notes	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Revenue from operations	17	**1,206.56**	693.88
Other income	18	**17.22**	38.28
Total revenue		**1,223.78**	732.16
Expenses			
Costs of materials consumed	19	**262.87**	179.90
Employee benefit expenses	20	**467.45**	500.30
Finance cost	23	**42.43**	51.21
Depreciation and amortizaton expense	21	**204.35**	216.90
Other expenses	22	**550.91**	531.35
Total expenses		**1,528.01**	1,479.66
Loss before tax		**(304.23)**	(747.50)
Tax expense			
Current tax		**–**	–
Loss for the year		**(304.23)**	(747.50)
Other comprehensive income			
Items that will not to be reclassified to profit or loss:			
Remeasurements gain on post employment benefit obligations(net)		**9.59**	1.51
Other comprehensive income for the year, net of tax		**9.59**	1.51
Total comprehensive income for the year, net of tax		**(294.64)**	(745.99)
Earning per equity share (nominal value of share Rs 10 each)			
Basic earnings per share		**(0.60)**	(1.47)
Diluted earnings per share		**(0.60)**	(1.47)
Summary of significant accounting policies	2		

The accompany notes form an integral part of financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Deepesh Sharma
Partner
Membership no. : 505725

Place: New Delhi
Date: 27 April, 2021

For and on behalf of the Board of Directors of
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Manish Sharma
(Company Secretary)
PAN: DIXPS7998F
Place: Mumbai
Date: 27 April, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2021

A. Equity share capital

(All amounts in Indian ₹ Lacs, unless otherwise stated)

	Notes	Nos.	Amount
Equity shares of Rs 10 each fully paid up			
As at 01 April, 2019	10	50,784,313	5,078.43
Issued during the year		–	–
As at 31 March, 2020		50,784,313	5,078.43
Issued during the year		–	–
As at 31 March, 2021		**50,784,313**	**5,078.43**

B. Other equity

(Amount in Rs. Lakhs)

Particulars	Notes	Reserves and surplus		Total
		Securities premium	Retained earnings	
As at 01 April, 2019		217.92	(3,212.42)	(2,994.50)
Loss for the year		–	(747.50)	(747.50)
Other comprehensive income		–	1.51	1.51
As at 31 March, 2020		217.92	(3,958.41)	(3,740.49)
Loss for the year		–	(304.23)	(304.23)
Other comprehensive income		–	9.59	9.59
As at 31 March, 2021		**217.92**	**(4,253.05)**	**(4,035.13)**
Summary of significant accounting policies	2			

The accompany notes form an integral part of financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Deepesh Sharma
Partner
Membership no. : 505725

Place: New Delhi
Date: 27 April, 2021

For and on behalf of the Board of Directors of
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Place: New Delhi

Manish Sharma
(Company Secretary)
PAN: DIXPS7998F
Place: Mumbai
Date: 27 April, 2021

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2021

(All amounts in Indian ₹ Lacs, unless otherwise stated)

Particulars	**For the year ended 31 March, 2021**	For the year ended 31 March, 2020
A. Cash flows from operating activities		
Loss before tax from operations	**(304.23)**	(747.50)
Adjustments for:		
Depreciation and amortization	**204.35**	216.90
Interest income on bank deposits	**(13.46)**	(25.73)
Unwinding of discount on security deposits	**(1.65)**	(1.52)
Interest income on income tax refunds	**–**	(1.55)
Unrealised foreign exchange loss/ (gain)	**0.11**	(7.56)
Loss /(Profit) on sale of property, plant and equipment (including CWIP)	**1.22**	2.38
Impairment allowance on trade receivables	**–**	(11.13)
Finance cost	**42.43**	51.21
Deferred income	**(0.51)**	(0.51)
Operating loss before working capital changes	**(71.74)**	(525.01)
Adjustments for:		
Increase /(decrease) in trade payables	**(67.86)**	188.08
Increase in short-term and long-term provisions	**12.76**	30.92
Increase /(decrease) in current and non-current lease liability	**(101.47)**	–
Increase /(decrease) in other current liability	**0.29**	(15.77)
Increase /(decrease) in other current financial liability	**7.65**	(10.17)
(Increase) /decrease in inventories	**56.36**	(57.81)
(Increase) /decrease in trade receivables	**(89.39)**	(22.87)
Decrease in non-current security deposits	**0.52**	4.63
(Increase) /decrease in other non current assets	**154.46**	(308.76)
Decrease/(increase) in other current financial assets	**3.00**	(4.62)
Decrease/(increase) in other current assets	**98.98**	**(68.26)**
Cash used in/generated from operations	**3.56**	(789.64)
Direct taxes paid	**3.12**	(3.27)
Net cash flow (used in)/generated from operating activities (A)	**0.44**	(786.37)
B. Cash flows from investing activities		
Purchase of property, plant and equipment (including CWIP and Intangible assets under development)	**(2.49)**	0.84
Right-of-use assets	**–**	(85.85)
Sale of property, plant and equipment	**4.27**	3.30
Investment in bank deposits (net)	**23.71**	201.84
Interest income on bank deposits	**13.25**	26.00
Net cash flow (used in)/generated from investing activities (B)	**38.74**	146.13
C. Cash flows from financing activities		
Repayment of Cash credit/Working capital limits	**–**	–
Finance cost on lease liabilities	**(42.43)**	(51.21)
Net cash flows (used in)/from financing activities (C)	**(42.43)**	(51.21)
Net increase in cash and cash equivalents (A+B+C)	**(3.25)**	(691.45)
Cash and cash equivalents at the beginning of the year	**175.67**	867.12
Cash and cash equivalents at the end of the year	**172.42**	175.67

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2021 (CONTD).

(All amounts in Indian ₹ Lacs, unless otherwise stated)

Particulars	**For the year ended 31 March, 2021**	For the year ended 31 March, 2020
Components of cash and cash equivalents		
Balance with bank		
– On current account	**47.37**	175.67
– Fixed deposits with original maturity of less than three months	**125.05**	–
Total cash and cash equivalents	**172.42**	175.67

Notes:

1. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Ind AS 7, as specified under the section 133 of the Companies Act, 2013.

Summary of significant accounting policies 2

The accompany notes form an integral part of financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Deepesh Sharma
Partner
Membership no. : 505725

Place: New Delhi
Date: 27 April, 2021

For and on behalf of the Board of Directors of
Mahindra Telephonics Integrated Systems Limited

S. P. Shukla
(Director)
DIN: 00007418
Place: Mumbai

Mukul Verma
(Director)
DIN: 02428217
Place: New Delhi

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(CEO)
PAN: ADJPC7684E
Place: New Delhi

Arun Gupta
(CFO)
PAN: AFYPG8293A
Place: New Delhi

Manish Sharma
(Company Secretary)
PAN: DIXPS7998F
Place: Mumbai
Date: 27 April, 2021

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(All amounts in Indian ₹ Lacs, unless otherwise stated)

1 CORPORATE INFORMATION

Mahindra Telephonics Integrated Systems Limited (“”the Company””) is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 having its registered office at MAHINDRA TOWERS, P. K. KURNE CHOWK, R. G. M. BHOSALE MARG, WORLI, MUMBAI, Mumbai City, Maharashtra - 400018. The Company is jointly held by Mahindra Defence Systems Limited and Telephonics corporation, USA.

The financial statements were authorised for issue in accordance with resolution of the Board of Directors on 27 April, 2021.

1.01 Basis of preparation

These financial statements comply in all material aspects with Indian Accounting Standards (IND-AS) notified under Section 133 of the Companies Act, 2013, relevant provisions of the Companies Act, 2013 (“the Act’) and other accounting principles generally accepted in India. Financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).
- Net defined benefit (asset)/ liability- Fair value of plan assets less present value of defined benefit obligations.

1.02 Functional and presentation currency

These financial statements are presented in Indian rupees (₹), which is also the Company’s functional currency. All amounts have been rounded-off to the nearest lacs up to two place of decimal, unless otherwise indicated.

1.03 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non- current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non current.

Deferred tax assets and deferred tax liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2 SIGNIFICANT ACCOUNTING POLICIES

2.01 Use of estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about significant areas of estimation/uncertainty and judgements in applying accounting policies that have the most significant effect on the financial statements are as follows:-

Note 2.08-: Measurement of defined benefit obligations: key actuarial assumptions;

Note 2.02 and 2.03: Measurement of useful life and residual values of property, plant and equipment and useful life of intangible assets;

Note 2.05: Fair value measurement of financial instruments;

Note 2.13-: Judgement required to ascertain lease classification

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of various assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including economic forecasts etc. and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company’s financial statements may differ from that estimated as at the date of approval of these financial statements.

2.02 Property, Plant and Equipment

Property, plant and equipment including capital work in progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of CENVAT credit and VAT/GST credit availed wherever applicable. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their respective useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Capital work- in- progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives and is generally recognised in the statement of profit and loss. The residual value are not more than 5% of the original cost of assets.

Depreciation on property, plant & equipment is provided on prorata basis on straight-line method using the useful lives of the assets estimated by management and in the manner prescribed in Schedule II of the Companies Act 2013. The useful life of Property, Plant and Equipment are as follows:

Assets	Useful life (in years)
Plant and Equipment:	15
Office Equipment (clubbed under plant and equipment):	5
Computers and Peripherals	3
Mobile Phones (clubbed under computer and peripherals):	2
Furniture and Fixtures:	10
Vehicles:	5
Electric Installation:	10

Vehicles and mobile phones are depreciated over the estimated useful lives of 5 years and 2 years, respectively, which are lower than those indicated in Schedule II. On the basis of technical assessment made by the management, it believes that the useful lives as given above best represent the period over which the assets are expected to be used.

Leasehold improvements are depreciated on straight line basis over the remaining lease agreement period.

2.03 Intangible assets

Separately acquired intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development cost, are not capitalised and the related expenditure is reflected in Statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the assets are disposed off.

Intangible assets with finite useful life are amortised on a straight line basis over their estimated useful life as follows:

Assets	**Useful life (in years)**
Softwares	3/10

2.04 Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate prevailing at the date of transaction.

Measurement of foreign currency items at the balance sheet date

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction/ Non-monetary item measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognised as income or expense in the period in which they arise with the exception of exchange differences on gain or loss arising on translation of non-monetary items measured at fair value which is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.05 Financial instruments

a. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company become a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

b. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVTPL

Financial assets are not reclassified subsequently to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held with in a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrecoverably designate a financial asset that otherwise meets the requirement to be measured at amortised cost as at FVTPL if doing so eliminate or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost at effective interest rate. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities:

Financial liabilities are classified as measure at cost amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative and it is designated as such on initial recognition. Financial liabilities at FVTPL and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

c. Derecognition

Financial assets

The company derecognises a financial asset when the contractual rights to cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfer assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not recognised.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The company also derecognises a financial liability when its terms are modified and then cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

d. Offsetting

Financial assert and financial liabilities are offset and net amount presented in the balance sheet when and only when the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2.06 Inventories

a) Basis of valuation:

i) Inventories are valued at lower of cost and net realisable value after providing cost of obsolescence, if any. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realisable value is made on an item-by-item basis.

b) Method of Valuation:

i) **Cost of raw materials and components** has been determined by using moving average basis and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.

ii) Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2.07 Government Grants

Government Grants are recognised at their fair value when there is reasonable assurance that the grant will be received and all the attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

2.08 Employee benefits

A Short-term obligations

Liabilities for salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

B Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

C Post-employment obligations

The Company operates the following post-employment schemes:

(a) defined benefit plan such as gratuity and post-employment medical benefit liability; and

(b) defined contribution plan such as provident fund

Defined benefit plans

The liability or asset recognised in the balance sheet in respect of gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in statement of profit and loss as past service cost.

Defined contribution plan

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

2.09 Revenue Recognition

The Company earns revenue primarily from sale of goods and rendering of maintenance services.

Effective 01 April, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. The Company has adopted Ind AS 115 using the cumulative effect method. The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

Revenue is recognised upon transfer of control of promised goods or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer.
- Revenue from services is recognised in accordance with the terms of contract when the services are rendered and the related costs are incurred.

Revenue is measured based on the transaction price, which is the consideration as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled revenue (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Interest income is recognised on time proportion basis taking into account the amount outstanding and the applicable interest rates and is disclosed in “other income.

2.10 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all potentially dilutive equity shares.

2.11 Taxes

Tax expense for the year comprises of current tax and deferred tax.

Current Tax

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date.

Current income tax relating to item recognised outside the statement of profit and loss is recognised outside profit or loss (either in other comprehensive income or equity). Current tax items are recognised in correlation to the underlying transactions either in OCI or directly in equity.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or direct in equity.

2.12 Impairment of non- financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company’s assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses including impairment on inventories, are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

2.13 Leases

The Company’s lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

2.14 Borrowing Costs

Borrowing cost includes interest and other costs incurred in connection with the borrowing of funds and charged to Statement of Profit and Loss on the basis of effective interest rate (EIR) method. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are recognised as expense in the period in which they occur.

2.15 Provisions and Contingent Liabilities

Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements unless the probability of outflow of resources is remote.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

2.16 Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.17 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

(All amounts in Indian ₹ Lacs, unless otherwise stated)

3. Property, plant and equipment including right -of -use of assets and capital work-in-progress

	Plant and Equipment	Computers and Peripherals	Furniture and Fixtures	Leasehold Improvements	Electric Installations and Equipment	Vehicles	Total (A)	Right-of-use of assets (B)	Capital work-in-progress (C)	Grand Total =(A)+(B)+(C)
At Cost										
As at 31 March, 2019	368.21	56.46	64.39	156.21	84.79	88.61	818.67	–	2.26	820.93
Additions	1.35	1.00	–	–	–	25.00	27.35	594.71	–	622.06
Disposals	–	–	–	–	–	(21.45)	(21.45)	–	–	(21.45)
As at 31 March, 2020	369.56	57.46	64.39	156.21	84.79	92.16	824.57	594.71	2.26	1,421.54
Additions	–	–	0.17	–	–	–	0.17	–		0.17
Disposals	–	–	–	–	–	(8.28)	(8.28)	–	(2.26)	(10.54)
As at 31 March, 2021	**369.56**	**57.46**	**64.56**	**156.21**	**84.79**	**83.88**	**816.46**	**594.71**	–	**1,411.17**
Depreciation										
As at 31 March, 2019	145.07	45.82	21.08	58.20	32.96	41.23	344.36	–	–	344.36
Charge for the year	37.63	3.16	6.37	15.29	8.30	13.82	84.57	120.66	–	205.23
Disposals	–	–	–	–	–	(15.77)	(15.77)	–	–	(15.77)
As at 31 March, 2020	182.70	48.98	27.45	73.49	41.26	39.28	413.16	120.66	–	533.82
Charge for the year	31.30	2.44	6.39	15.29	8.30	12.77	76.49	120.33	–	196.82
Disposals	–	–	–	–	–	(5.05)	(5.05)		–	(5.05)
As at 31 March, 2021	**214.00**	**51.42**	**33.84**	**88.78**	**49.56**	**47.00**	**484.60**	240.99	–	**725.59**
Net carrying amount										
As at 31 March, 2021	**155.56**	**6.04**	**30.72**	**67.43**	**35.23**	**36.88**	**331.86**	**353.72**	–	**685.58**
As at 31 March, 2020	**186.86**	**8.48**	**36.94**	**82.72**	**43.53**	**52.88**	**411.41**	**474.05**	**2.26**	**887.72**

Note :a) All movable fixed assets are under First pari-passu hypothecation charge for working capital limits obtained from HDFC bank. Refer note 24 (C).

b) Assets amounting to Rs 8.16 (31 March, 2020 : 8.16) are held by sub-contractor.

4. Intangibles assets and Intangibles assets under development

	Computer software	Intangible assets under development
At Cost		
As at 31 March, 2019	118.15	–
As at 31 March, 2020	**118.15**	**–**
Additions	–	29.24
Deletions	–	–
As at 31 March, 2021	**118.15**	**29.24**
Amortisation		
As at 31 March, 2019	42.50	–
Charge for the year	11.67	–
As at 31 March, 2020	**54.17**	–
Charge for the year	7.53	–
As at 31 March, 2021	**61.70**	–
Net carrying amount	–	
As at 31 March, 2021	**56.45**	**29.24**

	Computer software	Intangible assets under development
As at 31 March, 2020	**63.98**	**–**

5. Non-current financial assets

(Unsecured considered good, unless stated otherwise)

		As at 31 March, 2021	As at 31 March, 2020
(A)	**Loans**		
	Security deposit - Others	**0.55**	1.07
	Security deposit to related parties	**21.05**	19.40
	(A)	**21.60**	20.47
(B)	**Other financial assets**		
	Deposits with banks having maturity period of more than 12 months from reporting date*#	**11.64**	67.54
	(B)	**11.64**	67.54
Total (A+B)		**33.24**	88.01

* **Fixed deposits with banks includes bank balances under lien given as security and margin money deposits**

– Rs. 5.37 (March 31,2020 : Rs. 59.40) given to Banks as margin money for Bank Guarantee

– Rs. 6.16 (31 March, 2020: Rs. 6.16) given to sales tax authority.

including interest accrued on fixed deposits as at Rs. 0.11 (31 March, 2020: Rs. 0.18)

(All amounts in Indian ₹ Lacs, unless otherwise stated)

6. Other Non-Current assets
(Unsecured considered good, unless stated otherwise)

	As at 31 March, 2021	As at 31 March, 2020
Prepaid expenses	**167.56**	322.02
Capital advances	–	29.24
	167.56	351.26

7. Inventories
(Valued at lower of cost and net realisable value)

	As at 31 March, 2021	As at 31 March, 2020
Raw materials and components	**43.52**	99.88
	43.52	99.88

Notes:

a) a) Inventories are hypothecated against working capital limits from HDFC bank. Refer note 24 (C)

8. Current financial assets
(Unsecured, unless stated otherwise)

		As at 31 March, 2021	As at 31 March, 2020
(A)	**Trade receivables**		
	Trade receivables from related party - Considered good (refer note 27)	–	370.88
	Trade receivables from related party which have significant increase in credit risk	–	–
	Trade receivables from others - Considered good	**466.08**	5.81
	Trade receivables (Gross)	**466.08**	376.69
	Less: Impairment allowances for trade receivables considered doubtful	–	–
	(A)	**466.08**	376.69

Notes:

a) The sales to related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. This assessment is undertaken each financial year.

b) Trade receivables are non-interest bearing.

c) Trade receivables are hypothecated against working capital limits from HDFC bank. Refer note 24 (C)

(B) Cash and cash equivalents

	As at 31 March, 2021	As at 31 March, 2020
Balance with bank		
– On current account	**47.37**	175.67
– Fixed deposits with original maturity of less than three months*	**125.05**	–
(B)	**172.42**	175.67

including interest accrued on fixed deposits as at 31 March, 2021: Rs 0.05

(C) Bank balances other than cash and cash equivalents

	As at 31 March, 2021	As at 31 March, 2020
Fixed deposits with original maturity of more than three months but less than 12 months*##	**5.35**	5.59
Fixed deposits with original maturity of more than 12 months**###	**54.52**	21.88
(C)	**59.87**	27.47

Notes:

(a) The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March, 2021.

(b) Fixed deposit with original maturity of more than twelve months but remaining maturity from reporting period is less than twelve months have been disclosed under bank balances other than cash and cash equivalent.

*** Fixed deposits with banks includes bank balances under lien given as security and margin money deposits**

– Rs. 1.80 (31 March, 2020 : Rs. 2.30) given to Banks as margin money for Bank Guarantee.

– Rs. 3.50 (31 March, 2020 : Rs. 3.25) given to CDA Air force as Bank Guarantee.

**** Fixed deposits with banks includes bank balances under lien given as security and margin money deposits**

– Rs. 52.30 (31 March, 2020 : Rs. 18.70) given to Banks as margin money for Bank Guarantee.

including interest accrued on fixed deposits as at Rs 0.05 (31 March, 2020: Rs 0.04)

including interest accrued on fixed deposits as at Rs 0.03 (31 March, 2020: Rs 0.18)

(D) Other financial asset
(Unsecured considered good, unless stated otherwise)

	As at 31 March, 2021	As at 31 March, 2020
Security deposit - Others	–	3.00
Security deposit to related parties	**1.62**	1.62
(D)	**1.62**	4.62
Total (A+B+C+D)	**699.99**	584.45

9. Other Current assets
(Unsecured considered good, unless stated otherwise)

	As at 31 March, 2021	As at 31 March, 2020
Advances to suppliers	**9.47**	3.23
Balances with statutory/government authorities	**196.68**	316.20
Prepaid expenses	**162.35**	147.87
"Advance tax (Net of provision for income tax of Rs. Nil, 31 March, 2020- Rs Nil)"	**5.92**	2.80
Others	–	0.18
	374.42	470.28

10. Share capital

	As at 31 March, 2021	As at 31 March, 2020
Authorised shares (Nos.)		
55,000,000 equity shares (31 March, 2020: 55,000,000)	**5,500.00**	5,500.00
	5,500.00	5,500.00
Issued, subscribed and fully paid up shares (Nos.)		
50,784,313 Equity shares (31 March, 2020: 50,784,313)	**5,078.43**	5,078.43
	5,078.43	5,078.43

(All amounts in Indian ₹ Lacs, unless otherwise stated)

10.1 Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

	Nos.
Outstanding as at 31 March, 2019	50,784,313
Issued during the period	–
Outstanding as at 31 March, 2020	50,784,313
Issued during the period	–
Outstanding as at 31 March, 2021	**50,784,313**

10.2 Terms/rights attached to Equity Shares

The Company has only one class of equity shares par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion of number of equity shares held by shareholders.

10.3 Details of shareholders holding more than 5% shares in the Company

	Nos.	% of Holdings
As at 31 March, 2020		
Mahindra Defence Systems Limited, India	25,900,000	51.00%
Telephonics Corporation, USA	24,884,313	49.00%
As at 31 March, 2021		
Mahindra Defence Systems Limited, India	**25,900,000**	**51.00%**
Telephonics Corporation, USA	**24,884,313**	**49.00%**

11. Other equity

		Amounts
(a)	**Securities Premium**	
	As at 31 March, 2019	217.92
	Add/Less: Movements during the year	–
	As at 31 March, 2020	**217.92**
	Add/Less: Movements during the year	–
	As at 31 March, 2021	**217.92**
(b)	**Retained earnings**	
	As at 31 March, 2019	(3,212.42)
	Loss for the year	(747.50)
	Items of other comprehensive incomes recognised directly in retained earnings	1.51
	As at 31 March, 2020	**(3,958.41)**
	Loss for the year	(304.23)
	Items of other comprehensive incomes recognised directly in retained earnings	9.59
	As at 31 March, 2021	**(4,253.05)**
	Total	**(4,035.13)**

Securities premium is used to record the premium on issue of shares. It is utilised in accordance with the provisions of Companies Act, 2013.

12. Non - Current financial liabilities

	As at 31 March, 2021	As at 31 March, 2020
Lease Liabilities (refer note 24 (D))	**288.38**	407.39
	288.38	407.39

13. Provision – Non-current

	As at 31 March, 2021	As at 31 March, 2020
Provision for employee defined benefits obligations		
Gratuity (refer note 25)	**55.03**	46.38
Post employment medical benefits (refer note 25)	**22.33**	23.43
Compensated absences	**27.98**	32.54
	105.34	102.35

14. Current financial liabilities

		As at 31 March, 2021	As at 31 March, 2020
(A)	**Trade payables**		
	Total outstanding dues of micro enterprises and small enterprises	–	–
	Total outstanding dues of creditors other than micro enterprises and small enterprises	**431.45**	499.20
	(A)	**431.45**	499.20

Disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) based on the information available with the Company is as follows:

As per the MSMED Act, 2006, the Company is required to identify Micro and Small suppliers and pay them interest on overdue amount beyond the specified period irrespective of the terms agreed with the suppliers. None of the creditors have confirmed the applicability of the MSMED Act, 2006 on them. Hence, the liability of the interest and disclosure are not required to be disclosed in the financial statements.

	As at 31 March, 2021	As at 31 March, 2020
The amounts remaining unpaid to suppliers as at the end of the year – Principal – Interest	–	–
The amount of payments made to micro and small suppliers beyond the appointed day during the accounting year.	–	–
The amount of interest paid by the buyer as per the MSMED Act, 2006.	–	–
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	–	–
The amount of interest accrued and remaining unpaid at the end of each accounting year.	–	–
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	–	–

		As at 31 March, 2021	As at 31 March, 2020
(B)	Lease Liabilities (refer note 24 (D))	**119.01**	101.47
	(B)	**119.01**	101.47

(All amounts in Indian ₹ Lacs, unless otherwise stated)

		As at 31 March, 2021	As at 31 March, 2020
(C) Other financial liabilities			
Capital creditors		–	2.32
Employee payable		**87.49**	79.84
	(C)	**87.49**	82.16
Total (A+B+C)		**637.95**	682.83

15. Provision - Current

	As at 31 March, 2021	As at 31 March, 2020
Provision for employee defined benefits obligations		
Gratuity (refer note 25)	**0.56**	0.40
Compensated absences	**1.00**	0.98
	1.56	1.38

16. Other current liabilities

	As at 31 March, 2021	As at 31 March, 2020
Statutory dues payable	**8.91**	8.62
Deferred income	**4.56**	5.07
	13.47	13.69

17. Revenue from operations

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Sale of goods	**811.58**	663.81
Sale of services	**394.98**	30.07
	1,206.56	**693.88**
Revenue disaggregation by geography is as follows:		
Outside India	**783.60**	626.16
India	**422.96**	67.72
	1,206.56	**693.88**
Revenue disaggregation by type of customers is as follows:		
Government	**394.98**	–
Non-government	**811.58**	693.88
	1,206.56	**693.88**

18. Other income

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Interest income on financial assets carried at amortised cost		
– bank deposits	**13.46**	25.73
– security deposits	**1.65**	1.52
Interest income on income tax refunds	–	1.55
Gain on foreign exchange fluctuation (net)	**0.05**	8.61
Government grants	**0.51**	0.51
Profit on sale of property, plant and equipment	**1.04**	–
Miscellaneous income	**0.51**	0.36
	17.22	38.28

19. Costs of materials consumed

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Raw materials and components consumed	**262.87**	179.90
	262.87	179.90

20. Employee benefit expenses

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Salaries, wages and bonus	**415.41**	438.25
Contribution to provident and other funds (refer note 25)	**21.97**	21.86
Gratuity expense (refer note 25)	**14.15**	13.08
Post employment medical benefit (refer note 25)	**6.20**	7.99
Staff welfare expenses	**9.72**	19.12
	467.45	500.30

21. Depreciation and amortisation expense

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Depreciation on property, plant and equipment (refer note 3)	**76.49**	84.57
Depreciation on right-of-use assets (refer note 3)	**120.33**	120.66
Amortisation of intangible assets (refer note 4)	**7.53**	11.67
	204.35	216.90

22. Other expenses

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Shared service charges	**199.94**	181.83
Travelling and conveyance	**9.31**	55.69
Rent (refer note 24 (D))	**61.41**	68.07
Rates and taxes	**0.34**	1.65
Legal and professional (refer below note)	**150.55**	121.81
Sales promotion	**1.71**	3.56
Insurance	**12.06**	10.26
Printing and stationery	**1.76**	2.66
Telecommunication cost	**3.16**	4.95
Power and fuel	**21.97**	26.92
Repairs and maintenance		
- Others	**26.51**	26.38
Security expenses	**17.05**	15.30
Freight outward	**29.67**	6.94
Bank charges	**13.05**	13.80
Loss on sale of property, plant and equipment	–	2.38
Impairment allowance on trade receivables	–	(11.13)
Miscellaneous expenses	**2.42**	0.28
Total	**550.91**	531.35
Payment to auditor (included in legal and professional)		
As auditor		
Audit fee	**6.50**	6.50
Tax audit fee	–	–
In other capacity		
Taxation matters	**2.50**	2.50
Reimbursement of expenses	**0.34**	0.79
	9.34	9.79

(All amounts in Indian ₹ Lacs, unless otherwise stated)

23. Finance cost

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Interest on:		
on lease liability	**42.43**	51.21
	42.43	51.21

24. Commitments and Contingencies

A Contingent liabilities (to the extent not provided for)

There is no contingent liability as at 31 March, 2021 and 31 March, 2020

B Commitments

		For the year ended 31 March, 2021	For the year ended 31 March, 2020
a)	Estimated amount of capital contracts remaining to be executed and not provided for (net of advances)	**11.00**	13.65
		11.00	13.65

C Undrawn committed borrowing facility

(a) The Company has working capital credit facilities amounting to Rs. 1,500 (31 March, 2020: Rs 1,500) from HDFC bank. Of this the Company has utilised Rs 576.61 and balance Rs 923.39 is undrawn as at 31 March, 2021 (Of this the Company has utilised Rs 559.55 and balance Rs 940.45 is undrawn as at 31 March, 2020).

(b) Working capital limits from HDFC bank are secured by way of: First pari-passu hypothecation charge over stock, book debts and moveable fixed assets.

D Leases

Lease liabilities under IND As 116 - Company as lessee

i) The Company has taken building premises on lease.

ii) Depreciation charge for right-of-use assets, additions to right-of-use assets and carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset - Refer Note-3

iii) The following is the movement in lease liabilities during the year ended 31 March, 2020:

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Balance at the beginning of the year	**508.86**	0.00
Addition during the year	**0.00**	594.71
Finance cost accrued during the year	**42.43**	51.21
Payment of lease liabilities	**(143.90)**	(137.06)
Balance at the end of the year	**407.39**	508.86

iv) The following is the break-up of current and non-current lease liabilities as at 31 March, 2020

Particulars	**For the year ended 31 March, 2020**	For the year ended 31 March, 2020
Current lease liabilities	**119.01**	101.47
Non-current lease liabilities	**288.38**	407.39
Total	**407.39**	508.86

v) Expense relating to short-term leases and leases of low-value assets - 31 March, 2021: Rs 61.41 (31 March, 2020: Rs 68.07)

vi) Cash outflow for leases - 31 March, 2021: Rs 143.90 (31 March, 2020: Rs 137.06)

vii) Maturity analysis of lease liabilities - Refer note 29 - Liquidity Risk (Other non-current financial liabilities)

25. Disclosures pursuant to Ind AS - 19 “Employee Benefits” are given below:

Contribution to Defined Contribution Plan, recognised as expense for the year is as under:

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Employer's Contribution towards Provident Fund (PF)*	**21.00**	20.48
Employer's Contribution towards Employee State Insurance (ESI)	**0.72**	1.12
Employer's Contribution towards Labour welfare fund	**0.25**	0.27
	21.97	21.86

Defined Benefit Plan

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. Every employee is entitled to the benefit equivalent to 15 days of total basic salary last drawn for each completed year of service.

The Company’s gratuity benefit scheme is a defined benefit plan. The Company’s net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company’s obligation under the plan is perforrned annually at the balance sheet date by a qualified actuary using the projected unit credit method.

The Company provides post retirement medical cover to employees for grade L1 to L5 to cover the retiring employee and their spouse upto a specified age through mediclaim policy. The eligibility of the employee for the benefit as well as the amount of the medical cover purchase is determined by the grade of the employee at the time of retirement.

Medical cost increase rate is company’s long term best estimate as to cost increases taking into account of inflation, other relevant factors on long term basis as provided in relevant accounting standard.

The Code on Social Security, 2020 (‘Code’) relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and post retirement medical cover plan and the amounts recognised in the Company’s financial statements as at balance sheet date:

(All amounts in Indian ₹ Lacs, unless otherwise stated)

		Post employment medical benefits		Gratuity	
		For the year ended 31 March, 2021	For the year ended 31 March, 2020	**For the year ended 31 March, 2021**	For the year ended 31 March, 2020
a)	**Reconciliation of opening and closing balances of Defined Benefit obligation**				
	Defined Benefit obligation at the beginning of the year	**23.43**	19.03	**46.78**	31.62
	Interest Expense	**1.59**	1.46	**3.18**	2.42
	Current Service Cost	**4.61**	6.53	**10.97**	10.66
	Benefit paid	–	–	**(3.05)**	–
	Remeasurement of (Gain)/loss in other comprehensive income				
	Actuarial changes arising from changes in demographic assumptions	–	–	–	0.02
	Actuarial changes arising from changes in financial assumptions	–	2.66	–	6.33
	Actuarial changes arising from changes in experience adjustments	**(7.30)**	(6.25)	**(2.29)**	(4.27)
	Defined Benefit obligation at year end	**22.33**	23.43	**55.59**	46.78
b)	**Reconciliation of opening and closing balances of fair value of plan assets**				
	Fair value of plan assets at beginning of the year	–	–	–	–
	Expected return on plan assets	–	–	–	–
	Employer contribution	–	–	–	–
	Remeasurement of (Gain)/loss in other comprehensive income	–	–	–	–
	Return on plan assets excluding interest income	–	–	–	–
	Benefits paid	–	–	–	–
	Fair value of plan assets at year end	–	–	–	–
c)	**Net defined benefit asset/(liability) recognised in the balance sheet**				
	Fair value of plan assets	–	–	–	–
	Present value of defined benefit obligation	**(22.33)**	(23.43)	**(55.59)**	(46.78)
	Amount recognised in Balance Sheet- Asset/(Liability)	**(22.33)**	(23.43)	**(55.59)**	(46.78)
d)	**Net defined benefit expense (Recognised in the Statement of Profit and Loss for the year)**				
	Current Service Cost	**4.61**	6.53	**10.97**	10.66
	Net Interest Cost	**1.59**	1.46	**3.18**	2.42
	Net defined benefit expense debited to Statement of Profit and Loss	**6.20**	7.99	**14.15**	13.08
e)	**Remeasurement (gain)/loss recognised in other comprehensive income**				
	Actuarial changes arising from changes in demographic assumptions	–	–	–	0.02
	Actuarial changes arising from changes in financial assumptions	–	2.66	–	6.33
	Actuarial changes arising from changes in experience adjustments	**(7.30)**	(6.25)	**(2.29)**	(4.27)
	Return on Plan assets excluding interest income	–	–	–	–
	Recognised in other comprehensive income	**(7.30)**	(3.59)	**(2.29)**	2.08
f)	**Broad categories of plan assets as a percentage of total assets**				
	Insurer managed funds				

(All amounts in Indian ₹ Lacs, unless otherwise stated)

	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020
g) Principal assumptions used in determining defined benefit obligation				
Mortality Table (LIC)	**2006-08 (Ultimate)**	2006-08 (Ultimate)	**2006-08 (Ultimate)**	2006-08 (Ultimate)
Discount rate (per annum)	**6.79%**	6.79%	**6.79%**	6.79%
Salary Escalation/Future medical cost increase	**10.00%**	10.00%	**10.00%**	10.00%
Attrition Rate				
Upto 30 years	**3.00%**	3.00%	**3.00%**	3.00%
Upto 31 years to 44 years	**2.00%**	2.00%	**2.00%**	2.00%
Above 44 years	**1.00%**	1.00%	**1.00%**	1.00%

i) Quantitative sensitivity analysis for significant assumptions is as below:	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020
Increase/(decrease) on present value of defined benefits obligations at the end of the year				
Discount Rate				
Increase by 1.00%	**(1.95)**	(2.30)	**(7.94)**	(7.18)
Decrease by 1.00%	**1.78**	2.21	**8.02**	9.03
Salary Increase				
Increase by 1.00%	**N.A.**	N.A.	**8.06**	8.65
Decrease by 1.00%	**N.A.**	N.A.	**(7.99)**	(7.05)
Attrition Rate	**N.A.**	N.A.	**N.A.**	N.A.
Sensitivities due to mortality & withdrawals are not material	**N.A.**	N.A.	**N.A.**	N.A.

j) Maturity profile of defined benefit obligation	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020
Within the next 12 months (next annual reporting period)	**0.01**	0.01	**0.56**	0.22
Between 1 and 2 years	**0.45**	2.70	**1.16**	0.25
Between 2 and 5 years	**5.96**	3.30	**11.28**	1.62
Over 5 years	**15.91**	17.42	**41.71**	29.53
Total expected payments	**22.33**	23.43	**54.71**	31.62

k) The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the actuary.

l) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

m) The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

n) **Components of Other Comprehensive Income (OCI)**

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

Retained Earnings

	31 March, 2021	31 March, 2020
Re-measurement gains/(losses) on defined benefit plans	**9.59**	1.51
	9.59	1.51

26. Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Board of Directors and the Company has only one reportable business segment i.e. defence sector.

(All amounts in Indian ₹ Lacs, unless otherwise stated)

Accordingly, the disclosure requirements of Ind AS 108 are not applicable.

Entity wide disclosure details as per Ind AS 108 on Operating segments are given below:

Information about geographical areas:

The following table shows the distribution of the Company's operating revenue by geographical location of customers, regardless of where the goods were produced/services were rendered from:

Particulars		Year ended 31 March, 2021	Year ended 31 March, 2020
Revenue from operations	India	**422.96**	67.72
	Outside India	**783.60**	626.16

The following table shows the carrying amounts of non-current segment assets by geographical area in which the assets are located:

Particulars		Year ended 31 March, 2021	Year ended 31 March, 2020
Non-current assets*	India	**972.07**	1,390.97
	Outside India	–	–

*** Non-current assets**

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
India		
Property, plant and equipment	**331.86**	411.41
Right-of-use assets	**353.72**	474.05
Capital work-in-progress	–	2.26
Intangible assets	**56.45**	63.98
Financial assets	**33.24**	88.01
Other non-current assets	**167.56**	351.26
Outside India	–	–
Total	**942.83**	1,390.97

Information about major customers:

Major individual customer with whom revenue exceeds more than 10% of the Company's revenue:

Name of Customer	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Telephonics Corporation	**783.60**	626.16
Directorate of engineering	**394.98**	–

27. Related party transactions

The related parties as per the terms of Ind AS-24,"Related Party Disclosures", as amended are disclosed below:-

(A) Names of related parties and description of relationship:

(i) Related party where control exists

Joint venture partner

1 Mahindra Defence Systems Limited (MDSL), India*

2 Telephonics Corporation (TC), United States of America (USA)

Holding Company/fellow subsidiary of Joint Venture Partner

1 Mahindra & Mahindra Limited (M&M)

2 Mahindra Integrated Business Solutions Private Limited (MIBL)

Entity over which M&M has significant influence

Tech Mahindra Limited (TML)

Key management personnel

1	Mr. Jayantaraj Chatterjee (JC)	Chief Executive Officer (CEO)
2	Mr. Arun Gupta (AG)	Chief Financial Officer (CFO)
3	Mr. Manish Sharma (MS)	Company Secretary (CS)

*Entities which also have common directors

(B) Transactions during the year

For the year ended 31 March, 2021

Particulars	MDSL	M&M	TML	TC	MIBL	JC	AG	Total
Sale of goods	–	–	–	**783.60**	–	–	–	**783.60**
Rent**		–	–	**52.38**	–	–	–	**52.38**
Payment of lease liabilities	**143.90**							**143.90**
Shared service charges **	**193.79**	**4.98**	–	–	**1.17**	–	–	**199.94**
Power and fuel	**20.26**	–	–	–	–	–	–	**20.26**
Professional Services	–	–	–	**128.94**	–	–	–	**128.94**
Other expenses**	–	**0.62**	–	–	–	–	–	**0.62**
Key managerial personnel								
Short–term Employee benefits*	–	–	–	–	–	**74.38**	**44.48**	**118.86**
Total	**357.95**	**5.60**	–	**964.92**	**1.17**	**74.38**	**44.48**	**1,448.50**

* The remuneration of key management personnel as disclosed above does not include provision made for gratuity, post retirement medical cover plan and compensated absences as they are determined on actuarial basis for the Company as a whole and individual amounts are not available.

** net of Goods and Services tax, swach bharat cess amount and krishi kalyan cess.

(All amounts in Indian ₹ Lacs, unless otherwise stated)

For the year ended 31 March, 2020

Particulars	MDSL	M&M	TML	TC	MIBL	JC	AG	Total
Sale of goods	–	–	–	626.16	–	–	–	626.16
Sale of service	–	–	30.06		–	–	–	30.06
Cost of material consumed	–	–	–	0.02	–	–	–	0.02
Rent **	–	–	–	49.06	–	–	–	49.06
Payment of lease liabilities	137.06							137.06
Shared service charges **	175.69	5.06	–	–	1.08	–	–	181.83
Power and fuel	22.41	–	–	–	–	–	–	22.41
Reversal of Provision for doubtful debts	–	–	–	11.13	–	–	–	11.13
Professional Services	–	–	–	104.44	–	–	–	104.44
Other expenses**	–	0.45	–	–	–	–	–	0.45
Purchase of property, plant and equipment**	–	8.94	–	–	–	–	–	8.94
Key managerial personnel								
Short–term Employee benefits*	–	–	–	–	–	77.34	44.28	121.62
Total	335.16	14.45	30.06	790.81	1.08	77.34	44.28	1,293.18

* The remuneration of key management personnel as disclosed above does not include provision made for gratuity, post retirement medical cover plan and compensated absences as they are determined on actuarial basis for the Company as a whole and individual amounts are not available.

** net of GST/service tax, swach bharat cess amount and krishi kalyan cess.

Balance as at year end

Particulars	**As at 31 March, 2021**			As at 31 March, 2020		
	Receivable	**Payable***	**Prepaid Expenses**	Receivable	Receivable	Prepaid Expenses
M&M	**–**	**1.17**	**–**	–	2.64	–
MDSL	**–**	**314.57**	**–**	–	307.00	–
MIBL	**–**	**0.10**	**–**	–	0.10	–
TML	**–**	**–**	**–**	23.68	–	–
TC	**–**	**85.47**	**313.57**	347.20	97.89	442.58
Total	**–**	**401.31**	**313.57**	370.88	407.63	442.58

* Including accruals

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

28. Fair value measurements

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

Financial instruments by category	**Carrying Value**		**Fair Value**	
	As at 31 March, 2021	As at 31 March, 2020	**As at 31 March, 2021**	As at 31 March, 2020
Financial assets at amortised cost				
Cash and cash equivalent	**172.42**	175.67	**172.42**	175.67
Bank balances other than cash and cash equivalent	**71.51**	95.01	**71.51**	95.01
Other financial assets (current)	**1.62**	4.62	**1.62**	4.62
Loans	**21.60**	20.47	**21.60**	20.47
Trade receivables	**466.08**	376.69	**466.08**	376.69
	733.23	672.46	**733.23**	672.46
Financial Liabilities at amortised cost				
Trade Payables	**431.45**	499.20	**431.45**	499.20
Lease liabilities	**407.39**	508.86	**407.39**	508.86
Other financial liabilities	**87.49**	82.16	**87.49**	82.16
	926.33	1,090.22	**926.33**	1,090.22

(All amounts in Indian ₹ Lacs, unless otherwise stated)

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1) The fair value of financial assets and liabilities at amortised cost is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
2) Long-term receivables/payables are evaluated by the Company based on parameters such as interest rates, risk factors, individual creditworthiness of the counterparty and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

The significant unobservable inputs used in the fair value measurement categorised within level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March, 2020, are as shown below:

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities,

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly,

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Quantitative disclosures of fair value measurement hierarchy for assets as on 31 March, 2021

	Carrying Value	Fair Value		
Assets carried at amortised cost for which fair value are disclosed	**31 March, 2021**	Level 1	Level 2	Level 3
Loans	**21.60**	–	–	21.60
Other financial assets (current)	**1.62**	–	–	1.62

Quantitative disclosures of fair value measurement hierarchy for assets as on 31 March, 2020

	Carrying Value	Fair Value		
Assets carried at amortised cost for which fair value are disclosed	31 March, 2020	Level 1	Level 2	Level 3
Loans	**20.47**	–	–	20.47
Other financial assets	**4.62**	–	–	4.62

Note: The management assessed that cash and cash equivalents, bank balance other than cash and equivalent, trade receivables, trade payablesand other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

29. Financial risk management objectives and policies

The Company's principal financial liabilities comprise of trade and other payables and cash credit from bank. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets includes security deposits given for rental properties taken on lease and equipment leases, trade and other receivables, and cash and cash equivalents that are derived directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors. This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with Company policies and Company risk objective.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised as below:

(a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. However, since the Company is not having any borrowings and since its nature of business does not involve commodities, it is not exposed to interest rate risk and other price risk. Financial instruments affected by market risks include deposits and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at 31 March, 2021. The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations, provisions, and the non-financial assets and liabilities. The sensitivity of the relevant profit and loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31 March 2021.

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in foreign currency). Foreign currency exchange rate exposure is party balanced by purchasing of goods from the respective countries. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows establish risk management policies and plan the purchases and sales in manner with similar credit period and payment period that results in a natural hedge and cover risk arising due to volatility in the foreign currency risk.

Foreign currency risk sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's loss before tax is due to changes in the fair value of monetary assets and liabilities. Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise are as under:

Description of Currency	**Currency**	**31 March, 2021**		**Impact on loss before tax and equity**	
		FC	**Indian Rupees**	1% increase	1% decrease
United States Dollar	**USD**	**1.18**	**85.62**	(0.86)	0.86

Description of Currency	Currency	31 March, 2020		Impact on loss before tax and equity	
		FC	Indian Rupees	1% increase	1% decrease
United States Dollar	USD	3.24	266.90	(2.67)	2.67

Increase represents Indian Rupee becoming stronger against USD in Indian Rupee terms

(ii) Interest Rate Risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in

(All amounts in Indian ₹ Lacs, unless otherwise stated)

market interest rates. The Company's is not exposed to the risk of changes in market interest rates since the Company's investment in fixed deposit with bank are carried at amortised cost. They are therefore not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of change in the market interest rates.

(b) Credit Risk

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

(i) Trade Receivables

Currently, the Company is primarily engaged in supplying goods to one of its shareholder; namely Telephonics Corp. Further, for unrelated parties, the customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

(ii) Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Company with the its treasury policy. Investments of surplus funds are made in bank deposits and other risk free securities. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March, 2021 is the carrying amounts. The Company's maximum exposure relating to financial is noted in liquidity table below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the Company.

	As at 31 March, 2021	As at 31 March, 2020
Financial assets for which allowance is measured using 12 months Expected Credit Loss Method (ECL)		
Cash and cash equivalent	**172.42**	175.67
Bank balances other than cash and cash equivalent	**71.51**	95.01
Loans	**21.60**	20.47
Other financial assets (current)	**1.62**	4.62
	267.15	295.77
Financial assets for which allowance is measured using Life time Expected Credit Loss Method (ECL)		
Trade Receivables	**466.08**	376.69
	466.08	376.69

Credit risk on cash and cash equivalents and bank deposits is limited as the Company generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies.

The ageing analysis of trade receivables (gross of provision) has been considered from the date the invoice falls due

	As at 31 March, 2021	As at 31 March, 2020
Particulars	**As at 31 March, 2021**	As at 31 March, 2020
Neither past due nor impaired	–	207.34
0 to 180 days due past due date	**466.08**	169.35
More than 180 days past due date	–	–
Total Trade Receivables (gross of provision)	**466.08**	376.69

The following table summarises the change in loss allowance measured using the life time expected credit loss model:-

	As at 31 March, 2020	As at 31 March, 2019
Balance at the beginning of the year	–	–
Provision during the year	–	–
Bad debts	–	–
Balance at the end of the year	–	–

(c) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deposits and current account with bank. Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

Maturity profile of financial liabilities

The table below provides the details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

As at 31 March, 2021	**Less than 1 year**	**1 to 5 years**	**Total**
Trade payables	**431.45**	–	**431.45**
Lease liabilities	**119.01**	**288.38**	**407.39**
Other current financial liabilities	**87.49**	–	**87.49**
As at 31 March, 2020	Less than 1 year	1 to 5 years	Total
Trade payables	499.20	–	499.20
Lease liabilities	101.47	407.39	508.86
Other current financial liabilities	82.16	–	82.16

30. Capital Management

For the purposes of Company's capital management, capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and maximise shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March, 2021 and 31 March, 2020.

The Company monitors capital using gearing ratio, which is net payables divided by total capital plus net payables.

(All amounts in Indian ₹ Lacs, unless otherwise stated)

Particulars	31 March, 2021	31 March, 2020
Borrowings (net of cash and cash equivalent)	–	–
Net Debt	–	–
Equity	**1,043.30**	1,337.94
Total Capital	**1,043.30**	1,337.94
Capital and Net Debt	**1,043.30**	1,337.94
Gearing ratio	**0.00%**	0.00%

31. Income Taxes

		For the year ended 31 March, 2021	For the year ended 31 March, 2020
A	**Amount recognised in Statement of Profit and Loss**		
	Current tax		
	Current period (a)	–	–
	Deferred tax asset (net) (b)		
	Deferred tax asset	–	–
	Tax expense	–	–
B	**Income tax recognised in other comprehensive income**		
	Remeasurements of defined benefit liability/ (asset)		
	Before tax	**9.59**	1.51
	Tax (expense)/ benefit	–	–
	Net of tax	**9.59**	1.51
C	**Reconciliation of effective tax rate**		
	(Loss) before tax	**(304.23)**	(747.50)
	Enacted tax rates in India	**26.00%**	26.00%
	Computed tax expense	**(79.10)**	(194.35)
	Timing differences	**22.55**	40.59
	Tax on carried forward losses	**56.55**	153.76
	Income tax expense	–	–

		As at 31 March, 2021	As at 31 March, 2020
D	**Income tax assets and income tax liabilities**		
	Advance tax	**5.92**	2.80
		5.92	2.80
E	**Deferred tax assets (net)**		
	Deferred tax assets on account of:		
	Lease Liability	**13.95**	9.03
	Provision for employee benefits	**27.79**	47.73
	Carry forward business losses and unabsorbed depreciation	**1,074.17**	954.43
	Total deferred tax asset (A)	**1,115.92**	1,011.18
	Deferred tax liabilities on account of:		
	Property plant and equipment	**(5.97)**	(9.68)
	Total deferred tax liabilities (B)	**(5.97)**	(9.68)
	Net deferred tax assets/(liabilities) (A)-(B)	**1,109.95**	1,001.50
	Deferred tax assets recognised	–	–

The Company has significant unabsorbed depreciation and carry forward losses. Further, there exists no convincing evidence that sufficient taxable profit will be available against which such deferred tax assets can not be realised. Accordingly, the Company has recognised deferred tax assets to the extent of deferred tax liabilities.

F Movement of temporary differences

	As at 31 March, 2019	Temporary Difference	Carry forward business losses and Unabsorbed depreciation	As at 31 March, 2020	Temporary Difference	Carry forward business losses and Unabsorbed depreciation	**As at 31 March, 2021**
Property plant and equipment	(12.14)	2.46	–	(9.68)	3.70	–	**(5.97)**
Lease Liability	–	9.03	–	9.03	4.93	–	**13.95**
Provision for employee benefits	19.32	28.41	–	47.73	(19.93)	–	**27.79**
Carry forward business losses and unabsorbed depreciation	801.38	–	153.05	954.43	–	119.75	**1,074.17**
	808.55	39.89	153.05	1,001.50	(11.30)	119.75	**1,109.95**

32. Transfer Pricing

The Company has a process of maintenance of information and documents as required by the transfer pricing regulation under sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence and updating of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation of all transactions entered into with the associated enterprises as well as deemed international transaction with un-related parties during the financial year 2020-21 and expects such records to be updated by the date as required by law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any material impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

33. Earnings per share

a) Basic Earnings per share

	As at 31 March, 2021	As at 31 March, 2020
Numerator for earnings per share		
Profit after taxation	**(304.23)**	(747.50)
Denominator for earnings per share		
Weighted number of equity shares outstanding during the year	**50,784,313**	50,784,313
Earnings per share-Basic (one equity share of INR 10 each)	**(0.60)**	(1.47)

The Company does not have any potential equity shares which have a dilutive impact on earnings per share, accordingly, basic and dilutive earnings per share are same.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Deepesh Sharma
Partner
Membership no. : 505725

Place: New Delhi
Date: 27 April, 2021

For and on behalf of the Board of Directors of
Mahindra Telephonics Integrated Systems Limited

S. P. Shukla
(Director)
DIN: 00007418
Place: Mumbai

Mukul Verma
(Director)
DIN: 02428217
Place: New Delhi

Jayantaraj Chatterjee
(CEO)
PAN: ADJPC7684E
Place: New Delhi

Arun Gupta
(CFO)
PAN: AFYPG8293A
Place: New Delhi

Manish Sharma
(Company Secretary)
PAN: DIXPS7998F
Place: Mumbai
Date: 27 April, 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Mahindra Emirates Vehicle Armouring FZ-LLC
Ras Al Khaimah, UNITED ARAB EMIRATES

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Mahindra Emirates Vehicle Armouring FZ - LLC (the Company)**, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

We draw attention to:

i) Note 2 to the financial statements which states that the Company has presented these financial statements as separate financial statements under International Accounting Standard (IAS) 27 wherein investment in subsidiary is carried at cost without consolidating the financial results of the subsidiary.

ii) Note 3.4 to the financial statements which states that the INR amounts in the accompanying financial statements are presented as supplementary information solely for the convenience of users of the financial statements. Such supplementary information does not form part of the financial statements. We have not audited this supplementary information and, accordingly, we do not express an opinion on this supplementary information.

Our opinion is not modified in respect of these matters.

Other Matter

The financial statements of the Company for the year ended 31 March 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 19 May 2020.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

1. we have obtained all the information and explanations we considered necessary for the purposes of our audit;
2. the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
3. the Company has maintained proper books of account;
4. the financial information included in the Directors' report, in so far as it relates to these financial statements, is consistent with the books of account of the Company;
5. the Company has not purchased or invested in shares or stocks during the year ended 31 March 2021;
6. note 10 to the financial statements discloses material related party transactions and the terms under which they were conducted; and
7. based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 March 2021 with any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or its Memorandum and Articles of Association, which would materially affect its activities or its financial position as at 31 March 2021.

Saju Augustine FCA
Reg. No : 136
Kreston Menon Chartered Accountants

Ras Al Khaimah
26 April 2021

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
ASSETS					
Non-current assets					
Property and equipment	5	623,117	12,586,963	923,178	18,962,076
Right-of-use assets	6	4,820,607	97,376,261	5,325,770	109,391,316
Investment in subsidiary	7	25,900	523,180	25,900	531,986
Total non-current assets		5,469,624	110,486,404	6,274,848	128,885,378
Current assets					
Inventories	8	3,692,606	74,590,641	13,381,230	274,850,464
Trade and other receivables	9	2,679,137	54,118,567	3,916,304	80,440,884
Due from related parties	10.b	1,012,834	20,459,247	13,146,628	270,031,739
Cash and bank balances	11	8,350,207	168,674,181	3,376,230	69,347,764
Total current assets		15,734,784	317,842,636	33,820,392	694,670,851
Total assets		21,204,408	428,329,040	40,095,240	823,556,229
EQUITY AND LIABILITIES					
Equity					
Share capital	12	10,000,000	202,000,000	10,000,000	205,400,000
Statutory reserve	13	1,148,969	23,209,174	1,094,610	22,483,289
Retained earnings		1,460,375	29,499,575	971,146	19,947,339
Total equity		12,609,344	254,708,749	12,065,756	247,830,628
Non-current liabilities					
Provision for employees' end of service benefits	14	1,019,184	20,587,517	993,598	20,408,503
Lease liabilities - non-current	15	5,066,622	102,345,764	5,215,205	107,120,311
Total non-current liabilities		6,085,806	122,933,281	6,208,803	127,528,814
Current liabilities					
Trade and other payables	16	2,283,339	46,123,447	21,660,992	444,916,775
Due to related party	10.c	26,872	542,814	9,482	194,760
Lease liabilities - current	15	199,047	4,020,749	150,207	3,085,252
Total current liabilities		2,509,258	50,687,010	21,820,681	448,196,787
Total liabilities		8,595,064	173,620,291	28,029,484	575,725,601
Total equity and liabilities		21,204,408	428,329,040	40,095,240	823,556,229

For and on behalf of the Board

Yousef Mohammed Esmaeel Mohammed Al Belooshi	Director
Rajiv Gupta	Director & CEO
Johnmon Xavier	CFO

The accompanying notes form an integral part of these financial statements.
Place: Ras al khaimah
Date: 26th April, 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	31.03.2021	Unaudited Supplementary Information (refer note 3.4) 31.03.2021	31.03.2020	Unaudited Supplementary Information (refer note 3.4) 31.03.2020
		AED	INR	AED	INR
Revenue	17	43,752,122	883,792,864	31,423,999	645,448,939
Cost of revenue	18	(39,212,977)	(792,102,135)	(26,509,338)	(544,501,802)
Gross profit		4,539,145	91,690,729	4,914,661	100,947,137
Other income	19	448,293	9,055,519	78,215	1,606,536
Administrative expenses	20	(3,637,576)	(73,479,035)	(3,981,895)	(81,788,123)
Selling and distribution expenses	21	(470,550)	(9,505,110)	(506,024)	(10,393,733)
Profit from operating activities		879,312	17,762,103	504,957	10,371,817
Interest income		20,636	416,847	105,213	2,161,075
Finance costs	22	(356,360)	(7,198,472)	(379,296)	(7,790,740)
Profit for the year		543,588	10,980,478	230,874	4,742,152
Other comprehensive income for the year		–	–	–	–
Total comprehensive income for the year		543,588	10,980,478	230,874	4,742,152

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Share capital AED	Statutory reserve AED	Retained earnings AED	Total AED
Balance at 1 April 2019	10,000,000	1,071,523	763,359	11,834,882
Total comprehensive income for the year	–	–	230,874	230,874
Transfer to statutory reserve	–	23,087	(23,087)	–
Balance at 31 March 2020	**10,000,000**	**1,094,610**	**971,146**	**12,065,756**
Total comprehensive income for the year	–	–	543,588	543,588
Transfer to statutory reserve	–	54,359	(54,359)	–
Balance at 31 March 2021	**10,000,000**	**1,148,969**	**1,460,375**	**12,609,344**

Unaudited Supplementary Information (refer note 3.4)

	Share capital INR	Statutory reserve INR	Retained earnings INR	Total INR
Balance at 1 April 2019	188,200,000	20,166,063	14,366,416	222,732,479
Total comprehensive income for the year	–	–	4,742,152	4,742,152
Transfer to statutory reserve	–	474,215	(474,215)	–
Effects of foreign exchange differences	17,200,000	1,843,011	1,312,986	20,355,997
Balance at 31 March 2020	**205,400,000**	**22,483,289**	**19,947,339**	**247,830,628**
Total comprehensive income for the year	–	–	10,980,478	10,980,478
Transfer to statutory reserve	–	1,098,048	(1,098,048)	–
Effects of foreign exchange differences	(3,400,000)	(372,163)	(330,194)	(4,102,357)
Balance at 31 March 2021	**202,000,000**	**23,209,174**	**29,499,575**	**254,708,749**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Cash flows from operating activities				
Profit for the year	**543,588**	**10,980,478**	230,874	4,742,152
Adjustments for:				
Finance costs	**356,360**	**7,198,472**	379,296	7,790,740
Depreciation of property and equipment	**368,153**	**7,436,691**	451,062	9,264,805
Depreciation of right-of-use assets	**505,163**	**10,204,293**	505,163	10,376,048
Gain on disposal of property and equipment	**–**	**–**	(78,215)	(1,606,536)
Provision for employees' end of service benefits	**80,856**	**1,633,291**	163,200	3,352,128
Allowance for impairment of trade receivables	**–**	**–**	132,000	2,711,280
Provision for slow moving inventories	**15,809**	**319,343**	–	–
Remission of liabilities	**(268,293)**	**(5,419,519)**	–	–
Allowance for impairment of amount due from related parties	**–**	**–**	48,000	985,920
Reversal of excess allowance for impairment of trade receivables	**(132,000)**	**(2,666,400)**	–	–
Reversal of excess allowance for impairment of amount due from related parties	**(48,000)**	**(969,600)**	–	–
Operating cash flows before changes in working capital	**1,421,636**	**28,717,049**	1,831,380	37,616,537
Decrease/(increase) in inventories	**9,672,815**	**195,390,863**	(8,073,354)	(165,826,712)
Decrease/(increase) in trade and other receivables	**1,369,167**	**27,657,173**	(422,920)	(8,686,777)
Decrease/(increase) in due from related parties	**12,181,794**	**246,072,239**	(13,194,628)	(271,017,659)
(Decrease)/increase in trade and other payables	**(19,109,360)**	**(386,009,072)**	17,348,853	356,345,441
Increase in due to related party	**17,390**	**351,278**	9,482	194,760
Cash generated from/(used in) operations	**5,553,442**	**112,179,530**	(2,501,187)	(51,374,410)
Employees' end of service benefits paid	**(55,270)**	**(1,116,454)**	(88,286)	(1,813,394)
Net cash generated from/(used in) operating activities	**5,498,172**	**111,063,076**	(2,589,473)	(53,187,804)
Cash flows from investing activities				
Purchase of property and equipment	**(68,092)**	**(1,375,452)**	(364,259)	(7,481,879)
Proceeds from disposal of property and equipment	**–**	**–**	88,516	1,818,125
(Increase)/decrease in fixed deposits	**(5,020,636)**	**(101,416,847)**	5,339,800	109,679,492
Investment in subsidiary	**–**	**–**	(25,900)	(531,986)
Net cash (used in)/generated from investing activities	**(5,088,728)**	**(102,792,299)**	5,038,157	103,483,752
Cash flows from financing activities				
Finance costs on lease liabilities	**(332,930)**	**(6,725,186)**	(343,208)	(7,049,492)
Finance costs paid on cash credit	**(23,430)**	**(473,286)**	(36,088)	(741,248)
Repayment of lease liabilities	**(99,743)**	**(2,014,809)**	(305,837)	(6,281,892)
Net cash (used in) financing activities	**(456,103)**	**(9,213,281)**	(685,133)	(14,072,632)
Net (decrease)/increase in cash and bank balances	**(46,659)**	**(942,504)**	1,763,551	36,223,316
Cash and bank balances at beginning of year	**2,502,933**	**51,410,244**	739,382	13,915,169
Effects of foreign exchange differences	**–**	**(851,006)**	–	1,271,759
Cash and bank balances at end of year (Note 11)	**2,456,274**	**49,616,734**	2,502,933	51,410,244

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. GENERAL INFORMATION :

Mahindra Emirates Vehicle Armouring FZ - LLC (the Company) is a Limited Liability Company incorporated in Ras Al Khaimah, United Arab Emirates. The registered office of the Company is P.O. Box. 39893, RAK, United Arab Emirates and principal place of business is located in Ras Al Khaimah, UAE.

The principal activities of the Company are trading and assembling of automobiles, specialised vehicles, auto spare parts and components, auto accessories, special accessories fitting & tyres & rims and manufacturing of vehicle bodies & vehicle upholstery services.

2. PRESENTATION OF SEPARATE FINANCIAL STATEMENTS OF PARENT COMPANY :

These financial statements are presented as separate financial statements wherein investment of the Company in its subsidiary is carried at cost without consolidating the financial results of the subsidiary. In these separate financial statements, investment in subsidiary is accounted for as explained in note 3.8.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES :

3.1 Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial statements are presented in Arab Emirates Dirhams (AED) and all values are rounded to the nearest AED. The principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.2 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards.

3.3 Adoption of new and revised International Financial Reporting Standards

The following new and revised Standards including amendments thereto and Interpretations which became effective for the current reporting period have been adopted, wherever applicable. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the financial reporting for future transactions or arrangements.

Amendments to IFRS 3: Business Combinations - Amendments to clarify the definition of a BusinessAmendments to IAS 1 and IAS 8: Amendments regarding the definition of Material
Amendments to References to the Conceptual Framework in IFRS Standards
Amendments to IFRS 9, IAS 39 and IFRS 7: Amendments regarding interest rate benchmark reform

The following Standards, amendments thereto and interpretations have been issued prior to 31 December 2020 but have not been applied in these financial statements as their effective dates of adoption are for future periods. It is anticipated that their adoption (except for Amendment to IFRS 16 - COVID-19-Related Rent Concessions) in the relevant accounting periods will have impact only on disclosures within the financial statements.

Amendment to IFRS 16 - COVID-19-Related Rent Concessions - 1 June 2020
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2 - 1 January 2021

Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract - 1 January 2022
Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use - 1 January 2022
Amendments to IFRS 3 - Reference to the Conceptual Framework - 1 January 2022

Annual Improvements to IFRS Standards 2018-2020 - 1 January 2022
IFRS 17: Insurance Contracts - 1 January 2023
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current - 1 January 2023
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Date to be determined

3.4 Foreign currencies

In addition to presenting the financial statement in AED, supplementary information in INR has been prepared for the convenience of users of the financial statements. All amounts are translated from AED to INR at the closing exchange rate at 31 March 2021 of INR 20.20 to 1 AED (31 March 2020: INR 20.54).

3.5 Foreign currencies

(a) Functional and presentation currency

The financial statements are prepared and the items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in AED, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of outstanding amounts of such transactions and from the re-translation of monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are recognised in the profit or loss. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

3.6 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and identified impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items including installation costs. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the profit or loss during the reporting period in which they are incurred.

The depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows;

	Years
Leasehold improvements	**10**
Machinery and equipment	**7 - 8**
Prototype	**4**
Furniture and equipment	**4**
Motor vehicles	**4**

In the case of leasehold improvements, it is assumed that the lease will continue to be renewed over the useful life.

The assets' residual values and useful lives are reviewed at the end of the reporting period, with the effect of any changes in estimates adjusted on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gains or losses arising on the disposal or retirement of an item of property and equipment is determined by comparing the disposal proceeds with the carrying amount of the asset and is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

3.7 Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right–of–use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lease extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.

- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

3.8 Investment in subsidiary

Subsidiaries are entities (including structured entities) controlled by the Company. Control is achieved when the Company has power over the investee; is exposed, or has rights to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements if control listed.

When the Company has less than a majority of voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power.

Investment in subsidiary is stated at cost less identified impairment losses, if any.

3.9 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing them to their present location and condition. Net realisable value represents the estimate of the selling price in the ordinary course of business, less all estimated costs to completion and costs necessary to make the sale.

3.10 Impairment of tangible and right-of-use assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

3.11 Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) are initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Financial assets

A financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") – debt investment; fair value through other comprehensive income ("FVTOCI") – equity investment; or fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are; solely; payments of principal and interest on the outstanding principal amount.

All financial assets of the Company are classified as and are subsequently measured at amortised cost using the effective interest method and is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss.

All financial liabilities of the Company are classified as and are subsequently measured at amortised cost using the effective interest method.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the sum of consideration paid and payable is recognised in profit or loss.

3.12 Impairment of financial assets

'Expected Credit Loss' (ECL) model requires considerable judgement in selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The Company records an allowance for ECLs for all financial assets at amortised cost, debt investments at FVTOCI, but not to investments in equity instruments.

The Company measures impairment allowances using general or simplified approach as considered appropriate. Loss allowances are measured on either of the following bases:

12 month ECLs: these are ECLs that result from possible default within 12 months after the reporting date; and

Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

ECLs under the general approach are a probability weighted estimate of credit losses which are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs under the standard's simplified approach are calculated based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by Company.

3.13 Cash and bank balances

Cash and bank balances comprise cash on hand and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and other short-term highly liquid investments with a maturity date of three months or less from the date of investment, net of temporary bank overdrafts.

3.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is recognised in the profit or loss, net of any reimbursement.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Provisions are not recognised for future operating losses.

3.15 Provision for employees' benefits

Provision for employees' end of service benefits is made in accordance with the UAE labour laws, and is based on current remuneration and periods of service at the end of the reporting period.

Provision is made for the estimated liability for employees' entitlement to annual leave as a result of services rendered by the employees up to the end of the reporting period. The provision relating to annual leave is disclosed as a current liability, while the provision relating to employees' end of service benefits is disclosed as a non-current liability.

3.16 Revenue recognition

Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires judgement. The Company recognises revenue from sale of goods or rendering of services based on a five-step model as set out below:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer goods or rendering of services to the customer.

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or rendering of services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

Step 5. Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or

2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

3. The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or rendering the promised services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty.

Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of goods and issuance of the invoices to customers.

Rendering of services

Revenue from storage income is recognised as the services are rendered. Revenue from service income is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and effective interest rate applicable.

4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS :

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed on page number 22.

a) Depreciation of property & equipment

Management assigns useful lives and residual values to property and equipment based on the intended use and the economic lives of those assets. Subsequent changes in circumstances could result in the actual useful lives or residual values differing from initial estimates. Where management determines that the useful life or residual value of an asset requires amendment, the net book amount in excess of the residual value is depreciated over the revised remaining useful life.

b) Impairment of non-financial assets

Assessments of net recoverable amounts of property & equipment, right-of-use assets and other non-financial assets are based on assumptions regarding future cash flows expected to be received from the related assets.

c) Inventory provisions

The Company reviews the carrying amounts of the inventories at the end of the reporting period and assesses the likely realization proceeds taken into account, the age of inventory, estimated future demand for various items in the inventory, and physical damage etc. Based on the assessment, adequate provisions are made.

d) Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payments of Principal and Interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

e) Significant increase in credit risk

ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

f) Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

g) Lease term and useful lives of right-of-use assets

The Company's management determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

5. PROPERTY AND EQUIPMENT :

Movement in property and equipment are given on page number 40.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

6. RIGHT-OF-USE ASSETS :

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Cost	**5,830,933**	**119,767,364**	–	–
Balance at beginning of year	**5,830,933**	**119,767,364**	–	–
Additions during the year	**–**	**–**	5,830,933	119,767,364
Effects of foreign exchange differences	**–**	**(1,982,518)**	–	–
Balance at end of year	**5,830,933**	**117,784,846**	5,830,933	119,767,364
Accumulated depreciation				
Balance at beginning of year	**505,163**	**10,376,048**	–	–
Charge for the year	**505,163**	**10,204,293**	505,163	10,376,048
Effects of foreign exchange differences	**–**	**(171,756)**	–	–
Balance at end of year	**1,010,326**	**20,408,585**	505,163	10,376,048
Net book amount	**4,820,607**	**97,376,261**	5,325,770	109,391,316

Right-of-use assets represents long term lease rights of warehouses in Al Hamra Free Zone, Ras Al Khaimah and are depreciated on a straight line basis over its estimated useful life. The depreciation charge has been allocated in the statement of profit or loss and other Comprehensive income are described on page number 24.

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Cost of revenue (Note 18)	**322,276**	**6,509,975**	303,098	6,225,633
Administrative expenses (Note 20)	**182,887**	**3,694,311**	202,065	4,150,415
	505,163	**10,204,286**	505,163	10,376,048

7. INVESTMENT IN SUBSIDIARY :

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Mahindra Armored Vehicles (Jordan) LLC	**25,900**	**523,180**	25,900	531,986

Mahindra Armored Vehicles (Jordan) LLC (the Subsidiary), is a limited liability company incorporated in Jordan and the Company is holding 100% of its share capital. The principal activities of the Subsidiary are manufacturing, armoring and sales of armored vehicles, bullet-proof vehicles, security vechicles, military vehicles, cash in transit vehicles, police vehicles, ambulance and special-purpose vehicles.

8. INVENTORIES :

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Vehicles	**2,849,032**	**57,550,446**	12,042,314	247,349,130
Steel and carpets	**782,964**	**15,815,873**	602,134	12,367,832
Others	**277,657**	**5,608,671**	938,020	19,266,931
	3,909,653	**78,974,990**	13,582,468	278,983,893
Less: Provision for slow moving inventories	**(217,047)**	**(4,384,349)**	(201,238)	(4,133,429)
	3,692,606	**74,590,641**	13,381,230	274,850,464

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

Movement of the provision for slow moving inventories is as follows:

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Balance at beginning of year	**201,238**	**4,133,429**	201,238	3,787,299
Provision made during the year (Note 18)	**15,809**	**319,343**	–	–
Effects of foreign exchange differences	**–**	**(68,423)**	–	346,130
Balance at end of year	**217,047**	**4,384,349**	201,238	4,133,429

9. TRADE AND OTHER RECEIVABLES :

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Trade receivables	**921,111**	**18,606,442**	3,077,582	63,213,534
Allowance for impairment of trade receivables	**(36,679)**	**(740,916)**	(168,679)	(3,464,667)
	884,432	**17,865,526**	2,908,903	59,748,867
Prepayments	**297,624**	**6,012,005**	255,731	5,252,715
Refundable deposits	**360,815**	**7,288,463**	457,533	9,397,728
Advance to suppliers	**1,083,479**	**21,886,276**	252,105	5,178,237
Advance to employees	**10,010**	**202,202**	27,544	565,753
VAT receivable[1]	**42,777**	**864,095**	14,488	297,584
	2,679,137	**54,118,567**	3,916,304	80,440,884

Trade receivables which are neither past due nor impaired amounted to AED 909,743/- equivalent to INR 18,376,808/- (2020: AED 47,716/- equivalent to INR 980,087/-).

An age analysis of trade receivables that were past due but not impaired is as follows:

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Upto 30 days past due	**–**	**–**	1,784,452	36,652,644
31 - 60 days past due	**11,368**	**229,634**	495,871	10,185,190
61 - 90 days past due	**–**	**–**	5,358	110,053
Over 90 days past due	**–**	**–**	744,185	15,285,560
Total	**11,368**	**229,634**	3,029,866	62,233,447

An analysis of trade receivables considered to be impaired due to non-recovery or perceived difficulty in recovery is as follows:

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Gross value	**36,679**	**740,916**	168,679	3,464,667
Allowance	**(36,679)**	**(740,916)**	(168,679)	(3,464,667)
Carrying value	**–**	**–**	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

Movement in the allowance for impairment of trade receivables is as follows:

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Balance at beginning of year	**168,679**	**3,464,667**	36,679	690,299
Allowance made during the year (Note 21)	**–**	**–**	132,000	2,711,280
Excess allowance reversed during the year (Note 19)	**(132,000)**	**(2,666,400)**	–	–
Effects of foreign exchange differences	**–**	**(57,351)**	–	63,088
Balance at end of year	**36,679**	**740,916**	168,679	3,464,667

[1] Value Added Tax (VAT) receivable represents net VAT amount receivable from the U.A.E. Federal Tax Authority against the input tax charged by the suppliers on their taxable supplies to the Company in excess of the output tax charged to the customers on its taxable supplies by the Company as per the Executive Regulations of the Federal Decree Law No. 8 and Cabinet Decision No. 52 of 2017 on Value Added Tax.

The following table provides information about the ECLs for trade receivables as at 31 March 2021:

	Weighted average loss rate	Gross carrying amount AED	Loss allowance AED
Current (not past due)	**3.97%**	**909,743**	**36,111**
Upto 30 days past due	**1.00%**	**–**	**–**
31 - 60 days past due	**5.00%**	**11,368**	**568**
61 - 90 days past due	**7.00%**	**–**	**–**
Over 90 days past due	**16.86%**	**–**	**–**
		921,111	**36,679**

10. RELATED PARTY TRANSACTIONS :

Related parties include the shareholders, key management personnel, fellow subsidiaries, associates, joint ventures, directors and entities which are controlled directly or indirectly by the shareholders or directors or over which they exercise significant management influence. Balances and transactions between the Company and its related parties are described below. Transactions with related parties were entered into on terms agreed by the management.

a. During the year, the Company entered into the following transactions with related parties:

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Revenue (Note 17)	**7,484,323**	**151,183,324**	13,360,310	274,420,767
Cost of revenue (Note 18)	**17,442,097**	**352,330,359**	210,298	4,319,521
Sale of property and equipment	**–**	**–**	88,854	1,825,061
Key management remuneration	**527,800**	**10,661,560**	527,800	10,841,012

Key management remuneration represents the compensation paid or payable to key management for employee services. Key management includes directors and other members of Senior management and the remuneration is included in employee costs in the statement of profit or loss and other comprehensive income. The compensation of key management for the period is shown below:

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Salaries & benefits	**527,800**	**10,661,560**	527,800	10,841,012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

The following balances were outstanding at the end of the reporting period:

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
b. *Due from related parties:*				
Mahindra Defence Systems Limited	**–**	**–**	8,976,800	184,383,472
Mahindra Armoured Vehicles (Jordan) LLC	**1,012,834**	**20,459,247**	4,217,828	86,634,187
	1,012,834	**20,459,247**	13,194,628	271,017,659
LESS: PROVISION FOR EXPECTED CREDIT LOSS	**–**	**–**	(48,000)	(985,920)
	1,012,834	**20,459,247**	13,146,628	270,031,739
c. *Due to related party:*				
Mahindra & Mahindra Limited	**–**	**–**	9,482	194,760
Mahindra Defence Systems Limited	**26,872**	**542,814**	–	–
	26,872	**542,814**	9,482	194,760

Related party balances are unsecured and are expected to be settled by cash. No expense has been recognised in the current or prior years for bad and doubtful debts in respect of the amounts owed by related parties.

Movement in the allowance for impairment of amount due from related parties is as follows:

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Balance at beginning of year	**48,000**	**985,920**	–	–
Allowance made during the year (Note 21)	**–**	**–**	48,000	985,920
Effects of foreign exchange differences	**–**	**(16,320)**	**–**	**–**
Excess allowance reversed during the year (Note 19)	**(48,000)**	**(969,600)**	**–**	**–**
Balance at end of year	**–**	**–**	48,000	985,920

11. CASH AND BANK BALANCES :

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Cash on hand	**–**	**–**	21,514	441,898
Cash at bank:				
Current accounts	**2,456,274**	**49,616,734**	2,481,419	50,968,346
Fixed deposits	**5,893,933**	**119,057,447**	873,297	17,937,520
	8,350,207	**168,674,181**	3,376,230	69,347,764
Less : Fixed deposits with original maturity more than three months	**(5,893,933)**	**(119,057,447)**	(873,297)	(17,937,520)
Cash and bank balances	**2,456,274**	**49,616,734**	2,502,933	51,410,244

Bank facilities granted to the Company are secured by demand promissory note, comfort letters issued by shareholders, possessory pledge of machinery & equipment & inventories and assignment of leasehold right of factory land & shed & receivables in favour of the bank. In addition, term deposits amounting to AED 887,799/- (2020: AED 873,297/-) are pledged in order to fulfil collateral requirements of bank facilities availed by the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

12. SHARE CAPITAL :

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Authorised, issued and fully paid; 1,000 ordinary shares (2020: 1,000) of AED 1,000/- INR 202,000/- each (2020: AED 1,000/- INR 205,400/-)	**10,000,000**	**202,000,000**	10,000,000	205,400,000

13. STATUTORY RESERVE :

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Balance at beginning of year	**1,094,610**	**22,483,289**	1,071,523	20,166,063
Transferred during the year	**54,359**	**1,098,048**	23,087	474,215
Effects of foreign exchange differences	**–**	**(372,163)**	–	1,843,011
Balance at end of year	**1,148,969**	**23,209,174**	1,094,610	22,483,289

In accordance with the UAE Federal Law No. (2) of 2015, and the Company's memorandum of association, the Company has established a statutory reserve by transferring 10% of net profit for each year until the reserve equals 50% of the issued share capital. This reserve is not available for distribution except as stipulated by the Law.

14. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS :

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Balance at beginning of year	**993,598**	**20,408,503**	918,684	17,289,632
Provision made during the year (Note 23)	**80,856**	**1,633,291**	163,200	3,352,128
Payments during the year	**(55,270)**	**(1,116,454)**	(88,286)	(1,813,394)
Effects of foreign exchange differences	**–**	**(337,823)**	–	1,580,137
Balance at end of year	**1,019,184**	**20,587,517**	993,598	20,408,503

15. LEASE LIABILITIES :

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Balance at beginning of year	**5,365,412**	**110,205,563**	–	–
Liability recognised during the year	**–**	**–**	5,671,249	116,487,455
Interest charged for the year (Note 22)	**332,930**	**6,725,186**	343,208	7,049,492
Repayments during the year	**(432,673)**	**(8,739,995)**	(649,045)	(13,331,384)
Effects of foreign exchange differences	**–**	**(1,824,241)**	–	–
Balance at end of year	**5,265,669**	**106,366,513**	5,365,412	110,205,563
Presented in the statement of financial position as:				
Non-current	**5,066,622**	**102,345,764**	5,215,205	107,120,311
Current	**199,047**	**4,020,749**	150,207	3,085,252
	5,265,669	**106,366,513**	5,365,412	110,205,563

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

16. TRADE AND OTHER PAYABLES :

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Trade payables	**302,878**	**6,118,136**	1,247,622	25,626,156
Advance from customers	**998,273**	**20,165,115**	19,139,605	393,127,486
Accruals for employees' benefits	**474,606**	**9,587,041**	509,922	10,473,798
Other payables	**26,223**	**529,703**	238,443	4,897,619
Accrued expenses	**481,359**	**9,723,452**	525,400	10,791,716
	2,283,339	**46,123,447**	21,660,992	444,916,775

17. REVENUE :

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Revenue from:				
Sale of armoured vehicles and accessories	**43,312,585**	**874,914,217**	30,727,494	631,142,726
Storage income	**439,537**	**8,878,647**	696,505	14,306,213
	43,752,122	**883,792,864**	31,423,999	645,448,939

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Analysis of revenue is as follows:				
Related parties (Note 10.a)	**7,484,323**	**151,183,324**	13,360,310	274,420,767
Others	**36,267,799**	**732,609,540**	18,063,689	371,028,172
	43,752,122	**883,792,864**	31,423,999	645,448,939

18. COST OF REVENUE :

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Purchases	**25,782,951**	**520,815,610**	30,325,686	622,889,590
Employee costs (Note 23)	**1,857,996**	**37,531,519**	2,626,010	53,938,245
Clearing and forwarding	**972,357**	**19,641,611**	676,816	13,901,801
Other direct costs	**443,189**	**8,952,418**	481,383	9,887,615
Depreciation of right-of-use assets (Note 6)	**322,276**	**6,509,975**	303,098	6,225,633
Depreciation of property and equipment (Note 5)	**137,500**	**2,777,500**	138,654	2,847,945
Provision for slow moving inventories (Note 8)	**15,809**	**319,343**	–	–
Repairs and maintenance	**8,084**	**163,296**	31,044	637,644
Changes in inventories	**9,672,815**	**195,390,863**	(8,073,353)	(165,826,671)
	39,212,977	**792,102,135**	26,509,338	544,501,802

The above purchases include purchases from related parties amounting to AED 17,442,097/- & INR 352,330,359/- (2020: AED 210,298/- & INR 4,319,521/-) (Note 10.a).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

19. OTHER INCOME :

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Gain on disposal of property and equipment	–	–	78,215	1,606,536
Remission of liabilities	268,293	5,419,519	–	–
Reversal of excess allowance for impairment of trade receivables (Note 9)	132,000	2,666,400	–	–
Reversal of excess allowance for impairment of amount due from related party (Note 10)	48,000	969,600	–	–
	448,293	9,055,519	78,215	1,606,536

20. ADMINISTRATIVE EXPENSES :

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Employee costs (Note 23)	2,545,846	51,426,089	2,515,633	51,671,102
Depreciation of property and equipment (Note 5)	230,653	4,659,191	312,408	6,416,860
Depreciation of right-of-use assets (Note 6)	182,887	3,694,311	202,065	4,150,415
Office expenses	170,875	3,451,675	274,856	5,645,542
Legal and professional charges	106,929	2,159,966	148,710	3,054,503
Communication	93,266	1,883,973	101,338	2,081,483
Insurance	80,332	1,622,706	82,203	1,688,450
Bank charges	72,518	1,464,864	100,994	2,074,417
Travelling	54,109	1,093,002	76,389	1,569,030
Repairs and maintenance	41,985	848,097	59,618	1,224,554
Foreign currency exchange loss	24,275	490,355	9,123	187,386
Utilities	19,056	384,931	80,800	1,659,632
Other expenses	14,845	299,875	8,011	164,546
Operating lease charges	–	–	9,747	200,203
	3,637,576	73,479,035	3,981,895	81,788,123

21. SELLING AND DISTRIBUTION EXPENSES :

	31.03.2021 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Other expenses	289,727	5,852,485	55,348	1,136,848
Advertisement & business promotion	173,173	3,498,095	50,221	1,031,539
Business travelling	7,650	154,530	220,455	4,528,146
Allowance for impairment of trade receivables (Note 9)	–	–	132,000	2,711,280
Allowance for impairment of amount due from related parties (Note 10)	–	–	48,000	985,920
	470,550	9,505,110	506,024	10,393,733

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

22. FINANCE COSTS :

	31.03.2021 AED	**Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR**	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Interest on:				
Lease liabilities (Note 15)	**332,930**	**6,725,186**	343,208	7,049,492
Cash credit	**23,430**	**473,286**	36,088	741,248
	356,360	**7,198,472**	379,296	7,790,740

23. EMPLOYEE COSTS :

	31.03.2021 AED	**Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR**	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Salaries and allowances	**3,382,678**	**68,330,094**	3,689,307	75,778,366
End of service benefits (Note 14)	**80,856**	**1,633,291**	163,200	3,352,128
Other benefits	**940,308**	**18,994,223**	1,289,136	26,478,853
	4,403,842	**88,957,608**	5,141,643	105,609,347

The employee costs have been allocated in the statement of profit or loss and other comprehensive income as follows:

	31.03.2021 AED	**Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR**	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Cost of revenue (Note 18)	**1,857,996**	**37,531,519**	2,626,010	53,938,245
Administrative expenses (Note 20)	**2,545,846**	**51,426,089**	2,515,633	51,671,102
	4,403,842	**88,957,608**	5,141,643	105,609,347

24. FINANCIAL INSTRUMENTS :

The net carrying amounts of financial assets and financial liabilities at the end of the reporting period are classified as follows:

	31.03.2021 AED	**Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR**	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Financial assets - At amortised cost :				
Trade and other receivables (excluding prepayments and advance to suppliers)	**1,298,034**	**26,220,286**	3,408,468	70,009,932
Due from related parties	**1,012,834**	**20,459,247**	13,146,628	270,031,739
Cash and bank balances	**8,350,207**	**168,674,181**	3,376,230	69,347,764
Total	**10,661,075**	**215,353,714**	19,931,326	409,389,435

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

	31.03.2021 AED	**Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR**	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Financial liabilities - At amortised cost :				
Trade and other payables (excluding advance from customers)	**1,285,066**	**25,958,332**	2,521,387	51,789,289
Due to related party	**26,872**	**542,814**	9,482	194,760
Lease liabilities	**5,265,669**	**106,366,513**	5,365,412	110,205,563
Total	**6,577,607**	**132,867,659**	7,896,281	162,189,612

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note3 to the financial statements.

25. CAPITAL RISK MANAGEMENT :

The Company manages its capital to ensure that the Company will be able to continue as a going concern while providing maximum return to stakeholders through the optimisation of the debt and equity balance and to maintain an optimal capital structure to reduce the cost of capital. The Company's overall strategy on capital risk management remains unchanged from the previous year.

The capital structure of the Company consists of equity funds as presented in the statement of financial position. Debt comprises total amounts owing to third parties and related party, net of cash and bank balances.

26. FINANCIAL RISK MANAGEMENT :

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's management. The management identifies and evaluates financial risks on regular basis to minimise the adverse impact over the Company's operation.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises: interest rate risk and currency risk. The Company's activities are exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, when revenue or expense are denominated in a different currency from the Company's functional currency which is AED. There is no significant foreign currency risk as all financial assets and financial liabilities are denominated in AED.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is limited to its interest bearing assets and liabilities.

The Company's sensitivity to interest rates has not changed significantly from the prior year.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables and committed transactions) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

The Company deals only with highly reputed local and international banks. In respect of major customers, credit risk is managed by assessing the credit quality of these major customers, taking into account their financial position, past experience and other factors including regular follow up.

Of the trade receivables balance of AED 921,111/- (2020: AED 3,077,582/-) at the end of the period, AED 852,064/- (2020: AED 744,186/-) is due from one customer (customers with more than 10% of total balance have been considered).

Significant concentration of credit risk by geography is as follows:

	31.03.2021 AED	**Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR**	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Unites States of America	**852,064**	**17,211,693**	–	–
Australia	**17,341**	**350,288**	–	–
UAE	–	–	2,986,198	61,336,507
Other countries	**51,706**	**1,044,461**	91,384	1,877,027
	921,111	**18,606,442**	3,077,582	63,213,534

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

(c) Liquidity risks

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.

The Company manages the liquidity risk through risk management framework for the Company's short, medium and long-term funding and liquidity management requirements by maintaining adequate reserves, sufficient cash and bank balances to ensure funds are available to meet its commitments for liabilities as they fall due.

The table analyses the Company's remaining contractual maturity for its financial liabilities based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The contractual maturity is based on the earliest date on which the Company may be required to pay.

		Unaudited Supplementary Information (refer note 3.4)		Unaudited Supplementary Information (refer note 3.4)
	31.03.2021 AED	**31.03.2021 INR**	31.03.2020 AED	31.03.2020 INR
Less than 1 year				
Trade and other payables (excluding advance from customers) (Note 16)	**1,285,066**	**25,958,332**	2,521,387	51,789,289
Due to related party (Note 10.c)	**26,872**	**542,814**	9,482	194,760
Lease liabilities (Note 15)	**199,047**	**4,020,749**	150,207	3,085,252
	1,510,985	**30,521,895**	2,681,076	55,069,301
Between 1 to 2 years				
Lease liabilities (Note 15)	**282,913**	**5,714,843**	199,047	4,088,425
Between 2 to 5 years				
Lease liabilities (Note 15)	**1,451,093**	**29,312,079**	1,169,435	24,020,195
More than 5 years				
Lease liabilities (Note 15)	**3,332,616**	**67,318,842**	3,846,723	79,011,690
Total	**6,577,607**	**132,867,659**	7,896,281	162,189,611

27. FAIR VALUE :

The fair value of a particular asset or liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the financial assets and liabilities approximate their carrying amounts as reflected in these financial statements.

28. COMMITMENTS AND CONTINGENCIES :

Details of the commitments and outstanding contingent liabilities of the Company which are in the normal course of the business activities are as follows:

28.1 Capital commitments

Except for the ongoing service commitments in the normal course of business against which no loss is expected, there has been no other known capital commitments on the Company's account.

28.2 Contingent liabilities

As at the end of the reporting period, the following contingent liabilities were outstanding:

		Unaudited Supplementary Information (refer note 3.4)		Unaudited Supplementary Information (refer note 3.4)
	31.03.2021 AED	**31.03.2021 INR**	31.03.2020 AED	31.03.2020 INR
Performance guarantees	**705,626**	**14,253,645**	1,040,603	21,373,986

29. COVID-19 IMPACT :

As the outbreak of COVID-19 continues through subsequent phases, the Management is continuously monitoring the situation and will take appropriate actions on a timely basis to respond as necessary. The Company was proactive in implementing a range of measures designed to mitigate the impact of COVID-19 and to fully implement governmental regulations and recommendations to ensure the safety and security of staff and provide, to the extent possible, uninterrupted services. Following the analysis of different possible scenarios, the Management has concluded that sufficient reserves are available in respect of the liquidity and also the equity base of the Company to guarantee continuity of its operations at the date of the authorization of these financial statements. Accordingly, the Management remains wholly satisfied that it is appropriate for the Company to prepare the financial statements on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

30. COMPARATIVE AMOUNTS :

The following balances in the statement of profit or loss and other comprehensive income for the year ended 31 March 2020 have been reclassified to conform to the year ended 31 March 2021 presentation:

	As previously reported at 31.3.2020 AED	Reclassifications AED	As restated at 31.3.2020 AED
Statement of profit or loss and other comprehensive income			
Cost of revenue	(26,514,959)	5,621	(26,509,338)
Other income	189,049	(110,834)	78,215
Administrative expenses	(4,161,895)	180,000	(3,981,895)
Selling and distribution expenses	(326,024)	(180,000)	(506,024)
Interest income	–	105,213	105,213
		–	

	Unaudited Supplementary Information (refer note 3.4)	**Unaudited Supplementary Information (refer note 3.4)**	**Unaudited Supplementary Information (refer note 3.4)**
	As previously reported at 31.3.2021 INR	Reclassifications **INR**	As restated at 31.3.2020 INR
Statement of profit or loss and other comprehensive income			
Cost of revenue	(544,617,258)	115,456	(544,501,802)
Other income	3,883,066	(2,276,530)	1,606,536
Administrative expenses	(85,485,322)	3,697,199	(81,788,123)
Selling and distribution expenses	(6,696,533)	(3,697,200)	(10,393,733)
Interest income	–	2,161,075	2,161,075
		–	

There was no impact on the cash flows or reported profit of the previous year due to the above reclassifications.

Property and equipment
(Ref. Note 5 on page 23)

	Leasehold improvements AED	**Machinery and equipment AED**	**Prototype AED**	**Furniture and equipment AED**	**Motor vehicles AED**	**Total AED**
Cost						
At 1 April 2019	1,166,809	1,878,455	2,225,568	732,286	571,150	6,574,268
Additions	–	62,043	151,474	26,602	124,140	364,259
Disposals	–	(79,600)	–	–	(282,500)	(362,100)
At 31 March 2020	1,166,809	1,860,898	2,377,042	758,888	412,790	6,576,427
Additions	–	–	–	18,092	50,000	68,092
Write-offs	–	–	–	(67,350)	–	(67,350)
At 31 March 2021	1,166,809	1,860,898	2,377,042	709,630	462,790	6,577,169
Accumulated depreciation						
At 1 April 2019	927,696	1,328,821	2,165,427	602,968	529,074	5,553,986
Charge for the year	116,622	129,514	92,223	60,848	51,855	451,062
Adjustment on disposals	–	(69,300)	–	–	(282,499)	(351,799)
At 31 March 2020	1,044,318	1,389,035	2,257,650	663,816	298,430	5,653,249
Charge for the year	111,738	129,494	34,949	54,699	37,273	368,153
Adjustment on write-offs	–	–	–	(67,350)	–	(67,350)
At 31 March 2021	1,156,056	1,518,529	2,292,599	651,165	335,703	5,954,052
Net book amount						
At 31 March 2021	10,753	342,369	84,443	58,465	127,087	623,117
At 31 March 2020	122,491	471,863	119,392	95,072	114,360	923,178

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

Unaudited Supplimentary Information (refer note 3.4)

	Leasehold improvements INR	Machinery and equipment INR	Prototype INR	Furniture and equipment INR	Motor vehicles INR	Total INR
Cost						
At 1 April 2019	21,959,345	35,352,523	41,885,190	13,781,623	10,749,043	123,727,724
Additions	–	1,274,359	3,111,281	546,403	2,549,836	7,481,879
Disposals	–	(1,634,984)		–	(5,802,550)	(7,437,534)
Effect of foreign exchange differences	2,006,912	3,230,943	3,827,976	1,259,531	982,378	11,307,740
At 31 March 2020	23,966,257	38,222,841	48,824,447	15,587,557	8,478,707	135,079,809
Additions	–	–	–	365,452	1,010,000	1,375,452
Write-offs	–	–	–	(1,360,470)	–	(1,360,470)
Effect of foreign exchange differences	(396,715)	(632,701)	(808,199)	(258,013)	(140,349)	(2,235,977)
At 31 March 2021	23,569,542	37,590,140	48,016,248	14,334,526	9,348,358	132,858,814
Accumulated depreciation						
At 1 April 2019	17,459,239	25,008,411	40,753,336	11,347,858	9,957,173	104,526,017
Charge for the year	2,395,416	2,660,207	1,894,265	1,249,815	1,065,102	9,264,805
Adjustment on disposals	–	(1,423,416)	–	–	(5,802,529)	(7,225,945)
Effect of foreign exchange differences	1,595,637	2,285,573	3,724,535	1,037,105	910,006	9,552,856
At 31 March 2020	21,450,292	28,530,775	46,372,136	13,634,778	6,129,752	116,117,733
Charge for the year	2,257,108	2,615,779	705,970	1,104,913	752,921	7,436,691
Adjustment on write-offs	–	–	–	(1,360,470)	–	(1,360,470)
Effect of foreign exchange differences	(355,069)	(472,268)	(767,606)	(225,688)	(101,472)	(1,922,103)
At 31 March 2021	23,352,331	30,674,286	46,310,500	13,153,533	6,781,201	120,271,851
Net book amount						
At 31 March 2021	217,211	6,915,854	1,705,748	1,180,993	2,567,157	12,586,963
At 31 March 2020	2,515,965	9,692,066	2,452,311	1,952,779	2,348,955	18,962,076

Leasehold improvements represent the interior works carried out at the Company's leased premises and are depreciated over its estimated useful life since the management anticipates that the lease will continue to be renewed in the foreseeable future.

The depreciation charge has been allocated in the statement of profit or loss and other comprehensive income as follows:

	31.03.2021 AED	**Unaudited Supplementary Information (refer note 3.4) 31.03.2021 INR**	31.03.2020 AED	Unaudited Supplementary Information (refer note 3.4) 31.03.2020 INR
Cost of revenue (Note 18)	137,500	2,777,500	138,654	2,847,945
Administrative expenses (Note 20)	230,653	4,659,191	312,408	6,416,860
	368,153	7,436,691	451,062	9,264,805

INDEPENDENT AUDITOR'S REPORT

TO THE PARTNER OF
MAHINDRA ARMORED VEHICLES JORDAN
A LIMITED LIABILITY COMPANY
AQABA - JORDAN

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MAHINDRA ARMORED VEHICLES JORDAN Co.**, which comprise the statement of financial position as at March 31, 2021 and comprehensive income statement, statement of Changes in equity, statement of cash flows for the year ended at March 31, 2021 and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements present fairly, in all material respects the financial position as at March 31, 2021 and of its financial performance and its cash flows for the year ended at March 31, 2021 in accordance with International Financial Reporting Standardds.

Basis Opinion

We conducted our audit in accordance with International Auditing Standards. Our responsibility in accordance with those standards have been mentioned more clearly in our report in "Auditor's Responsibility on the Audit of Financial Statements" paragraph.

We are independent of the company and in accordance with the requirements of The International Ethics Standards Board for Accountants (IESBA) "Code of Ethics for Professional Accountants" relevant to our audit conducted of the financial statements, and that we have fulfilled the ethical responsibilities in accordance with those requirements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the year ended at March 31, 2020 which appear for comparison purposes were audited by another auditor who expressed unqualified audit opinion on May 28, 2020.

Management's responsibility and those responsible for governance to the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Those who responsible for governance are responsible for monitoring the financial reporting process in the company.

Auditor's Responsibility on the Audit of Financial Statements

Our objective is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report which includes our opinion.

Reasonable assurance is high level of assurance, but our audit in accordance with International Auditing Standards does not always guarantee the discovery of substantially errors, even if they exist.

Errors can arise from fraud or by error, and is considered essential if they are individually or cumulative may affect the economic decisions of users of financial statements reasonably.

As part of the audit process in accordance with International Auditing Standards, we exercise professional judgment and maintain the application of the principle of professional skepticism in all aspects of the audit, in addition to:

- Identify and assess material misstatement of the financial statements of risk, whether due to fraud or error, as well as the design and implementation of audit procedures that respond to those risks, and obtaining sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of non-discovery material misstatement resulting from fraud is higher than of the error risk, and that fraud may include collusion and fraud, or deliberate deletion and misrepresentations, or bypass the internal control systems.
- Get an understanding of internal control systems relevant to the work for the purpose of checking design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of internal control systems in the company.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related notes prepared by the management of the relationship.
- Conclude on the appropriateness of management's use of going concern basis in accounting, based on the audit evidence obtained, whether there is presence of non-substantial uncertainties relevant to events or conditions that may cast significant doubt about the company's ability to continuity. If we conclude that there are no lack of substantial uncertainty, we are required to draw attention in the audit report to the relevant information contained in the financial statements notes, or if the disclosure of this information is not sufficient, we will modify our opinion, the conclusions based on the audit evidence obtained them until the date of the audit report. However, it may cause future events or conditions in the company ceased to continue as a going concern.
- The overall presentation, structure and content of financial statements, including notes and whether the financial statements represent transactions and events are to achieve equitable offer.
- We have communicated with those responsible for governance with respect to the scope and timing of the planned audit and observations important including audit any significant deficiencies in internal control system identified during our audit.

Report on Other Regulatory Requirements

The Company maintains proper accounting records and the financial statements and the financial information presented in the Board of Directors' report are in agreement therewith. We recommend approving these financial statements.

Orbit Bureau
Member of KRESTON International

Abdulraheem Sheeha
License No. (569)

Amman – Jordan
25 April 2021

STATEMENT OF FINANCIAL POSITION

	Note	**March 31, 2021**	March 31, 2020
ASSETS		**JD**	JD
Currents Assets:			
Cash and cash equivelant	8	**46,118**	37,507
Inventories	9	**69,520**	1,548,493
Other debit balances	10	**39,648**	43,024
Total Currents Assets		**155,286**	1,629,024
Non-Current Assets:			
Property & equipment's, net	11	**134,384**	142,287
Total Non-Currents Assets		**134,384**	142,287
Total Assets		**289,670**	1,771,311
LIABILITIES AND EQUITY			
Current liabilities			
Due to a related party		**195,528**	814,253
Advances from customers		**–**	906,133
Other credit balances		**62,611**	31,811
Total Current Liabilities		**258,139**	1,752,197
Equity			
Capital		**5,000**	5,000
Statutory reserve		**2,653**	1,411
Retained earnings		**12,703**	–
Profit of the year - Exhibit (B)		**11,175**	12,703
Total Shareholders' Equity		**31,531**	19,114
Total Liabilities and Shareholders' Equity		**289,670**	1,771,311

Authorised for issue on 25 April 2021

For and on behalf of the Board

Rajiv Gupta - Chairman
Johnmon Xavier - Director

The accompanying notes constitute an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Description	Note	For the Period Since Inception on March 31, 2020 to March 31, 2021	For the Period Since Inception on March 31, 2019 to March 31, 2020
		JD	JD
Revenues		3,527,375	1,641,168
Cost of revenues	12	(3,146,490)	(1,280,781)
Gross profit		380,885	360,387
General and administrative expenses	13	(344,339)	(325,527)
Depreciation expense		(34,413)	(24,427)
Other Income		10,284	3,681
Net profit before reserve and income tax:		12,417	14,114
Statutory reserve		1,242	1,411
Profit of the year - Exhibit (A)		11,175	12,703
Total		12,417	14,114

The accompanying notes constitute an integral part of these financial statements.

STATEMENT OF CHANGES IN PARTNERS' EQUITY

Description	Capital	Statutory Reserve	Retained Earnings	Total
	JD	JD	JD	JD
For the Period Since Inception on March 31, 2020 to March 31, 2021				
Capital	**5,000**	**–**	**–**	**5,000**
Total comperhensive income for the period	**–**	**–**	**14,114**	**14,114**
Transfer to reserves	**–**	**1,411**	**(1,411)**	**–**
Balance as at 31 March 2020	**5,000**	**1,411**	**12,703**	**19,114**
Total comperhensive income for the period	–	–	12,417	12,417
Transfer to reserves	–	1,242	(1,242)	–
Balance as at 31 March 2021	**5,000**	**2,653**	**23,878**	**31,531**

The accompanying notes constitute an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Description	March 31, 2021	March 31, 2020
	JD	JD
Cash flow from operations:		
Profit for the year	**12,417**	14,114
Non-monetary items:		
Depreciation expense	**34,413**	24,427
Provisions	**30,701**	25,370
Profit before changes in working capital items	**77,531**	63,911
Change in current assets and liabilities:		
(Increase) decrease in current assets		
Inventories	**1,478,973**	(1,548,493)
Other debit balances	**6,791**	(43,024)
Increase (decrease) in current liabilities:		
Due to a related party	**(618,725)**	814,253
Advances from customers	**(906,133)**	906,133
Other credit balances	**17,987**	17,251
Net cash flows from operating activities	**(21,107)**	210,031
Paid from provisions	**(21,303)**	(10,810)
Net Cash flows from operating activities	**35,121**	199,221
Cash flows provided by investing activities:		
Purchase of fixed assets	**(26,510)**	(166,714)
Net Cash (used in) investing activities	**(26,510)**	(166,714)
Cash flows provided by financing activities:		
Paid capital	**–**	5,000
Net cash provided by financing Activities	**–**	5,000
Cash at the beginning of reporting	**37,507**	–
Increase in cash	**8,611**	37,507
Cash at the ending of reporting period	**46,118**	37,507

The accompanying notes constitute an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. **General:**

A - Foundation:

MAHINDRA ARMORED VEHICLES JORDAN Was Established On March 31, 2019 As A LIMITED LIABILITY COMPANY In Accordance With The Aqaba Special Economic Zone Law No. (31) And Its Amendments, with a paid – up capital of JD 5,000 and it is registered under number (1219041105).

The company is located in South Aqaba Investment Park, Aqaba – Jordan.

The company is 100% owned by Mahindra Emirates Vehicle Armouring FZ- LLC.

The accompanying financial statements have been approved by the board of directors on April 25, 2021

B- Company Objectives:

The most important purpose of the company are:

The company main activities are manufacturing

- sales of armored vehicles
- bullet – proof vehicles
- security vehicles
- military vehicles, cash in transit vehicles
- ambulances and special – purpose vehicles.
- In addition to the goals mentioned in the articles of association

2. **Basis of Preparation:**

- The financial statements have been prepared in accordance with International Financial Reporting Standards.
- These financial statements have been prepared on the basis that the company is continuing in the foreseeable future and in accordance with the historical cost basis except the financial assets that have presented at fair value through income and through other comprehensive income and any other items at fair value on the financial statements in accordance with international standards.
- These financial statements have been prepared on the accrual basis of accounting and whereby the recognition of the impact of financial transactions and other events when they occur, regardless of payment or cash receipt and therefore are recorded accounting records for the periods to which they relate (except the statement of cash flows).
- The accounting policies adopted in the financial statements are consistent with the accounting policies of the previous financial years.

3. **Functional and presentation currency:**

The financial statements have been presented in Jordanian dinars, which is the functional currency of the Company and all amounts in the financial statements have been rounded to the nearest JD unless otherwise indicated.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2021 with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to Company.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement?
- The right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood,
- That an entity will exercise its deferral right,
- And that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have a material impact on the Company.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company

NOTES TO THE FINANCIAL STATEMENTS

SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

These amendments had no impact on the financial statements of the Company.

Amendments to IAS 1 and IAS 8: Definition of "Material"

The IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

These amendments had no impact on the financial statements of the Company.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments have no impact on the financial statements of the Company.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. This relates to any reduction in lease payments which are originally due on or before 30 June 2021. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

The Company did not have any leases impacted by the amendment

4. The principal accounting policies adopted:

<u>Property and equipment</u>

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment in value if any.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amounts.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with expected pattern of economic benefits from items of property and equipment.

<u>Inventories</u>

Inventories are stated at the lower of cost or net realizable value. Finished goods (vehicles) and raw materials costs are determined using the weighted average method. Net realizable value represents the estimated selling price less all estimated completion costs and costs to be Incurred in marketing, selling and distribution.

Accounts Receivable

Accounts receivable are stated at net realizable value after deducting a provision for expected credit loss.

A provision for doubtful debts is booked when there is objective evidence that the Company will not be able to recover

whole or part of the due amounts at the end of the year. When the Company collects previously written-off debts, it

recognizes the collected amounts in other revenues in the statement of income and comprehensive Income.

Furthermore, revenue and commission from doubtful debts are suspended and recognized as revenue upon collection.

Moreover, debts are written-off when they become uncollectible or are derecognized.

<u>Financial Instruments</u>

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on Initial recognition.

<u>Financial Assets</u>

Financial assets are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or Issue of financial assets (except for financial assets at fair value through statement of profit or loss and other comprehensive income) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

<u>Classification of Financial Assets</u>

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

The financial asset Is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value.

<u>Impairment of Financial Assets</u>

The Company recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For all other financial instruments, the Company recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. Lifetime expected credit losses represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

NOTES TO THE FINANCIAL STATEMENTS

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances. With an original maturity of three months or less.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Offsetting

Financial assets and financial liabilities are offset, the net amount is presented in the statement of financial position only when there is a legal right to offset the recognized amounts.

Provisions

Provisions are recognized when the Company has liabilities as of the date of the statement of financial position arising from previous events, settlement of the liabilities is probable and the liabilities can be reliably measured.

Warranty Provision

Warranty provision is recognized for 1% of total cost of armor-related items installed, and conversion-related custom workmanship, including transparent armor, for the period of 2 years or 20,000km, whichever comes first.

Provision for slow-moving inventory

Management estimates the provision for slow-moving and obsolete inventories on the basis of prior experience, physical condition and expected future use of such inventory in conformity with International Financial Reporting Standards (IFRSs).

Revenue Recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. Revenue is adjusted for expected discounts and volume discounts, which are estimated based on the historical data or forecast and projection. The Company recognizes revenue when it transfer control over goods or services to its customer.

The Company is involved in the sale of goods in the form of armored vehicles. Revenue is recognized at point in time when control of the goods has transferred, being when the goods have been shipped to customer's specific location. Following delivery, the customer has full control over the goods, and the primary responsibility of the goods and bears the risk of obsolescence and loss in relation to the goods. A receivable is recognised by the entity when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue represents the invoiced value of goods sold during the year, net of discounts and returns. Revenue from the sale of goods is recognised when all the following conditions are satisfied:

The Company has transferred to the buyer the significant risk and rewards of ownership of the goods;

The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

The amount of revenue can be measured reliably;

It is probable that the economic benefits associated with the transaction will flow to the entity: and

The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Finance cost

Interest on bank overdrafts is recognized as an expense in the period in which it is incurred, which covers the grace period if any.

Income Tax

Income tax expenses represent accrued taxes and deferred taxes.

Income tax expenses are accounted for on the basis of taxable income. Moreover, income subject to tax differs from income declared in the financial statements because the latter includes non-taxable revenue or non-deductible tax expenses in the current year but deductible in subsequent years, accumulated losses acceptable by the tax authorities, as well as unallowable and nontaxable items.

Taxes are calculated on the basis of the tax rates prescribed according to the prevailing laws, regulations, and instructions in Jordan.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and the value of the taxable amount. Moreover, deferred taxes are calculated according to the tax rates expected to be applied upon the settlement of tax liability and the realization of the deferred tax assets.

Deferred tax assets or liabilities are reviewed as the statement of financial position date and are reduced in case they are expected not to be utilized, upon the settlement of tax, wholly or partially.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated to Jordanian Dinars using the Central Bank of Jordan average exchange rates prevailing at the reporting of date. Foreign currency transactions during the year are recorded using exchanger rates that are effective at the date of the each transaction. Foreign exchange gains or losses are recorded in the statement of comprehensive income.

Related parties transactions

The company enters into transactions with related parties i.e., major shareholders, directors and key management personnel of the company, and companies which they are principle owner.

Pricing policies and terms of these transactions with related parties are approved by the company's management.

Related parties details are as follows:

	March 31, 2021	March 31, 2020
	JD	JD
Mahindra Emirates Vehicles Armoring	**195,528**	814,253

Fair value

Fair value represents the closing market price (Assets Purchasing/ Liabilities Selling) of financial assets and derivatives on the date of the financial statements.

In case declared market, prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and Amortising premium/discount using the effective interest rate method within interest revenue/ expense in the statement of income.

NOTES TO THE FINANCIAL STATEMENTS

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets. When the financial assets fair value can't be reliably measured, they are stated at cost less any impairment.

5. Use Of Estimates:

The preparation of financial statements and implementation of accounting policies requires company management to make judgments and estimates that depend on future conditions that may affect the reported amounts of assets and liabilities and disclosure of contingent liabilities, as they may affect the revenues and expenses and allowances and accumulated variable in the fair value and, in particular requires the Company's management issuance of important provisions to estimate the amounts of future cash flows, times, taking into account that the estimates and judgments made by management, which depend on future conditions based on assumptions and multiple factors involving varying degrees of judgment and uncertainty and therefore the future actual results may differ from the actual results due changes in future conditions and based on the above, we believe that our estimates are reasonable within the financial statements and detailed as follows

- The company prepare an estimate useful lives of intangible assets and calculating the annual depreciation based on these estimates are recorded any losses on those assets decline in the income statement.
- The company is dedicated to taking the interview doubtful debts after studying the viability of the debt for collection.
- The company loads the fiscal year, including its own income tax expense and in accordance with the laws and regulations in force.
- The company's provision for cases filed against it take, depending on the reasonable estimates of the company's lawyer.

6. Financial Instruments and Risk management

Risk management is how to deal with the conditions of uncertainty and contain risk assessments facing the facility and the development of policies and strategies internal to deal with these risks allowing the facility up on the competition and achieve its objectives, in addition to dealing with the fundamental risks in the framework of Activity its normal as an entity to reap revenues mainly to do its operational activities and its business is exposed mainly to the following risks:

Interest rate risk

The company is exposed to interest rate risk on its interest-bearing assets and liabilities such as due to banks. The sensitivity of the income statement is the effect of the assumed changes in interest rates on the company profit for one year, based on the floating rate financial assets held at 31 December.

Exchange rate risk:

The exchange rate risk is result of the fluctuation of the value of financial instruments due to fluctuations in foreign currency exchange rates, the key processes in the company are in Jordanian Dinars and believes the company's management that the exchange rate risk lies in dealing in foreign currencies except the US dollar that the dinar Jordanian (the functional currency of the company) fixed to the US dollar, and therefore do not represent any significant risk.

Market risk:

Market risk is the risk that the fair value of the cash flows of financial instruments arising from the possibility of future changes in market prices as the change in exchange rates, interest rates and prices of equity instruments.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company is exposed to credit risk on its bank balance and accounts receivable as reflected in the statement of financial position.

Liquidity risk

It is associated with the possibility that facing the established difficulty in providing the necessary funds to meet its financial obligations at maturity Risk to avoid such risks, the company has diversified its sources of funding and management of assets and adapt the schedule and keep an adequate balance of cash and cash equivalents.

Capital risk management:

The company's capital managed in the manner that maintains the rights of partners to ensure the continuity of the company and meet its obligations to third parties and that the preservation of capital ratios to maximize property rights and to support the company's activity and keep track of the company to maintain a reasonable rate of debt relative to equity and policy Investment in assets provides an acceptable return for partners.

7. Comparative Figures:

Some of comparative figures of the previous year were re-tabulated to confirm with the comparative figures of the present year.

8. Cash & Cash equivelant:

Description	**March 31, 2021**	March 31, 2020
	JD	JD
Cash on hand	**–**	2,515
Current accounts at bank	**46,118**	34,992
Total	**46,118**	37,507

9. Inventories

Description	**March 31, 2021**	March 31, 2020
	JD	JD
Finished goods – vehicles	**–**	1,489,276
Steel	**–**	20,898
Other	**69,520**	38,319
Total	**69,520**	1,548,493

10. Other debit balances:

Description	**March 31, 2021**	March 31, 2020
	JD	JD
Employee receivable	**13,439**	8,314
Prepaid expenses	**234**	7,027
Refundable Deposits	**25,975**	25,975
Other	**–**	1,708
Total	**39,648**	43,024

NOTES TO THE FINANCIAL STATEMENTS

11. Proprety, plant & Equipment:

	Machinery & equipment	Furnitures & Decorations	Computers	Total
Description	**JD**	**JD**	**JD**	**JD**
31/3/2020 At	**84,580**	**81,386**	**748**	**166,714**
Additions	26,510	–	–	26,510
31/3/2021 At	**111,090**	**81,386**	**748**	**193,224**
Accumulated Depreciation:				
31/3/2020 At	**9,181**	**15,082**	**164**	**24,427**
Depreciation	14,356	19,869	188	34,413
31/3/2021 At	**23,537**	**34,951**	**352**	**58,840**
Book Value As:				
31/3/2021 At	**87,553**	**46,435**	**396**	**134,384**
31/3/2020 At	**75,399**	**66,304**	**584**	**142,287**

12. Cost of revenue

Description	**March 31, 2021**	March 31, 2020
	JD	JD
Begining inventory	**1,548,493**	–
purchases	**1,525,362**	2,765,203
Other direct costs	**142,155**	64,071
Cost of goods available for sale	**3,216,010**	2,829,274
Ending inventory	**(69,520)**	(1,548,493)
Total	**3,146,490**	1,280,781

13. General and administrative expenses:

Description	**March 31, 2021**	March 31, 2020
	JD	JD
Salaries and employees benefits	**227,229**	194,519
Social Security contribution	**20,733**	12,057
Medical insurance	**6,121**	2,961
Marketing expenses	**1,034**	8,881
Staff uniforms	**3,228**	4,563
Rent	**44,550**	38,727
Travel expenses	**16,713**	21,515
Professional fees	**4,377**	16,300
Bank charges	**248**	2,829
Other	**20,106**	23,175
Total	**344,339**	325,527

14. Tax Position

The Company is located within Aqaba Special Economic Zone in Aqaba - The Hashemite Kingdom of Jordan (ASEZA). The Company is exempted from sales and income tax as per article No. 14 of the Investment Law.

In the opinion of the management and the tax advisor, there is no need to record income tax provision.

15. Legal Cases

As of March 31, 2021, the Company was not a defendant in any legal case.

16. COVID-19 Impact

The Company has assessed the value of assets and liabilities as at March 31, 2021 due to rapidly changing dynamics of COVID-19. The management is closely monitoring the liquidity position of the Company which is healthy so far. The Company is financially supported by its holding company for its operation. Accordingly, the management believes there is no material impact on value of assets and liabilities as at March 31, 2021 due to COVID-19 and does not foresee any going concern issues.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA FIRST CHOICE WHEELS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra First Choice Wheels Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Director's report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
   i. The Company does not have any pending litigations which would impact its financial position.
   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

   (C) With respect to the matter to be included in the Auditors' Report under section 197(16):
   In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No. 113959
ICAI UDIN: 21113959AAAACS7659

Place: Mumbai
Date: 17 May 2021

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA FIRST CHOICE WHEELS LIMITED FOR THE YEAR ENDED 31 MARCH 2021

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of Mahindra First Choice Wheels Limited ('the Company') on the Ind AS financials statements for the year ended 31 March 2021, we report the following:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a programme of physical verification of its fixed assets by which all fixed assets are verified once in two years, pursuant to which all fixed assets were physically verified in the financial year ended 31 March 2021 and no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties. Accordingly, paragraph (i) (c) of the Order is not applicable to the Company.

ii. The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been suitably adjusted in the books of account.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, paragraphs (iii) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us and based on the audit procedures conducted by us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of making investments. Further, the Company has not given any guarantee or provided any security under Section 185 and 186 of the Act.

v. According to the information and explanations given to us, the Company has not accepted any deposit during the year and accordingly compliance with Section 73 and 76 of the Companies Act, 2013 is not applicable. According to the information and explanations given to us, there are no unclaimed deposits and accordingly the question of complying with Section 74 and 75 of the Companies Act, 2013 is not applicable.

vi. In respect of maintenance of Cost records under Section 148(1) of the Companies Act, 2013, having regard to the nature of the Company's business/activities, reporting under paragraph (vi) of the Order is not applicable.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Goods and Services Tax and other statutory dues have been regularly deposited during the period by the Company with the appropriate authorities. Duty of Customs, Duty of Excise, Sales Tax, Service Tax, Value Added Tax and Cess are not applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income tax, Goods and Services Tax and other statutory dues that have remained outstanding for more than six months from the date it became payable. Further as informed to us, the Company did not have any dues on Sales Tax, Service tax, Value Added Tax and Cess.

(b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Service tax, Valued added tax, Goods and Service Tax and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute, except for the following:

Name of the Statute	Nature of the Dues	Amount as per demand (Rs. in Lakhs)	Amount paid under protest (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	3.79	–	2008-09	Commissioner of Income Tax (Appeals)
		31.08	–	2012-13	Assistant Commissioner of Income Tax
		1.11	–	2018-19	Income tax officer
Value Added Tax, Maharashtra	Value Added Tax	347.79	47.47	2005-06 to 2010-11 and 2012-13	Joint Commissioner of Sales Tax (Appeal)
Value Added Tax, Hyderabad	Value Added Tax	45.73	39.04	2005-06 to 2008-09	Sales Tax Tribunal (Hyderabad)
Value Added Tax, Kerala	Value Added Tax	1.55	1.16	2008-09	Commercial Tax Officer
Central Sales Tax, Maharashtra	Central Sales Tax	34.77	–	2008-09	Joint Commissioner of Sales Tax (Appeal)
Goods and Services Tax	Goods and Services Tax	0.33	–	2017-18	Deputy Commissioner
Goods and Services Tax	Goods and Services Tax	12.21	5.00	2018-19	State Tax Officer

viii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under paragraph (viii) of the Order is not applicable to the Company.

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) or through term loans during the year. Hence reporting under paragraph (ix) of the Order is not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT – 31 MARCH 2021 (CONTD...)

according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company has entered into transactions with the related parties in compliance with provision of Section 177 and 188 of the Companies Act, 2013. The details of such related party transactions have been disclosed in Ind AS financial statements as required under applicable Ind AS.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No. 113959
UDIN: 21113959AAAACS7659

Place: Mumbai
Date: 17 May 2021

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA FIRST CHOICE WHEELS LIMITED FOR THE YEAR ENDED 31 MARCH 2021

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls with reference to financial statements as at 31 March 2021:

The General Information Technology ('IT') Controls with respect to data and program changes and access to programs relating to yard management parking fee are determined to be ineffective during the year. Further, the Company's internal control system with respect to physical verification and reconciliation of vehicles with the accounting system, did not operate effectively during the year. This could potentially result in material misstatements in the Company's revenue from operations and unbilled revenues.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls with reference to financial statements as of 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"), and except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company's internal financial controls with reference to financial statements were operating effectively as of 31 March 2021.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31 March 2021 financial statements of the Company, and these material weaknesses does not affect our opinion on the financial statements of the Company.

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No. 113959
UDIN: 21113959AAAACS7659

Place: Mumbai
Date: 17 May 2021

BALANCE SHEET AS AT 31 MARCH 2021

Rs. in Lakhs	Note No.	31 March 2021	31 March 2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	**1,512.42**	2,117.94
Goodwill		**113.00**	113.00
Other intangible assets	4	**53.50**	80.37
Intangible assets under development		**190.92**	–
Financial assets			
(i) Investments	5	**3,511.68**	3,058.31
(ii) Loans	6	**3,106.88**	2,599.71
(iii) Other financial assets	7	**152.83**	2.89
Income tax assets		**94.15**	1,233.76
Other non-current assets	8	**118.91**	152.05
		8,854.29	9,358.03
CURRENT ASSETS			
Inventories		**2,159.36**	794.59
Financial assets			
(i) Trade receivables	9	**6,783.20**	3,904.55
(ii) Cash and cash equivalents	10	**2,636.84**	3,069.46
(iii) Bank balances other than (ii) above	10	**127.00**	27.18
(iv) Loans	6	**16.06**	1,613.59
(v) Other financial assets	7	**2,081.70**	4,370.17
Current tax assets		**804.60**	768.54
Other current assets	8	**2,592.18**	1,757.17
		17,200.94	16,305.25
TOTAL ASSETS		**26,055.23**	25,663.28
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	11	**7,950.99**	7,888.41
Other equity	12	**3,252.94**	2,141.33
		11,203.93	10,029.74
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities			
(i) Borrowings - Lease Liabilities		**602.81**	1,231.81
(ii) Other financial liabilities	13	**308.91**	308.91
Provisions	14	**999.93**	1,034.97
Deferred tax liabilities (Net)	15	**22.36**	22.65
		1,934.01	2,598.34
CURRENT LIABILITIES			
Financial liabilities			
(i) Trade payables			
– Total outstanding dues of micro enterprises and small enterprises	16	**33.61**	43.55
– Total outstanding dues of creditors other than micro enterprises and small enterprises	16	**6,467.90**	6,166.32
(ii) Other financial liabilities	13	**3,068.18**	3,288.05
Other current liabilities	17	**3,190.33**	3,387.52
Provisions	14	**157.27**	149.76
		12,917.29	13,035.20
TOTAL EQUITY AND LIABILITIES		**26,055.23**	25,663.28

The accompanying notes 1 to 33 are an integral part of the Financial Statements

In terms of our report attached
For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959

For and on behalf of the Board of Directors of
Mahindra First Choice Wheels Limited

Ashutosh Pandey
Chief Executive Officer
DIN 08166731

V. Janakiraman
Chief Financial Officer
Membership number: 029222

Rajeev Dubey
Director
DIN 00104817

Anita Halbe
Company Secretary
A13962

Place : Mumbai
Date : 17 May 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

Rs. in Lakhs	Note No.	31 March 2021	31 March 2020
INCOME			
Revenue from operations	18	**41,278.28**	36,733.97
Other income	19	**617.66**	847.31
Total Income		**41,895.94**	37,581.28
EXPENSES			
Purchases of stock-in-trade		**26,409.62**	16,775.39
Changes in inventories of stock-in-trade	20	**(1,364.77)**	(523.60)
Employee benefits expense	21	**6,563.01**	6,527.14
Finance costs	22	**100.32**	121.57
Depreciation and amortisation expense	3 & 4	**715.51**	635.57
Other expenses	23	**9,802.30**	14,748.87
Total Expenses		**42,225.99**	38,284.94
(Loss) before tax		**(330.05)**	(703.66)
Tax Expense			
Current tax		**–**	–
Deferred tax	15	**(0.29)**	(2.60)
(Loss) for the year		**(329.76)**	(701.06)
Other comprehensive (loss) / income			
Items that will not be reclassified to profit or loss and its related income			
(i) Remeasurements of the defined benefit plans		**113.02**	(18.14)
(ii) Equity instruments through other comprehensive income		**0.65**	1.04
Total other comprehensive (loss) / income		**113.67**	(17.10)
Total comprehensive (loss) for the year		**(216.09)**	(718.16)
Earnings per equity share:			
(Face value Rs. 10/- per share) (Rupees)			
Basic and Diluted	24	**(0.42)**	(0.89)

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Anita Halbe
Company Secretary
A13962

Place : Mumbai
Date : 17 May 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

Rs. in Lakhs	31 March 2021	31 March 2020
Cash flows from operating activities		
(Loss) before tax	**(330.05)**	(703.66)
Adjustments for:		
Finance costs	**100.32**	121.57
Interest income	**(418.64)**	(726.19)
Dividend Income	**–**	(0.12)
Loss on property, plant and equipment sold/scrapped/written off (net)	**(0.91)**	0.49
Net gain arising on financial asset measured at fair value through profit or loss	**–**	–
Net gain recorded in profit or loss on sale of Mutual Funds	**–**	(70.46)
Bad debts written off	**–**	371.88
Sundry balances written back	**(153.78)**	(41.37)
Allowance for expected credit losses	**116.26**	575.57
Depreciation and amortisation expense	**715.51**	635.57
Share based payment expenses	**10.75**	8.63
Operating profit before working capital changes	**39.45**	171.91
Movements in working capital:		
(Increase) in trade receivables	**(2,878.64)**	(1,473.71)
(Increase) in inventories	**(1,364.77)**	(523.60)
(Increase) in other assets	**1,311.29**	(3,280.10)
Increase in trade payables	**291.66**	2,564.69
Increase in borrowings - lease liabilities	**629.00**	
Increase in provisions	**85.49**	232.40
Increase in other current liabilities	**(618.40)**	2,202.76
	(2,544.37)	(277.56)
Cash (used in) operations	**(2,504.92)**	(105.65)
Income taxes paid (net of refunds)	**1,103.55**	(539.22)
Net cash (used in) operating activities	**(1,401.37)**	(644.87)
Cash flows from investing activities		
Inter corporate deposits given	**(1,000.00)**	(5,000.00)
Inter corporate deposits matured	**500.00**	3,000.00
Payments to acquire current investments	**–**	(3,630.00)
Proceeds on sale of current investments	**–**	4,202.18
Bank deposits placed	**(4,501.00)**	(4,100.00)
Bank deposits matured	**4,800.00**	11,580.00
Payments to acquire non-current investments – subsidiaries	**(452.70)**	(3,045.00)
Interest received	**545.89**	856.11
Dividends received	**–**	0.12
Payments to acquire property, plant and equipment and other intangible assets	**1,785.87**	(163.12)
Proceeds from sale of property, plant and equipment	**(36.75)**	7.35
Net cash from / (used in) investing activities	**1,641.31**	3,707.64

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021 (CONTD...)

Rs. in Lakhs	**31 March 2021**	31 March 2020
Cash flows from financing activities		
Interest paid	**(100.32)**	(121.57)
Payment for principal portion of lease liability	**(572.26)**	(435.50)
Net cash (used in) financing activities	**(672.58)**	(557.07)
Net Increase/(Decrease) in cash and cash equivalents	**(432.63)**	2,505.69
Cash and cash equivalents at the beginning of the year	**3,069.46**	563.77
Cash and cash equivalents at the end of the year	**2,636.84**	3,069.46
Net Increase/(Decrease) as disclosed above	**(432.63)**	2,505.70

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A13962

Place : Mumbai
Date : 17 May 2021

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2021

Rs. in Lakhs

A. Equity share capital

	31 March 2021	31 March 2020
Issued, subscribed and paid up		
Balance as at the beginning of the year	**7,888.41**	7,888.41
Add: Equity shares issued during the year	**62.58**	–
Add: Allotment of shares by ESOP Trust to employees	**–**	–
Balance as at the end of the year	**7,950.99**	7,888.41

B. Other Equity

	Reserves and Surplus			Items of other comprehensive income		
	Retained Earnings	Securities Premium	Share options outstanding account	Equity instrument through other comprehensive income	Remeasurements of the defined benefit obligations	Total
Balance at 31 March 2019	(18,010.08)	20,898.15	57.19	11.26	(105.66)	2,850.86
Loss for the year	(701.06)					(701.06)
Remeasurements of the defined benefit plans	–	–	–	–	(18.14)	(18.14)
Equity instruments through other comprehensive income	–	–	–	1.04	–	1.04
Total Comprehensive income for the year	(18,711.14)	20,898.15	57.19	12.30	(123.80)	2,132.70
Share based payment to employees	–	–	8.63	–	–	8.63
Balance at 31 March 2020	(18,711.14)	20,898.15	65.82	12.30	(123.80)	2,141.33
Loss for the year	(329.76)					(329.76)
Remeasurements of the defined benefit plans	–	–	–	–	113.02	113.02
Equity instruments through other comprehensive income	–	–	–	0.65	–	0.65
Equity shares issued during the year	–	1,316.94				1,316.94
Total Comprehensive income for the year	(19,040.90)	22,215.09	65.82	12.96	(10.78)	3,242.19
Share based payment to employees	–	–	10.75	–	–	10.75
Balance at 31 March 2021	**(19,040.90)**	**22,215.09**	**76.57**	**12.96**	**(10.78)**	**3,252.94**

The accompanying notes 1 to 33 are an integral part of the Financial Statements

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Firm Registration No. 101248W/W-100022

Jayesh T Thakkar
Partner
Membership number: 113959

Place : Mumbai
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For and on behalf of the Board of Directors of
Mahindra First Choice Wheels Limited

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DIN 00104817

Anita Halbe
Company Secretary
A13962

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. Corporate information:

The financial statements comprise financial statements of Mahindra First Choice Wheels Limited (“the Company” or “MFCWL”) for the year ended 31 March 2021. The Company is an unlisted Public Company domiciled in India.

Mahindra First Choice Wheels Limited is principally engaged in the business of facilitating trading in used vehicles through its Franchise network and electronic platform and providing allied products and services, including online pricing guidance, used vehicle inspection and valuation services, yard management services and used vehicles inspection services for insurance.

2. Significant Accounting Policies:

2.1 <u>Statement of Compliance:</u>

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (“the Act”) and other relevant provisions of the Act.

2.2 <u>Basis of preparation and presentation:</u>

These financial statements of the Company have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs for the asset or liability that are not based on observable market data.

2.3 <u>Business combinations:</u>

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at fair value on acquisition date and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date.

2.4 <u>Goodwill:</u>

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company’s cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

<u>Estimated impairment of goodwill</u>

The Company tests annually goodwill for any impairment, in accordance with the above accounting policy. The recoverable amount of cash generating units is determined based on value-in-use calculations. These calculations require the use of estimates.

2.5 <u>Revenue recognition:</u>

Effective 1 April 2018, Ind AS 115 ‘Revenue from contracts with customers’ has replaced Ind AS 18’ Revenue’ and Ind AS 11 ‘Construction contracts’. The Company has applied Ind AS 115 ‘Revenue from Contracts with customers’ (“herein after referred to as Ind AS 115”) effective from 1April2018, using modified retrospective approach for the purpose of transition. Accordingly, comparatives for the previous period have not been restated. The application of Ind AS 115 did not have any material impact on the financial results of the Company. Ind AS 115 specifies a uniform, five-step model for revenue recognition, which is generally to be applied to all contracts with customers.

Sale of goods:

The Company recognizes revenue from sale of goods measured at the fair value of the consideration received or receivable, upon satisfaction of performance obligation which is at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Depending on the terms of the contract, which differs from contract to contract, the goods are sold on are as on able credit term. As per the terms of the contract, consideration that is variable, according to Ind AS 115, is estimated at contract inception and updated thereafter at each reporting date or until crystallisation of the amount.

Sale of Services:

i) Franchise fee - The Company recognizes revenue from the date of activation of the dealer’s account on receipt of security deposit.

ii) Commission Income - The Company recognizes revenue on receipt of seller’s confirmation for auction.

iii) Vehicle valuation fee - The Company recognizes revenue on release of valuation report.

iv) Inspection Fee - The Company recognizes revenue on release of inspection report.

v) Yard Management fees - The Company recognizes revenue on accrual basis of entry of the vehicle in the yard.

vi) Wholesale Bulk Income – The Company recognizes revenue on issue of release order of vehicle.

vii) Repo Management Service – The Company recognizes revenue on receipt of seller’s confirmation.

viii) <u>Other Operating Income</u>:

– Warranty income - The Company recognizes revenue on sale of warranty product of a third-party warranty service provider, with no obligations to the Company. A part of warranty income related to road side assistance is deferred over the period of warranty with the Company being the primary obligor.

– Registration Income – The Company recognizes revenue over the term of registration.

– Others – The Company recognizes revenue on satisfaction of performance obligation towards rendering of such services.

Significant financing component - Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

2.6 Dividend and interest income:

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.7 Operating lease rental income:

The income arising from operating leases is accounted on a straight-line basis over the lease terms.

The Company's policy for recognition of revenue from operating leases is described in Note No.- 2.15 below.

2.8 Foreign currencies:

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.9 Employee benefits:

a) Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

b) Post-employment benefits

i) Defined Contribution Plan: Provident and Family Pension Fund

The eligible employees of the Company are entitled to receive post-employment benefits in respect of provident and family pension fund, in which both employees and the Company make monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to Regional Provident Fund Commissioner. Provident Fund and Family Pension Fund are classified as Defined Contribution Plans as the Company has no further obligations beyond making the contribution. The Company's contributions to Defined Contribution Plan are charged to the statement of profit and loss as incurred.

ii) Defined Benefit Plan: Gratuity (unfunded)

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company accounts the gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year which is determined using the Projected Unit Credit method. Actuarial gains and losses are recognised in the Other Comprehensive Income. Past service cost is recognised immediately to the extent that the benefits are already vested.

c) Other long-term employment benefits – Compensated Absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/ availment. The Company makes provision for compensated absences based on an independent external actuarial valuation carried out at the end of the year.

2.10 Share-based payment arrangements:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

2.11 Taxation:

a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.12 Property, plant and equipment:

Property, plant and equipment are stated at cost less depreciation and impairment losses, if any. Costs comprise purchase price net of any trade discounts and rebates and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses directly attributable to acquisition of assets up to the date the asset is ready for its intended use

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Estimated useful life of the assets are given below:

- Leasehold improvements over the period of the lease.
- Office equipment - 2 to 5 years.
- Furniture - 10 years,
- Computers and servers - 3 to 6 years
- Vehicles - 3 years for used vehicles or 5 years for new vehicles.
- Plant and equipment - 5 to 15 years
- Electrical Fitting - 5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.13 Intangible assets:

a) Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

b) Intangible assets under development:

The Company capitalise costs incurred during IT Development phase, such expenses are initially recognised as intangible assets under development until the development phase is complete, upon which the amount is capitalised as intangible asset.

The expenditure incurred is amortised over the estimated period of benefit. The amortisation period for intangible assets with finite useful lives are reviewed annually and changes in expected useful lives are treated as changes in estimates.

c) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

d) Useful lives of intangible assets:

Estimated useful lives of the intangible assets are as follows:

Software	5 years
Website	5 years
Non-Compete Fees	Contractual Terms
Market Information	Contractual Terms
Customer Relationships	7 years
Service Provider Contracts and intellectual property	3 years

2.14 Impairment of tangible and intangible assets other than goodwill:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, these assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.15 Leases:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116 and this may require significant judgment. The Company also uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend or terminate the lease if the Company is reasonably certain based on relevant facts and circumstances that the option to extendor terminate will be exercised. If there is a change in facts and circumstances, the expected lease term is revised accordingly.

The discount rate is generally based on the interest rate specific to the lease being evaluated or if that cannot be easily determined the incremental borrowing rate for similar term is used.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company as a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and restoration cost, less any lease incentives received.

The right-of-use assets are subsequently depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the right-of-use asset is reduced by impairment losses, if any.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. When a lease liability is remeasured, the corresponding adjustment of the lease liability is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2.16 Inventories:

Inventories beyond 90 days from the date of valuation or purchase except for stock held as part of Pilot Projects and Finance funding cases, as the case may be, are valued at Cost or Net Realisable Value whichever is lower.

2.17 Provisions and Contingencies:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

2.18 Financial Instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.19 Financial assets

All regular way purchases or sales of financial assets are recognised and de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are subsequently measured at fair value.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

2.20 Financial liabilities and equity instruments

a) **Classification as debt or equity**

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

b) **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

c) **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the ‘Finance costs’ line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.21 Critical accounting judgements and key sources of estimation uncertainty:

In the application of the Company’s accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of Property, plant and equipment and intangible assets

The Company reviews the useful lives of property, plant and equipment and intangible assets at the end of each reporting period. This re-assessment may result in change in depreciation and amortisation expense in future periods.

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. Vehicles - 3 years in case of used vehicles or 5 years in case of new vehicles.

Recent Accounting Pronouncements:

Ministry of Corporate Affairs (MCA) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Rs in lakhs

3. Property, Plant and Equipment

Rs. in Lakhs

Description of Assets	Improvements to Leasehold Property	Office Equipment	Furniture and Fixtures	Electrical Fittings	Computers	Vehicles	Right-of-use asset	Total
Gross Block								
Balance as at 31 March 2019	**53.92**	**167.55**	**7.30**	**154.17**	**544.99**	**109.49**	**–**	**1,037.42**
Additions during the year	2.25	36.03	–	–	109.18	54.78	2,032.77	2,235.01
Deductions / adjustments during the year	–	–	–	–	–	15.98	–	15.98
Balance as at 31 March 2020	**56.17**	**203.58**	**7.30**	**154.17**	**654.17**	**148.29**	**2,032.77**	**3,256.45**
Additions during the year	–	4.29	3.49	–	167.53	12.07	–	187.38
Deductions / adjustments during the year	–	–	–	–	–	19.31	103.30	122.61
Balance as at 31 March 2021	**56.17**	**207.87**	**10.79**	**154.17**	**821.70**	**141.05**	**1,929.47**	**3,321.22**
Accumulated depreciation								
Balance as at 31 March 2019	**3.27**	**95.97**	**3.33**	**33.78**	**358.07**	**69.14**	**–**	**563.56**
Depreciation expense for the year	10.39	22.16	0.60	29.45	94.10	21.26	409.40	587.36
Deductions / adjustments during the year	–	–	–	–		12.41	–	12.41
Balance as at 31 March 2020	**13.66**	**118.13**	**3.93**	**63.23**	**452.17**	**77.99**	**409.40**	**1,138.51**
Depreciation expense for the year	10.91	23.37	4.71	34.85	94.18	25.96	494.66	688.64
Deductions / adjustments during the year	–	–	–	–	–	18.35	–	18.35
Balance as at 31 March 2021	**24.57**	**141.50**	**8.64**	**98.08**	**546.35**	**85.60**	**904.06**	**1,808.80**
Net block								
Net carrying amount as at 31 March 2020	**42.51**	**85.45**	**3.36**	**90.94**	**202.01**	**70.29**	**1,623.37**	**2,117.94**
Net carrying amount as at 31 March 2021	**31.60**	**66.37**	**2.14**	**56.09**	**275.36**	**55.44**	**1,025.41**	**1,512.42**

4. Other Intangible Assests

Description of Assets	Computer Software	Websites	Non-Compete Fees	Customer Relationships	Service Provider Contracts	Acquisition of service contracts and Intellectual Property	Total
Gross Block							
Balance as at 31 March 2019	271.31	450.72	4.00	145.00	25.00	33.50	929.53
Additions during the year	6.94	–	–	–	–	–	6.94
Deductions / adjustments during the year	138.32	–	–	–	–	–	138.32
Balance as at 31 March 2020	**139.93**	**450.72**	**4.00**	**145.00**	**25.00**	**33.50**	**798.15**
Additions during the year	–	–	–	–	–	–	–
Deductions / adjustments during the year	–	–	–	–	–	–	–
Balance as at 31 March 2021	**139.93**	**450.72**	**4.00**	**145.00**	**25.00**	**33.50**	**798.15**
Accumulated Amortisation Expenses							
Balance as at 31 March 2019	**238.35**	**433.34**	**3.75**	**71.78**	**24.99**	**31.46**	**803.67**
Amortisation expense during the year	14.33	12.03	0.12	20.72	–	0.91	48.11
Deductions / adjustments during the year	134.00	–	–	–	–	–	134.00
Balance as at 31 March 2020	**118.68**	**445.37**	**3.87**	**92.50**	**24.99**	**32.37**	**717.78**
Amortisation expense during the year	5.49	0.67	0.12	19.47	–	1.12	26.87
Deductions / adjustments during the year	–	–	–	–	–	–	–
Balance as at 31 March 2021	**124.17**	**446.04**	**3.99**	**111.97**	**24.99**	**33.49**	**744.65**
Net block							
Net carrying amount as at 31 March 2020	**21.25**	**5.35**	**0.13**	**52.50**	**0.01**	**1.13**	**80.37**
Net carrying amount as at 31 March 2021	**15.76**	**4.68**	**0.01**	**33.03**	**0.01**	**0.01**	**53.50**

Rs in lakhs

5. Investments

Rs. in Lakhs

	As at 31 March 2021			As at 31 March 2020		
	Number of shares	**Non-current**	**Current**	Number of shares	Non-current	Current
A. Fair value through Other Comprehensive Income						
Unquoted (fully paid-up)						
Equity shares in The Zoroastrian Co-operative Bank Ltd. (Face value - Rs 25 per share)	**4,000**	**13.97**	–	4,000	13.31	–
B. Investment in Equity Instruments						
Unquoted - At Cost						
In Subsidiary						
Fifth Gear Ventures Limited (Face value Rs 10 per share)	**107,322**	**3,497.71**	–	92,185	3,045.00	–
	111,322	**3,511.68**	–	**96,185**	**3,058.31**	–
Other disclosures						
Aggregate amount of unquoted investments		**3,511.68**	–		**3,058.31**	–

Refer Note 26 and 28 for disclosures related to liquidity risk and related financial instrument disclosures.

6. Loans

	31 March 2021		31 March 2020	
	Non-current	**Current**	Non-current	Current
Security Deposits				
Unsecured, considered good	**284.34**	**5.50**	269.95	5.50
Doubtful	**9.30**	**4.38**	9.30	4.38
Less: Allowance for expected credit loss	**(9.30)**	**(4.38)**	(9.30)	(4.38)
	284.34	**5.50**	269.95	5.50
Loans to related parties				
Unsecured, considered good				
Inter corporate deposits	**2,500.00**	–	2,000.00	–
Employee Stock Option Scheme Trust	**318.96**	–	318.84	–
Other Loans				
Unsecured, considered good				
Corporate Deposits with HDFC Ltd.	–	–	–	1,600.00
Loans to employees	**3.58**	**10.56**	10.92	8.09
	3.58	**10.56**	10.92	1,608.09
	3,106.88	**16.06**	2,599.71	1,613.59

Except for above loans to related parties, there are no loans due by directors or other officers of the Company or any of them severally or jointly with other persons or amounts due by firms or private Companies in which any director is a partner or a director or a member.

Refer note 26 for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

7. Other financial assets

	31 March 2021		31 March 2020	
	Non-Current	**Current**	Non-Current	Current
Financial assets at amortised cost:				
Bank Deposits with more than 12 months maturity	**152.83**	–	2.89	–
Unbilled revenue**	–	**2,053.78**	–	4,215.00
Other financial assets	–	**27.92**	–	155.17
	152.83	**2,081.70**	2.89	4,370.17

** Unbilled revenue include receivable out of yard parking fees.

Refer Note 26 for disclosures related to credit risk, impairment under expected credit loss model and related financial instrument disclosures.

8. Other Non Financial Assets

	31 March 2021		31 March 2020	
	Non-Current	**Current**	Non-Current	Current
Capital advances	**12.38**	–	50.92	–
Balance with Government autorities*	**106.53**	**595.35**	101.13	613.49
Advances to Suppliers				
Considered good	–	**1,798.23**	–	971.49
Prepaid Expenses	–	**181.38**	–	151.05
Deferred expenses	–	**17.22**	–	21.14
TOTAL	**118.91**	**2,592.18**	152.05	1,757.17

* Balance with Government authorities (other than income taxes) and Goods and Service Tax (GST) receivable, etc.

9. Trade receivables

	31 March 2021	31 March 2020
Unsecured, considered good	**6,783.20**	3,904.55
Doubtful	**501.10**	598.50
Less: Allowance for expected credit loss	**(501.10)**	(598.50)
	6,783.20	3,904.55
Dues from related parties	**1,049.73**	527.41

Except for above dues from related parties, there are, no trade or other receivables due from directors or other officers of the Company either severally or jointly with any other person and no trade or other receivable due from firms or private companies respectively in which any director is a partner or a director or a member.

Rs in lakhs

For terms and conditions relating to related party receivables, refer Note 30.

Refer Note 26 for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

10. Cash and bank balances

	31 March 2021	31 March 2020
Cash and cash equivalents		
Balances with banks		
– In current accounts	**1,584.56**	1,068.49
– Fixed Deposit with original maturity less than 3 months	**1,051.41**	2,000.00
Cash on hand	**0.87**	0.97
	2,636.84	3,069.46
Other bank balances		
Balances with Banks:		
– Fixed deposits with original maturity greater than 3 months but less than 12 months	**127.00**	27.18
	127.00	27.18

11. Equity share capital

	31 March 2021		31 March 2020	
	Number of shares	Amount	Number of shares	Amount
Authorised:				
Number of equity shares of face value Rs 10 each	**90,000,000**	**9,000.00**	90,000,000	9,000.00
Issued, subscribed and paid up:				
Number of equity Shares of face value Rs 10 each fully paid up	**82,440,171**	**8,244.03**	81,814,390	8,181.45
Less: Equity shares of Rs 10 each fully paid up issued to ESOP Trust constituted under the Employees' Stock Option Scheme (ESOS) but not yet allotted to employees	**2,930,401**	**293.04**	2,930,401	293.04
Total	**79,509,770**	**7,950.99**	78,883,989	7,888.41

Note:

The reduction of Rs 293.04 lakhs (29,30,401 Equity shares of Rs 10/- each), (As at 31 March 2020 – Rs. 293.04 lakhs (29,30,401 equity shares of Rs 10/- each)) and Rs 15.87 lakhs ((As at 31 March 2020 – Rs 15.87 lakhs)) from securities premium are in respect of 3,17,423 Equity Shares of face value Rs 10 each issued at a premium in earlier years, held by ESOS Trust as per the Employee Stock Option Scheme (ESOS).

For details of shares reserved for issue under the Share based payment plan of the company, Refer Note No.- 21A.

(i) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year

	31 March 2021		31 March 2020	
	Number of shares	Amount	Number of shares	Amount
Issued, subscribed and paid up:				
Balance at the beginning of the year	**78,883,989**	**7,888.41**	78,883,989	7,888.41
Add: shares issued during the year	**625,781**	**62.58**	–	–
Less: shares issued to ESOP Trust but not allotted to employees	–	–	–	–
Adjusted Issued, Subscribed and Paid up share capital	**79,509,770**	**7,950.99**	78,883,989	7,888.41

Terms/ rights attached to equity shares:

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Details of shares held by the holding company and the ultimate holding company

	Number of Shares
	Equity Shares with Voting rights
As at 31 March 2021	
Mahindra Holdings Limited, Holding Company	40,231,037
Mahindra & Mahindra Limited, Ultimate Holding Company	–

(iii) The details of equity shares held by each shareholder holding more than 5% shares:

	31 March 2021		31 March 2020	
Name of the shareholder	No. of shares	% held	No. of shares	% held
Mahindra Holdings Limited	**40,231,037**	**48.80%**	40,231,037	49.17%
PHI Management Solutions Pvt Ltd	**16,184,054**	**19.63%**	16,184,054	19.78%
Valiant Mauritius Partners FDI Limited	**10,928,388**	**13.26%**	10,928,388	13.36%
Manheim Export SARL	**7,325,181**	**8.89%**	7,325,181	8.95%

(iv) For the period preceding five years as on Balance Sheet date, issued, subscribed and paid up capital includes:

During the year ended 31 March 2018, the Company issued 4,941,170 shares of Rs 10 each at a premium of Rs 192.37 per share.

(v) Shares reserved for issue under ESOP options:

ESOPs administered under two schemes by a Trust and the Company, have been granted to certain executives and senior employees which will vest in a period of time ranging from 36 months to 60 months from date of grant. The share option outstanding account is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

For details of shares reserved for issue under the Share based payment plan of the Company, please refer note 21A.

(vi) Aggregate of 6,28,441 equity shares of Rs 10 each are alloted to the shareholders of Fifth Gear Ventures Limited:

The Company entered into an agreement ("share purchase agreement") with the beneficiary shareholders of Fifth Gear Ventures Limited ("FGVL") dated 17 January 2020 for purchase of 100% equity holding in FGVL held by the beneficiary shareholders for a total consideration of Rs 3,045.00 lakhs. As a part of the agreement, the consideration was partly a cash consideration of Rs 1,643.57 lakhs and partly through issuance of shares of the Company at Rs 223 per share (face value Rs 10 each) aggregating Rs 1,401.42 lakhs. The shares were pending allotment till 31 March 2020, now during the current year all shares are allocated and balance payment is remitted fully.

12. Other Equity

	31 March 2021	31 March 2020
Retained earnings	**(19,040.90)**	(18,711.14)
Securities premium	**22,215.09**	20,898.15
Share option outstanding account	**76.57**	65.82
Equity instruments at fair value through other comprehensive income	**12.95**	12.30
Remeasurements of the defined benefit plans	**(10.78)**	(123.80)
Total other equity	**3,252.93**	2,141.33

Retained earnings

Balance as at the beginning of the year	**(18,711.14)**	(18,010.08)
(Loss) for the year	**(329.76)**	(701.06)
Balance at the end of year	**(19,040.90)**	(18,711.14)

Securities Premium

Particulars		
Balance as at the beginning of the year	**20,898.15**	20,898.15
Shares issue at premium	**1,316.94**	–
Balance at the end of year	**22,215.09**	20,898.15

During 2017-2018, the Company issued 49,41,470 shares of Rs 10 each, issued at a premium of Rs 192.37 per share. Also during current year, Company issued 6,18,281 shares of Rs 10 each, issued at a premium of Rs 213.00 per share. The securities premium is created on issue of equity shares. The securities premium of Rs.15.87 lakhs is on the issue of 3,17,423 equity shares in earlier years to the Trust constituted under the Employees Stock Option Scheme but not allotted to employees.

Rs in lakhs

Share option outstanding account

	31 March 2021	31 March 2020
Balance as at the beginning of the year	**65.82**	57.19
Add:- allotment of shares by ESOP Trust to employees	**10.75**	8.63
Balance at the end of year	**76.57**	65.82

The above reserve relates to share options granted by the Company to its employees under its Employee Share Option Plan (ESOP). Further information about share-based payments to its employees is set out in note 21A.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company's revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option outstaning account.

Equity instruments through other comprehensive income

	31 March 2021	31 March 2020
Balance as at the beginning of the year	**12.30**	11.26
Remeasurements of the equity instruments through other comprehensive income	**0.65**	1.04
Balance at the end of year	**12.95**	12.30

This reserve represents the cumulative gains arising on the revaluation of equity instruments measured at fair value through other comprehensive income. (FVOCI)

Remeasurements of the defined benefit plans

Balance as at the beginning of the year	**(123.80)**	(105.66)
Remeasurements of the defined benefit plans	**113.02**	(18.14)
Balance at the end of year	**(10.78)**	(123.80)

This reserve represents the cumulative gains / (losses) arising on remeasurement of the employee's defined benefit plan.

13. Other financial liabilities

	31 March 2021		31 March 2020	
	Non- Current	Current	Non- Current	Current
Other financial liabilities measured at amortised cost				
Security Deposits *	–	**2,384.55**	–	2,307.96
Monies adjusted from share capital and reserves and surplus on account of shares held by ESOS trust	**308.91**	–	308.91	–
Capital creditors	–	**151.99**	–	4.43
Other employee related liabilities	–	**531.64**	–	875.62
Others [Refer Note 11 (vi)]	–	–	–	100.04
Total other financial liabilities	**308.91**	**3,068.18**	308.91	3,288.05

Note:

* Deposits are re-payable on demand.

Refer Note 26 for disclosures related to liquidity risk and related financial instrument disclosures.

Rs in lakhs

14. Provisions

	31 March 2021		31 March 2020	
	Non-Current	**Current**	Non-Current	Current
Provision for employee benefits				
– Compensated absences	**521.52**	**106.10**	553.82	104.33
– Gratuity (Refer Note 27)	**478.41**	**51.17**	481.15	45.43
Total provisions	**999.93**	**157.27**	1,034.97	149.76

15. Deferred tax liablities (net)

(i) Movement of Deferred Tax

31 March 2021

	As at beginning of the year	**Acquired in Business Combination and recognised in Profit and Loss**	**As at end of the year**
Tax effect of items constituting deferred tax liabilities on account of Business combination	**(22.65)**	**0.29**	**(22.36)**

31 March 2020

	As at beginning of the year	Acquired in Business Combination and recognised in Profit and Loss	As at end of the year
Tax effect of items constituting deferred tax liabilities on account of Business combination	(25.25)	2.60	(22.65)

ii) Deferred tax assets have not been recognised in respect of following items, as it is not probable that future taxable profit will be available against which the Company can utilise the benefit therefrom.

	31 March 2021	31 March 2020
Unabsorbed depreciation	**2,525.01**	2,250.54
Unabsorbed business losses	**5,751.20**	6,061.10
Total	**8,276.21**	8,311.64

The unrecognised tax losses carried forward expire as follows:

Expiry Year	**31 March 2021**	31 March 2020
Financial year 2018-2019	**–**	–
Financial year 2019-2020	**–**	746.62
Financial year 2022-2023	**567.39**	567.39
Financial year 2023-2024	**938.64**	984.14
Financial year 2024-2025	**2,191.97**	2,362.07
Financial year 2025-2026	**772.83**	772.83
Financial year 2026-2027	**533.74**	628.05
Financial year 2027-2028	**57.97**	–
Total	**5,809.16**	6,061.10

The income tax expense for the year can be reconciled to the accounting Loss as follows :

	31 March 2021	31 March 2020
Loss before tax	**(330.05)**	(703.66)
Income tax expense calculated at 26%	**(85.81)**	(182.95)
Effect of expenses that is non-deductible in determining taxable profit	**(207.28)**	(163.22)
Effect of unused tax losses for which no deferred tax asset is recognised	**293.09**	346.17
	85.81	182.95
Income tax expense recognised in Statement of Profit and Loss	**–**	–

16. Trade Payables

	31 March 2021	31 March 2020
Total outstanding dues of micro enterprised and small enterprises (Refer note 30)	**33.61**	43.55
Total outstanding dues of creditors other than micro enterprised and small enterprises	**6,467.90**	6,166.32
Total Trade Payables	**6,501.51**	6,209.87

Refer Note 26 for disclosures related to liquidity risk and related financial instrument disclosures.

17. Other Non Financial Liabilities

	31 March 2021	31 March 2020
Contract liabilities	**1,832.74**	1,011.83
Government dues		
i) Provident fund	**64.05**	56.54
ii) Employees' state insurance and Profession tax	**2.34**	1.98
iii) Tax deducted at source	**168.30**	88.91
iv) Goods and Services Tax (GST)	**498.74**	256.44
v) Others	**83.37**	83.37
Equity shares pending allotment [Refer Note 11 (vi)]	–	1,401.42
Lease Liabilities	**540.79**	487.03
Total other liabilities	**3,190.33**	3,387.52

18. Revenue from operations

	31 March 2021	31 March 2020
Revenue from contract with customers:-		
Sale of products	**26,030.81**	17,054.58
Sale of services	**14,646.14**	18,838.96
Other operating revenues	**601.33**	840.43
	41,278.28	36,733.97

The management determines that the segment information reported under Note 18 above Segment information is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with customers.

	31 March 2021	31 March 2020
Sale of products comprises of:		
– Sale of used vehicles and other products	**26,030.81**	17,054.58
Sale of services comprises of:		
– Franchisee fees	**1,509.20**	2,199.27
– Commission income	**1,523.30**	1,674.17
– Vehicle valuation fees	**2,979.96**	3,562.70
– Vehicle preinspection fees	**1,668.43**	1,842.49
– Yard management parking fees	**5,109.12**	7,845.86
– Indian blue book income	**516.94**	716.90
– Other services	**1,339.19**	997.57
Revenue from rendering of services	**14,646.14**	18,838.96
Other operating revenues comprises of:		
– Warranty income	**426.28**	640.54
– Forfeiture of Earnest Money Deposits collected	**175.05**	199.89
Other operating revenues	**601.33**	840.43

19. Other Income

	31 March 2021	31 March 2020
Interest Income (On financial assets measured at amortised cost)		
– On corporate deposits	**184.37**	129.69
– On inter-corporate deposits	**189.34**	248.32
– Bank deposits	**12.90**	189.03
– Others	**32.03**	159.15
Dividend income		
– on investments carried at fair value through other comprehensive income	**–**	0.12
Operating lease rental income	**45.24**	9.17
Net gain recorded in profit or loss on sale of Mutual Funds	**–**	70.46
Sundry balances written back (net)	**153.78**	**41.37**
Total Other Income	**617.66**	847.31

Rs in lakhs

20. Changes in inventories of stock-in-trade

	31 March 2021	31 March 2020
Opening Stock-in-trade	**794.59**	270.99
Closing Stock-in-trade	**2,159.36**	794.59
Changes in inventories of stock-in-trade	**(1,364.77)**	(523.60)

21. Employee benefits expense

	31 March 2021	31 March 2020
Salaries and wages, including bonus (Refer Note 27)	**6,093.51**	5,971.08
Contribution to provident and other funds (Refer Note 27)	**347.31**	348.59
Share based payments to employees (see Note 21A)	**10.75**	8.63
Staff welfare expenses	**111.44**	198.84
Total Employee benefits expense	**6,563.01**	6,527.14

21A Employee share option plan of the company

1.1. Details of the employees share option plan of the Company

Mahindra First Choice Wheels Limited has share option schemes under which the employees have an option to subscribe for the Company's shares which have been granted to certain executives and senior employees. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Each employee share option converts into the equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of expiry.

The number of options granted is calculated in accordance with the performance-based formula approved by shareholders at the previous annual general meeting and is subject to approval by the remuneration committee. The formula rewards executives and senior employees to the extent of the Company's and the individual's achievement judged against both qualitative and quantitative criteria from various financial and customer service measures.

The Company has framed an Equity settled "Employee Stock Option Scheme (ESOS), 2010" for its employees. It has a trust viz. Mahindra First Choice Wheels Limited Employees' Stock Option Trust" (ESOS trust), which would hold the shares for the benefit of the eligible employees, including Directors of the Company and its subsidiaries. In addition to the above, the Company has also settled "Employee Stock Option Scheme (ESOS), 2015" for its employees.

The following share-based payment arrangements were in existence during the current and prior years.

Rs in lakhs

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date (Rs per option)
1	2,336,483	4-Oct-10	3-Oct-15	10	0.70
2	921,817	31-Aug-12	30-Aug-17	10	2.46
3	752,226	25-Apr-13	20-Apr-18	10	2.93
4	267,463	2-Sep-13	1-Sep-18	10	2.93
5	1,676,702	30-Jul-15	29-Jul-20	10	0.69
6	115,357	27-Jan-16	26-Jan-21	10	0.69
7	375,307	25-Oct-16	24-Oct-21	10	1.25
8	33,937	25-Jan-17	24-Jan-22	10	1.25
9	57,348	27-Jul-17	26-Jul-22	10	2.41
10	448,180	16-Oct-17	15-Oct-22	10	2.41
11	308,555	15-Oct-18	14-Oct-23	10	2.49
12	61,348	16-Jan-19	16-Jan-24	10	2.49
13	158,802	21-Oct-19	21-Oct-24	10	4.14
14	237,003	3-Feb-20	3-Feb-25	10	4.14
15	84,148	18-May-20	18-May-25	10	3.52
16	32,059	19-Oct-20	19-Oct-25	10	4.04
17	242,023	20-Jan-21	20-Jan-26	10	4.04
18	38,351	20-Jan-21	20-Jan-22	10	4.04
19	154,390	18-Feb-21	18-Feb-26	10	4.06

1.2 Fair value of share options granted in the year

The weighted share value of share option granted during the financial year is Rs. 3.94 (during the year ended 31 March 2020: Rs. 4.14). Options were priced using the Black-Scholes-Merton pricing model. An average exercise period of 4 years has been assumed based on our estimate. In view of the losses, expected volatility is based on various considerations.

Inputs into the model	Option series																		
Options series	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**
Grant date share price (Rs.)	5/-	8/-	9/-	9/-	5/-	5/-	6/-	6/-	8/-	8/-	7/-	7/-	8/-	8/-	8/-	8/-	8/-	8/-	8/-
Exercise price (Rs.)	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-
Expected volatility	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Option life (Years)	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Dividend yield	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Risk-free interest rate	7.64%-8.38%	8.16%-8.36%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	6.25%	6.25%	5.76%		5.96%-6.08%		

1.3 Movements in share options during the year

The following reconciles share options outstanding at the beginning and end of the year:

	31 March 2021		31 March 2020	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Balance at beginning of the year	**3,764,006**	**Rs. 10**	3,649,189	Rs. 10
Granted during the year	**550,971**	**Rs. 10**	313,192	Rs. 10
Forfeited during the year	**181,541**	–	–	–
Exercised during the year	**7,500**	–	–	–
Lapsed / expired during the year	**38,351**	**Rs. 10**	198,375	Rs. 10
Balance at end of the year	**4,087,585**	**Rs. 10**	3,764,006	Rs. 10

All outstanding options are exercisable at the end of the respective reporting period.

1.4 Share options outstanding at the end of the year

The share option outstanding at the end of the year had weighted average exercise price of Rs.10 (as at 31 March 2020: Rs. 10), and the weighted average remaining contractual life of 33 months (as at 31 March 2020: 33 months).

22. Finance cost

	31 March 2021	31 March 2020
Interest expense		
– On others	**100.32**	121.57
Total Finance cost	**100.32**	121.57

23. Other Expenses

	31 March 2021	31 March 2020
Power and fuel	**22.49**	67.41
Repairs and maintenance - others	**52.27**	78.97
Rent - yards	**3,408.92**	5,514.85

	31 March 2021	31 March 2020
Rent- others	**18.88**	119.72
Rates and taxes	**1.76**	15.47
Warranty related expenses	**107.99**	105.15
Vehicle valuation expenses	**1,368.40**	1,581.37
Preinspection expenses	**1,370.75**	1,587.01
Printing and stationary	**22.38**	37.61
Office expenses	**36.51**	58.32
Bad debts written off (net)	**–**	371.88
Information technology costs	**521.74**	428.30
Internet charges	**30.93**	67.41
Communication charges	**165.11**	119.97
Insurance charges	**89.64**	67.56
Allowance for Expected Credit Losses	**116.26**	575.57
Auditor's remuneration and out-of-pocket expenses (See Note below)	**22.00**	23.26
Director Sitting Fees	**5.40**	3.80
Professional fees	**979.38**	441.41
Advertisement, promotion and selling expenses	**471.96**	1,454.56
Travelling expenses	**251.22**	907.88
Loss on sale / discardment of Property, plant and equipment (net)	**(0.91)**	0.49
Commission expenses	**296.99**	760.13
Miscellaneous expenses	**442.23**	360.78
Total Other Expenses	**9,802.30**	14,748.88

24. Earnings per share

Basic and Diluted Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	31 March 2021	31 March 2020
Loss for the year	**(329.76)**	(701.06)
Weighted average number of equity shares used in the calculation of basic and diluted earnings per share.	**79,144,939**	78,883,989
Basic and diluted earnings per share (Face value Rs. 10/- per share)	**(0.42)**	(0.89)

25. Contingent liabilities and commitments

Claims against the Company not acknowledged as debts comprise of:

Demands raised by Income tax department where the Company is in appeal	**35.98**	34.87
Demand raised by VAT Department where the Company is in appeal	**350.60**	164.47
Total	**386.58**	199.34

Note: In respect of above items, till the matters are finally decided, the financial effect cannot be ascertained.

In February 2019, Supreme court of India in its judgement opined on the applicability of allowances that should be considered to measure obligation under Employee Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and therefore has currently not considered any probable obligation for past period.

26. Financials Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to maximise the shareholders value.

Rs in lakhs

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Categories of financial assets and financial liabilities

				31 March 2021
Particulars	**Amortised Cost**	**Fair value through Profit or loss**	**Fair Value through other comprehensive income**	**Total**
Non-current Assets				
Investments	**3,497.71**	–	**13.97**	**3,511.68**
Security deposits and other loans	**3,106.88**	–	–	**3,106.88**
Bank deposits with more than 12 months maturity	**152.83**	–	–	**152.83**
Current Assets				
Trade receivables	**6,783.20**	–	–	**6,783.20**
Cash and Cash equivalents	**2,636.84**	–	–	**2,636.84**
Bank balances other than cash and cash equivalents	**127.00**	–	–	**127.00**
Security deposits and loans	**16.06**	–	–	**16.06**
Unbilled revenue	**2,053.78**	–	–	**2,053.78**
Other financial assets	**27.92**	–	–	**27.92**
Non-current Liabilities				
Other Financial Liabilities				
Borrowing - Lease Liability	**602.81**	–	–	**602.81**
Shares held by ESOS trust	**308.91**	–	–	**308.91**
Current Liabilities				
Trade payables	**6,501.51**	–	–	**6,501.51**
Other financial liabilities				
Deposits received from dealers	**2,384.55**	–	–	**2,384.55**
Capital creditors	**151.99**	–	–	**151.99**
Other employee related liabilities	**531.64**	–	–	**531.64**
Other	–	–	–	–

				31 March 2020
Particulars	Amortised Cost	Fair value through Profit or loss	Fair Value through other comprehensive income	Total
Non-current Assets				
Investments	3,045.00	–	13.31	3,058.31
Security deposits and other loans	2,599.71	–	–	2,599.71
Bank Deposits with more than 12 months maturity	2.89	–	–	2.89
Current Assets				
Trade receivables	3,904.55	–	–	3,904.55
Cash and cash equivalents	3,069.46	–	–	3,069.46
Bank balances other than cash and cash equivalents	27.18	–	–	27.18

Rs in lakhs

			31 March 2020	
Particulars	Amortised Cost	Fair value through Profit or loss	Fair Value through other comprehensive income	Total
Security deposits and loans	1,613.59	–	–	1,613.59
Unbilled revenue	4,215.00	–	–	4,215.00
Other financial assets	155.17	–	–	155.17
Non-current Liabilities				
Other Financial Liabilities				
Borrowing - Lease Liability	1,231.81	–	–	1,231.81
Shares held by ESOS trust	308.91	–	–	308.91
Current Liabilities				
Trade Payables	6,209.87	–	–	6,209.87
Other financial liabilities				
Deposits received from dealers	2,307.96	–	–	2,307.96
Capital creditors	4.43	–	–	4.43
Other employee related liabilities	875.62	–	–	875.62
Other	100.04	–	–	100.04

CREDIT RISK

(i) Credit risk management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure are continuously monitored.

Trade Receivables

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses. The Company has taken security deposits which are considered as collateral and these are considered in determination of expected credit losses, where applicable.

Amounts pertaining to these collaterals are as given below:-

Particulars	**31 Mar 2021**	31 Mar 2020
Security Deposits from franchisees	**415.88**	930.63

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

			31 March 2021	
Particulars	**Not due**	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Gross carrying amount	–	**4,900.43**	**2,383.87**	**7,284.30**
Allowance for Expected Credit Losses	–	–	**501.10**	**501.10**

				31 March 2020
Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
Gross carrying amount	–	3,263.45	1,239.60	4,503.05
Allowance for Expected Credit Losses	–	–	598.50	598.50

In respect of other financial assets, the maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets.

Reconciliation of loss allowance provision for Trade receivables

Particulars	**31 March 2021**	31 March 2020
Balance as at beginning of the year	**598.50**	909.62
Impairment losses recognised in the year based on lifetime expected credit losses	**116.26**	575.57
Amounts written off during the year as uncollectible	**(213.66)**	(886.69)
Balance at end of the year	**501.10**	598.50

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which provides guidance for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by efficient management of surplus cash and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturity profile of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	**Less than 1 Year**	**1-3 Years**	**3 Years to 5 Years**	**5 years and above**
Non-derivative financial liabilities				
31 March 2021				
Non-interest bearing				
- Trade payable for goods and services	**6,501.52**	–	–	–
- Security Deposit	**2,384.55**	–	–	–
- Capital creditors	**151.99**	–	–	–
- Shares held by ESOS trust	–	–	**308.91**	–
- Other employee related liabilities	**531.64**	–	–	–
- Other	–	–	–	–

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Total	**9,569.70**	**–**	**308.91**	**–**
31 March 2020				
Non-interest bearing				
- Trade payable for goods and services	6,209.88	–	–	–
- Security Deposit	2,307.96	–	–	–
- Capital creditors	4.43	–	–	–
- Shares held by ESOS trust	–	–	308.91	–
- Other employee related liabilities	875.62	–	–	–
- Other	100.04	–	–	–
Total	9,497.93	–	308.91	–

27. Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 347.31 lakhs (31 March 2020: Rs.348.59 lakhs) has been recognised in the Statement of Profit and Loss.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. Thus, an increase in inflation will also increase the deficit to some extent.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

Rs in lakhs

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	
	31 March 2021	31 March 2020
Discount rate(s)	**6.35%**	6.65%
Expected rate(s) of salary increase	**8.00%**	10.00%

Defined benefit plan – as per actuarial valuation on 31 March 2020

	Unfunded Plan	
	Gratuity	
	31 March 2021	31 March 2020
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
I. Amounts recognised in profit or loss		
Current Service Cost	**121.46**	100.55
Past service cost	**–**	–
Net interest expense	**33.51**	28.67
Total amount included in employee benefit expense	**154.97**	129.22
II. Amounts recognised in other comprehensive income		
Remeasurement (gain)/losses:		
Actuarial (gain)/losses arising from changes in -		
– financial assumptions	**(69.00)**	36.78
– experience adjustments	**(44.02)**	(18.64)
– demographic adjustments	**–**	–
Total amount recognised in other comprehensive income	**(113.02)**	18.14
III. Changes in the obligation		
Opening defined benefit obligation	**526.58**	401.82
Current service cost	**121.46**	100.55
Past service cost	**–**	–
Interest expense	**33.51**	28.67
Remeasurement gains / (losses) arising from changes in -		
i. Demographic Assumptions	**–**	–
ii. Financial Assumptions	**(69.00)**	36.78
iii. Experience Adjustments	**(44.02)**	(18.64)
Benefits paid	**(38.94)**	(22.60)
Closing defined benefit obligation	**529.59**	526.58
Current portion of the above	**51.17**	45.43
Non-Current portion of the above	**478.41**	481.15
IV. Actuarial assumptions	**31 March 2021**	31 March 2020
1. Discount rate	**6.35%**	6.65%
2. Attrition rate		
Age in Years 21-44	**18.00%**	18.00%
Age in Years 45-59	**1.00%**	1.00%
3. Medical premium inflation	**7.00%**	7.00%

Rs in lakhs

SENSITIVITY ANALYSIS	31 March 2021		31 March 2020	
	Discount Rate	**Salary Escallation Rate**	Discount Rate	Salary Escallation Rate
Defined Benefit obligation plus 100bps	**489.10**	**569.88**	483.77	567.69
Defined Benefit obligation minus 100bps	**576.31**	**493.62**	576.34	488.79

The above sensitivities analysis have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

PROJECTED PLAN CASH FLOW

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date.

Maturity Profile	31 March 2021	31 March 2020
Expected Benefits for Year 1	**51.17**	45.43
Expected Benefits for Year 2	**50.82**	47.28
Expected Benefits for Year 3	**56.96**	46.96
Expected Benefits for Year 4	**73.40**	52.89
Expected Benefits for Year 5	**69.74**	75.51
Expected Benefits for Year 6	**45.36**	67.19

Maturity Profile	31 March 2021	31 March 2020
Expected Benefits for Year 7	**28.76**	42.02
Expected Benefits for Year 8	**23.24**	26.11
Expected Benefits for Year 9	**20.34**	21.30
Expected Benefits for Year 10 and above	**585.37**	664.76

The weighted average duration of the defined benefit obligation as at 31 March 2021 is 8.20 years (31 March 2020: 8.75 years)

Experience Adjustments:	Year Ended				
	2021	2020	2019	2018	2017
	Gratuity				
1. Defined Benefit Obligation	**529.59**	526.58	401.82	362.46	200.42
2. Fair value of plan assets	–	–	–	–	–
3. Surplus/(Deficit)	**(529.59)**	(526.58)	(401.82)	(362.46)	(200.42)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**(44.02)**	(18.64)	(6.76)	23.25	10.76
5. Experience adjustment on plan assets [Gain/(Loss)]	**–**	–	–	–	–

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

28. Fair Value Measurement

Fair Valuation Techiques and Inputs used - Recurring Items

Financial assets/ financial liabilities	Fair value as at 31 March 2021	Fair value as at 31 March 2020	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
1) Investment in equity instruments at amortised cost (Unquoted)	**3,497.71**	3,045.00	Level 3	Unquoted bid prices	Long term revenue growth rates.	An increase in the long-term revenue growth rates used in isolation would result in a significant increase in the fair value.
2) Investment in equity instruments at FVTOCI (Unquoted)	**13.97**	13.31	Level 3	Unquoted bid prices	Long term revenue growth rates.	An increase in the long-term revenue growth rates used in isolation would result in a significant increase in the fair value.
3) Mutual Fund Investments (Quoted)	–	–	Level 1	Quoted bid prices in an active market	–	–

Fair value of financial assets and financial liabilities that are not measured at fair value i.e. measured using amortised cost

The carrying value of other financial assets and liabilities represent reasonable estimate of fair value.

Rs in lakhs

Fair Valued Hierarchy as at 31 March 2021

	Level 1	Level 2	Level 3	Total
Financial assets				
Non- Current Financial Assets carried at Amortised Cost				
– Non-current investments	–	–	3,511.68	3,511.68
Current Financials Assets carried at Amortised Cost				
– Current Investments	–	–	–	–
TOTAL	–	–	3,511.68	3,511.68
Financial liabilities				
Non-Current Financial liabilities not carried at Fair Value				
– Deposits received from Dealers	–	–	–	–
– Shares held by ESOS trust	–	308.91	–	308.91
Current Financial liabilities not carried at Fair Value				
– Trade payable for goods & services	–	6,501.52	–	6,501.52
– Deposits received from Dealers	–	2,384.55	–	2,384.55
– Capital creditors	–	151.99	–	151.99
– Other employee related liabilities	–	531.64		531.64
– Others	–	–		–
Total	–	9,878.61	–	9,878.61

Fair Valued Hierarchy as at 31 March 2020

	Level 1	Level 2	Level 3	Total
Financial assets				
Non- Current Financial Assets carried at Amortised Cost				
– Non-current investments	–	–	3,058.31	3,058.31
Current Financials Assets carried at Amortised Cost				
– Current Investments	–			–
TOTAL	–	–	3,058.31	3,058.31
Financial liabilities				
Non-Current Financial liabilities not carried at Fair Value				
– Deposits received from Dealers	–	–	–	–
– Shares held by ESOS trust	–	308.91		308.91
Current Financial liabilities not carried at Fair Value				
– Trade payable for goods & services	–	6,209.88	–	6,209.88
– Deposits received from Dealers	–	2,307.96	–	2,307.96
– Capital creditors	–	4.43	–	4.43
– Other employee related liabilities	–	875.62	–	875.62
– Other		100.04		
Total	–	9,806.84	–	9,806.84

29. Related Party Transactions:

List of Related Parties and Relationships:

Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Holdings Limited	Holding Company
Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary Company
Mahindra Integrated Business Solutions Private Limited (Formerly known as Mahindra BPO Services Private Limited)	Fellow Subsidiary Company
Mahindra First Choice Services Limited	Fellow Subsidiary Company
Mahindra Agri Solutions Limited	Fellow Subsidiary Company
Mahindra Summit Agriscience Limited	Fellow Subsidiary Company
Mahindra World City Developers Limited	Fellow Subsidiary Company
NBS International Limited	Fellow Subsidiary Company
Mahindra Rural Housing Finance Limited	Fellow Subsidiary Company
Mahindra Intertrade Limited	Fellow Subsidiary Company
Mahindra Two Wheelers Limited	Fellow Subsidiary Company
Mahindra Holiday & Resorts India Limited	Fellow Subsidiary Company
Mahindra Lifespace Developers Limited	Fellow Subsidiary Company
Mahindra Retail Limited	Fellow Subsidiary Company
Mahindra Emarket Limited	Fellow Subsidiary Company
Mahindra Chemical & Engineering	Fellow Subsidiary Company
Meru Mobility Tech Private Ltd	Fellow Subsidiary Company
Mahindra Vehicle Manufacturers Limited	Fellow Subsidiary Company
MFCWL Employees Stock Option Trust	ESOS Trust Company
Fifth Gear Ventures Limited (w.e.f. 17 Jan 2020)	Wholly Owned Subsidiary Company
Ashutosh Pandey (w.e.f. 2 July 2018)	Chief Executive Officer - Key Management Personnel
V. Janakiraman	Chief Financial Officer - Key Management Personnel

Details of transaction between the company and other related parties are disclosed below:

Rs in lakhs

	31 March 2021	31 March 2020
Trade Payables		
Ultimate holding company	**759.51**	249.33
Fellow subsidiary companies		
Mahindra Integrated Business Solutions Private Limited	**26.57**	4.81
Mahindra First Choice Services Limited	**–**	3.13
NBS International Limited	**0.58**	0.08
Mahindra Two Wheelers Limited	**–**	2.00
Mahindra Retail Limited	**–**	0.51
Trade Receivables		
Ultimate Holding Company	**–**	35.66
Fellow Subsidiary Companies		
Mahindra First Choice Services Limited	**–**	8.05
Mahindra & Mahindra Financial Services Limited	**540.50**	349.38
NBS International Limited	**0.57**	0.65
Mahindra Rural Housing Finance Limited	**32.49**	13.61
Wholly owned subsidiary Company	**476.17**	120.05
Inter Corporate Deposits (ICD)		
Fellow subsidiary companies		
Mahindra Rural Housing Finance Limited	**2,500**	2,000
Loan Given		
MFCWL Employees Stock Option Trust	**318.96**	318.73
Investments		
Wholly Owned Subsidiary Company		
Fifth Gear Ventures Limited	**500.00**	–
Purchases		
Ultimate holding company	**131.91**	312.73
Fellow subsidiary companies		
Mahindra & Mahindra Financial Services Limited	**8,737.02**	5,724.77
Mahindra Agri Solutions Limited	**–**	1.35
Mahindra Summit Agriscience Limited	**–**	1.75
Mahindra First Choice Services Ltd.	**42.94**	–
Mahindra Vehicle Manufacturers Limited	**–**	19.30
Expenditure		
Rent		
Ultimate holding company	**13.05**	10.52
Fellow subsidiary companies		
Mahindra Two Wheelers Limited	**1.86**	5.92
Mahindra First Choice Services Limited	**1.13**	–
Wholly Owned Subsidiary Company		
Fifth Gear Ventures Limited	**43.64**	–
Reimbursement of Cost		
Ultimate holding company	**–**	15.51
Fellow subsidiary companies		
Mahindra Retail Limited	**–**	41.60
Mahindra Emarket Limited	**62.93**	–
Mahindra Chemical & Engineering	**57.64**	–
Meru Mobility Tech Private Ltd	**2.91**	–
Mahindra Holiday & Resorts India Limited	**–**	4.18
Refurbishment Expenses		
Fellow subsidiary companies	**–**	0.39
NBS International Limited		
Travelling Expenses		
Ultimate holding company	**–**	16.35
Professional Fees		
Ultimate holding company	**587.17**	205.21
Fellow subsidiary companies		
Mahindra Integrated Business Solutions Private Limited	**64.40**	51.20
Mahindra First Choice Services Limited	**–**	–
Wholly Owned Subsidiary Company		
Fifth Gear Ventures Limited	**140.22**	–
Interest Received on ICD		
Mahindra Rural Housing Finance Limited	**189.34**	248.32
Purchase of Leads		
Wholly Owned Subsidiary Company		
Fifth Gear Ventures Limited	**32.90**	–
Income from Services		
Ultimate holding company	**40.19**	30.16
Fellow Subsidiary Companies		

	31 March 2021	31 March 2020
Mahindra First Choice Services Limited	**–**	5.01
Mahindra & Mahindra Financial Services Limited	**903.68**	1,292.18
NBS International Limited	**4.64**	7.01
Recovery From Group Companies		
Ultimate holding company	**1.21**	10.23
Fellow Subsidiary Companies		
Mahindra First Choice Services Limited	**–**	9.17
Mahindra Intertrade Limited	**–**	1.85
Wholly owned subsidiary company	**411.14**	7.27
Receivable from Group Companies		
Wholly owned subsidiary company	**–**	5.61
Payable to Group Companies		
Fellow Subsidiary Companies		
Mahindra & Mahindra Financial Services Limited	**–**	3.26
Key Management Personnel Remuneration		
Chief Executive Officer and Managing Director	**342.28**	287.24

30. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Rs in lakhs

	31 March 2021	31 March 2020
i. The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year	**33.61**	43.55
ii. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	**–**	–
iii. The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	**–**	–
iv. The amount of interest accrued and remaining unpaid at the end of each accounting year	**–**	–
v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**–**	–
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.	**–**	–

31. Segment Information

The Company is engaged in providing various value added services to their customers in the used vehicle segment. The information reported to the Chief Operating Decision Maker (CODM) primarily revolves around the revenue generated by each area of business, while he evaluates operational performance on an overall company basis, both from cost and profitability perspectives. Similarly the Board reviews the results from an organizational perspective as well.

Manpower, which is a critical resource, is fungible between the areas of business to maximize effectiveness. Similarly, the Company leverages its product and service delivery structures for offering a suite of services to its customers across all areas of business. Additionally, there are costs incurred towards advertisement, which is another major cost driver, such that its impact permeates across all areas of the Company's. Thus, considering the high interchangeability of its resources and processes for delivering its objective of serving the used car eco market and the fact that its results are reviewed at an organizational level, the company is a single operating segment.

32. Other matters:

In March 2020, World Health Organization declared Covid-19 as a pandemic. Escalation of Covid-19 has the potential to impact the global economic growth and business developments. The countrywide lockdown declared by Government of India covered a part of March 2020 and continued until May 2020. Whilst overall impact is still uncertain, the Company has carried out an assessment for any possible impact on performance of the Company due to the outbreak. Based on the current situation, the Company does not expect operations and performance for year ended 31 March 2021 to be significantly impacted. The Company will continue to monitor the situation as it evolves in coming months.

33. Regrouping

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sr. No.	Particulars	Details
1.	Name of Subsidiary	Fifth Gear Ventures Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	31st March, 2021 (Same as of Holding Company)
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR
4.	Share capital	10,73,220
5.	Reserves and surplus	(81,88,485)
6.	Total assets	8,80,20,778
7.	Total Liabilities	9,51,36,043
8.	Investments	–
9.	Turnover	11,93,90,697
10.	Profit before taxation	(4,63,76,159)
11.	Provision for taxation	(47,75,130)
12.	Profit after taxation	(4,16,01,029)
13.	Proposed Dividend	–
14.	Extent of shareholding (in percentage)	100%

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations- Not Applicable
2. Names of subsidiaries which have been liquidated or sold during the year- Not Applicable

Part B: Associates and Joint Ventures - Not Applicable

For and on behalf of the Board of Directors of
Mahindra First Choice Wheels Limited

Ashutosh Pandey
Chief Executive Officer
DIN 08166731

V. Janakiraman
Chief Financial Officer
Membership number: 029222
PAN-AAQPJ2356L

Rajeev Dubey
Director
DIN 00104817

Anita Halbe
Company Secretary
A13962

Place : Mumbai
Date : 17 May 2021

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
FIFTH GEAR VENTURES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fifth Gear Ventures Limited ("the Company"), which comprise the Balance sheet as at 31 March 2021, and the Statement of profit and loss (including Other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information")

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Director's report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
   c) The Balance sheet, the Statement of Profit and Loss (including Other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
   i. The Company does not have any pending litigations which would impact its financial position.
   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
   iv. iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

   (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

   According to the information and explanation given to us, the Company has not paid any managerial remuneration during the current year and accordingly the requirement as stipulated by the provisions of Section 197(16) of the act are not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No.113959
UDIN: 21113959AAAACK1075

Place: Mumbai
Date: 28 April 2021

Annexure A to the Independent Auditors' Report on the financial statements of Fifth Gear Ventures Limited for the year ended 31 March 2021

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of Fifth Gear Ventures Limited ('the Company') on the Ind AS financials statements for the year ended 31 March 2021, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified once in three years pursuant to which fixed assets were verified during the year. As informed to us the discrepancies noticed on such verification were not material and have been properly dealt with in the books of accounts. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us, the Company does not have any immovable properties in its name. Accordingly, paragraph 3 (i) (c) of the Order is not applicable to the Company.

(ii) According to the information and explanations given to us, the Company does not hold any physical inventory. Accordingly, paragraph 3(ii) of the Order is not applicable.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3 (iii) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not entered into any transaction related to any loans, investments, guarantees, and securities to which the provisions of section 185 and 186 of the Companies Act, 2013 are applicable. Accordingly, the provisions of paragraph 3 (iv) of the Order are not applicable to the Company.

(v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income tax, Goods and Services Tax and other statutory dues have been regularly deposited by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Duty of Customs and Employees' State Insurance.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Income tax, Goods and Services Tax and other statutory dues were in arrears as at 31 March 2021, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Services Tax and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute.

(viii) According to the information and explanations given to us, the Company did not have any outstanding dues to any financial institutions, government or debenture holders during the year. Accordingly, paragraph 3 (viii) of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not paid any managerial remuneration as stipulated under the provisions of Section 197 of the Companies Act, 2013. Accordingly, paragraph 3(xi) of the Order is not applicable.

(xii) According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him covered by Section 192 of the Act. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No.113959
UDIN: 21113959AAAACK1075

Place: Mumbai
Date: 28 April 2021

Annexure B to the Independent Auditors' report on the financial statements of Fifth Gear Ventures Limited for the year ended 31 March 2021.

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Fifth Gear Ventures Limited ("the Company") as of 31 March 2021in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's iOur responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership No.113959
UDIN: 21113959AAAACK1075

Place: Mumbai
Date: 28 April 2021

BALANCE SHEET AS AT 31 MARCH 2021

(All amounts in INR, unless otherwise stated)

	Note No.	**As at 31 March 2021**	As at 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	3	**27,63,132**	10,49,420
Other intangible assets	4	**57,34,474**	91,93,099
Intangible assets under development		**1,43,20,875**	–
Income tax assets (net)	5	**16,59,368**	13,56,372
Other non-current assets	6	**–**	19,994
		2,44,77,849	1,16,18,885
Current assets			
Trade receivables	7	**3,73,10,773**	4,05,53,900
Cash and cash equivalents	8	**1,06,77,681**	19,87,641
Bank balances other than cash and cash equivalents mentioned above	9	**56,47,494**	6,11,179
Other financial assets	10	**25,307**	6,797
Other current assets	11	**98,81,674**	29,47,609
		6,35,42,929	4,61,07,126
Total assets		**8,80,20,778**	5,77,26,011
Equity and liabilities			
Equity			
Equity share capital	12	**10,73,220**	9,21,850
Other equity	13	**(81,88,485)**	(1,62,93,426)
		(71,15,265)	(1,53,71,576)
Liabilities			
Non-current liabilities			
Provisions	14(a)	**29,77,691**	19,21,107
		29,77,691	19,21,107
Current liabilities			
Financial liabilities			
Trade payables			
– total outstanding dues of micro enterprises and small enterprises	15	**–**	32,769
– total outstanding dues of creditors other than micro enterprises and small enterprises	15	**7,81,84,245**	4,72,54,139
Other financial liabilities	16	**1,08,71,440**	74,80,194
Income tax Liabilities (net)	17	**–**	1,41,63,818
Provisions	14(b)	**4,91,342**	56,002
Other current liabilities	18	**26,11,325**	21,89,558
		9,21,58,352	7,11,76,480
		9,51,36,043	7,30,97,587
Total equity and liabilities		**8,80,20,778**	5,77,26,011

The accompanying notes 1 to 37 are an integral part of these financial statements

As per our report of even date attached
For B S R & Associates LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership Number: 113959

Place: Mumbai
Date: 28 April 2021

For and on behalf of the Board of Directors of
Fifth Gear Ventures Limited

Rajeev Dubey
Director
DIN : 00104817

Place: Mumbai
Date: 28 April 2021

Kavinder Singh
Director
DIN : 06994031

Place: Mumbai
Date: 28 April 2021

Venkatraman Praveen Loganathan
CEO

Place: Chennai
Date: 28 April 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in INR, unless otherwise stated)

	Note No.	**For the year ended 31 March 2021**	For the year ended 31 March 2020
Income			
Revenue from operations	19	**11,90,01,985**	7,72,76,998
Other income	20	**3,88,712**	37,55,273
Total income		**11,93,90,697**	8,10,32,271
Expenses			
Cost of services	21	**3,51,71,590**	3,84,86,475
Employee benefit expenses	22	**4,95,09,109**	2,77,67,971
Finance costs	23	**5,89,943**	9,32,788
Depreciation and amortization expense	24	**46,31,180**	37,42,735
Operations and administration expenses	25	**3,96,99,983**	1,35,07,737
Marketing, distribution and promotion expenses		**3,61,65,051**	1,03,79,619
Total expenses		**16,57,66,856**	9,48,17,325
(Loss) before tax		**(4,63,76,159)**	(1,37,85,054)
Tax expense			
Current tax		**(47,75,130)**	1,49,57,289
Deferred tax		**–**	–
Total tax expenses		**(47,75,130)**	1,49,57,289
(Loss) for the year		**(4,16,01,029)**	(2,87,42,343)
Other comprehensive (loss) / income			
Items that will not be reclassified to profit or loss and its related income			
Remeasurement of defined benefit obligations	`	**(1,42,290)**	(10,48,234)
Total other comprehensive (loss) / income		**(1,42,290)**	(10,48,234)
Total comprehensive (loss) for the year		**(4,17,43,319)**	(2,97,90,577)
Earnings per equity share:			
(Face value Rs. 10/- per share) (Rupees)			
Basic and Diluted	29	**(419.74)**	(315.62)

The accompanying notes 1 to 36 are an integral part of these financial statements

As per our report of even date attached
For B S R & Associates LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership Number: 113959

Place: Mumbai
Date: 28 April 2021

For and on behalf of the Board of Directors of
Fifth Gear Ventures Limited

Rajeev Dubey	**Kavinder Singh**	**Venkatraman Praveen Loganathan**
Director	Director	CEO
DIN : 00104817	DIN : 06994031	
Place: Mumbai	Place: Mumbai	Place: Chennai
Date: 28 April 2021	Date: 28 April 2021	Date: 28 April 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in INR, unless otherwise stated)

	For the year ended 31 March 2021	For the year ended 31 March 2020
Cash flow from operating activities		
Loss before tax	**(4,63,76,159)**	(1,37,85,054)
Adjustments for:		
Depreciation and amortisation expense	**46,31,180**	37,42,735
Finance costs	**5,89,943**	9,32,788
Interest income on fixed deposits	**(2,62,321)**	(17,976)
Liabilities no longer required written back	**–**	(35,77,063)
Loss allowance on trade receivables	**6,19,084**	1,29,976
Profit on sale of property, plant and equipment	**–**	(33,816)
Cash used in operations before working capital changes	**(4,07,98,273)**	(1,26,08,410)
Working capital adjustments		
(Increase)/ Decrease in trade receivables	**26,24,042**	(2,08,12,411)
Decrease in loans	**–**	20,000
(Increase)/ Decrease in other assets	**(69,32,582)**	4,51,506
Increase in trade payables	**3,08,97,337**	2,07,71,505
Increase in other financial liabilities	**44,513**	15,91,392
Increase in other liabilities	**4,21,768**	9,16,372
Increase in provisions	**13,49,634**	3,50,969
Cash used in operating activities	**(1,23,93,561)**	(93,19,077)
Income taxes paid including deducted at source (net)	**(96,91,681)**	(3,80,207)
Net cash used in operating activities (A)	**(2,20,85,242)**	(96,99,284)
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(1,38,60,411)**	(2,36,820)
Investment in deposit with banks	**(50,36,315)**	(6,11,179)
Interest received	**2,62,321**	11,180
Proceeds from sale of property, plant and equipment	**–**	2,73,145
Net cash used in investing activities (B)	**(1,86,34,405)**	(5,63,674)
Cash flows from financing activities		
Proceeds from issue of equity shares	**4,99,99,630**	27,49,863
Finance cost paid	**(5,89,943)**	(1,21,476)
Net cash generated from financing activities (C)	**4,94,09,687**	26,28,387
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**86,90,040**	(76,34,571)

(All amounts in INR, unless otherwise stated)

	For the year ended 31 March 2021	For the year ended 31 March 2020
Cash and cash equivalents at the beginning of the year	**19,87,641**	96,22,212
Cash and cash equivalents at the end of the year (refer note 9)	**1,06,77,681**	19,87,641
Notes to the statement of cash flows:		
(a) Cash and cash equivalents		
Components of cash and cash equivalents:-		
Cash on hand	**46**	46
Balance with banks:		
– In current accounts	**1,06,77,635**	19,87,595
Balances per statement of cash flows	**1,06,77,681**	19,87,641
(b) Movement in financial liabilities*		
Opening balance	**9,32,788**	1,21,476
Interest expense	**5,89,943**	9,32,788
Finance cost paid	**(15,22,731)**	(1,21,476)
Closing Balance	**(0)**	9,32,788

(c) The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

The accompanying notes 1 to 36 are an integral part of these financial statements

As per our report of even date attached
For B S R & Associates LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership Number: 113959

Place: Mumbai
Date: 28 April 2021

For and on behalf of the Board of Directors of
Fifth Gear Ventures Limited

Rajeev Dubey
Director
DIN : 00104817

Place: Mumbai
Date: 28 April 2021

Kavinder Singh
Director
DIN : 06994031

Place: Mumbai
Date: 28 April 2021

Venkatraman Praveen Loganathan
CEO

Place: Chennai
Date: 28 April 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

(All amounts in INR, unless otherwise stated)

I) Equity share capital

Particulars	Amounts
Balance as at 1 April 2019	8,98,380
Changes in equity share capital during the year	23,470
Balance as at 31 March 2020	9,21,850
Changes in equity share capital during the year	**1,51,370**
Balance as at 31 March 2021	**10,73,220**

II) Other equity

Figures in Rupees

Particulars	Reserves and Surplus				Items of OCI	
	Securities premium reserve	General Reserve	Share based payment reserve	Retained earnings	Remeasurements of defined benefit obligations	Total
Balance as at 1 April 2019	16,28,29,635	–	15,95,09,212	(31,19,22,484)	3,54,395	1,07,70,758
Loss for the year	–	–	–	(2,87,42,343)	–	(2,87,42,343)
Other comprehensive income/ (loss), net of tax	–		–	–	(10,48,234)	(10,48,234)
Total comprehensive income/ (loss) for the year	**–**	**–**	**–**	**(2,87,42,343)**	**(10,48,234)**	**(2,97,90,577)**
Transactions with owners, recorded directly in equity						
Contributions by owners						
Issue of equity shares	27,26,393	–	–	–	–	27,26,393
On account of surrender of share based awards*	–	15,95,09,212	(15,95,09,212)	–	–	–
Settlement on account of consideration paid for surrender of share base award*	–	(3,04,50,000)	–	3,04,50,000	–	–
Total transactions with owners	**27,26,393**	**12,90,59,212**	**(15,95,09,212)**	**3,04,50,000**	**–**	**27,26,393**
Balance as at 31 March 2020	**16,55,56,028**	**12,90,59,212**	**–**	**(31,02,14,827)**	**(6,93,839)**	**(1,62,93,426)**
Loss for the year	–	–	–	(4,16,01,029)	–	(4,16,01,029)
Other comprehensive income/ (loss), net of tax	–	–	–	–	(1,42,290)	(1,42,290)
Total comprehensive income/ (loss) for the year	**–**	**–**	**–**	**(4,16,01,029)**	**(1,42,290)**	**(4,17,43,319)**
Transactions with owners, recorded directly in equity						
Contributions by owners						
Issue of equity shares	4,98,48,260	–	–	–	–	4,98,48,260
Total transactions with owners	**4,98,48,260**	**–**	**–**	**–**	**–**	**4,98,48,260**
Balance as at 31 March 2021	**21,54,04,288**	**12,90,59,212**	**–**	**(35,18,15,856)**	**(8,36,129)**	**(81,88,485)**

*During the previous period, pursuant to the sale of entire stake held by NDTV Convergence Limited and New Delhi Television Limited, shareholders, in the Company to Mahindra First Choice Wheels Limited, certain ex employees who were holders of share based awards have surrendered their vested awards to the Company. In lieu of surrender of vested awards, an ex-gratia payments of INR 30.45 million has been made to such ex-employees by New Delhi Television Limited and NDTV Convergence Limited. Consequently, the balance in Share based Payment Reserve related to such share based awards has been transferred to the General Reserve.

The accompanying notes 1 to 36 are an integral part of these financial statements

As per our report of even date attached
For B S R & Associates LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership Number: 113959

Place: Mumbai
Date: 28 April 2021

For and on behalf of the Board of Directors of
Fifth Gear Ventures Limited

Rajeev Dubey
Director
DIN : 00104817

Place: Mumbai
Date: 28 April 2021

Kavinder Singh
Director
DIN : 06994031

Place: Mumbai
Date: 28 April 2021

Venkatraman Praveen Loganathan
CEO

Place: Chennai
Date: 28 April 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Corporate information

Fifth Gear Ventures Limited (the Company) is a public limited company incorporated in India on 1 September 2015, under the provisions of the Companies Act, 2013 with its registered office situated in New Delhi.

The Company maintains and operates carandbike.com, an e-commerce marketplace platform, which keeps its users updated with the latest information and reviews from the global automotive industry. Besides making online booking of new cars and bikes under marketplace model, the users can buy and sell used cars.

In January 2020, the Company and its beneficiary shareholders have entered into an agreement ("share purchase agreement") dated 17 January 2020 for sale of entire stake held by the beneficiary shareholders to Mahindra First Choice Wheels Limited ("the purchaser") for a total consideration of INR 30.45 million. The details of the beneficiary shareholders are as below;

1. New Delhi Television Limited
2. NDTV Convergence Limited
3. Autobyte Private Limited
4. Praveen Venkatraman Loganathan
5. Hirokazu Mashita
6. Ashley Menezes
7. Pramod Bhasin
8. Manvinder Singh Banga
9. Arun Uppuswamy

Note 1. Basis of Preparation

a. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs Pursuant to section 133 of the Companies Act, 2013 ("Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

The Company has incurred losses in current and previous year and has a negative net worth as at 31 March 2021. The current liabilities exceed the current assets by INR 28,615,423 as at 31 March 2021. The Company has been acquired by Mahindra First Choice Wheels Limited ("the Holding Company") and based on the current business plan and projections prepared by the management and approved by the Board of directors of the Company, operational profits are expected in the subsequent year. The Holding Company has also provided an undertaking to the Company, for providing financial and other support as is necessary, for the next twelve months to enable the Company to continue its operations and to meet its financial obligations. In view of the above, the use of going concern assumption has been considered appropriate in the preparation of these financial statements and assets and liabilities have been recorded on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

The financial statements were authorized for issue by the Company's Board of Directors on **28 April 2021**

b. Functional and presentation currency

The financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest rupee, unless otherwise indicated.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	**Measurement basis**
Certain Financial assets	Fair value
Certain financial liabilities	Fair value

d. Use of estimates and judgements

In preparing the financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

(i) <u>Judgements:</u>

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management exercises judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

(ii) <u>Assumptions and estimation uncertainties:</u>

The areas involving critical estimates are:

- Recognition and measurement of provisions and contingencies;
- Estimation of defined benefit obligation;
- Estimated useful life of intangible assets;
- Impairment test of non-financial assets; and
- Impairment of trade receivables and other financial assets.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

e. Measurement of fair values

A number of accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognize transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further the information about the assumptions made in measuring fair values is included in the note on financial instruments.

Note 2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of standalone financial statements. The accounting policies adopted are consistent with those of the previous financial year, except if mention otherwise.

a. Foreign currency

Foreign currency transactions:

Transactions in foreign currencies are translated into the functional currency of Company at the exchange rate at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in profit or loss.

b. Financial instruments

Financial instrument is any contract that gives rise to a financial asset of the entity and a financial liability or equity instrument of another entity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(i) Recognition and initial measurement:

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement:

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortized cost;
- FVOCI – fair value through other comprehensive income
- FVOCI – debt investment;
- FVOCI – equity investment;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI, if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income (FVOCI) are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is also recognized in the profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(iii) Derecognition:

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognized on its Balance Sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the profit or loss.

(iv) Offsetting:

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

c. Property, plant and equipment

(i) Recognition and measurement:

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure:

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation:

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognized in the Statement of Profit and Loss.

The useful lives as estimated for tangible assets are in accordance with the useful lives as indicated in Schedule II of the Companies Act, 2013 except for the following classes of assets where different useful lives have been used:

Asset Class	Useful life (in years)
Computers	3
Office equipments	2
Furniture and fixtures	8

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

d. Intangible assets

(i) Recognition and measurement:

Intangible assets including those acquired by the Company in a business combination are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Intangibles assets under development:

The company expenses cost incurred during research phase to profit or loss in the year in which they are incurred.Development phase expenses are initially recognized as intangible assets under development until the development phase is complete,upon which the amount is capitalised as intangible asset.

(iii) Subsequent expenditure:

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iv) Amortisation:

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortization in the Statement of Profit and Loss.

The estimated useful lives are as follows:

Asset Class	Useful life (in years)
Computer Software	6
Website	6
Trade Mark	3
Copy Rights	3

Amortization method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

(v) Derecognition of intangible assets:

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

e. Impairment

(i) Impairment of tangible and intangible assets other than goodwill:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cashgenerating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, these assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(ii) Impairment of financial instruments

The Company recognizes loss allowances for expected credit losses on:

- financial assets measured at amortized cost; and
- financial assets measured at FVOCI.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due for 180 days or more;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are measured at an amount at least equal to the lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of expected credit losses:

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the Balance Sheet:

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off:

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(iii) Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of assets for which impairment loss has been recognized in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

f. Employee benefits

(i) Short-term employee benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(ii) Defined contribution plan:

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

(iii) Defined benefit plan:

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognized in OCI. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Other long-term employment benefits – Compensated Absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment.The Company makes provision for compensated absences based on an independent external actuarial valuation carried out at the end of the year.

(v) Termination benefits:

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(vi) Employee share based payments:

The grant date fair value of equity settled share-based payment awards granted to employees is recognized as an employee benefits expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as expense is based on the estimate of the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

g. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

h. Revenue from contracts with customers

The Company has adopted Ind AS 115 "Revenue from Contracts with Customers" from 1 April 2018 which resulted in changes in accounting policies. Ind AS 115 replaces Ind AS 18-"Revenue" and Ind AS-11 "Construction Contracts". The standard is applied retrospectively only to contracts that are not completed as at the date of initial application. In accordance with the transition provisions in Ind AS 115, the Company has adopted modified retrospective approach. The adoption of the new standard did not have any impact on opening balance of retained earnings as at 1 April 2018, and also on the current year financial statements.

The Company earns revenue primarily from advertisement, affiliate income model and commission income.

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services.

- Advertisement revenue - the Company recognizes revenue from the display of graphical advertisements ("display advertising") on the website as "impressions" are delivered. An "impression" is delivered when an advertisement appears in pages viewed by users. The Company recognizes revenue from the display of text based links to the websites of its advertisers ("search advertising") which are placed on the website. Search advertising revenue is recognized as "click through" occur. A "click-through" occurs when a user clicks on an advertiser's listing.
- Affiliate revenue is recognized as per the terms of the contract with customers once the services are rendered.

Revenue is measured based on the transaction price, which is the consideration and excludes taxes collected from customers.

Revenue from holding company is recognised based on transaction price which is at arm's length.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liabilities primarily relate to the consideration received from customers in advance for the Company's performance obligations which is classified as advance from customers and deferred revenue which is recognised when there is billings in excess of revenues.

i. Lease

(i) Determining whether an arrangement contains a lease:

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the incremental borrowing rate.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(ii) Company as a lessee:

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative standalone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in the statement of financial position.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straightline basis over the lease term.

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the term of the relevant lease.

(iii) Lease (policy applicable from 1 April 2019)

The Company's lease asset classes primarily consist of lease for building. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a leases if the contract conveys the right to use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assess whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefit from use of the asset through the period of the lease and (3) the group has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangement in which it is a lessees, except for leases with a term of twelve month or less (short-term leases) and low value leases, For these short-term and low value leases, the Company recognizes the lease payment as an operating expense on a straight-line basis over the term of the lease.

Impact: There is no impact of IND AS 116 on financials of the Company as on assessment of lease contract, none of the lease has term period more than 12 month which requires recognition of right-to-use asset ("ROU") and corresponding lease liability. For all short-term leases, the Company

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

recognizes the lease payment as an operating expense on a straight-line basis over the term of the lease

j. Recognition of interest income or expense

Interest income or expense is recognized using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

k. Income tax

Income tax comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination or to an item recognized directly in equity or in other comprehensive income.

(i) Current tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

(ii) Deferred tax:

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits.

Deferred tax is not recognized for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

l. Cash and cash equivalent

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

m. Earnings per share

(i) Basic earnings per share:

Basic earnings per share is calculated by dividing:

- the profit/(loss) attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share:

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

n. Contingent liabilities and contingent assets

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent assets are not recognized, however, are disclosed in the financial statements where an inflow of economic benefit is probable. Contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

o. Recent accounting pronouncements

On March 24, 2021, the Ministry of Corporate Affairs (""MCA"") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Note 3. Property, plant and equipment

Particulars	Plant and machinery	Computers	Office equipment	Furniture and fixtures	Total
Gross Block					
Balance as at 1 April 2019	74,259	27,59,466	2,13,288	22,598	30,69,611
Additions	–	2,83,485	–	–	2,83,485
Disposals	–	78,179	–	–	78,179
Balance as at 31 March 2020	74,259	29,64,772	2,13,288	22,598	32,74,917
Additions	–	17,91,398	8,11,536	–	26,02,934
Disposals	–	–	–	–	–
Balance as at 31 March 2021	**74,259**	**47,56,170**	**10,24,824**	**22,598**	**58,77,851**

Accumulated depreciation

Particulars	Plant and machinery	Computers	Office equipment	Furniture and fixtures	Total
Balance as at 1 April 2019	15,174	14,60,087	1,65,167	22,598	16,63,026
Depreciation for the year	12,396	5,83,108	22,416	–	6,17,920
Deletion/adjustments	–	55,449	–	–	55,449
Balance at 31 March 2020	27,570	19,87,746	1,87,583	22,598	22,25,497
Depreciation for the year	7,499	6,40,841	2,40,882	–	8,89,222
Deletion/adjustments	–	–	–	–	–
Balance as at 31 March 2021	**35,069**	**26,28,587**	**4,28,465**	**22,598**	**31,14,719**
Carrying amount (net)					
Balance at 31 March 2020	46,689	9,77,026	25,705	–	10,49,420
Balance as at 31 March 2021	39,190	21,27,583	5,96,359	–	27,63,132

Note 4. Other intangible assets

Particulars	Website	Computer Software	Trade Mark	Copy Rights	Total
Gross Block					
Balance as at 1 April 2019	1,61,30,720	19,47,950	–	–	1,80,78,670
Additions	–	–	10,00,000	10,00,000	20,00,000
Balance as at 31 March 2020	1,61,30,720	19,47,950	10,00,000	10,00,000	2,00,78,670
Additions	–	2,83,333	–	–	2,83,333
Balance as at 31 March 2021	**1,61,30,720**	**22,31,283**	**10,00,000**	**10,00,000**	**2,03,62,003**

Accumulated amortization

Particulars	Website	Computer Software	Trade Mark	Copy Rights	Total
Balance as at 1 April 2019	70,65,048	6,95,708	–	–	77,60,756
Amortization for the year	26,88,990	3,24,725	55,550	55,550	31,24,815
Balance at 31 March 2020	97,54,038	10,20,433	55,550	55,550	1,08,85,571
Amortization for the year	26,87,631	3,87,549	3,33,389	3,33,389	37,41,958
Balance at 31 March 2021	**1,24,41,669**	**14,07,982**	**3,88,939**	**3,88,939**	**1,46,27,529**
Carrying amount (net)					
Balance at 31 March 2020	63,76,682	9,27,517	9,44,450	9,44,450	91,93,099
Balance at 31 March 2021	**36,89,051**	**8,23,301**	**6,11,061**	**6,11,061**	**57,34,474**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Note 5. Income tax assets (net)

In Indian Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Income tax asset	**16,59,368**	13,56,372
	16,59,368	13,56,372

Note 6: Other non-current assets

In Indian Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Advances recoverable	**–**	19,994
	–	19,994

Note 7. Trade receivables

In Indian Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good *	**3,73,10,773**	4,05,53,900
Doubtful	**6,91,271**	1,29,976
	3,80,02,044	4,06,83,876
Less: Allowance for expected credit loss	**(6,91,271)**	(1,29,976)
	3,73,10,773	4,05,53,900

Refer note 28 and 30

*** Of the above, trade receivables from related parties are as below:**

In Indian Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Kun Capital Automotive Private Ltd (till 31 January 2020)	**–**	3,60,402
Kun Capital Motors Private Ltd. (till 31 January 2020)	**–**	3,15,156
KUN Car Enterprises Pvt. Ltd. till 31 January 2020)	**–**	5,13,448
Aadit Auto Company Pvt Ltd. (till 31 January 2020)	**–**	4,41,787
NDTV Convergence Ltd. (till 31 January 2020)	**–**	1,71,86,726
Mahindra and Mahindra Limited (from 31 January 2020)	**19,36,321**	3,33,763
Mahindra Two Wheelers Ltd. (from 31 January 2020)	**–**	575
Mahindra First Choice Wheels Ltd. (from 31 January 2020)	**4,59,314**	–
Classic Legends Private Limited	**15,97,797**	–
	39,93,432	1,91,51,857

Note 8. Cash and bank balances

In Indian Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Cash and cash equivalents		
Balances with banks		
– in current accounts	**1,06,77,635**	19,87,595
Cash on hand	**46**	46
	1,06,77,681	19,87,641

Note 9. Bank balances other than cash and cash equivalents

In Indian Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Deposits with bank having maturity within 12 months of the reporting date	**56,47,494**	6,11,179
	56,47,494	6,11,179

Note 10. Other current financial assets

In Indian Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Interest accrued on fixed deposits	**25,307**	6,797
	25,307	6,797

Note 11. Other current assets

In Indian Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Dues recoverable from government	**74,43,661**	19,71,410
Employee advances	**2,68,481**	1,61,580
Prepaid expenses	**5,44,533**	8,14,619
Advance to vendors	**8,03,036**	–
Other Advances	**8,21,963**	–
	98,81,674	29,47,609

Note 12. Equity share capital

In Indian Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Authorized		
200,000 (previous year 200,000) equity shares of INR 10 each	**20,00,000**	20,00,000
	20,00,000	20,00,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

In Indian Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Issued		
161,196 (previous year 146,059) equity shares of INR 10 each	**16,11,960**	14,60,590
	16,11,960	14,60,590
Subscribed and fully paid up		
107,322 (previous year 92,185) equity shares of INR 10 each	**10,73,220**	9,21,850
	10,73,220	9,21,850

A. Reconciliation of shares outstanding at the beginning and at the end of the year

In Indian Rupees

Particulars	No. of shares	Amount
As at 1 April 2019	**89,838**	8,98,380
Issued during the year	**2,347**	23,470
As at 31 March 2020	**92,185**	9,21,850
Issued during the year	**15,137**	1,51,370
As at 31 March 2021	**1,07,322**	10,73,220

B. Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company in proportion of the number of equity shares held.

C. Details of shareholders holding more than 5% shares in the Company

In Indian Rupees

	As at 31 March 2021		As at 31 March 2020	
Name of shareholder	**No. of shares**	**% holding**	**No. of shares**	**% holding**
Mahindra First Choice Wheels Limited	1,07,316	99.99%	92,179	99.99%

In January 2020, the Company and its beneficiary shareholders have entered into an agreement ("Share Purchase Agreement") dated 17 January 2020 for sale of entire stake held by the beneficiary shareholders to Mahindra First Choice Wheels Limited ("the purchaser") for a total consideration of INR 304.5 million. The details of the beneficiary shareholders are as below;

1. New Delhi Television Limited
2. NDTV Convergence Limited
3. Autobyte Private Limited
4. Praveen Venkatraman Loganathan
5. Hirokazu Mashita
6. Ashley Menezes
7. Pramod Bhasin
8. Manvinder Singh Banga
9. Arun Uppuswamy

Note 13. Other equity

In Indian Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
General reserve[a]	**12,90,59,212**	12,90,59,212
Retained earnings[b]	**(35,26,51,985)**	(31,09,08,666)
Securities premium[c]	**21,54,04,288**	16,55,56,028
Share based payment reserve[d]	**–**	–
	(81,88,485)	(1,62,93,426)

a) General reserve

In Indian Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Balance as at the beginning of the year	**12,90,59,212**	–
Additions during the period	**–**	15,95,09,212
Settlement on account of consideration paid for surrender of share based award	**–**	(3,04,50,000)
Balance at the end of year	**12,90,59,212**	12,90,59,212

General reserve is created on account of surrender of share based awards by ex-employees of the Company (refer note 27)

b) Retained earnings

In Indian Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Balance as at the beginning of the year	**(31,09,08,666)**	(31,15,68,089)
Adjustment on account of surrender of share based award (refer note 26)	**–**	3,04,50,000
Loss for the year	**(4,17,43,319)**	(2,97,90,577)
Closing balance	**(35,26,51,985)**	(31,09,08,666)

Retained earnings are the profits/(loss) that the Company has earned till date and it includes remeasurements of defined benefit obligations.

c) Securities premium

In Indian Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Balance as at the beginning of the year	**16,55,56,028**	16,28,29,635
Additions during the year	**4,98,48,260**	27,26,393
Balance at the end of year	**21,54,04,288**	16,55,56,028

Securities premium is used to record the premium received on issue of shares. It can be utilized in accordance with the provisions of the Companies Act, 2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

d) Share based payment reserve

In Indian Rupees

Particulars	As at 31 March 2021	As at 31 March 2020
Balance as at the beginning of the year	–	15,95,09,212
Charge for the year	–	–
On account of surrender of share based awards	–	(15,95,09,212)
Balance at the end of year	–	–

The share based payment reserve has been transferred to general reserve on account of surrender of share based awards during the period.

Note 14(a). Non Current Provisions

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits		
- Compensated absences	4,60,766	–
- Gratuity (Refer Note 31)	25,16,925	19,21,107
	29,77,691	19,21,107

Note 14(b). Current Provisions

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits		
- Compensated absences	1,05,255	–
- Gratuity (Refer Note 31)	3,86,087	56,002
	4,91,342	56,002

Note 15. Trade payables

Particulars	As at 31 March 2021	As at 31 March 2020
Trade payables		
- total outstanding dues of micro enterprises and small enterprises (see note below)	–	32,769
- total outstanding dues of creditors other than micro enterprises and small enterprises *	7,81,84,245	4,72,54,139
	7,81,84,245	4,72,86,908

*** Of the above, trade payables to related parties are as below:**

Particulars	As at 31 March 2021	As at 31 March 2020
New Delhi Television Limited (till 31 January 2020)	–	92,47,730
NDTV Convergence Limited (till 31 January 2020)	–	1,99,57,418
Autobyte Private Limited (till 31 January 2020)	–	–
Red Pixels Ventures Limited (till 31 January 2020)	–	10,12,256
Priyadarshini Baskaran (till 17 February 2020)	–	1,13,400
Mahindra First Choice Wheels Limited (from 31 January 2020)	4,31,66,277	1,20,04,608
	4,31,66,277	4,23,35,412

Refer note 28 and 30

Note:

Disclosures in relation to Micro and Small enterprises "Suppliers" as defined in Micro, Small and Medium Enterprises Development Act, 2006

	Particulars	As at 31 March 2021	As at 31 March 2020
(i)	the principal amount remaining unpaid to any supplier as at the end of the year;	–	32,769
(ii)	the interest due on the principal remaining outstanding as at the end of the year;	–	–
(iii)	the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	–	–
(iv)	the amount of the payment made to micro and small suppliers beyond the appointed day during each accounting year;	–	–
(v)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	–	–
(vi)	the amount of interest accrued and remaining unpaid at the end of the year;	–	–
(vii)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	–	–

Note 16. Current - other financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Payable to employees	50,30,196	49,85,681
Capital creditors *	58,41,244	24,94,513
	1,08,71,440	74,80,194

*** Of the above, payable to related parties are as below:**

Particulars	As at 31 March 2021	As at 31 March 2020
NDTV Convergence Limited (till 31 January 2020)	–	40,000
New Delhi Television Limited (till 31 January 2020)	–	1,20,000
Mahindra First Choice Wheels Limited (from 31 January 2020)	42,90,107	–
	42,90,107	1,60,000

Note 17. Income tax Liabilities (Net of advance of tax)

Particulars	As at 31 March 2021	As at 31 March 2020
Income tax including interest{Net of advance of advance tax: NIL, (31 March 2020: 1,726,259)}	–	1,41,63,818
	–	1,41,63,818

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Note 18. Other current liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Statutory dues payable	**26,11,325**	12,19,393
Advances from customers	–	9,70,165
	26,11,325	21,89,558

Note 19. Revenue from operations

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Advertisement revenue	**7,21,69,607**	6,44,22,299
Consultancy and other affiliate income	**4,68,32,378**	1,28,54,699
Total revenue from operations	**11,90,01,985**	7,72,76,998

The management determines that the segment information reported under Note 19 above Segment information is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with customers.

Impact of COVID-19 (Global Pandemic)

While the Company believes that, Carandbike, being one of the trusted brands and 100% digital automobile platform, the impact on future revenue streams could come from

1. the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers
2. customers postponing their marketing spend due to change in priorities.

Undoubtedly, the coronavirus pandemic outbreak has shaken the Indian automobile industry in many dimensions, but a very encouraging news from all OEMs ("Original Equipment Manufactures") is that they are all looking to adopt digital models very seriously and are gearing up to newer ways for customers to experience and consume products. Carandbike, could potentially see a huge surge as a go-to platform for most of the OEMs to advertise and test out the new digital transaction model. Considering these facts, we foresee that, though there might be a slump in traffic and revenue due to the lockdown and post lockdown effect, the potential to grow and scale as per the proposed business plan and the budget is highly possible.

Note 20. Other income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income measured at amortized cost:		
- Fixed deposits	**2,62,321**	17,976
- Income tax refund	**1,22,760**	1,26,418
Profit on sale of property, plant and equipment	–	33,816
Liabilities no longer required written back	–	35,77,063
Miscellaneous income	**3,631**	–
	3,88,712	37,55,273

Note 21. Cost of services

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Website hosting and streaming	**1,78,90,383**	61,49,002
Subscription fee	–	1,49,168
License fee	–	10,86,967
Consultancy and professional fee	**1,72,81,207**	3,11,01,338
	3,51,71,590	3,84,86,475

Note 22. Employee benefits expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries, wages and bonus	**4,62,41,486**	2,62,57,644
Expense related to post employment defined benefit plan (refer note 31)	**7,83,613**	3,50,969
Contribution to provident and other funds	**24,02,244**	11,58,978
Staff welfare expenses	**81,766**	380
	4,95,09,109	2,77,67,971

Note 23. Finance costs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest expense		
- On others	**5,89,943**	9,32,788
	5,89,943	9,32,788

Note 24. Depreciation and amortisation expense

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation on property, plant and equipment	**8,89,222**	6,17,920
Amortisation on intangible assets	**37,41,958**	31,24,815
	46,31,180	37,42,735

Note 25. Other expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Rent (refer note 32)	**43,64,010**	28,19,196
Rates and taxes	–	1,14,669
Electricity and water	–	2,16,493
Printing and stationery	–	2,403
Postage and courier	**928**	5,668
Travelling expenses	**1,09,299**	2,56,295
Business promotion	**2,03,784**	73,866

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Particulars		For the year ended 31 March 2021	For the year ended 31 March 2020
Repairs and maintenance - computers		**18,791**	74,635
Auditor's remuneration (excluding tax) a		**6,00,000**	4,55,700
Bank charges		**219**	957
Insurance		**6,68,314**	6,83,908
Communication		**60,512**	4,09,892
Software expenses		**5,75,044**	7,49,775
Vehicle running and maintenance		**22,500**	45,000
Bad debts written off	58,365		
Less: Utilized against provision	57,790	**575**	–
Legal and professional fees		**3,14,85,792**	74,44,124
Allowance for Expected Credit Losses		**6,19,084**	1,29,976
Miscellaneous expenses		**9,71,131**	25,180
		3,96,99,983	1,35,07,737

a) Auditor's remuneration

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
As auditors:		
Audit fee	**6,00,000**	4,50,000
Reimbursement of expenses	–	5,700
	6,00,000	4,55,700

Note: 26. Share based payment

Description of share-based payment arrangements

As at 31 March 2021 the Company has the following share-based payment arrangement.

''Fifth Gear Ventures Limited - Employee Stock Option Plan 2016 ('the 2016 plan')

In 2016, the Company approved the 2016 Plan. The plan entitles key management personnel and senior employees of the Company to purchase the common shares of the Company at the fair value on the grant date, subject to compliance with vesting conditions. All exercised options shall be settled by allotment of shares. Upon vesting, the employees can acquire one common share of the Company for every option.

The terms and conditions related to the grant of the share options are as follows:

Grant date/employees entitled	Number of options granted	Vesting conditions	Contractual life of options
Options outstanding as at 1 April 2019	9,720		
Less: Options surrendered during the year ended 31 March 2020	(9,720)		
Options outstanding as at 31 March 2020	–	Refer note below	13 years
Less: Options surrendered during the year ended 31 March 2020			
Options outstanding as at 31 March 2021	–		

Note:

For options granted total vesting period is 36 months. 50% of the options granted will vest after the completion of 24 months of the continuous service from the grant date and the balance 50% will vest after completion of 36 months of the continuous service from the grant date.

Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under employee share based payment plan are as follows:

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of options	Weighted average exercise price (amount in INR)	No. of options	Weighted average exercise price (amount in INR)
Outstanding at the beginning of the year	–	–	9,720	35,640
Surrendered/Forfeited during the year	–	–	9,720	35,640
Outstanding at the end of the year	–	–	–	–
Exercisable at the end of the year	–	–	–	–

There are no options outstanding as at 31 March 2021 and 31 March 2020.

During the year ended 31 March 2021 share based payment expense recognized under employee benefits expenses (refer note 22) amounted to INR Nil (previous year INR Nil).

During the previous yeat, pursuant to the sale of entire stake held by NDTV Convergence Limited and New Delhi Television Limited, shareholders, in the Company to Mahindra First Choice Wheels Limited, certain ex employees who were holders of share based awards have surrendered their vested awards to the Company. In lieu of surrender of vested awards, an ex-gratia payments of INR 30.45 million has been made to such ex-employees by New Delhi Television Limited and NDTV Convergence Limited. Consequently, the balance in Share based Payment Reserve related to such share based awards has been transferred to the General Reserve.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Note 27. Capital management

Equity share capital and other equity are considered for the purpose of Company's capital management. The Company's objective for capital management is to manage its capital so as to safeguard its ability to continue as a going concern and to support the growth of the Company. The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investors, creditors and market confidence. The funding requirements are met through equity and operating cash. The Company is not subject to any externally imposed capital requirements.

Note 28. Financial instruments - fair value measurements and financial risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(i) As on 31 March 2021

		Carrying value				Fair value measurement using		
Particulars	**Note**	**FVTPL**	**FVOCI**	**Amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets - current								
Trade receivables*	**7**	–	–	**3,73,10,773**	**3,73,10,773**	–	–	**3,73,10,773**
Cash and cash equivalents*	**8**	–	–	**1,06,77,681**	**1,06,77,681**	–	–	**1,06,77,681**
Bank balances other than cash and cash equivalents mentioned above*	**9**	–	–	**56,47,494**	**56,47,494**	–	–	**56,47,494**
Interest accrued on fixed deposits*	**10**	–	–	**25,307**	**25,307**	–	–	**25,307**
Total		–	–	**5,36,61,255**	**5,36,61,255**	–	–	**5,36,61,255**
Financial liabilities– current								
Trade payables*	**15**	–	–	**7,81,84,245**	**7,81,84,245**	–	–	**7,81,84,245**
Payable to employees*	**16**	–	–	**50,30,196**	**50,30,196**	–	–	**50,30,196**
Payable against fixed assets*	**16**	–	–	**24,94,513**	**24,94,513**	–	–	**24,94,513**
Total		–	–	**8,57,08,954**	**8,57,08,954**	–	–	**8,57,08,954**

As on 31 March 2020

		Carrying value				Fair value measurement using		
Particulars	Note	FVTPL	FVOCI	Amortized cost	Total	Level 1	Level 2	Level 3
Financial assets - current								
Trade receivables*	7	–	–	4,05,53,900	4,05,53,900	–	–	4,05,53,900
Cash and cash equivalents*	8	–	–	19,87,641	19,87,641	–	–	19,87,641
Bank balances other than cash and cash equivalents mentioned above*	9	–	–	6,11,179	6,11,179	–	–	6,11,179
Total		–	–	4,31,59,517	4,31,59,517	–	–	4,31,59,517
Financial liabilities - current								
Trade payables*	16	–	–	4,72,86,908	4,72,86,908	–	–	4,72,86,908
Payable to employees*	17	–	–	49,85,681	49,85,681	–	–	49,85,681
Payable against fixed assets*	17	–	–	24,94,513	24,94,513	–	–	24,94,513
Total		–	–	5,47,67,102	5,47,67,102	–	–	5,47,67,102

'* The carrying amounts of security deposit, trade receivables, cash and cash equivalents, receivable against fixed assets, bank balances other than cash and cash equivalents mentioned above, interest accrued on fixed deposit, trade payables, payable against fixed assets, payable to employees and interest payable on loan and others approximates the fair values due to their short-term nature.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There has been no transfers between Level 1, Level 2 and Level 3 for the year ended 31 March 2021 and for the previous year ended 31 March 2020.

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of the remaining financial instruments is determined using discounted cash flow method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk - interest rate

(i) Risk management framework

The Company's key management has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risks limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market condition and the Company's activities. The Company through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which employees understand their roles and obligations.

(ii) Credit risk

The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the Balance Sheet

Particulars	**As at 31 March 2021**	As at 31 March 2020
Trade receivables	**3,73,10,773**	4,05,53,900
Cash and cash equivalents	**1,06,77,681**	19,87,641
Bank balances other than cash and cash equivalents mentioned above	**56,47,494**	6,11,179
Other financial assets	**25,307**	6,797

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations. Credit risk encompasses both, the direct risk of default and the risk of deterioration of credit worthiness as well as concentration of risks.

Credit risk on cash and cash equivalents and bank deposits is limited as the Company generally deals with banks with high credit ratings assigned by domestic credit rating agencies.

The Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available internal credit risk factors such as the Company's historical experience for customers. Based on the business environment in which the Company operates, management considers that the trade receivables are in default (credit impaired) if the payments are more than 180 days past due.

Trade receivables as at year end includes INR 34,915,138 (previous year INR 40,219,562) as amount recoverable from others and INR 3,993,432 (previous year INR 334,338) recoverable from related parties.

The movement in the allowance for impairment in respect of trade receivables is as follows:

Particulars	**As at 31 March 2021**	As at 31 March 2020
Balance as at beginning of the year	**1,29,976**	–
Loss allowance on trade receivables	**6,19,084**	1,29,976
Utilized	**(57,790)**	–
Balance as at the end of the year	**6,91,270**	1,29,976

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents and other highly marketable equity investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next six months. The Company also monitors the level of expected cash inflows on trade receivables together with expected cash outflows on trade payables and other financial liabilities.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The contractual cash flow amounts are gross and undiscounted.

As at 31 March 2021	**Carrying amount**	**Less than one year**	**Between one and three years**	**More than three years**	**Contractual cash flows**
Trade payables	**7,81,84,245**	**7,81,84,245**	–	–	**7,81,84,245**
Other financial liabilities	**75,24,709**	**75,24,709**	–	–	**75,24,709**
	8,57,08,954	**8,57,08,954**	–	–	**8,57,08,954**

As at 31 March 2020	Carrying amount	Less than one year	Between one and three years	More than three years	Contractual cash flows
Trade payables	4,72,86,908	4,72,86,908	–	–	4,72,86,908
Other financial liabilities	74,80,194	74,80,194	–	–	74,80,194
	5,47,67,102	5,47,67,102	–	–	5,47,67,102

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(iv) Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to such risk as the Company does not have any floating interest rate financial investment.

Note 29. Earnings per share ('EPS')

The calculations of profit/(loss) attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of earnings/(loss) per share calculations are as follows:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Loss for the year - (A)	**(4,16,01,029)**	(2,87,42,343)
Calculation of weighted average number of equity shares		
Number of equity shares at the beginning of the year	**92,185**	89,838
Number of equity shares outstanding at the end of the year	**1,07,322**	92,185
Weighted average number of shares outstanding during the year - (B)	**99,111**	91,066
Face value of each equity share (INR)	**10**	10
Basic and diluted loss per equity share (INR) - (A)/(B)	**(419.74)**	(315.62)

Note 30. Related party disclosures

(a) List of related parties and nature of relationship

Ultimate Holding Company

Mahindra and Mahindra Limited (effective 31 January 2020)

Holding Company

Mahindra First Choice Wheels Limited (effective 31 January 2020)

Fellow subsidiary of Holding Company

Mahindra Two Wheelers Limited (effective 31 January 2020)

Principal shareholders

New Delhi Television Limited (till 31 January 2020)

NDTV Convergence Limited (till 31 January 2020)

Autobyte Private Limited (till 31 January 2020)

Entities controlled by principal shareholders

Red Pixels Ventures Limited (till 31 January 2020)

Entities over which key management personnel have significant influence

Aadit Auto Company Private Limited (till 31 January 2020)

Entities controlled by key management personnel

KUN Capital Motors Private Limited (till 31 January 2020)

KUN Capital Automotive Private Limited (till 31 January 2020)

KUN Car Enterprises Private Limited (till 31 January 2020)

Key management personnel

Arijit Chatterjee	Director (till 17 February 2020)
Praveen Venkatraman Loganathan	Chief Executive Officer
Sonali Sharma	Chief Financial Officer (till 30 September 2019)
Kawaljit Singh Bedi	Director (till 17 February 2020)
Uppuswamy Arunkumar	Director (till 17 February 2020)
Nagagowri	Director (till 17 February 2020)
Priyadarshini Baskaran	Director (till 17 February 2020)
Rajeev Bidyanand Dubey	Director (effective 24 January 2020)
Parthasarathy Vankipuram Srinivasa	Director (effective 24 January 2020)
Anupam Thareja	Director (effective 24 January 2020)
Kavinder Singh	Director (effective 24 January 2020)

(b) Transactions with related parties

The following table provides the total amount of transactions that have been entered into with related parties, in the ordinary course of business:

Particulars	Holding and Ultimate Holding Company		Fellow Subsidiary of Holding Company		Principal shareholders		Entities controlled by principal shareholders		Entities over which key management personnel have significant influence		Entities controlled by key management personnel		Key management personnel/Director	
	For the year ended 31 March 2021	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020
Purchase of fixed assets														
NDTV Convergence Limited	–	–	–	–	–	5,00,000	–	–	–	–	–	–	–	–
New Delhi Television Limited	–	–	–	–	–	15,00,000	–	–	–	–	–	–	–	–
NDTV Convergence Limited	2,83,333	–	–	–	–	–	–	–	–	–	–	–	–	–
Intangibles Under Development														
Mahindra First Choice Wheels Limited	35,99,117	–	–	–	–	–	–	–	–	–	–	–	–	–
Issue of Shares														
Mahindra First Choice Wheels Limited	4,99,99,630	–	–	–	–	–	–	–	–	–	–	–	–	–
Reimbursement of expenses (incurred by related parties on behalf of the Company)														
New Delhi Television Limited	–	–	–	–	–	5,19,471	–	–	–	–	–	–	–	–
NDTV Convergence Limited	–	–	–	–	–	2,60,04,275	–	–	–	–	–	–	–	–
Red Pixels Ventures Limited	–	–	–	–	–	–	–	9,39,504	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Particulars	Holding and Ultimate Holding Company		Fellow Subsidiary of Holding Company		Principal shareholders		Entities controlled by principal shareholders		Entities over which key management personnel have significant influence		Entities controlled by key management personnel		Key management personnel/Director	
	For the year ended 31 March 2021	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020
Cost of Service														
Mahindra E Market Limited	–	–	8,50,340	–	–	–	–	–	–	–	–	–	–	–
Professional & Consultancy Charges														
Mahindra First Choice Wheels Limited	1,02,77,351	5,61,290	–	–	–	10,47,924	–	–	–	–	–	–	–	–
Rent														
Mahindra First Choice Wheels Limited	43,64,010	7,36,726	–	–	–	–	–	–	–	–	–	–	–	12,05,960

Particulars	Holding and Ultimate Holding Company		Fellow Subsidiary of Holding Company		Principal shareholders		Entities controlled by principal shareholders		Entities over which key management personnel have significant influence		Entities over which key management personnel have significant control		Key management personnel	
	For the year ended 31 March 2021	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020
Rendering of services														
NDTV Convergence Limited	–	–	–	–	–	4,85,29,088	–	–	–	–	–	–	–	–
Aadit Auto Company Private Limited	–	–	–	–	–	–	–	–	–	14,69,240	–	–	–	–
KUN Capital Motors Private Limited	–	–	–	–	–	–	–	–	–	–	–	15,07,957	–	–
KUN Capital Automotive Private Limited	–	–	–	–	–	–	–	–	–	–	–	9,45,091	–	–
KUN Car Enterprise Private Limited	–	–	–	–	–	–	–	–	–	–	–	10,93,098	–	–
Mahindra First Choice Wheels Limited	32,89,454	–	–	–	–	–	–	–	–	–	–	–	–	–
Mahindra Holiday & Resort India Limited	–	–	16,06,400	–	–	–	–	–	–	–	–	–	–	–
Mahindra and Mahindra Limited	56,42,098	1,49,742	–	–	–	–	–	–	–	–	–	–	–	–
Classic Legends Private Limited	–	–	–	–	–	–	–	–	1,24,56,650	–	–	–	–	–
Shared service cost														
New Delhi Television Limited	–	–	–	–	–	46,65,076	–	–	–	–	–	–	–	–
Liabilities Written Off														
NDTV Convergence Limited	–	–	–	–	–	18,81,047	–	–	–	–	–	–	–	–
New Delhi Television Limited	–	–	–	–	–	10,64,614	–	–	–	–	–	–	–	–

(c) Key management personnel compensation

Particulars	**For the year ended 31 March 2021**	For the year ended 31 March 2020
Short term employee benefits	**74,94,338**	44,59,446
Secondment charges	–	2,50,200

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(d) Outstanding balances

Particulars	Holding and Ultimate Holding Company		Fellow Subsidiary of Holding Company		Principal shareholders		Entities controlled by principal shareholders		Entities over which key management personnel have significant influence		Entities over which key management personnel have significant control		Key management personnel	
	For the year ended 31 March 2021	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020	**For the year ended 31 March 2021**	For the year ended 31 March 2020
Trade payable	4,31,66,277	1,20,04,608	–	–	–	2,92,05,148	–	10,12,256	–	–	–	–	–	1,13,400
Trade receivable	23,95,635	3,33,763	–	575	–	1,71,86,726	–	–	15,97,797	4,41,787	–	11,89,006	–	–
Payable against fixed assets	42,90,107	–	–	–	–	1,60,000	–	–	–	–	–	–	–	–

Note 31. Employee Benefits

(i) Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields

A decrease in government bond yields will increase plan liabilities.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. Thus, an increase in inflation will also increase the deficit to some extent.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

(a) Changes in present value of defined benefit obligation:

Particulars	Present value of obligation
Balance as at 1 April 2019	5,77,906
Current service cost	3,06,376
Interest expense/(income)	44,593
Total amount recognized in profit or loss	**3,50,969**
Remeasurements:	
(Gain)/loss from change in demographic assumptions	(2,36,717)
(Gain)/loss from change in financial assumptions	11,18,895
Experience (gains)/losses	1,66,056
Total amount recognized in other comprehensive income	**10,48,234**
Benefit payments	–
Balance as at 31 March 2020	**19,77,109**
Current service cost	6,60,398
Interest expense/(income)	1,23,215
Total amount recognized in profit or loss	**7,83,613**
Remeasurements:	
(Gain)/loss from change in demographic assumptions	(3,48,533)
(Gain)/loss from change in financial assumptions	(3,83,322)
Experience (gains)/losses	8,74,145
Total amount recognized in other comprehensive income	**1,42,290**
Benefit payments	–
Balance as at 31 March 2021	**29,03,012**

The net liability disclosed above relates to unfunded plans are as follows:

Particulars	**As at 31 March 2021**	As at 31 March 2020
Present value of obligations	**29,03,012**	19,77,109
Deficit of gratuity plan	**29,03,012**	19,77,109

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. Plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned.

(b) Assumptions:

1. Economic assumptions

Particulars	**As at 31 March 2021**	As at 31 March 2020
Discount rate	**6.35%**	6.65%
Salary growth rate	**8.00%**	10.00%

The discount rate is based on the prevailing market yields of high quality corporate bonds as at the balance sheet date for the estimated term of the obligations.

The salary escalation rate is based on estimates of salary increases, which takes into account inflation, promotion and other relevant factors.

2. Demographic assumptions:

Particulars	**As at 31 March 2021**	As at 31 March 2020
Withdrawal rate, based on age		10%
Age in years 21 - 44	**18%**	
Age in years 45 - 59	**1%**	
Mortality rate (% of IALM 06-08)	**100%**	100%
Retirement age (years)	**60**	58

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(c) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
Particulars	**As at 31 March 2021**	As at 31 March 2020	**As at 31 March 2021**	As at 31 March 2020	**As at 31 March 2021**	As at 31 March 2020
Discount rate	**1%**	1%	**(2,22,465)**	(2,28,697)	**2,59,640**	(2,76,887)
Salary growth rate	**1%**	1%	**2,05,029**	1,93,342	**(1,82,618)**	(1,79,680)
Attrition rate	–	50%	–	2,99,202	–	(1,97,753)
Mortality rate	–	10%	–	614	–	(611)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(d) Projected Plan Cash Flow

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date.

Maturity Profile	**As at 31 March 2021**	As at 31 March 2020
Within 1 year	**36,087**	56,002
Between 2 and 5 years	**13,57,108**	6,13,936
Between 6 and 9 years	**6,10,656**	5,69,180
10 years and above	**32,90,159**	43,42,228

The weighted average duration of the defined benefit obligation as at 31 March 2021 is 8.36 years (31 March 2020: 13 years)

Note 32. Lease commitments

A. Non-cancellable operating leases

The Company has taken a commercial premises under cancellable operating lease. The rental expense for the current year, in respect of operating leases is INR 4,364,010 previous year INR 2,819,196). The future minimum lease payments in respect of such leases is Nil.

Note 33. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") as required under Ind AS 108. The CODM is considered to be Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments. The principal activities of the Company comprises of e-commerce market place connecting buyers and sellers in respect of products related to cars and bikes, accordingly, the Company has one reportable segment.

Note 34. Taxation

A) The reconciliation of estimated income tax to income tax expense is as follows:

Particulars	**For the year ended 31 March 2021**		**For the year ended 31 March 2020**	
Loss before taxes		**(4,63,76,159)**		(1,37,85,054)
Tax using the Company's applicable tax rate	25.17%	(1,16,71,952)	25.17%	(34,69,423)
Tax effect of :				
Surrender of share based award previously claimed as deduction	0.00%	–	-128.59%	1,77,25,956
Non deductible expenses	-0.31%	1,45,552	-1.85%	2,55,113
Change in temporary differences	-1.75%	8,11,513	-3.23%	4,45,643
Current year losses for which no deferred tax asset was recognized	-23.10%	1,07,14,887	0.00%	–
Effective tax rate	**0%**	**–**	**(1.09)**	**1,49,57,289**

B) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of following items:

Particulars	**As at 31 March 2021**	As at 31 March 2020
Deferred tax liability		
- Property, plant and equipment and intangible assets	**(38,020)**	(4,96,502)
Deferred tax assets		
- Tax loss carry forwards	**1,07,14,887**	–
- Deductible temporary differences	**8,71,897**	5,30,311
Total deferred tax assets	**1,15,86,783**	33,810

As at 31 March 2021, the Company did not recognize deferred tax assets on tax losses and other temporary differences because a trend of future profitability is not yet clearly discernible. In January 2020, the Company and its beneficiary shareholders have entered into an agreement ("share purchase agreement") dated 17 January 2020 for sale of entire stake held by the beneficiary shareholders to Mahindra First Choice Wheels Limited ("the purchaser").

As per Section 79 of the Income tax act 1961,""no loss shall be carried forward and set off against the income of the previous year, unless at least 51% of the voting power of the company are beneficially held (on the last day of the previous year in which the loss is sought to be set off) by the same person(s) who held at least 51% of the shares on the last day of the financial year in which the loss was incurred. As per the above provision, the Company shall not carry forward the losses incurred in the past.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

C) Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to following:

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred tax liabilities		
- Property, plant and equipments and intangible asset	**(38,020)**	(4,96,502)
Total deferred tax liabilities	**(38,020)**	(4,96,502)

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred tax assets		
- Deductible temporary differences	**38,020**	4,96,502
Total deferred tax assets	**38,020**	4,96,502
Net deferred tax assets/(liability)	–	–

D) Movement in deferred tax assets/(liabilities) during the year:

Movement in deferred tax assets during the year	Balance as at 1 April 2019	Recognized in profit or loss	Balance as at 31 March 2020	Recognized in profit or loss	Balance as at 31 March 2021
- Property, plant and equipments and intangible asset	(8,39,452)	3,42,950	(4,96,502)	38,020	(4,58,482)
- Tax loss carry forwards	8,39,452	(3,42,950)	4,96,502	(38,020)	4,58,482
Total	–	–	–	–	–

Note 35. Contingent liabilities and commitments

a) Contingent liabilities

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its valuation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) INR 2,053,125 (Previous year INR Nil).

Note 36. Other matters

In March 2020, World Health Organization declared Covid-19 as a pandemic. Escalation of Covid-19 has the potential to impact the global economic growth and business developments. The countrywide lockdown declared by Government of India covered a part of March 2020 and continued until May 2020. Whilst overall impact is still uncertain, the Company has carried out an assessment for any possible impact on performance of the Company due to the outbreak. Based on the current situation, the Company does not expect operations and performance for year ended 31 March 2022 to be significantly impacted. The Company will continue to monitor the situation as it evolves in coming months.

Note 37. Regrouping

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date attached
For B S R & Associates LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Jayesh T Thakkar
Partner
Membership Number: 113959

Place: Mumbai
Date: 28 April 2021

For and on behalf of the Board of Directors of
Fifth Gear Ventures Limited

Rajeev Dubey	**Kavinder Singh**	**Venkatraman Praveen Loganathan**
Director	Director	CEO
DIN : 00104817	DIN : 06994031	
Place: Mumbai	Place: Mumbai	Place: Chennai
Date: 28 April 2021	Date: 28 April 2021	Date: 28 April 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of,
Mahindra Namaste Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the financial statements of **Mahindra Namaste Limited** ("the Company"), which comprise the Balance sheet as at 31st March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in Equity and Statement of Cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than Ind AS Financial Statement and Auditor's Report thereon

The company's Board of Directors is responsible for the other information. The other information comprises the information included in Company's Board report, but does not include the financial statements and our auditor's report thereon.

Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQL7278

Place: Mumbai
Date: April 30, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 17 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of assets. During the year, the Company did not verify the fixed assets.

c) According to the information and explanations given by the management and the records examined by us company do not hold any immovable property.

(ii) The Company is engaged in the business of Training and Skilling Services and accordingly does not hold any inventories. Hence, Clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. There were no unclaimed deposits outstanding at any time during the year.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues, including Income-tax, Goods and Services Tax, Profession Tax and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(viii) On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not borrowed any money from financial institution, banks, government or debenture holders.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) On the basis of examination of relevant records and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause (xvi) of the order are not applicable to the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQL7278

Place: Mumbai
Date: April 30, 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Namaste Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQL7278

Place: Mumbai
Date: April 30, 2021

BALANCE SHEET AS AT MARCH 31, 2021

In Rupees

Particulars	Note No	As at 31-Mar-21	As at 31-Mar-20
I. ASSETS			
1 Non-current assets			
Property, Plant and Equipment	3	**12,423**	30,392
Other non current assets	4	**2,372,408**	2,960,658
2 Current assets			
Financial assets			
Trade receivables	5	**5,524,906**	2,164,574
Cash and cash equivalents	6	**60,787**	88,240
Bank balances other than above	6	**114,060**	106,765
Other Financial Assets	7	**5,097,597**	5,963,203
TOTAL		**13,182,181**	11,313,832
II. EQUITY AND LIABILITIES			
1 Equity			
Equity share capital	8	**90,100,000**	90,100,000
Other equity	9	**(79,051,633)**	(80,566,884)
2 Current liabilities			
(a) Financial liabilities			
Trade payables	10	**1,287,953**	1,082,002
Other current liabilities	11	**845,861**	698,714
TOTAL		**13,182,181**	11,313,832

See accompanying notes forming part of the financial statements

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Regn No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 30, 2021

For and on behalf of the Board

B. Suresh
CEO & Director

Prince Augustin
Director

Place: Mumbai
Date: April 30, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

In Rupees

Particulars	Note No.	**For the year ended 31-March-2021**	For the year ended 31-March-2020
Continuing Operations			
I Revenue from operations	**12**	**10,304,578**	17,994,300
II Other Income	**13**	**62,805**	74,932
III Total Revenue (I + II)		**10,367,383**	18,069,232
IV EXPENSES			
(a) Employee benefit expense	**14**	**1,415,400**	2,216,202
(b) Depreciation expense	**3**	**17,969**	18,018
(c) Other expenses	**15**	**7,418,763**	11,524,134
Total Expenses (V)		**8,852,132**	13,758,354
Total Revenue (III)		**10,367,383**	18,069,232
Total Expenses (V)		**8,852,132**	13,758,354
VI Profit/(loss) before tax (III - V)		**1,515,251**	4,310,879
VII Total tax expense		**–**	–
VIII Profit/(loss) after tax from continuing operations (VI - VII)		**1,515,251**	4,310,879
IX Profit/(loss) for the year (VIII)		**1,515,251**	4,310,879
X Profit/(Loss) from continuing operations for the period attributable to:			
Owners of the Company		**1,515,251**	4,310,879
		1,515,251	4,310,879
XI Other comprehensive income		**–**	–
XII Total comprehensive income for the period (IX + XI)		**1,515,251**	4,310,879
XIII Earnings per equity share (for continuing operation):			
(1) Basic		**0.17**	**0.48**
(2) Diluted		**0.17**	**0.48**

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Regn No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 30, 2021

For and on behalf of the Board

B. Suresh
CEO & Director

Prince Augustin
Director

Place: Mumbai
Date: April 30, 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

In Rupees

Particulars	**For the year ended 31-March-2021**	For the year ended 31-March-2020
Cash flows from operating activities		
Profit/(Loss) before tax for the year	**1,515,251**	4,310,879
Adjustments for:		
Interest Income	**(6,005)**	(7,332)
Depreciation and amortisation of non-current assets	**17,969**	18,018
	1,527,215	4,321,565
Movements in working capital:		
Increase/(decrease) in Trade receivables	**(3,360,332)**	327,405
(Increase)/decrease in other current assets	**864,316**	(2,713,194)
Decrease in trade and other payables	**205,951**	226,200
(Decrease)/increase in other liabilities	**147,147**	(1,569,346)
	(615,703)	592,629
Cash generated from operations		
Income taxes paid	**588,250**	(691,000)
Net cash generated by operating activities	**(27,453)**	(98,371)
Cash flows from investing activities		
Interest received	**7,295**	6,765
Payments for property, plant and equipment	**–**	–
Redemption/maturity of bank deposit	**(7,295)**	(6,765)
Net cash (used in)/generated by investing activities	**–**	–
Net increase in cash and cash equivalents	**(27,453)**	(98,371)
Cash and cash equivalents at the beginning of the year	**88,240**	186,611
Cash and cash equivalents at the end of the year	**60,788**	88,240

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Regn No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 30, 2021

For and on behalf of the Board

B. Suresh
CEO & Director

Prince Augustin
Director

Place: Mumbai
Date: April 30, 2021

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

1. Corporate Information

Mahindra Namaste Limited ("MNL" or "the Company") (Formerly known as Mahindra Namaste Private Limited) was incorporated on January 2, 2010. The Company is carrying out the business of skill development, capacity building, education and training, and monitoring service in various capacities across the sectors either in India or outside India.

The address of its registered office is Mahindra Towers, P.K.Kurne Chowk, Worli, Mumbai – 400018. Whereas books of accounts and documents are maintained at Mahindra Towers No. 17/18, Pattullous Road, Chennai - 600 002, Tamilnadu, Chennai 600 002. These financial statements are authorized for issue by the Board of Directors on April 30, 2021. The CIN of the Company is U93000MH2010PLC198303.

2. Significant Accounting Policies

2.1 Compliance with Ind AS

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS), notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying IND AS 115 - 'Revenue from Contracts with Customers' and consequential amendments to various IND AS standards; this standard establishes a single comprehensive model for accounting of revenue arising from contracts with customers. IND AS 115 supersedes the revenue recognition guidance under IND AS 11 Construction Contracts and IND AS 18 Revenue, and the Company has adopted IND AS 115 form April 1, 2018. The application of IND AS 115 did not have material impact on the financial statements and hence the comparative information has not been restated.

2.2 Basis of preparation

The financial statements have been prepared on historical cost basis, expect for certain financial assets that are measured at fair value.

All Assets and Liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products/services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current-non-current classification of assets and liabilities.

2.3 Use of estimates

The preparation of the financial statements in conformity with Indian Generally Accepted Accounting Principles requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expense assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of the current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in the future periods.

2.4 Critical estimates and judgments

The preparations of the financial statements are based on use of a high degree of judgments or complexity, and of the items which are more likely to be materiality adjusted due to estimates and assumptions.

The areas involving critical estimates or judgments are:

- **Estimated useful life of intangible assets**

  Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financials impact on the company and that are believed to be reasonable under the circumstances.

2.5 Revenue recognition

Revenue is recognized at the fair value of consideration received or receivable. Revenue in respect of services is recognized on a time proportion basis. Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change.

2.6 Other income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

2.7 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

2.8 Employee Benefits

The Company has no employees on its payroll for the year ended March 31, 2021. Accordingly, there are no provident fund and other employee benefit schemes.

2.9 Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are recognized, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the balance sheet date.

2.10 Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognized for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognized.

2.11 Provisions

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognized in the financial statements.

2.12 Financial instruments

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

2.13 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the -marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

2.14 Trade and other payables:

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

2.15 Earnings Per Share (EPS)

The Company presents the basic and diluted EPS data for its equity shares. Basic EPS is computed by dividing the net profit for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Note No. 3 - Tangible Assets

(In Rupees)

Description of Assets	Computers	Total
Tangible Assets		
Cost		
Balance as at 1 April, 2020	55,000	55,000
Additions during the year	–	–
Disposals/Adjustments of Assets	–	–
Balance as at 31 March, 2021	**55,000**	**55,000**
II. Accumulated depreciation and impairment for the year 2020-2021		
Balance as at 1 April, 2020	24,608	24,608
Depreciation for the year	17,969	17,969
Balance as at 31 March, 2021	**42,577**	**42,577**
Net block (I-II)		
Balance as on 31st March 2021	**12,423**	**12,423**
Balance as on 31st March 2020	**30,392**	**30,392**

Note 4 - Other non current assets

(in Rupees)

Particulars	As at March 31, 2021	As at March 31, 2020
Tax Deducted at Source	**2,372,408**	2,960,658
TOTAL	**2,372,408**	2,960,658

Note 5 - Trade Receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Of the above, trade receivables from:		
– Related Parties	**5,524,906**	2,164,574
– Others		–
TOTAL	**5,524,906**	2,164,574

Note 6 - Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents		
Cash on hand	**–**	–
Balance with Scheduled Bank	**60,787**	88,240
Cheques on hand	**–**	–
TOTAL	**60,787**	88,240
Other Bank balances		
In deposit accounts more than 3 months and less than 12 months maturity	**114,060**	106,765
TOTAL	**114,060**	106,765

Note 7 - Other Financial Assets

Particulars	As at March 31, 2021	As at March 31, 2020
Unbilled revenue	**5,091,592**	5,877,014
GST Input tax credits receivable	**–**	78,894
Interest receivable	**6,005**	7,295
TOTAL	**5,097,597**	5,963,203

Note 8 - Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2020
Authorized		
95,00,000 Equity shares of Rs.10 each	**95,000,000**	95,000,000
	95,000,000	95,000,000
Issued, Subscribed & Paid-up		
90,10,000 Equity shares of Rs. 10 each fully paid	**90,100,000**	90,100,000
Total	**90,100,000**	90,100,000

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

Details of shares held by each shareholder holding more than 5% shares:

Name of Shareholder	**As at March 31, 2021** **Number of shares held**	As at March 31, 2020 Number of shares held
Mahindra Consulting Engineers Limited	**9,009,994**	9,009,994

Particulars	Number of Shares
Issues, Subscribed and Paid-up:	
As at 1 April 2019	9,010,000
Changes in equity share capital during the year	
As at 31 March 2020	9,010,000
Changes in equity share capital during the year	
As at 31 March 2021	**9,010,000**

Note 9 - Other Equity

(in Rupees)

Particulars	Retained Earnings
As at 1 April 2019	**(84,877,762)**
Profit / (Loss) for the year	4,310,879
As at 31 March 2020	**(80,566,884)**
Profit / (Loss) for the year	1,515,251
Other Comprehensive Income / (Loss)	–
As at 31 March 2021	**(79,051,633)**

Note 10 - Trade Payables

(Amount in Rs.)

Particulars	**As at March 31, 2021**	As at March 31, 2020
Amounts payable to related party	**1,218,578**	947,002
Others	**69,375**	135,000
Total	**1,287,953**	1,082,002

Note 11 - Other Current Liabilities

(Amount in Rs.)

Particulars	**As at March 31, 2021**	As at March 31, 2020
TDS Payable	**182,829**	369,705
Salary Payable	**118,351**	120,375
Provision for Expenses	**116,759**	208,634
Statutory remittances (GST)	**427,922**	–
Total	**845,861**	698,714

Note 12 - Revenue from Operations

(in Rupees)

Particulars	**For the year ended March 31, 2021**	For the year ended March 31, 2020
Professional fees from Capacity Building	**10,304,578**	17,994,300
Total	**10,304,578**	17,994,300

Revenue information :

Disaggregation of revenue

(i) The following table provides information about disaggregated revenue by primary geographical market, major product line and timing of revenue recognition, and includes a reconciliation of the disaggregated revenue with reportable segments :

	For the year ended March 31, 2021			For the year ended March 31, 2020		
Particulars	**Government**	**Non Government**	**Total**	Government	Non Government	Total
Primary geographical markets:						
India	**3,119,317**	**2,300,000**	**5,419,317**	3,592,906	–	3,592,906
Others	**4,885,261**	**–**	**4,885,261**	14,401,394	–	14,401,394
Total	**8,004,578**	**–**	**10,304,578**	17,994,300	–	17,994,300

Particulars	**For the year ended March 31, 2021**	For the year ended March 31, 2020
Timing of revenue recognition		
Products & services transferred at point in time	**2,300,000**	3,200,000
Products & services transferred over time	**8,004,578**	14,794,300

Contract balances

(ii) The following table provides information about receivables, contract assets and contract liabilities from contracts with customers :

Particulars	**For the year ended March 31, 2021**	For the year ended March 31, 2020
Receivables	**5,524,906**	2,164,574
Short-term contract assets	**5,091,592**	5,877,014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 13 - Other Income

in Rupees

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on Income Tax Refund	**56,800**	67,600
Interest on fixed deposit	**6,005**	7,332
Total	**62,805**	74,932

Note 14 - Employee Benefits Expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages, including bonus	**1,415,400**	2,216,202
Total	**1,415,400**	2,216,202

Note 15 - Other Expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent	**931,392**	1,004,156
Legal & Professional Expenses	**4,384,229**	5,126,838
Communication Expenses	**59,130**	104,762
Travel & Conveyance	**1,590,950**	4,677,796
Printing & Stationery	**51,823**	104,641
Electricity & Power	**54,409**	95,059
Insurance	**73,716**	85,714
Auditors Remuneration	**75,000**	100,000
Other Expenses	**198,114**	225,168
Total	**7,418,763**	11,524,134

Note 16 - Earnings per Share

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Basic/Diluted Earnings per share		
From continuing operations (Rs.) per share	**0.17**	0.48
From discontinuing operations (Rs.) per share	**–**	–
Total basic/diluted earnings per share	**0.17**	0.48

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit / (Loss) for the year attributable to owners of the Company	**1,515,251**	4,310,879
Less: Preference dividend and tax thereon	**–**	–
Profit / (Loss) for the year used in the calculation of basic earnings per share	**1,515,251**	4,310,879
Profit / (Loss) for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Profit / (Loss) used in the calculation of basic earnings per share from continuing operations	**1,515,251**	4,310,879
Weighted average number of equity shares	**9,010,000**	9,010,000
Earnings per share from continuing operations - Basic	**0.17**	0.48

Note 17 - Related party disclosures

a) Names of related parties and nature of relationship where control exists:

Sl. No.	Particulars	Nature of relationship
1	Mahindra Consulting Engineers Limited	Holding Company
2	Mahindra & Mahindra Limited	Ultimate Holding Company

b) Details of related party transactions during the year ended 31st March 2021 and balances outstanding as at 31st March 2021

Name of Related Party	Nature of Relationship	Type of Transaction	Year ended 31 March 2021	Year ended 31 March 2020
Mahindra Consulting Engineers Ltd.	Holding Company	Professional charges paid	**4,094,452**	4,849,484
Mahindra Consulting Engineers Ltd.	Holding Company	Reimbursement of expenses	**2,013,441**	5,275,868
Mahindra Consulting Engineers Ltd.	Holding Company	Rent expenses	**931,392**	1,004,156
Mahindra Consulting Engineers Ltd.	Holding Company	Income from capacity building services	**10,304,578**	18,110,000
Mahindra & Mahindra Limited	Ultimate Holding Company	Corporate Secretarial Services & Travel Expenses	**251,200**	240,000
Mahindra & Mahindra Limited	Ultimate Holding Company	Balance payable at the end of the year	**1,218,578**	947,002
Mahindra Consulting Engineers Ltd.	Holding Company	Balance receivable at the end of the year	**5,524,906**	2,164,574

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 18 - Segment Reporting

The Company has a single reportable business segment viz. providing training services for the purpose of IND AS 108 - Operating Segments.

Note 19 - Maturities of financial liabilities

The table below analyse the companies financial liabilities into relevant maturity groupings based on there contractual maturities for all non-derivatives financial liabilities for which the contractual maturies are essential for an understanding of the timing of the cash flow.

Contractual maturities of financial liabilities 31st March 2021	**Less than 3 months**	**3 months to 6 months**	**6 months to 1 year**	**between 1 and 2 years**	**Between 2 and 5 years**	**Total**
Non-Derivatives						
Trade payables	**1,218,578**			**–**	**–**	**1,218,578**
Other financial liabilities	**729,102**	**–**	**–**	**116,759**	**–**	**845,861**
Total Non-derivative liabilities	**1,947,680**	**–**	**–**	**116,759**	**–**	**2,064,439**

Contractual maturities of financial liabilities 31st March 2020	Less than 3 months	3 months to 6 months	6 months to 1 year	between 1 and 2 years	Between 2 and 5 years	Total
Non-Derivatives						
Trade payables	1,028,002	–	–	54,000	–	1,082,002
Other financial liabilities	580,080	–	–	118,634	–	698,714
Total Non-derivative liabilities	1,608,082	–	–	172,634	–	1,780,716

Note 20 - Carrying Value of Financial Assets

All Financial Assets are carried at amortised cost.

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Regn No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 30, 2021

For and on behalf of the Board

B. Suresh
CEO & Director

Prince Augustin
Director

Place: Mumbai
Date: April 30, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra Integrated Business Solutions Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Mahindra Integrated Business Solutions Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, and a summary of significant accounting policies and other explanatory information, in which are included the returns for the year ended on that date audited by the branch auditors of the Company's branches located at Michigan, USA.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 (the Act) (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Information Other than the Ind AS Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report, but does not include the Ind AS Financial Statements and our Auditors' Report thereon.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible

for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

We did not audit the financial statements of one branch included in the standalone financial statements of the company whose financial statements reflect total assets of Rs.183.31 crores as at 31st March 2021 and the total revenue of Rs. 54.10 crores for the year ended on that date, as considered in the standalone financial statements of this branch has been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the branch, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
   (g) In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, the provisions of Section 197 of the Act related to the managerial remuneration are not applicable.
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The company does not have any pending litigations which will impact its financial positions.
      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B.K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 21040852AAAABG4763
Mumbai, May 4, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Integrated Business Solutions Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B.K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 21040852AAAABG4763
Mumbai, May 4, 2021

ANEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mahindra Integrated Business Solutions Private Limited** for the year ended March 31, 2021

Annexure to the Auditor's Report referred to in our report of even date:

1) i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.

   iii) The Company does not have immovable property.

2) According to the information and explanations given to us, the Company does not have inventory, therefore the provisions of para 3(ii) of the Order are not applicable to the Company.

3) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other related parties covered in the register maintained under section 189 of the Act.

4) The Company has not granted any loan, made investments or given guarantees during the year. Hence. the provisions of section 185 and section 186 of the Act are not applicable to the Company. We are informed that the company has not given any security during the year.

5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Act and the Rules framed thereunder.

6) We have been informed that the Central Government has not prescribed maintenance of Cost records under section 148(1) of the Act.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Value Added Tax, GST and other statutory dues applicable to it. According to information and explanation given to us, no undisputed amounts in respect of the above were outstanding, as on March 31, 2021 for a period of more than 6 months from the date they become payable.

   ii) There are no dues of income tax, sales tax, service tax, duty of customs, and duty of excise or value added tax, GST and cess which have not been deposited on the account of any dispute.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and the money raised by the Company by the way of term loans were applied for the purpose for which those are raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) Being the Company is a private company, the provisions of Section 197 of the Companies Act, 2013 and the provisions of para 3(xi) of the Order regarding payment of managerial remuneration are not applicable for the Company.

12) The Company, not being a Nidhi Company, the provisions of para 3(xii) of the Order are not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards.

14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, the provisions of para 3(xiv) of the Order are not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 21040852AAAABG4763
Mumbai, May 4, 2021

BALANCE SHEET AS AT MARCH 31, 2021

Rs. In lakhs

	Particulars	Note	As at March 31, 2021	As at March 31, 2020
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	3	**3,132.39**	513.69
	(b) Capital Work-in-Progress		–	63.00
	(c) Other Intangible Assets	4	**76.66**	18.35
	(d) Financial Assets			
	(i) Other Financial Assets	5	**194.40**	84.40
	(e) Deferred Tax Assets (Net)	7	**155.93**	150.71
	(f) Income Tax assets (net)		**1,189.25**	1,195.97
	(g) Other Non-current Assets	6	**2.55**	7.20
	SUB-TOTAL		**4,751.18**	2,033.31
	CURRENT ASSETS			
	(a) Financial Assets			
	(i) Investments	8	**13.98**	50.87
	(ii) Trade Receivables	9	**11,477.22**	687.44
	(iii) Cash and Cash Equivalents	10	**3,926.20**	475.73
	(iv) Other Bank Balances	11	**264.72**	9.82
	(v) Other Financial Assets	5	**1.28**	0.06
	(b) Other Current Assets	6	**598.02**	40.71
	SUB-TOTAL		**16,281.42**	1,264.63
	Non-Current Assets Classified as Held for Sale		–	–
	TOTAL ASSETS		**21,032.60**	3,297.94
II	**EQUITY AND LIABILITIES**			
	EQUITY			
	(a) Equity Share Capital	12	**977.95**	150.00
	(b) Other Equity		**13,584.06**	881.91
	SUB-TOTAL		**14,562.01**	1,031.91
	LIABILITIES			
	NON-CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(iii) Other Financial Liabilities	13	**752.54**	378.80
	(b) Provisions	14	**270.15**	220.26
	SUB-TOTAL		**1,022.69**	599.06
	CURRENT LIABILITIES			
	(a) Financial Liabilities			
	(i) Borrowings	17	–	50.00
	(ii) Trade Payables	15		
	Total outstanding dues of Micro and small Enterprises		**7.31**	19.94
	Total outstanding dues of creditors other than Micro and small Enterprises (including acceptances)		**1,774.48**	894.54
	(iii) Other Financial Liabilities	13	**590.79**	24.25
	(b) Provisions	14	**45.46**	45.48
	(c) Other Current Liabilities	16	**3,029.86**	632.76
	SUB-TOTAL		**5,447.90**	1,666.97
	TOTAL LIABILITIES		**21,032.60**	3,297.94

The accompanying notes 1 to 32 are an integral part of the Financial Statements
In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants

Aniruddha Joshi
Partner
Membership No. 040852

Place: Mumbai
Date: May 4, 2021

For and on behalf of the Board of Directors

S. Durgashankar
Director
DIN No.00044713

Rahul Asthana
Director
DIN No. 00234247

Neera Saggi
Director
DIN No. 00501029

Place: Mumbai
Date: May 4, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Rs. In lakhs

	Particulars	Note	For the Year 2020-21	For the Year 2019-20
	Continuing Operations			
I	Revenue from operations	18	**19,675.81**	12,085.79
II	Other Income	19	**157.97**	16.04
III	**Total Revenue (I + II)**		**19,833.78**	12,101.83
IV	**EXPENSES**			
	(a) Employee benefit expense	20	**14,738.39**	9,348.31
	(b) Finance costs	21	**45.04**	43.13
	(c) Depreciation and amortisation expense	22	**490.14**	238.57
	(d) Other expenses	23	**4,044.46**	2,205.82
V	**Total Expenses (V)**		**19,318.03**	11,835.83
	Profit/(loss) before exceptional items and tax (I - IV)		**515.75**	266.00
	Exceptional Items		–	–
VI	**Share of profit/(loss) of joint ventures and associates**		**–**	–
VII	**Profit/(loss) before tax (VII - VIII)**		**515.75**	266.00
VIII	**Tax Expense**			
	(1) Current tax		**178.85**	126.46
	(2) Deferred tax		**(8.19)**	(54.22)
	Total tax expense		**170.66**	72.24
IX	**Profit/(loss) after tax from continuing operations (IX - X)**		**345.09**	193.76
X	Discontinued Operations			
	(1) Profit/(loss) from discontinued operations		**–**	–
	(2) Tax Expense of discontinued operations		**–**	–
XI	**Profit/(loss) after tax from discontinued operations (XII + XIII)**		**–**	–
XII	**Profit/(loss) for the period (XI + XIV)**		**345.09**	193.76
XIII	**Other comprehensive income**		**10.19**	(7.66)
	A (i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit liabilities/(asset)		**13.17**	(10.41)
	(ii) (b) Income tax relating to items that will not be reclassified to profit or loss		**(2.98)**	2.75
XIV	**Total comprehensive income for the period (XII + XIII)**		**355.28**	186.10
XV	**Earnings per equity share:**			
	(1) Basic	25	**9.95**	12.41
	(2) Diluted	25	**9.95**	12.41

The accompanying notes 1 to 32 are an integral part of the Financial Statements

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No.: 105102W

Aniruddha Joshi
Partner
Membership No. 040852

Place: Mumbai
Date: May 4, 2021

For and on behalf of the Board of Directors

S. Durgashankar
Director
DIN No.00044713

Rahul Asthana
Director
DIN No. 00234247

Neera Saggi
Director
DIN No. 00501029

Place: Mumbai
Date: May 4, 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

Rs. In lakhs

Particulars	For the year 2020-21	For the year 2019-20
Cash flow from operating activities		
Profit after tax	**345.09**	193.76
Adjustments for:		
Income tax expenses	**170.66**	72.24
Finance cost	**45.04**	2.20
Interest income	**(74.36)**	(8.82)
Dividend income	**(0.49)**	(2.77)
Depreciation and amortisation expenses	**490.14**	238.57
Gain on sale of assets	**(44.12)**	–
Write down of CWIP	**44.51**	
Write back of liabilities	**(34.28)**	
Operating profit before working capital changes	**942.19**	495.18
Movements in working capital:		
(Increase)/decrease in trade & other receivables	**54.28**	(85.98)
(Increase)/decrease in trade & other payables	**423.53**	601.63
Cash generated from operations	**1,420.00**	1,010.83
Income taxes paid (net)	**(117.95)**	(698.56)
Net cash used in operating activities	**1,302.05**	312.27
Cash flow from investing activities		
Dividend received	**–**	
Interest income received	**14.20**	9.47
Proceeds from disposal of Mutual Fund investments	**37.38**	44.37
Proceeds from disposal of property, plant & equipment	**49.26**	–
Payments for acquisition of property, plant & equipment and intangible assets	**(44.03)**	(71.65)
Maturity/(Investments) of Fixed Deposits	**(254.90)**	152.04
Net cash used in investing activities	**(198.09)**	134.23
Cash flow from financing activities		
Interest paid on borrowings	**(2.24)**	(2.20)
Proceeds from borrowings	**–**	50.00
Repayment of borrowings	**(50.00)**	–
Repayments of lease liabilities (including interest thereon)	**(304.20)**	(166.85)
Dividend paid (incl dividend distribution tax till previous year)	**(22.50)**	(27.12)
Net cash generated from financing activities	**(378.94)**	(146.17)
Net (decrease)/increase in cash and cash equivalents	**725.02**	300.33
Cash and cash equivalents at the beginning of the year	**475.73**	175.40
add acquistion date balance	**2,715.88**	
add Exchange Gain/(loss)	**9.57**	
Total cash and cash equivalents at the end of the year	**3,926.20**	475.73

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants

Aniruddha Joshi
Partner
Membership No. 040852

Place: Mumbai
Date: May 4, 2021

For and on behalf of the Board of Directors

S. Durgashankar
Director
DIN No.00044713

Rahul Asthana
Director
DIN No. 00234247

Neera Saggi
Director
DIN No. 00501029

Place: Mumbai
Date: May 4, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

a. Equity share capital

	Rs. In lakhs
As at April 1, 2017	150.00
Changes in equity share capital during the year	–
As at March 31, 2018	150.00
Changes in equity share capital during the year	–
As at March 31, 2019	150.00
Changes in equity share capital during the year	–
As at March 31, 2020	150.00
Changes in equity share capital during the year	827.95
As at March 31, 2021	977.95

b. Other Equity

Rs. In lakhs

Particulars	**Reserves and Surplus**			**Items of other comprehensive income**		**Total**
	Retained Earnings	General Reserve	Capital Reserve	Remeasurements of the defined benefit liabilities/ (asset)	Foreign currency translation reserve	
Balance as at April 1, 2019	707.22		–	15.70	–	722.92
Profit for the year	193.76		–	–	–	193.76
Other comprehensive income/(loss) for the year	–		–	(7.66)	–	(7.66)
Total comprehensive income/(loss) for the year	193.76	–	–	(7.66)	–	186.10
Movement						
Final dividend	(22.50)		–	–	–	(22.50)
Tax on final dividend	(4.62)		–	–	–	(4.62)
Balance as at March 31, 2020	873.86	–	–	8.04	–	881.91
Profit for the year	345.09	13,187.13	–	–	10.19	13,542.41
Other comprehensive income/(loss) for the year	–		–	10.19	–	10.19
Total comprehensive income/(loss) for the year	345.09	13,187.13	–	10.19	10.19	13,552.60
Movement						
Issue of shares	–	(827.95)	–	–	–	(827.95)
Final dividend	(22.50)		–	–	–	(22.50)
Tax on final dividend	–		–	–	–	–
Balance as at March 31, 2021	**1,196.45**	**12,359.18**	**–**	**18.23**	**10.19**	**13,584.06**

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No.: 105102W

Aniruddha Joshi
Partner
Membership No. 040852

Place: Mumbai
Date: May 4, 2021

For and on behalf of the Board of Directors

S. Durgashankar
Director
DIN No.00044713

Rahul Asthana
Director
DIN No. 00234247

Neera Saggi
Director
DIN No. 00501029

Place: Mumbai
Date: May 4, 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note No.

1 Company overview

Mahindra Integrated Business Solutions Private Limited is a Private Limited Company incorporated and domiciled in India on 18th January 2011 and it started its operations from 1st May 2011. The Company's registered office is at Mumbai, Maharashra, India. These financial statements correspond to the stand alone financial statments of the Company. The Company is rendering back office accounting & payroll services. Currently though a captive service provider, it intends to extend the services to corporate sector at large. During the year the Company has started rendering new activities in Customer Retention, renewal and verification, KYC fulfillment, setting up and re-organising and customer inward call center.

The immediate parent Company is Mahindra Holdings Limited. and ultimate parent Company is Mahindra & Mahindra Limited, a company incorporated in India.

2.1 Statement of compliance and basis for preparation

a. These financial statements have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

b. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rupees') which is also the Company's functional currency. All amounts are rounded-off to the nearest crore/lakhs, unless otherwise indicated.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

d. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

- useful life of property, plant and equipment and intangible assets
- estimation of define benefit obligation
- provision for warranty claims
- income taxes - current and deferred taxes
- fair value of unlisted securities
- impairment of trade receivables

Detailed information about each of these estimates and judgements that have a significant risk of resulting in material adjustment within the next financial year is included in relevant notes for the above items.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

e. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The Chief Financial Officer and persons entrusted have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values and assessments that these valuations meet the requirements of Ind AS. The methods used to determine fair value include discounted cashflow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilties.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset ot liability that are not based on observable market data (unobservable inputs).

f. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

2.2 Significant accounting policies

a. Operating Cycle:

Assets and Liabilities are classified as Current or Non – Current as per the provisions of the Schedule III notified under the Companies Act, 2013 and Company's normal operating cycle. Based on the nature of business and its activities, the Company has ascertained its operating cycle as twelve months for the purpose of Current & Non – Current classification of Assets & Liabilities.

b. Property, plant and equipment:

i. Property, plant and equipment are carried at their original cost less accumulated depreciation and accumulated impairment losses.

ii. Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful life used to determine depreciation is:

Building	24 - 30 years
Leasehold improvements	3 - 15 years or the lease period
Machinery & equipment	3 - 10 years
Furniture & fixtures	5 - 10 years
Computers	3 - 5 years
Vehicles	5 years

iii. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

c. Intangible Assets:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The useful life considered for assets in this class is 3 - 5 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

d. Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

d. Investments:

Investment held as long-term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any. Current investments are valued at the lower of cost and fair value.

e. Revenue Recognition:

i. Sale of services is recognized when the services are rendered.

ii. Revenues on time & material contracts are recognized as the related services are performed and revenues from the end of the last billing to the Balance sheet date is recognized as Unbilled revenues. The unbilled revenues primarily consists of cost which needs to be billed to client on cost plus margin basis where there is no uncertainty as to measurement or collectability of consideration.

iii. Fee based income is accounted for on achieving specified milestones as per mutual agreement.

iv. Further, revenue is recognised when there is no uncertainty as to the measurement or collectability of consideration.

v. Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

f. Employee Benefits:

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

g. Taxes on Income:

Tax expense comprises of both current and deferred tax only.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Provision for Current tax is measured at the amount computed under the Income Tax Act, 1961, or Book Profit computed under section 115JB, whichever is higher, and correspondingly set-off available under section 115JAA is credited to the Statement of Profit & Loss of the financial year.

MAT credit is recognised as an asset only when, and to the extent, there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent that there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

h. Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

i. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

ii. Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

i. Financial instruments

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash and other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls).

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

j. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks & rewards of ownership to the leases. All other leases are classified as operating leases.

The Company as lessee:

The assets held under finance leases are initially recongnised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expense and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policies on borrowing cost. Contingent rentals are recognized as expense in the period in which they are incurred.

Rental expense from the operating lease is generally recognized on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessors expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

k. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note No. 3 Property, Plant and Equipment

Property, plant and equipment comprise of owned and leased assets.

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
(a) Property, plant and equipment owned	1,078.85	134.89	188.83
(b) Right of use assets	2,053.54	378.80	–
Total	3,132.39	513.69	188.83

(a) Property, plant and equipment owned

Rs. In lakhs

Particulars	Land - Freehold	Buildings	Leasehold Improvements	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
Cost								
Balance as at April 1, 2019	–	–	–	249.41	65.97	29.78	40.55	385.71
Additions	–	–	–	0.28	18.99	0.61	3.80	23.68
Disposals	–	–	–	–	–	–	–	–
Balance as at March 31, 2020	–	–	–	249.69	84.96	30.39	44.35	409.39
Additions	93.51	374.04	–	2,045.33	4.91	651.56	172.72	3,342.07
Disposals	–	–	–	(129.63)	–	(97.28)	(11.90)	(238.81)
Balance as at March 31, 2021	**93.51**	**374.04**	**–**	**2,165.39**	**89.87**	**584.67**	**205.17**	**3,512.65**
Accumulated depreciation								
Balance as at April 1, 2019	–	–	–	162.20	19.75	9.28	5.65	196.88
Additions	–	–	–	46.99	17.09	4.60	8.94	77.62
Disposals	–	–	–	–	–	–	–	–
Balance as at March 31, 2020	–	–	–	209.19	36.84	13.88	14.59	274.50
Additions	–	76.89	–	1,629.85	16.20	538.39	131.57	2,392.90
Disposals	–	–	–	(124.55)	–	(97.15)	(11.90)	(233.60)
Balance as at March 31, 2021	**–**	**76.89**	**–**	**1,714.49**	**53.04**	**455.12**	**134.26**	**2,433.80**
Net carrying amount								
As at April 1, 2019	–	–	–	87.21	46.22	20.50	34.90	188.83
As at March 31, 2020	–	–	–	40.50	48.12	16.51	29.76	134.89
As at March 31, 2021	**93.51**	**297.15**	**–**	**450.90**	**36.83**	**129.55**	**70.91**	**1,078.85**

(b) Right of use assets

Rs. In lakhs

Particulars	Land	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
Cost							
Balance as at April 1, 2019	–	–	–	–	–	–	–
Additions	–	533.56	–	–	–	–	533.56
Disposals	–	–	–	–	–	–	–
Balance as at March 31, 2020	–	533.56	–	–	–	–	533.56
Additions	–	717.76	179.44	762.72	1,041.27	38.13	2,739.32
Disposals	–	–	–	–	–	–	–
Balance as at March 31, 2021	**–**	**1,251.32**	**179.44**	**762.72**	**1,041.27**	**38.13**	**3,272.88**
Accumulated depreciation							
Balance as at April 1, 2019	–	–	–	–	–	–	–
Additions	–	154.76	–	–	–	–	154.76
Disposals	–	–	–	–	–	–	–
Balance as at March 31, 2020	–	154.76	–	–	–	–	154.76
Additions	–	453.77	90.04	226.40	262.00	32.37	1,064.58
Disposals	–	–	–	–	–	–	–
Balance as at March 31, 2021	**–**	**608.53**	**90.04**	**226.40**	**262.00**	**32.37**	**1,219.34**
Net carrying amount							
As at April 1, 2019	–	–	–	–	–	–	–
As at March 31, 2020	–	378.80	–	–	–	–	378.80
As at March 31, 2021	**–**	**642.79**	89.40	**536.32**	**779.27**	**5.76**	**2,053.54**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note No. 4 Other Intangible Assets

Rs. In lakhs

Particulars	Computer Software	Total
Cost		
Balance as at April 1, 2019	41.36	41.36
Additions	2.47	2.47
Disposals	–	–
Balance as at March 31, 2020	43.83	43.83
Additions	1,373.38	1,373.38
Disposals	(51.86)	(51.86)
Balance as at March 31, 2021	**1,365.35**	**1,365.35**
Accumulated amortisation		
Balance as at April 1, 2019	19.30	19.30
Additions	6.18	6.18
Disposals	–	–
Balance as at March 31, 2020	25.48	25.48
Additions	1,315.07	1,315.07
Disposals	(51.86)	(51.86)
Balance as at March 31, 2021	**1,288.69**	**1,288.69**
Net carrying amount		
As at April 1, 2019	22.06	22.06
As at March 31, 2020	18.35	18.35
As at March 31, 2021	**76.66**	**76.66**

Note No. 5 Other Financial Assets

Rs. In lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Current	Non-Current	Current	Non-Current
Carried at amortised costs				
(a) Security Deposits	–	**194.40**	–	84.40
(b) Interest accrued on Fixed Deposits	**1.28**	–	0.06	–
Total	**1.28**	**194.40**	0.06	84.40

Note No. 6 Other Non Financial Assets

Rs. In lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Current	Non-Current	Current	Non-Current
Carried at amortised costs				
I Advances other than capital advances				
(a) Prepaid rent	**4.65**	**2.55**	4.65	7.20
(b) Prepaid expenses	**583.78**	–	18.14	–
(c) Unbilled revenue	–	–	17.92	–
(d) Others	**9.59**	–	–	–
II Others	–	–	–	–
Total other non-financial assets	**598.02**	**2.55**	40.71	7.20

Note No. 7 Deferred Tax Assets (Net)

Rs. In lakhs

Particulars	For the Year ended March 31, 2021			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
on remeasurements of the defined benefit plans	**3.15**	–	**2.98**	**6.13**
	3.15	–	**2.98**	**6.13**
Tax effect of items constituting deferred tax assets				
Employee Benefits	**114.42**	**10.70**	–	**125.12**
Property, Plant and Equipment and Intangible assets	**9.09**	**(18.96)**	–	**(9.87)**
Other Temporary Differences	**30.36**	**16.46**	–	**46.82**
	153.87	**8.20**	–	**162.07**
Net Tax Asset (Liabilities)	**150.71**	**8.20**	**(2.98)**	**155.93**

Rs. In lakhs

Particulars	For the Year ended March 31, 2020			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
on remeasurements of the defined benefit plans	5.90	–	(2.75)	3.15
	5.90	–	(2.75)	3.15
Tax effect of items constituting deferred tax assets				
Employee Benefits	83.45	30.97	–	114.42
Property, Plant and Equipment and Intangible assets	1.59	7.50	–	9.09
Other Temporary Differences	14.61	15.75	–	30.36
	99.65	54.22	–	153.87
Net Tax Asset (Liabilities)	93.74	54.22	2.75	150.71

Note No. 8 Investments

Rs. In lakhs

Particular	As at March 31, 2021		As at March 31, 2020	
	Current	Non-Current	Current	Non-Current
Designated as Fair Value Through Profit and Loss				
I Quoted :				
(a) Investments in Mutual Funds	**13.98**	**–**	50.87	–
Total current investments	**13.98**	**–**	50.87	–
Aggregate amount of quoted investments	**13.98**	**–**	50.87	–
Aggregate amount of market value of investments	**13.98**	**–**	50.87	–
Total investment carrying value	**13.98**	**–**	**50.87**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note No. 9 Trade Receivable

Rs. In lakhs

Particulars	As at March 31, 2021 Current	As at March 31, 2021 Non-Current	As at March 31, 2020 Current	As at March 31, 2020 Non-Current
(a) Trade receivables considered good - Secured	–	–	–	–
(b) Trade receivables considered good - Unsecured	11,477.22	–	687.44	–
(c) Trade receivables which have significant increase in credit risk				
(d) Trade receivables - credit impaired.	21.90	–	21.90	–
	11,499.12	–	709.34	–
Less: Allowance for Credit Losses	(21.90)	–	(21.90)	–
Total trade receivable	11,477.22	–	687.44	–
Other Disclosures				
Of the above, trade receivables from:				
(i) Related Parties	11,340.76	–	562.83	–
(ii) Others	136.46	–	124.61	–
Total	11,477.22	–	687.44	–

Note No. 10 Cash and Cash Equivalents

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Balances with banks	2,460.75	475.73
(b) Cheques, drafts on hand	1,465.45	–
Total Cash and cash equivalent	3,926.20	475.73

Note No. 11 Other Bank Balances

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Balances with Banks:		
(i) Fixed Deposits with maturity greater than 3 months	264.72	9.82
Total other bank balances	264.72	9.82

Reconcliation of Cash and Cash Equivalents

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Total Cash and Cash Equivalents as per Balance Sheet	3,926.20	475.73
Add		
Bank Overdraft		
Cash and bank balances included in a disposal group held for sale		
Total Cash and Cash Equivalents as per Statement of Cashflow	3,926.20	475.73

Note No. 12 Equity Share Capital

Particulars	As at March 31, 2021 No. of shares	As at March 31, 2021 Value	As at March 31, 2020 No. of shares	As at March 31, 2020 Value
Authorised:				
Equity shares of Rs. 10 each with voting rights	10,000,000	1,000.00	2,000,000	200.00
Issued, Subscribed and Fully Paid:				
Equity shares of Rs. 10 each with voting rights	9,779,511	977.95	1,500,000	150.00
Total equity share capital	9,779,511	977.95	1,500,000	150.00

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Closing Balance
Equity Shares with Voting rights			
Period Ended March 31, 2021			
No. of Shares	1,500,000	8,279,511	9,779,511
Value	150.00	827.95	977.95
Period Ended March 31, 2020			
No. of Shares	1,500,000	0	1,500,000
Value	150.00	–	150.00

Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Direcors is subject to approval of the shareholders in the ensuing annual general meeting. Further, the Board of Directors may also announce an interim dividend which would need to be confirmed by the shareholders at the forthcoming Annual General Meeting. In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

(ii) There is only one class of Equity shares valued at Rs. 10 and there are no preference shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	No of shares Equity shares with Voting rights	with Differential Voting rights	Others
As at March 31, 2021			
Mahindra Vehicle Manufacturers Limited, the Holding Company	**8,279,511**	**0**	**0**
Mahindra Holdings Limited, the Holding Company	**1,500,000**	**0**	**0**
As at March 31, 2020			
Mahindra Holdings Limited, the Holding Company	1,500,000	0	0

(iv) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at March 31, 2021 No of shares	% holding in that class	As at March 31, 2020 No of shares	% holding in that class
Equity shares with voting rights				
Mahindra Vehicle Manufacturers Limited	**8,279,511**	**84.66%**	–	–
Mahindra Holdings Limited	**1,500,000**	**15.34%**	1,500,000	100%

Note No. 13 Other Financial Liabilities

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Other Financial Liabilities Measured at Amortised Cost		
Non-current		
(a) Security deposits	**–**	–
(b) Other long term liabilities	**752.54**	378.80
Total non-current	**752.54**	378.80
Current		
(a) Current maturities of finance lease obligations	**590.57**	24.19
(b) Interest accrued	**–**	0.06
(c) Others	**0.22**	–
Total current	**590.79**	24.25
Total other financial liabilities	**1,343.33**	403.05

Note No. 14 Provisions

Rs. In lakhs

Particulars	As at March 31, 2021 Current	As at March 31, 2021 Non-Current	As at March 31, 2020 Current	As at March 31, 2020 Non-Current
I Provision for employee benefits				
(1) Long-term Employee Benefits	**45.46**	**270.15**	45.48	220.26
II Other Provisions				
(1) Warranty	**–**	**–**	–	–
(2) Other Provisions	**–**	**–**	–	–
Total Provisions	**45.46**	**270.15**	45.48	220.26

Note No. 15 Trade Payables

Particulars	As at March 31, 2021 Current	As at March 31, 2021 Non-Current	As at March 31, 2020 Current	As at March 31, 2020 Non-Current
(a) (i) Trade payable - Micro and small enterprises	**7.31**	**–**	19.94	–
(ii) Trade payable - Other than micro and small enterprises	**1,774.48**	**–**	894.54	–
Total trade payables	**1,781.79**	**–**	914.48	–

Note No. 16 Other Non-Financials Liabilities

Particulars	As at March 31, 2021 Current	As at March 31, 2021 Non-Current	As at March 31, 2020 Current	As at March 31, 2020 Non-Current
(a) Capital creditors	**–**	**–**	22.68	–
(b) Statutory dues	**378.98**	**–**	336.21	–
(c) Others*	**2,650.88**	**–**	273.87	–
Total other Non-Financials Liabilities	**3,029.86**	**–**	632.76	–

* Others mainly includes salary, bonus, performance pay and other employee related payables.

Note No. 17 Borrowings

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
I Secured Borrowings		
(a) Loans repayable on demand		
(i) From Banks	**–**	–
(ii) from other parties	**–**	–
(b) Loans from related parties	**–**	–
(c) Deposits	**–**	–
(d) Other Loans	**–**	–
Total Secured Borrowings	**–**	–
I Unsecured Borrowings		
(a) Loans repayable on demand		
(i) From Banks	**–**	–
(ii) from other parties	**–**	–
(b) Loans from related parties	**–**	50.00
(c) Deposits	**–**	–
(d) Other Loans	**–**	–
Total Unsecured Borrowings	**–**	50.00
Total Current Borrowings	**–**	50.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note No. 18 Revenue from operations

Rs. In lakhs

Particulars		For the Year 2020-21	For the Year 2019-20
Revenue from contracts with customers			
(a)	Rendering of services	**19,675.81**	12,085.79
Total revenue from operations		**19,675.81**	12,085.79

Note No. 19 Other Income

Rs. In lakhs

Particulars			For the Year 2020-21	For the Year 2019-20
(a)	Interest Income			
	(1)	On Fixed Deposits with Bank	**15.42**	8.82
	(2)	On Income tax refund	**54.18**	–
(b)	Dividend Income*		**–**	
	(1)	on Mutual funds	**0.49**	2.77
(c)	Unrealised gain on Mutual Funds		**–**	–
(d)	Other income		**44.12**	–
(e)	Interest Income on Security Deposit - Ind AS adjustment		**4.76**	4.45
(f)	Income for sub-lease		**39.00**	–
Total other income			**157.97**	16.04

Note No. 20 Employee benefit expense

Rs. In lakhs

Particulars		For the Year 2020-21	For the Year 2019-20
(a)	Salaries and wages, including bonus	**13,646.93**	8,449.17
(b)	Contribution to provident and other funds	**866.15**	716.50
(c)	Gratuity expense	**39.21**	28.28
(d)	Leave salary	**146.10**	85.05
(e)	Training	**1.10**	3.40
(f)	Staff welfare expenses	**38.90**	65.91
Total employee benefit expense		**14,738.39**	9,348.31

Note No. 21 Finance costs

Rs. In lakhs

Particulars		For the Year 2020-21	For the Year 2019-20
(a)	Ind AS Adjustment on Security Deposits	**4.65**	4.65
(b)	Ind AS Adjustment on Lease Payment	**38.15**	36.28
(c)	Other borrowing cost	**2.24**	2.20
Total finance costs		**45.04**	43.13

Note No. 22 Depreciation and amortisation expense

Rs. In lakhs

Particulars		For the Year 2020-21	For the Year 2019-20
(a)	Depreciation on tangible assets	**165.97**	77.62
(b)	Depreciation on Right of Use of assets	**304.33**	154.76
(c)	Amortisation on intangible assets	**19.84**	6.19
Total depreciation and amortisation expenses		**490.14**	238.57

Note No. 23 Other expenses

Rs. In lakhs

Particulars			For the Year 2020-21	For the Year 2019-20
(a)	Power & Fuel		**24.01**	43.51
(b)	Rent including lease rentals		**288.08**	225.75
(c)	Rates and taxes		**5.26**	0.13
(d)	Insurance		**353.52**	38.14
(e)	Advertisement		**–**	–
(f)	Travelling and Conveyance Expenses		**711.69**	904.41
(g)	Provision for doubtful trade and other receivables, loans		**–**	–
(h)	Net loss/(gain) on foreign currency transactions net off Derivative gain/loss (other than considered as finance costs)		**3.31**	0.69
(i)	Auditors remuneration and out-of-pocket expenses			
	(i)	As Auditors	**9.47**	3.50
	(ii)	For Taxation matters	**1.00**	0.50
	(iii)	For Other services	**2.00**	1.00
	(iv)	For reimbursement of expenses	**–**	0.06
(j)	Other expenses			
	(i)	Legal and other professional costs	**1,267.58**	179.61
	(ii)	Postage, Telephone and Communication	**275.73**	146.55
	(iii)	IT Expenses	**264.58**	304.05
	(iv)	Service contracted	**644.98**	239.57
	(v)	Loss on sale of assets	**–**	–
	(vi)	Brokerage	**–**	–
	(vii)	Stores consumed	**11.43**	–
	(viii)	R&D cost	**20.61**	–
	(ix)	Commission to directors	**15.00**	–
	(x)	Miscellaneous expenses	**146.21**	118.35
Total other expenses			**4,044.46**	2,205.82

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note No. 24 Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rs. In lakhs

Particulars	For the Year 2020-21	For the Year 2019-20
Current Tax:		
In respect of current year	**178.85**	126.46
In respect of prior years	**–**	–
	178.85	126.46
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**(8.19)**	(54.22)
Others	**–**	
	(8.19)	(54.22)
Total income tax expense recognised in profit or loss	**170.66**	72.24

(b) Income tax recognised in other Comprehensive income

Rs. In lakhs

Particulars	For the Year 2020-21	For the Year 2019-20
Deferred Tax:	**–**	–
Related to items recognised in other comprehensive income during the year:		
Remeasurement of defined benefit obligaitons	**2.98**	(2.75)
Total income tax expense recognised in other comprehensive income	**2.98**	(2.75)

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate :

Rs. In lakhs

Particulars	For the Year 2020-21	For the Year 2019-20
Profit before tax from continuing operations	**515.75**	266.00
Applicable Tax Rate	**25.17%**	27.82%
Expected income tax expenses	**129.80**	74.00
(i) Effect of income that is exempt from taxation	**(0.12)**	(0.63)
(ii) Effect of expenses that is non-deductible in determining taxable profit	**(0.04)**	(0.20)
(iii) Others	**41.02**	(0.93)
	170.66	72.24
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	–
	170.66	72.24
Total income tax expense reported	**170.66**	72.24

The tax rate used for the March 31, 2021 in reconciliations above is the corporate tax rate of 25.17% (Previous year 27.82%) payable by corporate entities in India on taxable profits under Indian Income Tax Laws. This rate has further been adjusted considering the effects of various allowances and disallowances in the Statement of Profit and Loss.

Note No. 25 Earnings per share

Rs. In lakhs

Particulars	For the Year 2020-21	For the Year 2019-20
Basic Earnings per share		
From continuing operations	**9.95**	12.41
From discontinuing operations		
Total basic earnings per share	**9.95**	12.41
Diluted Earnings per share		
From continuing operations	**9.95**	12.41
From discontinuing operations		
Total diluted earnings per share	**9.95**	12.41

Note No. 26 Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The capital structure is monitored on the basis of net debt to equity of the Company.

Rs. In lakhs

	March 31, 2021	March 31, 2020
Equity	**14,562.01**	1,031.91
Net Debt	**–**	50.00
Less: Cash and cash equivalents	**3,926.20**	475.73
Net Debt		
Total Capital	**10,635.81**	**556.18**

Categories of financial assets and financial liabilities

As at March 31, 2021 — Rs. In lakhs

Particulars	Amortised Cost	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial Assets				
Security deposits	**194.40**	**–**	**–**	**194.40**
	194.40	**–**	**–**	**194.40**
Current Assets				
Investments	**–**	**13.98**	**–**	**13.98**
Trade Receivables	**11,477.25**	**–**	**–**	**11,477.25**
Other Bank Balances	**264.72**	**–**	**–**	**264.72**
Loans				
Other Financial Assets				
Interest accrued on Fixed Deposits	**1.28**	**–**	**–**	**1.28**
	11,743.25	**13.98**	**–**	**11,757.23**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

As at March 31, 2021 **Rs. In lakhs**

Particulars	**Amortised Cost**	**FVTPL**	**FVOCI**	**Total**
Current liabilities				
Borrowings	–			–
Trade Payables	1,781.79			1,781.79
	1,781.79	**–**	**–**	**1,781.79**

As at March 31, 2020 **Rs. In lakhs**

Particulars	Amortised Cost	FVTPL	FVOCI	Total
Non-current assets				
Other Financial Assets				
Security deposits	84.40	–	–	84.40
	84.40	**–**	**–**	**84.40**
Current assets				
Investments	–	50.87	–	50.87
Trade Receivables	687.44	–	–	687.44
Other Bank Balances	9.82	–	–	9.82
Loans				
Other Financial Assets				
Interest accrued on Fixed Deposits	0.06	–	–	0.06
	697.32	**50.87**	**–**	**748.25**
Current Liabilities				
Borrowings	50.00	–	–	50.00
Trade Payables	914.48	–	–	914.48
	964.48	**–**	**–**	**964.48**

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk . In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

As at March 31, 2021 **Rs. In lakhs**

Particulars	**Less than 6 months past due**	**More than 6 months past due**	**Total**
Expected loss rate	0%	100%	
Gross carrying amount	11,455.35	21.90	11,477.22
Loss allowance provision		(21.90)	(21.90)

As at March 31, 2020 Rs. In lakhs

Particulars	Less than 6 months past due	More than 6 months past due	Total
Expected loss rate	0.0%	100.0%	
Gross carrying amount	665.54	21.90	687.44
Loss allowance provision		(21.90)	(21.90)

Reconciliation of loss allowance provision for Trade Receivables

Particulars **Rs. In lakhs**

	For the Year 2020-21	For the Year 2019-20
Balance as at beginning of the year	**21.90**	21.90
Impairment losses recognised in the year based on lifetime expected credit losses	**–**	–
Amounts written off during the year as uncollectible	**–**	–
Amounts recovered during the year	**–**	–
Impairment losses reversed/written back	**–**	–
Balance at end of the year	**21.90**	21.90

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company may be required to pay.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Rs. In lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
As at March 31, 2021				
Trade Payables	1,229.88	–	–	551.91
Other financial liabilities	620.45	752.54	–	–
Total	**1,850.33**	752.54	–	551.91
As at March 31, 2020				
Trade Payables	914.48	–	–	–
Other financial liabilities	24.25	378.80	–	–
Total	938.73	378.80	–	–

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Rs. In lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
As at March 31, 2021				
Non-current Assets				
Other Financial Assets				
– Security deposits	**–**	**92.98**	**–**	**101.42**
Current Assets				
Investments	**13.98**	**–**	**–**	**–**
Trade Receivables	**11,477.22**	**–**	**–**	**–**
Other Bank Balances	**264.72**	**–**	**–**	**–**
Other Financial Assets				
– Interest accrued on Fixed Deposits	**1.28**	**–**	**–**	**–**
Total	**11,757.20**	**92.98**	**–**	**101.42**
As at March 31, 2020				
Non-current Assets				
Other Financial Assets				
– Security deposits	–	12.38	72.02	–
Current Assets				
Investments	50.87	–	–	–
Trade Receivables	687.44	–	–	–
Other Bank Balances	9.82	–	–	–
Other Financial Assets	–	–	–	–
– Interest accrued on Fixed Deposits	0.06	–	–	–
Total	748.19	12.38	72.02	–

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's /Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12 month period for hedges of forecasted sales and purchases.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows :

Rs. In lakhs

Particulars	Currency	March 31, 2021	March 31, 2020
Trade Receivables	USD	**10,596.29**	3,761.29
	AUD	**0.09**	2,746.64
	EUR	**–**	–
Other Financial Assets	USD	**101.42**	–
	AUD	**–**	–
	EUR	**–**	–
Trade Payables	USD	**1,155.10**	–
	AUD	**–**	–
	EUR	**–**	–
Other Financial Liabilities	USD	**1,093.61**	–
	AUD	**–**	–
	EUR	**–**	–

Of the above foreing currency exposures, the following exposures are not hedged by a derivative:

Rs. In lakhs

Particulars	Currency	March 31, 2021	March 31, 2020
Trade Receivables	USD	**10,596.29**	3,761.29
	AUD	**0.09**	2,746.64
	EUR	**–**	–
Other Financial Assets	USD	**101.42**	–
	AUD	**–**	–
	EUR	**–**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Rs. In lakhs

Particulars	**Currency**	**March 31, 2021**	**March 31, 2020**
Trade Payables	USD	**1,155.10**	–
	AUD	**–**	–
	EUR	**–**	–
Other Financial Liabilities	USD	**1,093.61**	–
	AUD	**–**	–
	EUR	**–**	–

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and AUD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

Rs. In lakhs

Particulars	**Currency**	**Change in rate**	**Effect on profit before tax**	**Effect on pre-tax equity**
As at March 31, 2021	USD	+10%	841.93	841.93
	USD	–10%	(841.93)	(841.93)
	AUD	+10%	0.01	0.01
	AUD	–10%	(0.01)	(0.01)
	EUR	+10%	–	–
	EUR	–10%	–	–
As at March 31, 2020	USD	+10%	0.28	0.28
	USD	–10%	(0.28)	(0.28)
	AUD	+10%	0.13	0.13
	AUD	–10%	(0.13)	(0.13)
	EUR	+10%	–	–
	EUR	–10%	–	–

Note No. 27 Fair Value Measurement

Fair Valuation Techiques and Inputs used – recurring Items

Rs. In lakhs

Particulars	Fair values as at		Fair value hierarchy*	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	March 31, 2021	March 31, 2020				
Financial assets Investments						
Mutual fund investments	**13.98**	50.87	Level 1	As declared from the fund house	N.A.	N.A.

There were no transfers between level 1, level 2 and level 3 for recurring fair value measurements during the year.

Fair value of financial assets and financial liabilities that are not measured at fair value

Rs. In lakhs

Fair value hierarchy as at March 31, 2021

Particulars	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets						
Financial assets carried at Amortised Cost						
trade and other receivables	**11,477.25**	**11,477.25**	**–**	**11,477.25**	**–**	**11,477.25**
deposits and similar assets	**194.40**	**194.40**	**–**	**194.40**	**–**	**194.40**
Others	**1.28**	**1.28**	**–**	**1.28**	**–**	**1.28**
Total financial assets carried at amortised cost	**11,672.93**	**11,672.93**	**–**	**11,672.93**	**–**	**11,672.93**
Financial liabilities						
Financial Instruments not carried at Fair Value						
trade and other payables	**1,781.79**	**1,781.79**	**–**	**1,781.79**	**–**	**1,781.79**
others	**1,343.33**	**1,343.33**	**–**	**1,343.33**	**–**	**1,343.33**
Total financial liabilities not carried at fair value	**3,125.12**	**3,125.12**	**–**	**3,125.12**	**–**	**3,125.12**
Total	**8,547.81**	**8,547.81**	**–**	**8,547.81**	**–**	**8,547.81**

Rs. In lakhs

Fair value hierarchy as at March 31, 2020

Particulars	Carrying amount	Fair value	Level 1	Level 2	Level 3	Total
Financial assets						
Financial assets carried at Amortised Cost						
trade and other receivables	687.44	687.44	–	687.44	–	687.44
deposits and similar assets	84.40	84.40	–	84.40	–	84.40
Others	0.06	0.06	–	0.06	–	0.06
Total financial assets carried at amortised cost	771.90	771.90	–	771.90	–	771.90
Financial liabilities						
Financial Instruments not carried at Fair Value						
trade and other payables	914.48	914.48	–	914.48	–	914.48
others	**403.05**	**403.05**	**–**	**403.05**	**–**	**403.05**
Total financial liabilities not carried at fair value	1,317.53	1,317.53	–	1,317.53	–	1,317.53
Total	(545.63)	(545.63)	–	(545.63)	–	(545.63)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note No. 28 Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund, Superannuation Fund and ESIC aggregating Rs. 866.15 lacs (2019 : Rs. 716.50 lacs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

The Company has voluntary 401(k) retirement plans covering substantially all the employees of US branch. The Branch may make annual contributions to the plans equal to a uniform percentage of participant compensation. The cost of the Branch's contributions charged to expense related to 401(k) contributions was Rs 31.46 lacs for the period ended March 31, 2021.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation as at	
	March 31, 2021	March 31, 2020
Discount rate(s)	**6.45%**	6.70%
Expected rate(s) of salary increase	**8.50%**	8.50%

Defined benefit plans – as per actuarial valuation on March 31, 2021

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows :

		Particulars	Funded Plan- Gratuity	
			March 31, 2021	**March 31, 2020**
I		**Expenses recognised in statement of profit and loss for the year**		
	1	Current and Past Service Cost	**32.54**	28.80
	2	Interest Cost (net of income)	**3.30**	0.80
	3	Expected return on plan assets		
		Total expenses included in employee benefit expense	**35.84**	29.60
II		**Recognised in Other comprehensive income for the year**		
	1	Return on plan assets	**(0.91)**	3.96
	2	Actuarial (gain)/loss arising from experience adjustment	**(12.26)**	6.45
		Total Recognised in Other comprehensive income	**(13.17)**	10.41
III		**Net Assets/(Liability) recognised in the balance sheet as at**		
	1	Present Value of Defined Benefit Obligation	**258.85**	240.34
	2	Fair Value of Plan Assets	**173.61**	181.08
	3	Funded Status [Surplus/ (Deficit)]	**(85.24)**	59.26
	4	Net Asset/(Liability)	**(85.24)**	59.26
IV		**Change in Obligation during the year ended.**		
	1	Present value of Defined Benefit Obligation at the beginning of year	**240.34**	206.33
	2	Current Service Cost	**32.54**	28.80
	3	Interest Cost	**18.72**	10.25
	4	Actuarial (Gains)/Losses	**(13.17)**	10.41
	5	Benefits Payment	**(19.58)**	(15.45)
	6	Present value of Defined Benefit Obligation at the end of year	**258.85**	240.34
V		**Change in Assets during the year ended.**		
	1	Plan Assets at beginning of the year	**181.08**	185.76
	2	Expected return on Plan Assets	**12.11**	9.44
	3	Contribution by Employers		1.33
	4	Actual benefits paid	**(19.58)**	(15.45)
	5	Actuarial Gains/(Losses) on Plan Assets		–
	6	Plan Assets at end of the year	**173.61**	181.08
VI		**The Major categories of plan assets**		
	1	Insurer Managed Fund		
VII		**Actuarial Assumptions**		
	1	Discount rate	**6.45%**	6.70%
	2	Expected rate of return on plan assets	**6.45%**	6.70%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

VIII The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is :

Principal assumption	Changes in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate			
March 31, 2021	**1%**	**(7.26)%**	**8.40%**
March 31, 2020	1%	(6.43)%	7.39%
Salary growth rate			
March 31, 2021	**1%**	**8.12%**	**(7.19)%**
March 31, 2020	1%	7.19%	(6.38)%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

IX Maturity profile of defined benefit obligation:

	March 31, 2021	March 31, 2020
Within 1 year	**33.23**	47.53
1 - 2 year	**38.58**	28.21
2 - 3 year	**27.75**	32.12
3 - 4 year	**18.57**	22.15
4 - 5 year	**42.29**	15.34
above 5 years	**328.98**	291.79

X Plan Assets

The fair value of Company's pension plan asset as of March 31, 2021 and March 31, 2020 and April 1, 2019 by category are as follows:

	March 31, 2021	March 31, 2020
Asset category		
Deposits with Insurance companies	**173.61**	181.08
	100%	100%

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

The weighted average duration of the defined benefit obligation as at March 31, 2021 is 7.79 years (March 31, 2020 6.88 years)

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

In February 2019, Supreme Court of India in its judgement clarified the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company has made a provision for provident fund contribution from the date of Supreme Court order.

Note No. 29 Related Party Transactions

Name of the parent Company	Mahindra Vehicle Manufacturers Ltd. (wef 1st January, 2021)
	Mahindra Holdings Limited
Name of the Ultimate Holding Company	Mahindra & Mahindra Limited
Fellow Subsidiary:	
Bristlecone (India) Ltd	Mahindra Manulife Trustee Pvt Ltd
CLASSIC LEGENDS PRIVATE LIMITED	Mahindra Marine Private Limited
GIPPS AERO PTY LIMITED	Mahindra Manulife Investment Management Pvt Ltd. (Mahindra AMC Pvt Ltd)
GROMAX AGRI EQUIPMENT LIMITED	Mahindra Insurance Brokers Ltd.
MAHINDRA & MAHINDRA CONTECH LTD	Mahindra MiddleEast Electrical Steel Service Centre (FZC)
Mahindra & Mahindra Financial Services Ltd	Mahindra MSTC Recycling Pvt. Ltd.
Mahindra Aerospace Pvt Ltd	Mahindra Residential Developers Ltd.
Mahindra Aerostructures Pvt Ltd	Mahindra Rural Housing Finance Ltd
Mahindra Agri Solutions Limited	Mahindra Steel Service Centre Ltd.
MAHINDRA AIRWAYS LIMITED	Mahindra Susten Pvt Ltd.
MAHINDRA ASSET MANAGEMENT COMPANY PVT LTD	Mahindra Telephonics Integrated Systems Pvt Ltd.
Mahindra Auto Steel Pvt. Ltd.	Mahindra TEQO Private Limited
Mahindra Automobile Distributor Pvt Ltd	Mahindra Trucks & Buses Limited
Mahindra Bebanco Dev. Ltd/ Mahindra Bloomdale Dev Ltd.	Mahindra Two Wheelers Limited.
Mahindra Defence System Ltd	Mahindra USA INC
Mahindra Electric Mobility Limited	Mahindra Vehicle Manufacturers Ltd
MAHINDRA EMARKET LTD	Mahindra Waste to Energy Solutions
Mahindra Emirates Vehicle Armoring Fz LLC	Mahindra World City (Chennai) Ltd.
MAHINDRA EPC IRRIGATION LIMITED	Mahindra World City (Jaipur) Ltd.
Mahindra First Choice Services Ltd	Marvel Solren Private Limited
Mahindra First Choice Wheels Ltd	Medwell Ventures Private Limited
Mahindra Greenyard Private Limited	Mera Kisan Pvt. Ltd.
Mahindra Happinest Developers Ltd.	Meru Mobility Tech Pvt. Ltd.
Mahindra Heavy Engines Ltd.	NBS International Ltd
Mahindra Holidays & Resorts India Limited	V-Link Fleet Solutions Pvt. Ltd.
Mahindra Homes Pvt. Ltd.	Automobili Pinifarina Gmbh
Mahindra HZPC Pvt. Ltd	Mahindra Automotive North America, Inc.
Mahindra Industrial Park Private Limited	Mahindra North American Technical Center, Inc.
Mahindra Integrated Township Ltd.	Mahindra Tractor Assembly, Inc.
Mahindra Inter-trade Ltd.	Mahindra Vehicle Sales and Service, Inc.
Mahindra Lifespace Developers Ltd.	Peugeot Motorcycles S.A.
Mahindra Logistics Ltd.	Mahindra Racing UK Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Associate of M & M	
Mahindra CIE Automotive Ltd.	
Mahindra Education Society, Mahindra Academy	
Tech Mahindra Foundation	
TECH MAHINDRA LTD	
The Indian and Eastern company	
Mahindra Foundation USA	

Joint Venture	
Mahindra Summit Agriscience Ltd	
Mahindra Tsubaki Conveyor Systems Pvt Ltd	
Swaraj Engines Limited	
M & M CJP Employees Coop Canteen Soc Ltd	
M & M Ltd Tractor Div Employee Co-op Canteen Soc Ltd	

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Ultimate Holding Company	Parent Company	Fellow subsidiaries	Others
Nature of transactions with Related Parties					
Rendering of services	March 31, 2021	12,490.66	1,871.20	4,420.13	179.06
	March 31, 2020	6,270.15	–	4,969.98	81.97
Receiving of services	March 31, 2021	1.29	–	826.83	–
	March 31, 2020	8.47	–	1.49	–
Lease expenses	March 31, 2021	132.55	–	–	–
	March 31, 2020	126.42	–	–	–
Purchase of goods	March 31, 2021	–	–	–	–
	March 31, 2020	–	–	0.16	–
Purchase of property and other assets	March 31, 2021	–	–	7.00	–
	March 31, 2020	–	–	45.50	–
Loans taken/(repaid)	March 31, 2021	(50.00)	–	–	–
	March 31, 2020	50.00	–	–	–
Interest Paid on Borrowings	March 31, 2021	2.24	–	–	–
	March 31, 2020	2.20	–	–	–
Dividend paid	March 31, 2021	22.50	–	–	–
	March 31, 2020	22.50	–	–	–
Issue of shares	March 31, 2021	–	178.83	–	–
	March 31, 2020	–	–	–	–
Reimbursement of expenses made to parties	March 31, 2021	309.87	–	1.52	–
	March 31, 2020	302.16	–	–	–
Reimbursement of expenses made by parties	March 31, 2021	–	–	540.63	–
	March 31, 2020	–	–	–	–
Others	March 31, 2021	–	–	–	–
	March 31, 2020	–	–	–	–

Details of outstanding balances with related parties

Particulars	Balance as on	Ultimate Holding Company	Parent Company	Fellow subsidiaries	Others
Trade Receivable	March 31, 2021	8,358.07	2,453.96	522.76	5.97
	March 31, 2020	244.30	–	310.57	7.96
Trade Payable	March 31, 2021	236.10	551.91	1.50	–
	March 31, 2020	587.89	–	23.72	–
Loans & advances taken	March 31, 2021	–	–	–	–
	March 31, 2020	50.00	–	–	–
Other balances (Interest accrued but not due on Borrowing)	March 31, 2021	–	–	–	–
	March 31, 2020	0.06	–	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note No. 30 Business Combination

Brief Summary of transaction

During the financial year ending March 31, 2021, Mahindra Integrated Business Solutions Pvt. Ltd. "the Company" has acquired branch of Mahindra Vehicle Manufacturers Ltd. "MVML" located in Michiegan, USA.. The acquisition has taken place by executing business transfer agreement between the Company and MVML (entities under common control) to transfer business of US branch as a going concern on a slump sale basis for a lump sum consideration without assigning any individual values to the individual assets and liabilities.

This branch provides design, engineering and product developement services to Mahindra & Mahindra and its group Companies. Effective date of acquisition was January 1, 2021.

Accounting approach followed

As the transaction took place between the entities which are under common control, the Company has followed pooling of interest method suggested as per 'Appendix C of Ind AS 103 - Business Combination'. As per the this method, the Company has restated its financials statement of earlier years.

Summary of consideration and details of assets & liabilities acquired

I Valuation of branch and assets and liabilities acquired.

Based on valuation done by independent valuers of branch the considaration was fixed at Rs 17883.74 lacs.

Particulars	Amt in lakhs
Property, plant & equipment	3,066.64
Other intangible assets	5.22
Other financial and non-financial assets	14,314.11
Balance of retained earnings on date of acquisition	13,314.91
Other financial and non-financial liabilities	4,198.82

II Summary of consideration paid

As per valuatuation of the Company cosnideration was paid by way of exchange of 82,79,511 equity shares of Rs 216 each .(face value of Rs 10 each & premium of Rs 206). This has resulted in change in shareholding pattern of the Company. (refer note 12).

III This has resulted in negative capital reserve of Rs 955.74 lacs adjusted in balance of Retained earnings as on the date of acquisition.

Note No. 31 Leases

The Company has entered into noncancelable operating lease agreements related to facility, office equipment, machinery and equipment and vehicles with varying terms.

Non-lease components

Leases that contain non-lease components are accounted for as a single component and recorded on the balance sheet for certain asset classes including equipment. Non-lease components include, but are not limited to, common area maintenance and service arrangements.

The Company has used the following policies and/or assumptions in evaluating the lease population

Lease determination:

The Company considers a contract to be or to contain a lease if the contract conveys the right to control the use of identified property and equipment (an identified asset) for a period of time in exchange for consideration.

Discount rate :

When the lease contracts do not provide a readily determinable implicit rate, the Company uses the estimated incremental borrowing rate based on information available at the inception of the lease. The discount rate is determined by asset class.

Variable payments :

The Copmany includes payments that are based on an index or rate within the calculation of right of use leased assets and lease liabilities, initially measured at the lease commencement date. There are variable payments origination fees for office equipment, machinery and equipment and therefore are not treated as a part of lease payments.

Purchase options :

Certain leases include options to purchase the office equipment. The depreciable life of assets is limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

Renewal options :

Most leases include one or more options to renew, with renewal terms that can extend the lease term from one or more years. The exercise of lease renewal options is at the Company's sole discretion.

Residual value guarantees, restrictions, or covenants :

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Short-term leases :

Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term and expense the associated operating lease costs to other expenses in Profit and loss account.

The table below presents the classification of leasing assets and liabilities

		Rs. In lakhs
Particulars	**As at March 31, 2021**	As at March 31, 2020
Assets		
Right-of-use of assets	**2,053.54**	378.80
Liabilities		
Current Lease liabilities	**590.57**	24.19
Non-current lease liabilities	**752.54**	378.80

The table below presents the classification of lease related expenses as reported in the Profit and loss account

Particulars	For the Year 2020-21	For the Year 2019-20
Rent Expenses	**288.08**	225.75

Refer note 26 for maturity profile of lease liabilities

Note No. 32 Additional Disclosures

Dividend

In respect of the current year, the directors propose that a dividend of Rs.0.511 per share be paid on equity shares in July 2021. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Proposed equity dividend is payable to all shareholders on the Register of Members on March 31, 2021. The total estimated equity dividend to be paid is Rs.50,00,000.

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

		Rs. In lakhs
Particulars	**As at March 31, 2021**	As at March 31, 2020
(i) Principal amount remaining unpaid to MSME suppliers	**7.31**	19.94
(ii) Interest due on unpaid principal amount to MSME suppliers	**0.77**	0.95
(iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day	**–**	–
(iv) The amount of interest due and payable for the year (without adding the interest under MSME Development Act)	**–**	–
(v) The amount of interest accrued and remaining unpaid	**0.77**	0.95
(vi) The amount of interest due and payable to be disallowed under Income Tax Act, 1961	**0.77**	0.95

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Impact of Covid-19

From December 2019, COVID - 19, has spread globally, including India. This event has significantly affected economic activity globally and in India and as a result impacted the operations and financial results of the Company. The Company has performed an initial assessment of the likely impact this would have on the operations of the Company and its financial performance in the coming year.

For FY 21 financial reporting, the Company has used the principles of prudence in applying judgments, estimates and assumptions in significant areas like , estimating the remaining useful life of the tangible and intangible assets, , recoverability of receivables including unbilled receivables, provision for receivables under ECL model, , impact of cancellation or modifications to the terms of the revenue contracts, cancellation or deferment of revenue contracts, penalties due to non-fulfillment of service legal obligations, fair valuation of financial assets and liabilities etc.

The Company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

The Company has also evaluated the cash flows for FY 21 and based on the present estimate of the management, the Company does not foresee any impact on its ability to meet the statutory dues and creditors payment on due dates Accordingly based on the projected cash flows for the next twelve months, the management is of the view that the use of going concern assumption in preparing these financial statements is appropriate.

Comparatives

The figures for previous year have been regrouped wherever necessary to conform to current year's classification.

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants

Aniruddha Joshi
Partner
Membership No. 040852

Place: Mumbai
Date: May 4, 2021

For and on behalf of the Board of Directors

S. Durgashankar
Director
DIN No. 00044713

Rahul Asthana
Director
DIN No. 00234247

Neera Saggi
Director
DIN No. 00501029

Place: Mumbai
Date: May 4, 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA PUBLICATONS LTD (Formely knowns Mahindra 'Electoral Trust' Company)

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of **MAHINDRA PUBLICATONS LTD (Formely knowns Mahindra 'Electoral Trust' Company)** ("the Company"), which comprise the balance sheet as at 24 March, 2021, and the statement of Income and Expenditure, and statement of cash flows for the period from 01 April 2020 to 24 March 2021 then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 24, 2021, and deficit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention Note 1(i) in the financial statements which indicates that the Company has accumulated losses of Rs. 2,47,233 and its net worth has been fully eroded. The company's management decided to discontinue operations of the Company and has filed with ROC for strike off the name. Therefore, the Financial Statements have been prepared on not a going concern basis.

Our opinion is not modified in respect of this matter.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report.

Our opinion on financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. The Company is licensed to operate under Section 8 of the Act. Therefore on facts, the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, is not applicable to the Company.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Income and Expenditure, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 24th March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 24th March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended. In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the period.
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The company does not have any pending litigations which will impact its financial positions.
      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B.K. Khare & Co.**
Chartered Accountants
(Firm's Registration No.105102W)

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 21111212AAAARI7692

Date: 24th March, 2021
Place: Mumbai

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **MAHINDRA PUBLICATONS LTD (Formely knowns Mahindra 'Electoral Trust' Company)** as of March 24, 2021 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAARI7692

Date: 24th March, 2021
Place: Mumbai

BALANCE SHEET AS AT 24TH MARCH, 2021

(Currency: Indian Rupees)

Particulars	Note No.	As at March 24, 2021	As at March 31, 2020
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	1	**500,000**	500,000
(b) Other Equity	2	**(500,000)**	(252,767)
		–	247,233
(2) Current liabilities			
(a) Trade payables	3		
(i) Micro and Small Enterprises		**–**	–
(i) Other than Micro and Small Enterprises		**–**	81,393
		–	81,393
TOTAL		**–**	328,626
II. ASSETS			
(1) Current Assets			
(a) Cash and cash equivalents	4	**–**	328,626
		–	328,626
TOTAL		**–**	328,626

See accompanying Notes forming part of the financial statements

Significant Accounting Policies
Notes to the Balance Sheet

In terms of our report of even date

For **B K KHARE & CO.**
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Member Registration No. 111212

Place: Mumbai
Date: 24th March, 2021

For and on behalf of the Board of Directors

Mahindra Publications Ltd (Formely known as Mahindra "Electoral Trust" Company)

Anita Halbe
Director

Feroze Baria
Director

Place: Mumbai
Date: 24th March, 2021

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2021

(Currency: Indian Rupees)

	Particulars	Note No.	For period ended March 24, 2021	Year ended March 31, 2020
I.	Revenue from operations	5	**–**	–
II.	Other income	6	**–**	–
III.	**Total Revenue (I + II)**		**–**	–
IV.	Expenses:			
	Other expenses	7	**247,233**	76,148
	Interest Others			
	Total Expenses		**247,233**	76,148
V.	**Profit before tax (III - IV)**		**(247,233)**	(76,148)
VI	Tax Expenses:			
	(1) Tax Expenses including for earlier years			
	(2) Deferred Tax		**–**	–
VII	**Profit/(Loss) for the year (V - VI)**		**(247,233)**	(76,148)
VIII	**Other comprehensive income**			
	(i) (a) Items that will not be reclassified to profit or loss		**–**	–
	(ii) (b) Equity instruments through other comprehensive income			
	Income tax relating to items that will not be reclassified to profit or loss		**–**	–
	Total comprehensive income for the period		**–**	–
IX	Earnings per equity share:			
	Basic/Diluted	8	**(5)**	(2)

See accompanying Notes forming part of the financial statements

Significant Accounting Policies
Notes to the Balance Sheet

In terms of our report of even date

For **B K KHARE & CO.**
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Member Registration No. 111212

Place: Mumbai
Date: 24th March, 2021

For and on behalf of the Board of Directors

Mahindra Publications Ltd (Formely known as Mahindra "Electoral Trust" Company)

Anita Halbe
Director

Feroze Baria
Director

Place: Mumbai
Date: 24th March, 2021

CASH FLOW STATEMENT FOR THE PERIOD ENDED 24TH MARCH, 2021

(Currency: Indian Rupees)

	For period ended March 24, 2021	Year ended March 31, 2020
A. Cash Flow from Operating Activities		
Net Profit before taxation	**(247,233)**	(76,148)
Adjustments for:		
Depreciation on fixed assets	–	–
Loss on sale of fixed assets	–	–
Interest expense	–	–
Deduct:		
Profit on sale of fixed assets	–	–
Interest income	–	–
Operating Profit before Working Capital changes	**(247,233)**	(76,148)
Adjustments for:		
(Increase)/Decrease in loans and advances	–	–
Increase/(Decrease) in liabilities	**(81,393)**	55,900
CASH GENERATED FROM OPERATIONS	**(328,626)**	(20,248)
Income tax Paid (Including provisions)	–	–
Net Cash inflow from/(outflow) from Operating activities	**(328,626)**	(20,248)
B. Cash Flow from Investing Activities	–	–
Net Cash inflow from/(outflow) from Investing activities	–	–
C. Cash Flow from Financing Activities	–	–
Net Cash inflow from/(outflow) from Financing activities	–	–
Net increase/(decrease) in cash and cash equivalents	**(328,626)**	(20,248)
Opening Cash and Cash Equivalents		
Cash in hand	**328,626**	348,874
Bank balances	–	–
	–	328,626
Closing Cash and Cash Equivalents		
Cash in hand	–	–
Bank balances	–	328,626
Non cash transactions:	–	328,626

In terms of our report of even date

For **B K KHARE & CO.**
Chartered Accountants
Firm Registration No.105102W

Shirish Rahalkar
Partner
Member Registration No. 111212

Place: Mumbai
Date: 24th March, 2021

For and on behalf of the Board of Directors

Mahindra Publications Ltd (Formely known as Mahindra "Electoral Trust" Company)

Anita Halbe
Director

Feroze Baria
Director

Place: Mumbai
Date: 24th March, 2021

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD 24TH MARCH, 2021

(Currency: Indian Rupees)

NOTE 1: Significant Accounting Policies

Nature of Operations

a) Mahindra Publications Ltd (Formerly known as Mahindra 'Electoral Trust' Company), a subsidiary of Mahindra & Mahindra Ltd), was incorporated in India as a section 25 Company (under Companies Act, 1956) on 30th December 2013.During the current year, Mahindra Publication Ltd has filed STK Form (For removal of its name from Register of Companies) on 26th March, 2021.

1. Significant Accounting Policies

b) Basis of Preparation of Financial Statements

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the **Companies Act, 2013** ('the Act'), and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

The financial statement is prepared and presented in the form set out in Schedule III of the Act, so far as they are applicable thereto.These financial statements are presented in Indian rupees.

c) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India (Indian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements which in management's opinion are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial Statements. Any revision to accounting estimates is recognised prospectively in current and future periods.

d) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

e) Taxation

Current tax

Provision for current tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing tax laws.

f) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share are calculated after adjusting effects of potential equity shares (PES).PES are those shares which will convert into equity shares at a later stage. Profit / loss is adjusted by the expenses incurred on such PES. Adjusted profit/loss is divided by the weighted average number of ordinary plus potential equity shares.

g) Provisions and Contingencies

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company.

When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

h) The company has not received any intimation, from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/payable as required under the said Act have not been given.

i) The Company has filed with ROC for strike off the name of the company under provision of section 248 of the Companies Act 2013. The company has closed its accounts as on 24th March 2021.

j) Previous year figures have been regrouped/reclassified wherever applicable.

1 - SHARE CAPITAL

a. Details of authorised, issued and subscribed share capital

Particulars	As at March 24, 2021	As at March 31, 2020
Authorised Capital		
50000 Equity Shares of Rs 10/- each	**500,000**	500,000
Issued Subscribed and Paid up		
50000 Equity Shares of Rs 10/- each.......	**500,000**	500,000
	500,000	500,000

b. Information on shareholders

Name of Shareholder	Relationship	As at March 24, 2021: No of Equity shares held	As at March 24, 2021: Percentage	As at March 31, 2020: No of Equity shares held	As at March 31, 2020: Percentage
Mahindra & Mahindra Ltd	Holding Company	**50,000**	**100%**	50,000	100%

c. Reconciliation of number of shares

Particulars	Equity Shares: Number	Equity Shares: Rs.
Shares outstanding at the beginning of the year ...	**50,000**	–
Shares issued during the year	–	–
Shares bought back during the year....................	–	–
Shares outstanding at the end of the year...........	**50,000**	–

2 - OTHER EQUITY

Particulars	As at March 24, 2021	As at March 31, 2020
Other Equity:		
Balance as per last Balance Sheet...........	**(252,767)**	(176,619)
Less:(Loss) for the Current year	**(247,233)**	(76,148)
	(500,000)	(252,767)

NOTES TO THE FINANCIAL STATEMENTS PERIOD YEAR ENDED MARCH 24, 2021

(Currency: Indian Rupees)

3 - TRADE PAYABLES

Particulars	**As at March 24, 2021**	As at March 31, 2020
Trade Payables*		
Due to Micro and Small Enterprises	–	–
Other than Micro and Small Enterprises	–	81,393
	–	81,393

Based on the information available with the Company, there are no parties who have been identified as micro, small and medium enterprises based on the confirmations circulated and responses received by the management.

4 - CASH AND CASH EQUIVALENT

Particulars	**As at March 24, 2021**	As at March 31, 2020
Balances with banks		
(i) On Current account	–	328,626
(ii) On Fixed Deposit account (for more than 12 months)		
	–	328,626

5 - REVENUE FROM OPERATIONS

Particulars	**As at March 24, 2021**	As at March 31, 2020
Sale of Products (Gross)	–	–
Less: Excise Duty	–	–
	–	–

6 - OTHER INCOME

Particulars	**As at March 24, 2021**	As at March 31, 2020
Interest Income		
	–	–

7 - OTHER EXPENSES

Particulars	**As at March 24, 2021**	As at March 31, 2020
Auditor's remuneration	**8,850**	5,900
Bank Charges	**5**	–
Professional fees	**78,057**	64,016
Donation	**139,027**	–
ROC Filing Expenses	**21,294**	6,232
	247,233	76,148

8 - EARNINGS PER EQUITY SHARES

Particulars	**As at March 24, 2021**	As at March 31, 2020
Basic Earnings per Share		
Profit/(Loss) attributable to Equity shareholders	**(247,233)**	(76,148)
Weighted average number of equity shares	**50,000**	50,000
Basic Earnings Per Share	**(4.94)**	(1.52)
Face value per Share	**10**	10

For and on behalf of the Board

Mahindra Publications Ltd (Formely known as Mahindra 'Electoral Trust' Company)

Anita Halbe
Director

Feroze Baria
Director

Place: Mumbai
Date: 24th March, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of, **Mahindra eMarket Limited**

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Mahindra eMarket Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss and total comprehensive loss, its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Information Other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report and the related annexures, but does not include the Financial Statements and our Auditors' Report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2021 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to the Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to the Financial Statements.

   (g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses and

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQB5094

Place: Mumbai
Date: 28th April 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date.

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra eMarket Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, however the financial reporting closure programme needs to be strengthened.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQB5094

Place: Mumbai
Date: 28th April 2021

ANNEXURE "B" TO THE AUDITOR'S REPORT

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date.

Annexure to the Auditor's Report referred to in our report of even date:

i. a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and investment properties.

b) The Company has a regular programme for physical verification of its property, plant and equipment by which the property, plant and equipment are verified by the management according to a phased programme designed to cover all the items every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment and investment properties. In accordance with the programme, the Company has physically verified all property, plant and equipment during the year and no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us, the Company has no immoveable properties registered in its name. Accordingly, the reporting under Clause 3(i)(c) of the Order is not applicable to the Company.

ii. According to the information and explanations given to us, the inventory comprising of traded goods has been physically verified at reasonable intervals by the management during the year. In our opinion, coverage and procedure of such verification is appropriate and no material discrepancies for each class of inventory were noticed on such verification between the physical inventory and the book records. We have relied on confirmations and representations from third parties in case of inventory lying in their locations, wherever applicable.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting under Clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.

iv. According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

vi. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the Company.

vii. a) According to the information and explanations given to us and on the basis of our examination of records of the Company, the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services tax, Provident Fund, and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. The amounts deducted / accrued in the books of account in respect of undisputed statutory dues of Income-tax have generally been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed statutory dues payable in respect of Goods and Service Tax.

According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no arrears of undisputed statutory dues in respect of Goods and Services tax, Provident fund, Income-tax, and other material statutory dues as on the last day of the year for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no statutory dues in respect of Goods and Services Tax, as at March 31, 2021, which have not been deposited with the appropriate authorities on account of any dispute.

viii. According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not taken any loans or borrowings from banks, financial institutions and Government. The Company has not raised any money through debentures during the year.

ix. According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the reporting under Clause 3(ix) of the Order is not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

xi. According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

xii. According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting under Clause 3(xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi) of the Order is not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQB5094

Place: Mumbai
Date: 28th April 2021

BALANCE SHEET AS AT 31ST MARCH 2021

Amount in Lakhs

Particulars	Note No.	As at 31 March 2021	As at 31 March 2020
I. ASSETS			
NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	1	**142.50**	130.46
(b) Capital Work-in-Progress	1	**–**	16.70
(c) Deferred Tax Assets (Net)	2	**7.53**	7.53
(d) Current Tax Assets	3	**318.90**	302.71
SUB-TOTAL		**468.94**	457.40
CURRENT ASSETS			
(a) Inventories	4	**11.16**	19.41
(b) Financial Assets			
(i) Trade Receivables	5	**35.62**	505.79
(ii) Cash and Cash Equivalents	6	**99.39**	245.09
(iii) Other Financial Assets	7	**21.45**	18.40
(c) Other Current Assets	8	**63.38**	156.10
SUB-TOTAL		**230.98**	944.79
TOTAL ASSETS		**699.92**	1,402.19
II. EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	9	**79.97**	79.97
(b) Other Equity	10	**205.69**	573.06
SUB-TOTAL		**285.66**	653.03
LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Provisions for employee benefits	11	**11.48**	11.85
(b) Deferred Tax Liability (Net)		**–**	–
(c) Other Non Current Liability	12	**–**	80.10
SUB-TOTAL		**11.48**	91.95
CURRENT LIABILITIES			
(a) Financial Liabilities			
(ii) Trade Payables	13		
- dues of micro enterprises and small enterprises		**170.06**	–
- dues of creditors other than micro enterprises and small enterprises		**–**	315.13
(b) Provisions for employee benefits and income tax	11	**0.69**	146.72
(c) Other Current Liabilities	12	**232.03**	195.36
SUB-TOTAL		**402.78**	657.21
TOTAL		**699.92**	1,402.19

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For B. K. KHARE & Co.
Chartered Accountants
(Firm Registration Number : 105102W)

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 28th April 2021

For and on behalf of the Board of Directors

Mahindra eMarket Limited

MOHAMMED TURRA
Director

DHAVAL BUCH
Director

Place: Mumbai
Date: 28th April 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021

Amount in Lakhs

Particulars	Note No.	For Year Ended 31 March 2021	For Year Ended 31 March 2020
Continuing Operations			
I Revenue from operations	14	**1,226.73**	3,977.07
II Other Income	15	**11.92**	39.52
III Total Revenue (I + II)		**1,238.65**	4,016.59
IV EXPENSES			
(a) Purchases of Stock-in-trade		**196.84**	264.80
(b) Changes in Inventory		**7.67**	12.30
(c) Cost of Services	16	**746.73**	1,666.49
(d) Employee benefit expense	17	**351.14**	314.41
(e) Finance costs	18	**12.27**	7.56
(f) Depreciation and amortisation expense	1	**49.91**	14.74
(g) Other expenses	19	**238.38**	1,184.57
Total Expenses (IV)		**1,602.93**	3,464.88
V Profit before tax (III - IV)		**(364.28)**	551.71
VI Tax Expense			
(1) Current tax		**–**	146.39
(2) Income Tax Adjustment of earlier years		**–**	–
(3) Deferred tax		**–**	(7.53)
Total tax expense (VI)		**–**	138.86
VII Profit for the year (V-VI)		**(364.28)**	412.84
VIII Profit from continuing operations for the year attributable to:			
Owners of the Company		**(364.28)**	412.84
IX Other comprehensive income		**–**	–
A (i) Items that will not be reclassified to profit or loss		**–**	–
- Remeasurements of the defined benefit liabilities/(asset)		**–**	–
(ii) Income tax relating to items that will not be reclassified to profit or loss		**–**	–
X Total comprehensive income for the year (VII+IX)		**(364.28)**	412.84
XI Earnings per equity share (for continuing operation):			
(1) Basic	20	**(45.55)**	51.62
(2) Diluted	20	**(45.55)**	51.62

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For B. K. KHARE & Co.
Chartered Accountants
(Firm Registration Number : 105102W)

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 28th April 2021

For and on behalf of the Board of Directors

Mahindra eMarket Limited

MOHAMMED TURRA
Director

DHAVAL BUCH
Director

Place: Mumbai
Date: 28th April 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2021

A. Equity share capital

Issued and Subscribed	Rupees Lacs
As at 1 April 2019	79.97
Changes in equity share capital during the year	–
As at 31 March 2020	79.97
Changes in equity share capital during the year	–
As at 31 March 2021	**79.97**

Notes :
Company has only one class of Equity Shares having par value of Rs. 10 each.

B. Other Equity

Amount in Lakhs

Particulars	Equity component of compound financial instruments	Retained Earnings	Items of other comprehensive income	Total
As at 31 March 2018	–	**(88.72)**	–	**(88.72)**
Profit/(Loss) for the period	–	255.53	–	**255.53**
Other Comprehensive Income/(Loss)	–		–	–
Total Comprehensive Income for the year	–	**255.53**	–	**255.53**
Dividend paid on Equity Shares	–	–	–	–
Dividend Distribution Tax	–	–	–	–
Transfers to Reserves	–	–	–	–
Transfers from retained earnings	–	–	–	–
As at 31 March 2019	–	**166.81**	–	**166.81**
Profit/(Loss) for the period	–	412.84	–	**412.84**
Other Comprehensive Income/(Loss)	–	–	–	–
Total Comprehensive Income for the year	–	**412.84**	–	**412.84**
Dividend paid on Equity Shares	–	–	–	–
Dividend Distribution Tax	–	–	–	–
Transfers to Reserves	–	–	–	–
Transfers from retained earnings	–	(6.60)	–	(6.60)
As at 31 March 2020	–	**573.06**	–	**573.06**
Profit/(Loss) for the period	–	(364.28)	–	(364.28)
Other Comprehensive Income/(Loss)	–	–	–	–
Total Comprehensive Income for the year	–	**(364.28)**	–	**(364.28)**
Dividend paid on Equity Shares	–	–	–	–
Dividend Distribution Tax	–	–	–	–
Transfers to Reserves	–	–	–	–
Transfers from retained earnings	–	**(3.09)**	–	**(3.09)**
As at 31 March 2021		**205.69**	–	**205.69**

For and on behalf of the Board of Directors

Mahindra eMarket Limited

For B. K. KHARE & Co.
Chartered Accountants
(Firm Registration Number : 105102W)

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 28th April 2021

MOHAMMED TURRA
Director

DHAVAL BUCH
Director

Place: Mumbai
Date: 28th April 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2021

Amount in Lakhs

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Cash flows from operating activities		
Profit before tax for the year	**(364.28)**	412.84
Adjustments for:		
Depreciation and amortisation of non-current assets	**49.91**	14.74
Transfers from retained earnings	**(3.09)**	(6.60)
	(317.46)	420.99
Movements in working capital:		
(Increase)/decrease in trade and other receivables	**470.18**	(146.43)
(Increase)/decrease in inventories	**8.25**	6.60
(Increase)/decrease in other assets	**73.48**	(460.38)
Increase/(decrease) in provision	**(0.37)**	155.73
Increase/(decrease) in other liabilities	**(189.46)**	195.24
Increase/(decrease) in trade and other payables	**(145.07)**	90.28
	217.02	(158.96)
Cash generated from operations	**(100.44)**	262.04
Income taxes paid	**–**	**–**
Net cash generated by operating activities	**(100.44)**	262.04
Cash flows from investing activities		
Acquisition of assets	**(45.25)**	(149.02)
Net cash used in investing activities	**(45.25)**	(149.02)
Cash flows from financing activities	**–**	–
Net cash used in financing activities	**–**	–
Net increase/(decrease) in cash and cash equivalents	**(145.69)**	113.01
Cash and cash equivalents at the beginning of the year	**245.08**	132.07
Cash and cash equivalents at the end of the year	**99.39**	245.08

The accompanying notes are an integral part of the Financial Statements

In terms of our report attached.

For B. K. KHARE & Co.
Chartered Accountants
(Firm Registration Number : 105102W)

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 28th April 2021

For and on behalf of the Board of Directors

Mahindra eMarket Limited

MOHAMMED TURRA
Director

DHAVAL BUCH
Director

Place: Mumbai
Date: 28th April 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

1 **Corporate information:**

Mahindra E-Market Limited is a public limited company incorporated in Mumbai, India under the Companies Act 2013. The Company is engaged, inter-alia, in the business of facilitating sales of vehicles, Merchandise, Car Spares, accessories and related products & services through an online portal. The company operates under the brand name M2all.com

2 **Significant Accounting Policies followed by the Company:**

2.1 **Statement of compliance and basis of preparation and presentation of financial statements:**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Rules 2016.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

2.2 Financial Assets and Financial Liabilities:

Financial Instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial Assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial Liabilities and Equity Instruments:

Equity instruments issued by the Company are classified as equity in accordance with the substance of the contractual agreements and the definitions of an equity instrument.

Equity Instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial Liabilities:

All the financial liabilities are subsequently measured at either amortised cost using the effective interest method or at fair value through profit and loss, depending on the classification of the financial liabilities.

2.3 **Property, plant and equipment:**

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use.

Depreciation is provided on straight-line basis for property, plant and equipment so as to expense the depreciable amount, i.e. the cost less estimated residual value, over its estimated useful lives. The estimated useful lives and residual values are reviewed annually and the effect of any changes in estimate is accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

The management's estimate of useful lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset classes, based on the Company's expected usage pattern supported by technical assessment:

Certain items of Plant and machinery individually costing more than Rs. 5,000 – over useful lives (3 years, 5 years, 6 years, 10 years).

2.4 **Inventories:**

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Stores, spares and tools other than obsolete and slow-moving items are carried at cost. Obsolete and slow-moving items are valued at cost or estimated net realizable value, whichever is lower.

2.5 **Employee benefits:**

(i) Defined Contribution Plan:

The Company’s contributions paid/payable during the year to Provident Fund and Superannuation Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees.

(ii) Defined Benefit Plan/Leave encashment:

The Company’s liability towards gratuity and leave encashment is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognised on straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of other comprehensive income as income or expense. Obligation is measured at the present value of estimated future cash flow using discounted rate i.e. determined by reference to the market yield at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(iii) Other Benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

2.6 **Leases:**

Ind AS 116 is replaced the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees.

Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The amendment is effective for annual periods beginning on or after 01st April 19.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

2.7 Revenue Recognition:

In view of INDAS 115, Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognize revenues, Company apply the following five step approach:

(1) identify the contract with a customer

(2) identify the performance obligations in the contract

(3) determine the transaction price

(4) allocate the transaction price to the performance obligations in the contract

(5) recognize revenues when a performance obligation is satisfied.

The Company applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligation based on their selling price.

2.8 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.9 Taxes on Income:

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

2.10 Measurement of fair values:

The company's accounting policies and disclosures require the measurement of fair values. In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.11 Use of estimates and judgements:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

2.12 Cash and cash equivalents:

Cash comprises demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.13 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.14 Earnings per share:

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 1 - Property, Plant and Equipment & Capital Work-In-Progress

Amount in Lakhs

Description of Assets	Buildings - Leasehold	"Right to use Asset- Leasehold Office Premises"	"Office Equipment & Electrical Installations"	Furniture and Fixtures	Computers	Total	CWIP
I. Gross Carrying Amount							
Balance as at 1 April 2020	–	122.57	23.58	–	–	146.15	16.70
Additions	–	–	60.86	–	1.09	61.95	–
Disposals / Transfer	–		–	–	–	–	16.70
Balance as at 31 March 2021	–	**122.57**	**84.44**	**–**	**1.09**	**208.10**	**–**
II. Accumulated depreciation and impairment							
Balance as at 1 April 2020	–	6.81	8.88	–	–	15.69	–
Depreciation/Amortisation for the year	–	40.86	8.72	–	0.33	49.91	–
Eliminated on disposal of assets	–		–	–	–	–	–
Balance as at 31 March 2021	–	**47.67**	**17.59**	**–**	**0.33**	**65.60**	**–**
III. Net carrying amount (I-II)	–	**74.90**	**66.85**	**–**	**0.76**	**142.50**	**–**

Note No. 2 - Deferred Tax Assets (Net)

(a) Income Tax recognised in profit or loss

Amount in Lakhs

Particulars	**As at 31 March 2021**	As at 31 March 2020
Deferred Tax:		
In respect of current quarter origination and reversal of temporary differences	**7.53**	7.53
Total	**7.53**	7.53

Movement in Deferred tax assets/(liabilities) for the year ended March 31, 2021:

Amount in Lakhs

Particulars	**Opening Balance as at April 1, 2020**	**Recognised in Profit or Loss**	**Recognised in Other Comprehensive Income**	**Closing Balance as at March 31, 2021**
Deferred tax assets/(liabilities) in relation to:				
Provision for compensated absences	0.13	**–**	**–**	**0.13**
Depreciation and amortisation	0.01	**–**	**–**	**0.01**
Others	7.39	**–**	**–**	**7.39**
	–	**–**	**–**	**–**

Movement in Deferred tax assets/(liabilities) for the year ended March 31, 2020:

Amount in Lakhs

Particulars	**Opening Balance as at April 1, 2019**	**Recognised in Profit or Loss**	**Recognised in Other Comprehensive Income**	**Closing Balance as at March 31, 2020**
Deferred tax assets/(liabilities) in relation to:				
Provision for compensated absences	–	0.13	–	0.13
Depreciation and amortisation	–	0.01	–	0.01
Others	–	7.39	–	7.39
	–	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 3 - Current Tax Assets (Net)

Amount in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Current Tax:		
In respect of current quarter	**318.90**	302.71
In respect of prior years	**–**	**–**
Total	**318.90**	302.71

Note No. 4 - Inventories

Amount in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Stock in trade	**11.16**	19.41
Total Inventories (at lower of cost and net realisable value)	**11.16**	19.41

Note No. 5 - Trade receivables

Amount in Lakhs

	As at 31 March 2021		As at 31 March 2020	
Particulars	**Current**	**Non Current**	Current	Non Current
Trade receivables				
(a) Secured, considered good	**–**	**–**	–	–
(b) Unsecured, considered good	**35.62**	**–**	505.79	–
(c) Doubtful	**–**	**–**	–	–
Less: Allowance for Credit Losses	**–**	**–**	–	–
TOTAL	**35.62**	**–**	505.79	–
Of the above, trade receivables from:				
- Related Parties	**33.74**		492.25	–
- Others	**1.88**	**–**	13.54	–
TOTAL	**35.62**	**–**	505.79	–

Note No. 6 - Cash and Bank Balances

Amount in Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Cash and cash equivalents		
(a) Balances with banks	**99.39**	244.72
(b) Cash on hand	**–**	0.37
Total Cash and cash equivalent	**99.39**	245.09

Note No. 7 - Other financial assets

Amount in Lakhs

	As at 31 March 2021		As at 31 March 2020	
Particulars	**Current**	**Non-Current**	Current	Non-Current
a) Security Deposits	**21.45**	**–**	18.40	–
TOTAL	**21.45**	**–**	18.40	–

Security Deposits includes Rent Deposits. Rent Deposits are amortised over the period of agreement.

Note No. 8 - Other Current Assets

Amount in Lakhs

	As at 31 March 2021		As at 31 March 2020	
Particulars	**Current**	**Non-Current**	Current	Non-Current
Advances receivable in cash or kind				
(i) Other advances	**7.04**		7.04	
(ii) Balances with government authorities (other than income taxes)			–	
Nodal balance for Advance	**–**	**–**	42.50	–
Other Happycard balance	**0.77**		4.11	
Prepaid Expenses	**6.36**	**–**	9.25	–
Prepaid Rent on Security Deposits			4.48	
Unbilled Revenue	**49.20**		83.42	–
Advance to Vendor			5	
Total	**63.38**	**–**	156.10	–

Note No. 9 - Equity Share Capital

Amount in Lakhs

	As at 31 March 2021		As at 31 March 2020	
Particulars	**No. of shares**	**Amount**	No. of shares	Amount
Authorised:				
Equity shares of 10 each with voting rights	**10,00,000**	**100.00**	10,00,000	100.00
Issued, Subscribed and Fully Paid:				
Equity shares of 10 each with voting rights	**7,99,700**	**79.97**	7,99,700	79.97
Total	**7,99,700**	**79.97**	7,99,700	79.97

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Particulars		Opening Balance	Closing Balance
(a) Equity Shares with Voting rights*			
Year Ended 31 March 2021			
	No. of Shares	**7,99,700**	**7,99,700**
	Amount	**79.97**	**79.97**
Year Ended 31 March 2020			
	No. of Shares	7,99,700	7,99,700
	Amount	79.97	79.97

(ii) Details of shares held by the holding company, the ultimate holding company, subsidiaries and associates:

Particulars	No. of Shares Equity Shares with Voting rights
As at 31 March 2021	**7,99,700**
As at 31 March 2020	7,99,700

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March 2021 Number of shares held	 % holding in that class of shares	As at 31 March 2020 Number of shares held	 % holding in that class of shares
Equity shares with voting rights				
Mahindra & Mahindra Limited	**3,59,860**	**45.00%**	3,59,860	45.00%
Mahindra Holdings Limited	**1,91,928**	**24.00%**	1,91,928	24.00%
Mahindra & Mahindra Contech Limited	**2,47,907**	**31.00%**	2,47,907	31.00%

Note 10 - Statement Of Changes In Equity for the year ended 31 March 2021

A. Equity share capital	**Rupees**
As at 31 March 2021	**7,99,700**
Changes in equity share capital during the year	
As at 31 March 2020	7,99,700

B. Other Equity

Amount in lakhs

Particulars	Reserves & Surplus Securities Premium Reserve	 General Reserve	 Retained Earnings	Other Comprehensive Income	Total
As at 31 March 2019			166.81		166.81
Profit/(Loss) for the year			412.84		412.84
Other Comprehensive Income for the year					–
Total Comprehensive Income for the year	–	–	412.84	–	412.84
Dividend paid on Equity Shares			–		–
Dividend Distribution Tax			–		–
Transfers to Reserves			–		–
Transfers from retained earnings			(6.60)		(6.60)
As at 31 March 2020	–	–	573.06	–	573.06
As at 31 March 2020			573.06		573.06
Profit/(Loss) for the year			**(364.28)**		**(364.28)**
Other Comprehensive Income for the year				**–**	**–**
Total Comprehensive Income for the year	**–**	**–**	**(364.28)**	**–**	**(364.28)**
Dividend paid on Equity Shares			**–**		**–**
Dividend Distribution Tax			**–**		
Transfers to Reserves			**–**		**–**
Transfers from retained earnings			**(3.09)**		**(3.09)**
As at 31 March 2021	**–**	**–**	**205.69**	**–**	**205.69**

Note No. 11 - Provisions

Amount in Lakhs

Particulars	As at 31 March 2021 Current	 Non-Current	As at 31 March 2020 Current	 Non-Current
Provision for employee benefits				
Compensated Absences	**6.07**		0.26	5.81
Gratuity	**(5.38)**	**11.48**	0.07	6.04
Other Provision				
Provision for Income Tax	**–**	**–**	146.39	–
Total Provisions	**0.69**	**11.48**	146.72	11.85

Note 12 - Other Liabilities

Amount in Lakhs

Particulars	As at 31 March 2021 Current	 Non-Current	As at 31 March 2020 Current	 Non-Current
a. Advances received from customers	**14.12**	**–**		–
b. Lease Liability	**85.39**	**–**	44.44	80.10
c. Statutory dues				
Taxes payable (other than income taxes)	**119.71**	**–**	15.30	–
d. Other Payables	**12.81**	**–**	135.62	–
TOTAL OTHER LIABILITIES	**232.03**	**–**	195.36	80.10

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 13 - Trade Payables

Amount in Lakhs

Particulars	As at 31 March 2021 Current	As at 31 March 2021 Non Current	As at 31 March 2020 Current	As at 31 March 2020 Non Current
Trade payable - Micro and small enterprises	**–**	**–**	–	–
Trade payable - Other than micro and small enterprises	**170.06**		315.13	
Total trade payables	**170.06**	**–**	315.13	–

Note No. 14 - Revenue from Operations

Amount in Lakhs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(a) Revenue from sale of products	**259.33**	323.97
(b) Revenue from rendering of services	**967.39**	3,653.10
Total Revenue from Operations	**1,226.73**	3,977.07

Note No. 15 - Other Income

Amount in Lakhs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(a) Other income	**11.92**	39.52
Total Other Income	**11.92**	39.52

Note 16 - Cost of Services

Amount in Lakhs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Cost of services	**746.73**	1,666.49
Total Cost of Services	**746.73**	1,666.49

Note 17 - Employee Benefits Expense

Amount in Lakhs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries and wages, including bonus	**351.14**	262.74
Contribution to provident and other funds	**–**	8.05
Staff welfare expenses	**–**	43.62
Total Employee Benefits Expenses	**351.14**	314.41

Note 18 - Finance Cost

Amount in Lakhs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
- Interest Expense (Lease liability)	**2.64**	1.60
- Bank Charges	**0.59**	5.96
Payment Gateway Charges	**9.04**	–
Total finance costs	**12.27**	5.96

Note 19 - Other Expenses

Amount in Lakhs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Legal and other professional costs	**0.29**	20.13
Administrative Expense	**19.18**	29.96
Logistic Expense	**44.99**	60.63
Rent	**46.54**	131.13
Dispactch Centre Expense	**2.78**	–
Travelling Expense	**–**	27.09
CSR expenses	**5.86**	–
Printing and Stationery	**0.37**	5.32
House Keeping Service	**11.06**	–
Auditors remuneration	**–**	–
- For Statutory Audit	**1.50**	1.50
- For Taxation matters	**0.50**	4.67
Recruitment Charges	**–**	28.49
Reimbursement of Expense	**2.04**	–
Marketing Expenses	**47.23**	849.52
Telephone & Internet Charges	**15.37**	7.19
Asset rental	**25.29**	–
Securtiy Service	**1.79**	18.94
Electricity Expense	**10.75**	–
Other Expense	**1.88**	–
Rates & Taxes	**0.97**	–
Total Other Expenses	**238.38**	1,184.57

Note No. 20 - Earnings per Share

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
	Per Share	Per Share
Basic Earnings per share		
From continuing operations	**(45.55)**	31.95
From discontinuing operations	**–**	–
Total basic earnings per share	**(45.55)**	31.95
Diluted Earnings per share		
From continuing operations	**(45.55)**	31.95
From discontinuing operations	**–**	–
Total diluted earnings per share	**(45.55)**	31.95

Basic and Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit/(loss) for the year attributable to owners of the Company	**(364.28)**	255.53
Less: Preference dividend and tax thereon		
Profit/(loss) for the year used in the calculation of basic earnings per share	**(364.28)**	255.53
Profit for the year on discontinued operations used in the calculation of basic earnings per share from discontinued operations		
Profits used in the calculation of basic earnings per share from continuing operations	**(364.28)**	255.53

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Weighted average number of equity shares	**7.997**	7.997
Earnings per share from continuing operations - Basic and Diluted	**(45.55)**	31.95

Profit reconciliation for the calculation of Basic and Diluted earning per share

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit/(loss) for the year used in the calculation of basic earnings per share	**(364.28)**	255.53
Add: Interest expense and exchange fluctuation on convertible bonds (net) - adjusted for attributable taxes	**–**	–
Profit/(loss) for the year used in the calculation of diluted earnings per share	**(364.28)**	255.53
Profit for the year on discontinued operations used in the calculation of diluted earnings per share from discontinued operations	**–**	–
Profits used in the calculation of diluted earnings per share from continuing operations	**(364.28)**	255.53

Note No. 21 - Financial Instruments

Capital management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	31-Mar-21	31-Mar-20
Equity	**285.66**	653.03

Categories of financial assets and financial liabilities

Rupees Lakhs

As at 31 March 2021

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Trade Receivables	**–**	**–**	**–**	**–**
Current Assets				
Trade Receivables	**35.60**	**–**	**–**	**35.60**
Cash and Cash Equivalents	**99.39**	**–**	**–**	**99.39**
Non-current Liabilities				
Trade Payables	**–**	**–**	**–**	**–**
Current Liabilities				
Trade Payables	**170.06**	**–**	**–**	**170.06**

Categories of financial assets and financial liabilities

As at 31 March 2020

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Trade Receivables	–	–	–	–
Current Assets				
Trade Receivables	505.79	–	–	505.79
Cash and Cash Equivalents	245.09	–	–	245.09
Non-current Liabilities				
Trade Payables	–	–	–	–
Current Liabilities				
Trade Payables	315.13	–	–	315.13

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company's exposure are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Three largest Trade Receivable constitute more than 10% of outstanding exposure and together more than 50% of the outstanding exposure.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial liabilities				
31-Mar-21	**170.06**	**–**	**–**	**–**
Non-interest bearing	**–**	**–**	**–**	**–**
Non-derivative financial liabilities				
31-Mar-20	–	–	–	–
Non-interest bearing	315.13	–	–	–

(iv) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial assets				
31-Mar-21	**–**	**–**	**–**	**–**
Non-interest bearing	**134.99**	**–**	**–**	**–**
Fixed interest rate instruments	**–**	**–**	**–**	**–**
Total	**134.99**			
Non-derivative financial assets				
31-Mar-20	–	–	–	–
Non-interest bearing	750.88	–	–	–
Fixed interest rate instruments	–	–	–	–
Total	750.88			

Note No. 22 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

Amount in Lakhs

Particulars	31-Mar-21 Carrying amount	31-Mar-21 Fair value	31-Mar-20 Carrying amount	31-Mar-20 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties				
– trade and other receivables	**35.60**	**35.60**	505.79	505.79
Financial liabilities				
Financial liabilities held at amortised cost				
– loans from related parties				
– trade and other payables	**170.06**		315.13	
Total	**205.66**		820.92	

Fair value hierarchy as at 31 March 2021

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties				
– trade and other receivables		**35.60**		**35.60**
Total		**35.60**		**35.60**
Financial liabilities				
Financial Instruments not carried at Fair Value				
– loans from related parties				
– trade and other payables		**170.06**		**170.06**
Financial lease payables		**170.06**		**170.06**
Total				

Fair value hierarchy as at 31 March 2020

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– loans to related parties				
– trade and other receivables		505.79		505.79
Total		505.79		505.79
Financial liabilities				
Financial Instruments not carried at Fair Value				
– loans from related parties				
– trade and other payables		315.13		315.13
Financial lease payables		315.13		315.13
Total				

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 23 - Employee Benefit Expenses

(A) Defined Contribution Plan

Amount recognised as an expense in the Statement of Profit and Loss is Rs.5.38 lakhs (31st March,2020 - 6.11 lakhs).

(B) Defined benefit plan:

The defined benefit plan comprise of gratuity

The company operates a gratuity plan covering qualifying employees . The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act or the company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. The current service cost and the net interest expense for the year are included in the employee benefits and expenses during the year provided is Rs. 5.38 lakhs (31st March,2020 - 6.11 Lakhs).

Through its defined benefit plans the company is exposed to a number of risks, the most significant of which are detailed below :

Discount Rate Risk:

A decrease in government bond yields will increase plan liabilities.

Longevity Risk:

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk:

The present value of defined benefit plan liability is calculated by reference to the future salaries plan participants. As such, an increase in the salary of the plan participants will increase the plans's liability.

(C)

Amount in Lakhs

Particulars		**Gratuity (Funded)**	
Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows:		**For the year ended 31st March, 2021**	For the year ended 31st March, 2020
1.	Present value of defined benefit obligation as on 1st April	**6.11**	–
2.	Current service cost	**5.38**	6.11
3.	Past service cost	**–**	–
4.	Interest cost	**–**	–
5.	Remeasurements (gains)/losses [Actuarial (gains)/losses]	**–**	–
	(i) Actuarial (gains)/losses arising from changes in demographic assumption	**–**	–
	(ii) Actuarial (gains)/losses arising from changes in financial assumption	**–**	–
	(iii) Actuarial (gains)/losses arising from changes in experience adjustment	**–**	–
6.	Benefits paid	**–**	–
7.	Liabilities assumed/(settled)*	**–**	–
8.	Present value of defined benefit obligation as on balance sheet date	**11.48**	6.11

* On account of inter group transfer

(D)

Amount in Lakhs

Analysis of defined benefit obligation:		**For the year ended 31st March, 2021**	For the year ended 31st March, 2020
1.	Defined benefit obligation	**11.48**	6.11
2.	Fair value of plan assets at the end of the year	**7.51**	7.04
3.	Net (asset)/liability recognised in the Balance Sheet	**3.97**	(0.93)

(E)

Amount in Lakhs

Reconciliation of present value of defined benefit obligation and fair value of plan assets showing amount recognised in the balance sheet:		**For the year ended 31st March, 2021**	For the year ended 31st March, 2020
1.	Present value of defined benefit obligation	**11.48**	6.11
2.	Fair value of plan assets	**7.51**	7.04
3.	Funded status [surplus/(deficit)]	**3.97**	(0.93)
4.	Net asset/(liability) recognised in balance sheet	**3.97**	(0.93)
5.	Current portion of the above	**(5.38)**	0.07
6.	Non-current portion of the above	**6.11**	6.04

(F)

Amount in Lakhs

Components of employer expenses recognised in the statement of profit and loss for the year ended		**For the year ended 31st March, 2021**	For the year ended 31st March, 2020
1.	Current service cost	**5.38**	6.11
2.	Past service cost	**–**	–
3.	Interest cost	**–**	–
4.	Total expenses recognised in the Statement of Profit and Loss	**5.38**	6.11

(G)

Amount in Lakhs

Components of employer expenses recognised in the comprehensive income for the year ended		**For the year ended 31st March, 2021**	For the year ended 31st March, 2020
1.	Actuarial Losses/(Gains)		
	(i) arising from changes in demographic assumption	**–**	–
	(ii) arising from changes in financial assumption	**–**	–
	(ii) arising from changes in experience adjustment	**–**	–
2.	Components of defined benefit costs recognised in other comprehensive income	**–**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

(H)

Amount in Lakhs

Reconciliation of present value of defined benefit obligation and fair value of plan assets showing amount recognised in the balance sheet:	For the year ended 31st March, 2021	For the year ended 31st March, 2020
1. Discount rate (%)	**7.06%**	6.75%
2. Expected return on plan assets (%)	**N.A.**	N.A.
3. Salary escalation (%)	**8.00%**	8.00%
4. Withdrawal rate (%) (others)	**4.00%**	3.00%

a) The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated terms of the obligations.

b) Salary escalation rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors

(I)

Amount in Lakhs

Experience adjustments	For the year ended 31st March, 2021	For the year ended 31st March, 2020
1. Defined benefit obligation at the end of the year	**11.48**	6.11
2. Plan assets at the end of the year	**7.51**	7.04
3. Surplus/(deficit)	**(3.97)**	0.93
4. Experience adjustments on plan liabilities (gains)/losses	**–**	–
5. Experience adjustments on plan assets	**–**	–

(J)

Amount in Lakhs

Sensitivity of the defined benefit obligation to changes:		Changes in assumption	Impact on defined benefit obligation increase/(decrease)	
			Increase in assumption	Decrease in assumption
1. Discount rate (%)	**2021**	**1%**	**7.06%**	
	2020	1%	6.75%	
2. Salary escalation (%)	**2021**	**1%**	**8.00%**	
	2020	1%	8.00%	

Note :

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practise this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change.

(K)

Amount in Lakhs

Maturity profile of defined benefit obligation :	2021	2020
Within 1 year	**0.13**	0.07
2 - 5 years	**1.51**	0.80
6 - 9 years	**3.14**	1.67
10 years & above	**6.70**	3.57

(L) The weighted average duration of the defined benefit obligation as at 31st March, 2021 is 14.41 years (31st March, 2020 : 14.52 years)

Note No. 24 - Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Amount in Lakhs

Particulars	As at 31st March, 2021	As at 31st March, 2020
(i) the principal amount and the interest due theron remaining unpaid to any supplier as at the end of each accounting year		
Principal	**NIL**	NIL
Interest	**NIL**	NIL
(ii) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	**NIL**	NIL
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	**NIL**	NIL
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year	**NIL**	NIL
(v) the amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**NIL**	NIL

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 25- Related Party Transactions

Name of the ultimate parent Company Mahindra & Mahindra Ltd

Name of the parent Company Mahindra Holdings Ltd

Name of the fellow subsidiary Company Mahindra Two Wheelers Ltd, Mahindra Holidays & Resorts India Limited, Mahindra Integrated Business Solutions Pvt Ltd, Mahindra & Mahindra Financial Services Ltd Mahindra Happinest Developers Ltd, Mahindra CIE Automotive Ltd, Mahindra Trucks and Buses ltd.

Details of transaction between the Company and its related parties are disclosed below:

							Amount in Lakhs
Particulars	**For the year ended**	**Parent Company**	**Entities having joint control/ significant influence over Company**	**Fellow Subsidiaries**	**Associates**	**Joint ventures**	**KMP of the Company and KMP of parent Company**
Nature of transactions with Related Parties							
Sale of goods	**31-Mar-21**	**0.76**		**0.47**	**–**	**–**	**–**
	31-Mar-20	9.76		23.26	–	–	–
Purchase of goods	**31-Mar-21**	**56.08**	**–**	**15.65**	**–**	**–**	**–**
	31-Mar-20	123.90	–	76.61	–	–	–
Rendering of services	**31-Mar-21**	**112.69**	**–**	**132.11**			**–**
	31-Mar-20	3,520.99	–	47.14			–
Receiving of services	**31-Mar-21**	**3.02**	**–**	**25.56**	**4.78**	**–**	**–**
	31-Mar-20	269.39		930.89	–	–	–

Nature of Balances with Related Parties	**Balance as on**	**Parent Company**	**Entities having joint control/ significant influence over Company**	**Subsidiaries**	**Associates**	**Joint ventures**	**KMP of the Company and KMP of parent Company**
Other payables	**31-Mar-21**	**97.05**			**–**	**–**	**–**
	31-Mar-20	13.35	–	0.77	–	–	–
Other receivables	**31-Mar-21**	**18.38**	**–**	**15.37**	**–**		**–**
	31-Mar-20	476.71		15.54	–	–	–

Information of transaction and balances outstanding with related parties (secured/ unsecured/ nature of consideration for settlement of dues etc.)

*Company has incurred Rs. 39.18 lacs (For FY 2019 Rs. 2.35 lacs) for key managerial personnel services provided by M/s. Mahindra & Mahindra Limited.

Note No. 26 - Disclosures under Ind AS 115

Country-wise break up of Revenue **Amount in Lakhs**

Country	**Revenue from contracts with customers (Ind AS 115)**	**Revenue from operations from other than customers**	**Total Revenue from Operations**	**Other Income**	**Total Income**
India - 31st March, 2021	**259.33**	**967.39**	**1,226.72**	**11.92**	**1,238.64**
India - 31st March, 2020	3,653.10	323.97	3,977.07	39.52	4,016.59

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Breakup of Revenue into contracts entered in previous year and in current year

	Amount in Lakhs	
Particulars	**As at 31st March, 2021**	As at 31st March, 2020
Revenue from PO/ contract/agreement entered into previous year	**–**	–
Revenue from New PO/ contract/ agreement entered into current year	**259.33**	3,653.10
Total revenue recognised during the year	**259.33**	3,653.10

Reconciliation of revenue from contract with customer

	Amount in Lakhs	
Particulars	**As at 31st March, 2021**	As at 31st March, 2020
Revenue from contract with customer as per the contract price	**259.33**	3,653.10
Adjustments made to contract price on account of :-		
Commission on Sales	**–**	–
Total revenue recognised during the year	**259.33**	3,653.10

Revenue to be recognised for performance obligation(s) not satisfied or partially satisfied at the end of the current year in respect of contracts with customer that are in place at the end of reporting year.

The company has entered into contract with customers, however the price is dependant on market conditions, no value is assigned.

Note No. 27 - Segment Reporting

The company business activity falls within a single business segment. All other activities of the company revolve around its main business . Hence, there are no separate reportable primary segments.

Note No. 28 - The Company has used certain significant accounting estimates which have been disclosed in the financial statements.

These includes valuation of inventories, fair valuation of financial and non-financial assets and liabilities, going concern assessment etc. requiring significant management judgement in estimating the same. Considering the continuing COVID-19 pandemic, the results in upcoming period may significantly vary and may affect the recoverability of assets and settlement of liabilities.

The Company, based on internal & external sources of information including market research, economic forecast and other information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2020 as at the date of approval of these financial statements.

Note No.29 - Previous period's figures are regrouped/reclassified wherever necessary to conform with those of the current year.

For and on behalf of the Board of Directors

For B. K. KHARE & Co.
Chartered Accountants
(Firm Registration Number : 105102W)

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 28th April 2021

MOHAMMED TURRA
Director

DHAVAL BUCH
Director

Place: Mumbai
Date: 28th April 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA AIRWAYS LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Mahindra Airways Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss and total comprehensive loss, its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Information Other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report and the related annexures, but does not include the Financial Statements and our Auditors' Report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2021 from being appointed as a director in terms of Section 164(2) of the Act.
   (f) With respect to the adequacy of the internal financial controls with reference to the Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to the Financial Statements.
   (g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations which would impact its financial position;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses and
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQA8803

Place: Mumbai
Date: April 29, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date.

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Airways Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQA8803

Place: Mumbai
Date: April 29, 2021

ANNEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date.

Annexure to the Auditor's Report referred to in our report of even date:

i. a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

b) The Company has a regular programme for physical verification of its property, plant and equipment by which the property, plant and equipment are verified by the management according to a phased programme designed to cover all the items every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment. In accordance with the programme, the Company has physically verified all property, plant and equipment during the year and no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us, the Company has no immoveable properties registered in its name. Accordingly, the reporting under Clause 3(i)(c) of the Order is not applicable to the Company.

ii. The Company is in the business of rendering services and consequently, does not hold any inventory. Accordingly, the reporting under Clause 3(ii) of the Order is not applicable to the Company.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting under Clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.

iv. According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

vi. The Central Government has not prescribed the maintenance of cost records under sub- section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the Company.

vii. a) According to the information and explanations given to us and on the basis of our examination of records of the Company, the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services tax, Provident Fund, and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. The amounts deducted / accrued in the books of account in respect of undisputed statutory dues of Income-tax have generally been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed statutory dues payable in respect of Goods and Service Tax.

According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no arrears of undisputed statutory dues in respect of Goods and Services tax, Provident fund, Income-tax, and other material statutory dues as on the last day of the year for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no statutory dues as at March 31, 2021, which have not been deposited with the appropriate authorities on account of any dispute.

viii. According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not taken any loans or borrowings from banks, financial institutions and Government. The Company has not raised any money through debentures during the year.

ix. According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the reporting under Clause 3(ix) of the Order is not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

xi. According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

xii. According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting under Clause 3(xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi) of the Order is not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQA8803

Place: Mumbai
Date: April 29, 2021

BALANCE SHEET AS AT 31ST MARCH 2021

Rs. In Lakhs

		Note No.	As at 31st March 2021	As at 31st March 2020
I	**ASSETS**			
	NON-CURRENT ASSETS			
	(a) Property, Plant and Equipment	4	**0.30**	0.56
	(b) Right to use Assets	4	**–**	450.19
	SUB-TOTAL		**0.30**	450.75
	CURRENT ASSETS			
	(a) Financial Assets			
	(i) Investments	5	**–**	135.01
	(ii) Trade Receivables	6	**–**	40.53
	(iii) Cash and Cash Equivalents	7	**19.52**	13.73
	(b) Current Tax Assets (Net)	8	**26.20**	11.28
	(c) Other Current Assets	9	**18.95**	25.72
	SUB-TOTAL		**64.67**	226.27
	TOTAL ASSETS		**64.97**	677.01
II	**EQUITY AND LIABILITIES**			
	EQUITY			
	(a) Equity Share Capital	10	**585.00**	285.00
	(b) Other Equity	11	**(531.60)**	(314.91)
	SUB-TOTAL		**53.40**	(29.91)
	LIABILITIES			
2	**NON-CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Other Financial Liabilities	12	**–**	50.00
	(ii) Lease Liabilities		**–**	241.34
	(b) Provisions	13	**–**	4.55
	SUB-TOTAL		**–**	295.90
3	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(ii) Trade Payables	14		
	(i) total outstanding dues of micro enterprises and small enterprises		**–**	22.00
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**9.98**	97.16
	(iii) Lease Liabilities		**–**	220.50
	(b) Provisions	13	**1.50**	65.20
	(c) Other Current Liabilities	15	**0.09**	6.17
	SUB-TOTAL		**11.57**	411.03
	TOTAL		**64.97**	677.01

See accompanying notes forming part of the financial statements 1 to 3

In terms of our report attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 29, 2021

For and on behalf of the Board of Directors

Chandrasekar Kandasamy Director
DIN No - 01084215

Nikhil Ramakrishna Sohoni Director
DIN No - 06852639

Place: Mumbai
Date: April 29, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021

Rs. In Lakhs

Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
Continuining Operations			
I Revenue from operations	**16**	**247.69**	372.63
II Other Income	**17**	**2.53**	2.50
III Total Revenue (I + II)		**250.23**	375.13
IV EXPENSES			
(a) Employee benefit expense	**18**	**122.22**	**165.76**
(b) Finance costs	**19**	**26.04**	26.23
(c) Depreciation and amortisation expense	**4**	**144.96**	112.79
(d) Other expenses	**20**	**173.69**	153.16
Total Expenses (IV)		**466.91**	457.94
V Profit/(loss) before exceptional items and tax (III - IV)		**(216.69)**	(82.82)
VII Profit/(loss) before tax (V - VI)		**(216.69)**	(82.82)
VIII Tax Expense			
(1) Current tax		**–**	–
(2) Deferred tax		**–**	–
Total tax expense (VIII)		**–**	–
IX Profit/(loss) after tax from continuing operations (VII - VIII)		**(216.69)**	(82.82)
X Discontinued Operations			
(1) Profit/(loss) from discontinued operations			
(2) Tax Expense of discontinued operations			
XI Profit/(loss) after tax from discontinued operations (XII + XIII)			
IX Profit/(loss) for the period		**(216.69)**	(82.82)
XX Earnings per equity share (for continuing and discontinued operations):			
(1) Basic	**21**	**(3.70)**	(2.91)

In terms of our report attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 29, 2021

For and on behalf of the Board of Directors

Chandrasekar Kandasamy Director
DIN No - 01084215

Nikhil Ramakrishna Sohoni Director
DIN No - 06852639

Place: Mumbai
Date: April 29, 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2021

Rs. In Lakhs

Particulars	**Note No.**	**Year ended 31st March 2021**	Year ended 31st March 2020
Cash flows from operating activities			
Profit before tax for the year		**(216.69)**	(82.82)
Adjustments for:			
Investment income recognised in profit or loss		**(2.94)**	(2.50)
Depreciation and amortisation of non-current assets		**171.00**	139.02
		(48.62)	53.70
Movements in working capital:			
Increase in trade and other receivables		**40.53**	(40.53)
(Increase)/decrease in other assets		**6.77**	(25.72)
Decrease in trade and other payables		**(120.81)**	115.01
Increase/(decrease) in provisions		**(63.70)**	56.89
Decrease/(increase) in tax assets		**(14.92)**	(6.58)
(Decrease)/increase in other liabilities		**(60.64)**	55.61
Cash generated from operations		**(212.78)**	154.67
Income taxes paid			
Net cash generated by operating activities		**(261.40)**	208.37
Cash flows from investing activities			
Payments to acquire/redemption of financial assets		**135.01**	(131.25)
Other dividends received		**2.94**	2.50
Payments for property, plant and equipment			(0.18)
Net cash (used in)/generated by investing activities		**137.95**	(128.93)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		**300.00**	60.00
Proceeds from borrowings		**–**	11.65
Repayment of borrowings		**(170.75)**	(138.78)
Net cash used in financing activities		**129.25**	(67.13)
Net increase in cash and cash equivalents		**5.79**	12.32
Cash and cash equivalents at the beginning of the year		**13.73**	1.40
Effects of exchange rate changes on the balance of cash held in foreign currencies			
Cash and cash equivalents at the end of the year		**19.52**	13.73

In terms of our report attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 29, 2021

For and on behalf of the Board of Directors

Chandrasekar Kandasamy Director
DIN No - 01084215

Nikhil Ramakrishna Sohoni Director
DIN No - 06852639

Place: Mumbai
Date: April 29, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2021

		Rs. In Lakhs As at 31st March 2021 TOTAL
A.	**Equity share capital**	
	As at 31 March 2020	285.00
	Changes in equity share capital during the year	300.00
	As at 31 March 2021	585.00

Remarks/Commentary:

Balances should be net off treasury shares. The above table should provide aggregate opening, movement and closing values for all classes of Equity Capital.

In terms of our report attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 29, 2021

For and on behalf of the Board of Directors

Chandrasekar Kandasamy Director
DIN No - 01084215

Nikhil Ramakrishna Sohoni Director
DIN No - 06852639

Place: Mumbai
Date: April 29, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

1. General Information

Mahindra Airways Limited is a Limited Company incorporated and domiciled in India. The Company's registered office is at Mahindra Towers, P K Kurne Chowk, Worli, Mumbai, Maharashtra, India. These financial statements correspond to the financial statements of the Company. The Company is primarily involved in Providing Helicopter Chartering Services under Non-Scheduled Operators Permit (NSOP) issued by Director General Civil Aviation.

2. Significant Accounting Policies

a. Statement of compliance and basis of preparation

These financial statements of Mahindra Airways Limited have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

b. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

d. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

e. Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

f. Cash Flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

g. Property, Plant and equipment

Property, Plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any.

Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use.

Depreciation is provided on straight line basis for property, plant and equipment so as to expense the depreciable amount, i.e. the cost less estimated residual value, over its estimated useful lives. The estimated useful lives and residual values are reviewed annually and the effect of any changes in estimate is accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

The management's estimate of useful lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset classes, based on the Company's expected usage pattern supported by technical assessment:

Asset Class	Useful Lives
Furniture & Fixtures	10 years
Computer	3 years

Assets costing less than or equal to Rs. 5,000 are depreciated fully in the year of purchase.

h. Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset or a group of assets (cash generating unit) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or a group of assets. The recoverable amount of the asset (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Value in use is the present value of estimated future cash flow expected to arise from the continuing use of the assets and from its disposal at the end of its useful life.

If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

i. Revenue Recognition

The Company has applied Ind AS 115 'Revenue from Contracts with customers' ("hereinafter referred to as Ind AS 115") effective from 01 April 2018, using modified retrospective approach for the purpose of transition. Accordingly, comparatives for the previous period have not been restated. The application of Ind AS 115 did not have any material impact on the financial results of the Company.

- **Service Income**

  Income from Chartering Services are recognised on satisfaction of performance obligation towards rendering of such services.
- **Interest income**

  Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.
- **Dividend Income**

  Dividend from investments are recognised in profit or loss when the right to receive payment is established.

j. Investments

Investments are classified under Non-current and current categories.

Non-current Investments' are carried at acquisition /amortized cost. A provision is made for diminution other than temporary on an individual basis.

Current Investments' are carried at fair value on an individual basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

k. Leases:

Ind AS 116 is replaced the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees.

Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The amendment is effective for annual periods beginning on or after 01st April 19.

The company has terminated the lease on 31.12.2020.

l. Employee Benefits

Defined Contribution schemes

Company's contributions to the Provident Fund are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

Defined benefits plans

The Company's gratuity benefit scheme is a defined benefit plan.

m. Taxation

Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rate that have been enacted and substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax liability or asset is recognized for timing differences between the profits/losses offered for income tax and profits/losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax asset are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

n. Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

o. Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

-it has been acquired principally for the purpose of selling it in the near term; or

-on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking.

The Company has equity investments which are not held for trading. The Company has elected the FVTOCI irrevocable option for these investments.

Dividend on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'Other income' line item.

p. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

q. Provisions and Contingencies

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events not wholly within the control of the Company.

3. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

- useful life of property, plant and equipment
- estimation of defined benefit obligation
- income taxes - current and deferred taxes
- fair value of unlisted securities

Detailed information about each of these estimates and judgements that have a significant risk of resulting in material adjustment within the next financial year is included in relevant notes for the above items.

Estimates and judgements are evaluated based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 4 - Property, Plant and Equipment

Rs. In Lakhs

Description of Assets	Computer & Accessories	Furniture and Fixtures	ROU Assets	Total
I. Gross Carrying Amount				
Balance as at 1 April 2020	0.74	0.18	450.19	451.11
Additions	–	–	–	–
Acquisitions through business combinations	–	–	–	–
Disposals	–	–	(450.19)	(450.19)
Reclassified as held for sale	–	–	–	–
Others [describe]	–	–	–	–
Balance as at 31 March 2021	**0.74**	**0.18**	**–**	**0.92**
II. Accumulated depreciation and impairment				
Balance as at 1 April 2020	0.36	0.01	–	**0.36**
Depreciation expense for the year	0.24	0.02	144.70	144.96
Eliminated on disposal of assets	–	–	–	–
Eliminated on reclassification as held for sale	–	–	–	–
Impairment losses recognised in profit or loss	–	–	–	–
Reversals of impairment losses recognised in profit or loss	–	–	–	–
Others [describe]	–	–	–	–
Balance as at 31 March 2021	0.59	0.03	144.70	145.32
III. Net carrying amount (I-II)	**0.15**	**0.15**	**(144.70)**	**(144.40)**

Note No. 5 - Investments

Particular	As at 31st March 2021 QTY	As at 31st March 2021 Amounts* In Lakhs Current	As at 31st March 2021 Amounts* In Lakhs Non Current	As at 31st March 2020 QTY	As at 31st March 2020 Amounts* In Lakhs Current	As at 31st March 2020 Amounts* In Lakhs Non Current
Investments in Mutual Funds	–	–	–	10,527	135	–
Total Aggregate Quoted Investments	–	–	–	–	135	–
TOTAL INVESTMENTS	–	–	–	–	135	–

Note No. 6 - Trade receivables

Rs. In lakhs

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non-Current	As at 31st March 2020 Current	As at 31st March 2020 Non-Current
Trade receivables				
(a) Secured, considered good	–	–	40.53	–
TOTAL	–	–	40.53	–

Rs. In lakhs

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non-Current	As at 31st March 2020 Current	As at 31st March 2020 Non-Current
Of the above, trade receivables from:				
– Related Parties	–	–	1.65	–
– Others	–	–	38.88	–
TOTAL	–		40.53	–

Note No. 7 - Cash and Bank Balances

Rs. In Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
Cash and cash equivalents		
(a) Balances with banks (in current accounts)....	**19.52**	13.73
(b) Cheques, drafts on hand.............................		
(c) Cash on hand...	**0.00**	0.00
(d) Others		
Total Cash and cash equivalent.........................	**19.52**	13.73

Reconcliation of Cash and Cash Equivalents

Rs. In Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
Total Cash and Cash Equivalents as per Balance Sheet..	**19.52**	13.73
Add: Bank Overdraft..		
Add: Cash and bank balances included in a disposal group held for sale	**–**	–
Total Cash and Cash Equivalents as per Statement of Cashflow	**19.52**	13.73

Note No. 8 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Rs. In Lakhs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Current Tax:		
In respect of current year	**–**	–
In respect of prior years	**–**	–
Unrecognised tax loss used to reduce current tax expense	**–**	–
Others	**–**	–
i. Balances with Government Authority		
i. GST Receivable	**26.20**	11.28
Total income tax expense on continuing operations	**26.20**	11.28

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 9 - Other assets

Rs. In Lakhs

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non-Current	As at 31st March 2020 Current	As at 31st March 2020 Non-Current
Advances receivable in cash or kind				
(i) Balances with government authorities (other than income taxes)	**2.95**		7.26	
(ii) Other advances				
Security Deposites	**16.00**		16.00	
Prepaid Expenses			2.46	
Prepaid Rent				
Other Recoverables	**30.56**			
Provision for Doubtful Debts	**(30.56)**			
Total	**18.95**	–	25.72	–

Note No. 10 - Equity Share Capital

Rs. In Lakhs

Particulars	As on 31st March 2021 No. of shares	As on 31st March 2021 Amounts	As on 31st March 2020 No. of shares	As on 31st March 2020 Amounts
Authorised:				
Equity shares of 10 each with voting rights	**6,500,000**	**650.00**	5,000,000	500.00
Issued, Subscribed and Fully Paid:				
Equity shares of 10 each with voting rights	**5,850,000**	**585.00**	2,850,000	285.00
Total	**5,850,000**	**585.00**	2,850,000	285.00

(ii) Details of shares held by the holding company, the ultimate holding company, subsidiaries and associates:

Particulars	No. of Shares Equity Shares with Voting rights
Mahindra Holdings Limited Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018	5,850,000

(iii) Details of shares held by each shareholder holding more than 5% shares:

Rs. In Lakhs

Class of shares/Name of shareholder	As at 31st March 2021 Number of shares held	As at 31st March 2021 % holding in that class of shares	As at 31st March 2020 Number of shares held	As at 31st March 2020 % holding in that class of shares
Mahindra Holdings Limited	**5,850,000**	**100%**	2,850,000	100%
Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018				

Note No. 11 - Other Equity

Rs. In Lakhs

	As at 31st March 2021	As at 31st March 2020
As at 31 March 2020	**(314.91)**	(232.09)
Profit/(Loss) for the period	**(216.69)**	(82.82)
Other Comprehensive Income/(Loss)		
Total Comprehensive Income for the year	**(216.69)**	(82.82)
As at 31 March 2021	**(531.60)**	(314.91)

Note No. 12 - Other Financial Liabilities

Rs. In Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
Other Financial Liabilities Measured at Amortised Cost		
Non-Current		
(a) Security Deposits	**–**	50.00
Total other financial liabilities	**–**	50.00

Note No. 13 - Provisions

Rs. In Lakhs

Particulars	As at 31st March 2021 Current	As at 31st March 2020 Current
a. Advances received from customers	**–**	–
b. Defered Revenue		
– Deferred Revenue arising from Customer Loyalty program	**–**	–
– Deferred Government grant related to assets	**–**	–
– Other Provisions	**1.50**	65.20
Total other liabilities	**1.50**	65.20

Note No. 13 - Provisions

Rs. In Lakhs

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non-Current	As at 31st March 2020 Current	As at 31st March 2020 Non-Current
(a) Provision for employee benefits				
(1) Long-term Employee Benefits				
Gratuity (Unfunded)	**–**	**–**	3.45	–
Leave Encashment	**–**	**–**	1.10	–
Total Provisions	**–**	**–**	4.55	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Note No. 14 - Trade Payables

Rs. In Lakhs

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non Current	As at 31st March 2020 Current	As at 31st March 2020 Non Current
(I) Trade Payables				
(i) total outstanding dues of micro enterprises and small enterprises	–	–	22.00	–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**7.95**	–	97.16	–
Total trade payables	**7.95**		119.15	
	7.95		119.15	

Note No. 15 - Other Liabilities

Rs. In Lakhs

Particulars	As at 31st March 2021 Current	As at 31st March 2020 Current
– Statutory Dues- taxes payable	**0.09**	6.17
TOTAL OTHER LIABILITIES	**0.09**	6.17

Note No. 16 - Revenue from Operations

The following is an analysis of the company's revenue for the year from continuing operations.

Rs.In lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
(a) Revenue from rendering of services	**188.28**	363.48
(b) Other operating revenue	**59.41**	9.15
Total Revenue from Operations	**247.69**	372.63

Note No. 17 - Other Income

Rs.In lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
(b) Gain on Fair Valuation of Investments	**–**	**1.35**
(c) Gain on Redemption of Mutual Funds	**2.05**	**1.16**
(d) Interest on income tax refund FY 2019-20	**0.48**	**–**
Total Other Income	**2.53**	2.50

Note No. 18 - Employee Benefits Expense

Rs.In lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
(a) Salaries and wages, including bonus	**117.38**	160.60
(b) Contribution to provident and other funds	**4.23**	4.97
(c) Staff welfare expenses	**0.61**	0.19
Total Employee Benefit Expense	**122.22**	165.76

Note No. 19 - Finance Cost

Rs.In lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
(a) Interest expense	**26.04**	26.23
Total finance costs	**26.04**	26.23

Note No. 20 - Other Expenses

Rs. In Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
(a) Power & Fuel	**10.95**	17.77
(b) Office Rent	**4.21**	5.70
(c) Rates and taxes	**0.03**	0.69
(d) Insurance	**16.17**	14.56
(e) Repairs and maintenance - Others	**85.86**	97.83
(e) Travelling and Conveyance Expenses	**1.29**	0.03
(f) As Auditors	**0.50**	0.50
(g) Training expenses	**0.51**	7.93
(h) Travelling expenses	**–**	3.90
(i) Hire and service charges	**3.09**	2.34
(j) Legal and other professional costs	**17.46**	0.52
(k) Provision for doubtful receivables	**30.56**	**–**
(l) Miscelleneous expenses	**3.06**	**1.38**
Total Other Expenses	**173.69**	153.16

Note No. 21 - Earnings per Share

Rs. In Lakhs

Note	Particulars	For the year ended 31st March 2021 Per Share	For the year ended 31st March 2020 Per Share
	Basic Earnings per share		
	From continuing operations	**(3.70)**	(2.91)
	From discontinuing operations		
	Total basic earnings per share	**(3.70)**	(2.91)
	Diluted Earnings per share		
	From continuing operations	**(3.70)**	(2.91)
	From discontinuing operations	**–**	–
	Total diluted earnings per share	**(3.70)**	(2.91)
	Weighted Average Number of Shares		

Note No. 22 - Related Party Transactions

Name of Ultimate Holding Company	Mahindra and Mahindra Limited
Name of the parent Company	Mahindra Holdings Limited
Name of Group Company	Mahindra Integrated Business Solutions Pvt Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Details of transaction between the Company and its related parties are disclosed below:

Particulars	For the year ended	Parent Company	Entities having joint control/ significant influence over Company	Other related parties
Nature of transactions with Related Parties				
Receiving of services	31-Mar-21			
- Mahindra & Mahindra Ltd	31-Mar-21		242.21	
- Mahindra Integrated Business Solutions Pvt. Ltd.	31-Mar-21		11.29	
Nature of Balances with Related Parties	**Balance as on**	**Parent Company**	**Entities having joint control/ significant influence over Company**	**Other related parties**
Trade payables	31-Mar-21	Nil	1.49	Nil
Other balances	31-Mar-21	Nil	0.62	Nil

Note No. 23 - Financial Instruments

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk <list all such risks as applicable>. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collatarel , where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterpaty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable, and where appropraite, credit guarantee insurance cover is purchased.

Apart from Company A, the largest customer of the Company, the Company does not have significant credit risk exposure to any single counterparty. Concentration of credit risk related to Company A did not exceed 20% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 10% of gross monetary assets at any time during the year.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-agencies.

In addition, the Company is exposed to credit risk in relation to financial gurantees given to banks provided by the Company. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on. As at 31 march 2018, an amount of INR NIL(31 March 2017: INR NIL)) has been recognised in the Consolidated Balance Sheet as financial liabilities.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses. The Company has taken dealer deposit of INR XX and bank guarantees of INR XX which is considered as collateral and these are considered in determination of expected credit losses, where applicable. *<Provide details on any other type of collateral and its effect on ECL allowance>.*

There is no change in estimation techniques or significant assumptions during the reporting period.

The loss allowance provision is determined as follows:

LIQUIDITY RISK

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars Note No. 11 - Financial Instrument	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Non-derivative financial assets				
31-Mar-21				
Non-interest bearing	19.52	0	0	0
Variable interest rate instruments	–	0	0	0
Total	**19.52**	**–**	**–**	**–**

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the guidelines set by the Board of Directors and Risk Management Committee.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Note No. 24 - Fair Value Measurement
Fair value of financial assets and financial liabilities that are not measured at fair value

This section explains the judgement and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in financials statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1 Inputs:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted market price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions. If an entity holds a position in a single asset or liability and the asset or liability is traded in an active market, the fair value of the asset or liability is measured within Level 1 as the product of the quoted price for the individual asset or liability and the quantity held by the entity, even if the market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Level 2 Inputs:

Level 2 inputs are inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2 inputs include:

_ quoted prices for similar assets or liabilities in active markets
_ quoted prices for identical or similar assets or liabilities in markets that are not active
_ inputs other than quoted prices that are observable for the asset or liability, for example-interest rates and yield curves observable at commonly quoted interval
_ implied volatilities
_ credit spreads
_ inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs')

Level 3 Inputs

Level 3 inputs are ubobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measuremnet date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participation assumptions that is reasonably available.

Fair value of financial assets and financial liabilities that are not measured at fair value

	Fair value hierarchy as at 31st March 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets carried at Amortised Cost				
– investments........	**0**	**0.00**	**0**	**–**
– cash & cash equivalents.........	**0**	**19.52**	**0**	**19.52**
Total	**–**	**19.52**	**–**	**19.52**

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Note 25 - The Company has used certain significant accounting estimates which have been disclosed in the financial statements.

These includes fair valuation of financial and non-financial assets and liabilities, going concern assessment etc. requiring significant management judgement in estimating the same. Considering the continuing COVID-19 pandemic, the results in upcoming period may significantly vary and may affect the recoverability of assets and settlement of liabilities.

The Company, based on internal & external sources of information including market research, economic forecast and other information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2021 as at the date of approval of these financial statements.

Note 26 - Previous period's figures are regrouped / reclassified wherever necessary to conform with those of the current year.

In terms of our report attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: April 29, 2021

For and on behalf of the Board of Directors

Chandrasekar Kandasamy Director
DIN No - 01084215

Nikhil Ramakrishna Sohoni Director
DIN No - 06852639

Place: Mumbai
Date: April 29, 2021

INDEPENDENT AUDITOR'S REPORT
To The Members of Mahindra Logistics Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Mahindra Logistics Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report.

We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Completeness of revenue recognised for Supply Chain Management:**	**We have performed following procedures:**
	The Company engages external fleet owners for providing onward transportation services to the customers. The Company recognises 'Revenue' from rendering of services upon: 1. Receiving of actual invoice from vendor along with customer acknowledged Proof of Delivery (POD) of completed services; OR 2. An estimate of 'Trips' that would have been completed using the 'Expected Lead Time' (ELT)	➢ Obtained an understanding of the significant management judgement in estimating the ELT in the recognition of revenue at the reporting date with respect to the Supply Chain business. ➢ Tested the design and implementation of internal controls on judgements exercised over the determination of ELT in the recognition of revenue at the reporting date with respect to the Supply Chain business as well as their operating effectiveness of the aforesaid controls.
	Determining completion of performance obligation and recording 'Revenue' using the ELT method at the reporting date requires management to exercise significant judgments. Given the involvement of significant judgments around estimations of ELT in the recognition of 'Revenue' with respect to Supply Chain business, it is considered to be a key audit matter. (Refer Significant Accounting Policy 3(a).iv and note no. 9 and 21 to the financial statements)	➢ To assess the reasonableness of the ELT determined by the management in recognition of revenue as at the reporting period for the Supply Chain business: i. reviewing the parameters used to determine the basis of ELT, and ii. tested 'Unbilled Revenue' for an interim period against actual POD's received subsequently; ✓ Tested samples of relevant direct costs to ensure that all expenses have been booked corresponding to revenue.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report and Annexures to Board's Report, Management Discussion and Analysis, Corporate Governance Report and Business Responsibility Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid standalone financial statements comply with the IndAS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Kedar Raje
(Partner)
(Membership No. 102637)
(UDIN: 21102637AAAABP1079)

Place: Pune
Date: 29 April 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra Logistics Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Kedar Raje
(Partner)
(Membership No. 102637)
(UDIN: 21102637AAAABP1079)

Place: Pune
Date: 29 April 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the property, plant and equipment.

b. The Company has a program of verification of Property, Plant and Equipment to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c. According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deed comprising the immovable property of land is held in the name of the Company as at the balance sheet date. In respect of immovable properties of buildings that have been taken on lease and disclosed as Property, Plant and Equipment in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the order is not applicable.

(iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(iv) In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year within the meaning of the provisions of Sections 73 and 76 or any other relevant provisions of the Companies Act, 2013.

(vi) Having regard to the nature of Company's business / activities, reporting under clause (vi) of the order is not applicable.

(vii) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion:

a. The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Services Tax and other material statutory dues as applicable to it with the appropriate authorities.

b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax Act and other material statutory dues in arrears as at March 31, 2021, for a period of more than six months from the date they became payable.

c. As at March 31, 2021, the following are the particulars of dues on account of Goods and Services Tax matters that have not been deposited on account of any dispute:

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount Involved (Rs. Crs) ^
Bihar Value Added Tax	Value Added Tax	Joint Commissioner – Commercial Tax	2013-14	0.02
Telangana Value Added Tax	Value Added Tax	High Court, State of Telangana at Hyderabad	2015-16 to 2017-2018	12.24
Service Tax Laws	Service Tax	Commissioner Customs, Central Excise and Service Tax, Nagpur	2008-09	1.07
Service Tax Laws	Service Tax	Commissioner Customs, Central Excise and Service Tax, Nagpur	2009-10	2.12

^ Net of Rs. 7.14 Crs paid under protest

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

(ix) The Company has not raised moneys by way of Initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiaries or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Kedar Raje
(Partner)
(Membership No. 102637)
(UDIN: 21102637AAAABP1079)

Place: Pune
Date: 29 April 2021

STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2021

₹ in Crores

		Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
		ASSETS			
I		**NON-CURRENT ASSETS**			
	(a)	Property, Plant and Equipment	4	**328.63**	208.92
	(b)	Net Investment in Lease		**18.75**	20.47
	(c)	Capital Work-in-Progress		**2.07**	15.04
	(d)	Intangible Assets	5	**17.16**	0.98
	(e)	Intangible assets under development		**0.99**	–
	(f)	Financial Assets			
		(i) Investments	6	**21.41**	21.41
		(ii) Other Financial Assets	9	**34.49**	36.07
	(g)	Deferred Tax Assets (Net)	10	**19.25**	18.34
	(h)	Income Tax Assets (Net)	13	**19.60**	79.70
	(i)	Other Assets	11	**14.18**	24.72
		SUB-TOTAL		**476.53**	425.65
II		**CURRENT ASSETS**			
	(a)	Financial Assets			
		(i) Investments	6	**55.07**	–
		(ii) Trade Receivables	7	**408.25**	475.52
		(iii) Cash and Cash Equivalents	12	**197.15**	99.28
		(iv) Loans	8	**–**	15.00
		(v) Other Financial Assets	9	**337.92**	227.90
	(b)	Other Assets	11	**103.40**	84.69
		SUB-TOTAL		**1,101.79**	902.39
III		**Non-Current Assets Classified as Held for Sale**	14	**–**	1.91
		TOTAL ASSETS		**1,578.32**	1,329.95
		EQUITY AND LIABILITIES			
		EQUITY			
	(a)	Equity Share Capital	15	**71.67**	71.54
	(b)	Share Application Money		**0.04**	–
	(c)	Other Equity	16	**493.56**	473.77
		SUB-TOTAL		**565.27**	545.31
		LIABILITIES			
I		**NON-CURRENT LIABILITIES**			
	(a)	Financial Liabilities			
		Lease liabilities	33	**179.52**	119.45
	(b)	Provisions	19	**14.48**	14.55
		SUB-TOTAL		**194.00**	134.00
II		**CURRENT LIABILITIES**			
	(a)	Financial Liabilities			
		(i) Lease liabilities	33	**60.21**	45.40
		(ii) Trade Payables			
		a) Due to Micro and Small Enterprises	17	**12.07**	4.32
		b) Other than Micro and Small Enterprises	17	**707.40**	566.31
		(iii) Other Financial Liabilities	18	**5.81**	10.56
	(b)	Provisions	19	**3.46**	3.51
	(c)	Other Liabilities	20	**30.10**	20.54
		SUB-TOTAL		**819.05**	650.64
		TOTAL EQUITY AND LIABILITIES		**1,578.32**	1,329.95

The accompanying notes 1 to 37 are an integral part of the Financial Statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Kedar Raje
Partner

Place: Mumbai
Date: 29th April, 2021

For and on behalf of the Board of Directors
Mahindra Logistics Limited

Anish Shah
Chairman
DIN: 02719429

Rampraveen Swaminathan
Managing Director & CEO
DIN: 01300682

Yogesh Patel
Chief Financial Officer

Brijbala Batwal
Company Secretary

Place: Mumbai
Date: 29th April, 2021

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

₹ in Crores

	Particulars	Note No.	Year ended 31st March, 2021	Year ended 31st March, 2020
I	Revenue from Operations	21	2,959.11	3,260.90
II	Other Income	22	15.50	13.29
III	**Total Income (I + II)**		2,974.61	3,274.19
IV	**Expenses**			
	(a) Operating Expenses	23	2,494.56	2,756.70
	(b) Employee benefits expense	24	280.43	291.14
	(c) Finance costs	25	17.11	14.43
	(d) Depreciation and amortisation expense	4&5	82.75	65.95
	(e) Other expenses	26	63.12	65.28
	Total Expenses		2,937.97	3,193.50
V	**Profit before exceptional items and tax (III - IV)**		36.64	80.69
VI	Exceptional items (net)	27	4.00	–
VII	**Profit before tax (V - VI)**		32.64	80.69
VIII	**Tax Expenses**			
	(1) Current tax	28	9.56	24.19
	(2) Deferred tax	28	(0.91)	1.36
	Total Tax Expense		8.65	25.55
IX	**Profit After Tax (VII - VIII)**		23.99	55.14
X	**Other Comprehensive Income**			
	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans		0.09	0.46
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.02)	(0.12)
	Total Other Comprehensive Income		0.07	0.34
XI	**Total comprehensive income for the year (IX + X)**		24.06	55.48
XII	**Earnings per equity share (Face Value ₹ 10/- per share)**			
	(1) Basic (in ₹)	29	3.35	7.72
	(2) Diluted (in ₹)	29	3.33	7.68

The accompanying notes 1 to 37 are an integral part of the Financial Statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Kedar Raje
Partner

Place: Mumbai
Date: 29th April, 2021

For and on behalf of the Board of Directors
Mahindra Logistics Limited

Anish Shah
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DIN: 02719429

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Managing Director & CEO
DIN: 01300682

Yogesh Patel
Chief Financial Officer

Brijbala Batwal
Company Secretary

Place: Mumbai
Date: 29th April, 2021

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

(A) Equity Share Capital

₹ in Crores

Particulars	Number of shares	Equity share capital
Balance as at 1st April, 2019	7,14,47,684	71.45
Changes in equity share capital during the year		
Exercise of Employee Stock Options & RSUs	89,572	0.09
Balance as at 31st March, 2020	**7,15,37,256**	**71.54**
Balance as at 1st April, 2020	**7,15,37,256**	**71.54**
Changes in equity share capital during the year		
Exercise of Employee Stock Options & RSUs	1,33,084	0.13
Balance as at 31st March, 2021	**7,16,70,340**	**71.67**

(B) Other Equity

Particulars	Reserves & Surplus			
	Securities premium	Equity-settled employee benefits reserve	Retained earnings	Total
Balance as at 1st April, 2019	102.23	5.74	319.42	427.39
– Addition to Securities premium reserve	3.29	–	–	3.29
– Addition to equity settled employee benefit reserve	–	11.95	–	11.95
– Deletion to equity settled employee benefit reserve	–	(3.01)	–	(3.01)
– Dividend paid on Equity Shares (including tax theron)	–	–	(15.50)	(15.50)
– Impact on transition to Ind AS 116	–	–	(5.83)	(5.83)
Total Comprehensive income for the year				
– Profit for the year	–	–	55.14	55.14
– Actuarial gain/(loss) transferred to retained earnings	–	–	0.34	0.34
Balance as at 31st March, 2020	**105.52**	**14.68**	**353.57**	**473.77**
Balance as at 1st April, 2020	**105.52**	**14.68**	**353.57**	**473.77**
– Addition to Securities premium	**7.09**	**–**	**–**	**7.09**
– Addition to equity settled employee benefit reserve	**–**	**6.47**	**–**	**6.47**
– Deletion to equity settled employee benefit reserve	**–**	**(7.09)**	**–**	**(7.09)**
– Dividend paid on Equity Shares (including tax theron)	**–**	**–**	**(10.74)**	**(10.74)**
Total Comprehensive income for the year				
– Profit for the year	**–**	**–**	**23.99**	**23.99**
– Actuarial gain/(loss) transferred to retained earnings	**–**	**–**	**0.07**	**0.07**
Balance as at 31st March, 2021	**112.61**	**14.06**	**366.89**	**493.56**

The accompanying notes 1 to 37 are an integral part of the Financial Statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Kedar Raje
Partner

Place: Mumbai
Date: 29th April, 2021

For and on behalf of the Board of Directors
Mahindra Logistics Limited

Anish Shah
Chairman
DIN: 02719429

Rampraveen Swaminathan
Managing Director & CEO
DIN: 01300682

Yogesh Patel
Chief Financial Officer

Brijbala Batwal
Company Secretary

Place: Mumbai
Date: 29th April, 2021

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2021

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before tax for the year	**32.64**	80.69
Adjustments for:		
Loss on disposal of property, plant and equipment	**0.45**	0.21
Provision for expected credit loss recognised on trade receivables	**0.88**	1.58
Bad debts/advances written off	**2.57**	1.21
Provision for doubtful advances	**0.10**	0.57
Depreciation and amortisation expense	**82.75**	65.95
Provision for Impairment of Investment in Joint Venture	**4.00**	–
Finance Charges	**17.11**	14.43
Unrealised gain on reversal of Right of Use Assets	**(2.09)**	(0.80)
Unrealised gain on sub-lease arrangement	**–**	(0.94)
Interest Income	**(4.83)**	(3.39)
Rental Income on Sub-Lease	**3.35**	2.34
Finance Income on net investment in lease	**(1.63)**	(1.21)
Profit on sale of mutual funds	**(0.29)**	(1.11)
Share based payment expenses	**6.47**	11.95
	108.84	90.79
Operating profit before working capital changes	**141.48**	171.48
Changes in:		
Trade and other receivables	**(67.80)**	(51.26)
Trade and other payables and provisions	**156.39**	(6.11)
	88.59	(57.37)
Cash generated from operations	**230.07**	114.11
Income taxes refund/ (paid)	**50.52**	(33.71)
Net cash flow generated from operating activities	**280.59**	80.40
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment to acquire current investments	**(713.00)**	(649.00)
Proceeds from sale of current investments	**658.22**	727.63
Investment in subsidiary	**(4.00)**	–
Inter Corporate Deposit received back/(given)	**15.00**	–
Bank Deposits Matured/(Placed)	**–**	15.00
Interest Income	**4.57**	3.15
Payment to acquire property, plant and equipment & other intangible assets	**(68.46)**	(62.32)
Proceeds from disposal of property, plant and equipment	**2.18**	0.69
Net cash flow generated from/(used in) investing activities	**(105.49)**	35.15
C. CASH FLOWS FROM FINANCING ACTIVITIES:		
Issue of Share Capital	**0.13**	0.09
Share premium received	**–**	0.28
Share Application Money received	**0.04**	–

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2021

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Proceeds from borrowings	**110.52**	–
Repayment of borrowings	**(110.52)**	–
Interest Paid	**(1.32)**	(0.45)
Repayment of finance lease obligations	**(65.34)**	(55.53)
Dividend Paid	**(10.74)**	(15.50)
Net cash used in financing activities	**(77.23)**	(71.11)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**97.87**	44.44
Cash and cash equivalents at the beginning of the year	**99.28**	54.84
Cash and cash equivalents at the end of the year	**197.15**	99.28
Components of cash and cash equivalents		
Cash/Cheques on hand	**0.57**	0.66
With Banks - on Current account/Balance in Cash Credit Accounts	**196.58**	98.62
	197.15	99.28

Notes:

1 The above Cash Flow Statement has been prepared under the Indirect Method set out in 'Ind AS 7- Statement of Cash Flows'.

2 Figures in bracket indicates cash outflow.

The accompanying notes 1 to 37 are an integral part of the Financial Statements.

In terms of our report attached.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Kedar Raje
Partner

Place: Mumbai
Date: 29th April, 2021

For and on behalf of the Board of Directors
Mahindra Logistics Limited

Anish Shah
Chairman
DIN: 02719429

Rampraveen Swaminathan
Managing Director & CEO
DIN: 01300682

Yogesh Patel
Chief Financial Officer

Brijbala Batwal
Company Secretary

Place: Mumbai
Date: 29th April, 2021

NOTES ACCOMPANYING FINANCIAL STATEMENTS

1. Corporate information

Mahindra Logistics Limited is a public limited company incorporated on 24th August 2007 under the Companies Act, 1956. The address of its registered office is disclosed in the introduction to the Annual Report. The Company is a 3PL service provider mainly engaged in transportation, warehousing, supply chain management and people logistics services.

The Financial Statements for the year ended 31st March 2021 are approved for issue in accordance with a resolution of the directors on 29th April 2021.

2. Significant accounting policies

2.1. Statement of compliance

The Financial Statements have been prepared in accordance with Indian Accounting Standard as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under section 133 of the Companies Act, 2013 (the 'Act'). The Financial Statements are separate Financial Statements.

2.2. Basis of preparation and presentation

The Financial Statements have been prepared on accrual basis and the historical cost basis as a going concern except for certain financial instruments that are measured at fair values or at amortised cost, wherever applicable, at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this financial statement is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Financial Statements are prepared in Indian Rupee (INR) and denominated in crores.

The principal accounting policies are set out below.

2.3. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.4. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.4.1. <u>Rendering of services</u>

Incomes from logistics services rendered are recognised on the completion of the services as per the terms of contract. Revenue is recognized at the fair value of consideration received or receivable, to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

2.4.2. <u>Dividend and interest income</u>

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.4.3. <u>Sale of Goods</u>

Sale of products are recognised when the products are dispatched which coincides with the transfer of control to the buyer of products. Sales are exclusive of Sales Tax/ Goods and Service Tax and sales returns.

2.5. Leasing

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the lessor has a substantive substitution right, then the asset is not identified
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company as a lessee has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  a) the Company as a lessee has the right to operate the asset; or
  b) the Company as a lessee designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or modified, on or after 1st April 2019.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at amortised cost at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the incremental borrowing rate.

It is re -measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term as part of 'other income'.

Transition

The Company has adopted Ind AS 116 using the modified retrospective approach with effect from initially applying this standard from 1st April, 2019. Accordingly, the information presented for previous year ended 31st March, 2019 has not been restated and continues to be reported under IAS 17.The Company has adopted modified retrospective approach where lease liability measured at present value of remaining lease payment discounted at the incremental borrowing rate at the date of initial application and right to use asset is equal to lease liability adjusted by the amount of any prepaid or accrued lease payments.

As a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. Single discount rate to a portfolio of leases with similar characteristics.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

2.6. Foreign currencies

i. Initial recognition

In preparing the Financial Statements of the company, transactions in currencies other than the entity's functional currency of Indian Rupees (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

ii. Conversion

a. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

b. Non-monetary items, if any are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

a. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

b. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

2.7. Borrowing costs

Borrowing Cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue in the year of incurrence.

2.8. Employee benefits

2.8.1. Retirement benefit costs and termination benefits

i. Defined Contribution Plan:

Company's contributions paid/payable during the year to the Superannuation Fund, ESIC, Provident Fund and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

ii. Defined Benefits Plan:

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in Other Comprehensive Income in the period in which they occur. Remeasurement recognised in Other Comprehensive Income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

a. Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

b. Net interest expense or income; and

c. Remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

2.8.2. Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.9. Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note no. 24.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

2.10. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.10.1. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'Profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.10.2. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.10.3. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity respectively.

2.11. Property, Plant and Equipment

All items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of acquisition is inclusive of purchase price, levies and any directly attributable cost of bringing the assets to its working condition for the intended use. Subsequent costs are included in the asset's carrying amount or recognised as separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation on tangible assets is charged by the Straight Line Method (SLM) in accordance with the useful lives specified in Part – C of Schedule II of the Companies Act, 2013 on a pro-rata basis except in the case of:

i. Certain items of Plant & Machinery individually costing more than Rs. 5,000 - over their useful lives ranging from 2 years to 10 years as estimated by the company and also based on the contractual arrangements wherever applicable.

ii. Certain items of Plant & Machinery individually costing less than Rs. 5,000 shall be depreciated over a period of 1 year.

iii. Mobile Phones (included in Office Equipment) in 2 years.

iv. Motor Cars (included in Vehicles) in 3 to 5 years as the case may be

v. Assets capitalised which are attached to the leasehold office premises shall be depreciated upto 75% of its value over the lease period assuming a realisable value of 25% after the end of original lease period.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.12. Intangible assets

2.12.1. Intangible assets acquired separately

The useful lives of intangible assets are assessed as either finite or infinite. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.12.2. Useful lives of intangible assets

The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

Certain softwares added during the year are amortised over a period of 36 months.

2.13. Impairment of tangible and intangible assets

The management of the Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed, and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. A reversal of an impairment loss is recognised immediately in profit or loss.

2.14 Impairment of investments

The Company assesses impairment of investments in subsidiaries, associates and joint ventures which are recorded at cost. At the time when there are any indications that such investments have suffered a loss, if any, is recognised in the statement of Profit and Loss. The recoverable amount requires estimates of operating margin, discount rate, future growth rate, terminal values, etc. based on management's best estimate.

2.15. Provisions, Contingent Liabilities & Contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is disclosed where an inflow of economic benefits is probable.

2.16. Financial instruments

Financial assets and financial liabilities are recognised when a company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.17. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.17.1. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

i. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

ii. the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer note no 2.17.4

Investments in subsidiaries: All investments in subsidiaries are valued at cost.

All other financial assets are subsequently measured at fair value.

2.17.2. Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

2.17.3. Financial assets at Fair value through Profit and Loss

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in Other Comprehensive Income for investments in equity instruments which are not held for trading.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other Income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be measured reliably.

2.17.4. Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

2.17.5. Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in Other Comprehensive Income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in Other Comprehensive Income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in Other Comprehensive Income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.17.6. Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in Other Comprehensive Income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in Other Comprehensive Income.

2.18. Financial liabilities and equity instruments

2.18.1. Classification as debt or equity

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.18.2. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.18.3. Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

2.18.4. Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.19. Segment Accounting:

The CEO monitors the operating results of the business segments separately for the purpose of making decisions about the allocation of resources and performance assessment. Segment performance is measured based on profit or loss and is measured consistently with profit or loss in Financial Statements

2.19.1. Identification of Operating Segments

The operating segments have been identified based on its services and has two reportable segments, as follows:

i. **Supply Chain Management-** Goods transportation service including warehouse management service.

ii. **Enterprise Mobility Services** - People transportation service

2.19.2. Accounting of Operating Segments

Accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenues and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis and inter-segment revenue and expenses, have been included under "Unallocated Corporate Expenses/Eliminations".

2.20. Earnings Per Share:

Basic and diluted earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year, in accordance with Ind AS 33.

3 (a). Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Useful lives of Property, Plant and Equipment

As described in note 2.11 above, the Company reviews the estimated useful lives of Property, Plant and Equipment at the end of each annual reporting period.

(ii) Defined Benefit Plans

The cost of the defined benefit plans and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(iii) Fair Value of financial assets and liabilities and investments

The Company measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) requires estimates of operating margin, discount rate, future growth rate, terminal values etc. based on management's best estimate about future developments.

(iv) Estimated Lead Time for determining completion of performance obligation

The company also determines completion of performance obligation with respect to transportation service based on Estimated Lead Time (ELT) to deliver based on standard past performance and to that extent it involves management judgments for estimating delivery time to destination.

(v) Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by lease basis and there by assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

(vi) Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

Based on assessment and on the basis of available information of the impact of COVID-19, the Management has considered the possible effects, if any, that may result from the pandemic on the carrying amounts of current assets after considering internal and external sources of information as at the date of approval of these financial statements. The actuals may differ from the estimates considered in these financial statements.

(vii) Trade receivables

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company has considered subsequent recoveries, past trends, credit risk profiles of the customers based on their industry, macroeconomic forecasts and internal and external information available to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.

(viii) Revenue from Contracts with Customers

The Company has evaluated the impact of COVID-19 resulting from (i) the possible constraints to continue its operations and revisions in costs to fulfill the pending obligations (ii) onerous obligations (iii) penalties, if any, relating to breaches of agreements and (iv) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID-19 is not material based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

3 (b). Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards.

The MCA notification for schedule 3 - On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 4 - Property, Plant and Equipment

As at 31st March, 2021

₹ in Crores

Description of Assets	Land - Freehold*	Plant and Machinery	Office Equipment	Furniture & Fixtures	Vehicles	Right of Use Assets	Total
A. Cost							
Balance as at 1st April, 2020	–	62.39	34.12	34.47	1.47	175.84	**308.29**
a) Additions	1.91	21.45	11.56	27.32	7.64	144.13	**214.01**
c) Less: Disposals/adjustments	–	(8.55)	(0.78)	(1.49)	(1.04)	(27.36)	**(39.22)**
Balance as at 31st March, 2021	**1.91**	**75.29**	**44.90**	**60.30**	**8.07**	**292.61**	**483.08**
B. Accumulated depreciation/amortisation							
Balance as at 1st April, 2020	–	22.16	20.34	13.64	0.68	42.55	**99.37**
a) Depreciation/amortisation expense for the year	–	8.63	6.54	6.85	0.35	54.82	**77.19**
b) Less: Disposals/adjustments	–	(6.91)	(0.68)	(1.09)	(0.56)	(12.87)	**(22.11)**
Balance as at 31st March, 2021	**–**	**23.88**	**26.20**	**19.40**	**0.47**	**84.50**	**154.45**
C. Net carrying amount as at 31st March 2021 (A-B)	**1.91**	**51.41**	**18.70**	**40.90**	**7.60**	**208.11**	**328.63**

*** During financial year 2020-2021, the Company has reclassified Land held for sale to Property, Plant and Equipment.**

As at 31st March, 2020

Description of Assets	Land - Freehold*	Plant and Machinery	Office Equipment	Furniture & Fixtures	Vehicles	Right of Use Assets	Total
A. Cost							
Balance as at 1st April, 2019	–	34.84	26.04	22.74	2.20	–	**85.82**
a) Impact of adoption of Ind AS 116	–	–	–	–	–	112.75	**112.75**
b) Additions	–	30.09	8.68	12.50	–	79.98	**131.25**
c) Less: Disposals/adjustments	–	(2.54)	(0.60)	(0.77)	(0.73)	(16.89)	**(21.53)**
Balance as at 31st March, 2020	**–**	**62.39**	**34.12**	**34.47**	**1.47**	**175.84**	**308.29**
B. Accumulated depreciation/amortisation							
Balance as at 1st April, 2019	–	18.21	15.22	9.02	0.62	–	**43.07**
a) Depreciation/amortisation expense for the year	–	6.21	5.63	5.28	0.36	47.59	**65.07**
b) Less: Disposals/adjustments	–	(2.26)	(0.51)	(0.66)	(0.30)	(5.04)	**(8.77)**
Balance as at 31st March, 2020	–	22.16	20.34	13.64	0.68	42.55	**99.37**
C. Net carrying amount as at 31st March 2020 (A-B)	**–**	**40.23**	**13.78**	**20.83**	**0.79**	**133.29**	**208.92**

Note

The estimated amount of contracts remaining to be executed on capital account and not provided for is as follows:

₹ in Crores

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
Contracts remaining to be executed on capital account	**20.32**	8.91

Note No. 5 - Intangible Assets

₹ in Crores

Computer Software	**As at 31st March, 2021**	As at 31st March, 2020
A. Cost		
a) Balance as at 1st April	**15.28**	14.29
b) Additions	**21.74**	0.99
Balance at the end of the year	**37.02**	15.28
B. Accumulated ammortisation		
a) Balance as at 1st April	**14.30**	13.42
b) Amortisation expense for the year	**5.56**	0.88
Balance at the end of the year	**19.86**	14.30
C. Net carrying amount as at the end of the year (A-B)	**17.16**	0.98

Note:

During the year, the management has reassessed accounting for amortisation of intangibles which are over a period of three years. Based on the assessment carried out by the management going forward certain intangibles will be amortised over a period of thirty six months. Due to change in the estimate of amortisation of intangibles, a lower charge of amortisation of Rs. 2.29 Crores for the year ended 31st March 2021 has been recognised.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

The estimated amount of contracts remaining to be executed on capital account and not provided for is as follows:

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Contracts remaining to be executed on capital account	1.26	2.45

Note No. 6 - Investments

₹ in Crores

Particulars	As at 31st March, 2021 Quantity	Amount Current	Amount Non Current	As at 31st March, 2020 Quantity	Amount Current	Amount Non Current
I. COST						
Unquoted Investments (fully paid)						
(A) Investments in Equity Instruments of Subsidiaries						
i) Equity Shares of 2x2 Logistics Private Limited of Rs. 10 each fully paid up	49,55,500	–	4.96	49,55,500	–	4.96
ii) Equity Shares of LORDS Freight India Private Limited of Rs. 10 each fully paid up	23,40,009	–	16.45	19,59,039	–	12.45
(B) Investments in Equity Instruments of Joint Venture						
i) Equity Shares of Transtech Logistics Private Limited of Rs. 10 each fully paid up	100	–	0.01	100	–	0.01
ii) 0.01% Compulsory Convertible Preference Shares ("CCPS") of Transtech Logistics Private Limited of Rs. 50 each fully paid up	65,988	–	3.99	65,988	–	3.99
Total Unquoted Investments		–	25.41		–	21.41
TOTAL INVESTMENTS CARRIED AT COST [I]		–	25.41		–	21.41
II. FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL)						
A. Quoted Investments (fully paid)						
Investments in Mutual Funds		55.07	–		–	–
Total Quoted Investments		55.07	–		–	–
TOTAL INVESTMENTS CARRIED AT FVTPL [II]		55.07	–		–	–
Of the above, investments designated at FVTPL		–	–		–	–
Of the above, investments held for trading - Carried at FVTPL		55.07	–		–	–
Other investments carried at FVTPL		–	–		–	–
TOTAL INVESTMENTS (I) + (II)		55.07	25.41		–	21.41
Impairment in value of investment in Joint Venture		–	4.00		–	–
TOTAL IMPAIRMENT VALUE OF INVESTMENTS (III)		–	4.00		–	–
TOTAL INVESTMENTS CARRYING VALUE (I) + (II) - (III)		55.07	21.41		–	21.41
Other disclosures						
Aggregate amount of quoted investments		55.07	–		–	–
Aggregate amount of Market value of investments		55.07	–		–	–
Aggregate amount of unquoted investments		–	21.41		–	21.41
Aggregate amount of impairment in value of investments		–	4.00		–	–

Name of Investees	Principal Place of Business	Ownership Interest As at 31st March, 2021	Ownership Interest As at 31st March, 2020
2x2 Logistics Private Limited	Mumbai	55.00%	55.00%
LORDS Freight India Private Limited	Mumbai	99.05%	82.92%
Transtech Logistics Private Limited	Bengaluru	39.79%	39.79%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 7 – Trade receivables

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
	Current	Current
Unsecured, considered good	**423.77**	490.16
Less: Allowance for Credit Losses	**(15.52)**	(14.64)
Total	**408.25**	475.52

Notes:

i) Refer Note 30 (III) for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

ii) The company applies the simplified approach to provide for expected credit losses prescribed by IND AS 109, which permits the use of the lifetime expected credit loss provision for all trade receivables. The company has expected credit losses based on a provision matrix which uses historical credit loss experience of the Company.

iii) Trade Receivables are hypothecated to Banks against working capital facility.

Note No. 8 - Loans

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Loan to related party		
Unsecured, considered good	–	15.00
Total	–	15.00

Note:
Refer Note 30 (III) for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

Note No. 9 - Other financial assets

₹ in Crores

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Current	**Non-Current**	Current	Non-Current
Financial assets at amortised cost				
a) Bank Deposit				
Under lien with Government authority with more than 12 months of original maturity	–	**0.01**	–	0.01
Total	–	**0.01**	–	0.01
b) Security Deposits				
i. Unsecured, considered good	**12.50**	**25.28**	10.49	22.74
ii. Doubtful	**0.77**	–	0.79	0.01
Less: Allowance for Losses	**(0.77)**	–	(0.79)	(0.01)
Total	**12.50**	**25.28**	10.49	22.74
c) Other items				
i. Interest Accrued	**0.06**	–	0.58	–
ii. Accrued Sales	**322.50**	**8.84**	216.60	13.20
iii. Equity Shares of Zoroastrian Cooperative Bank Ltd	–	**0.01**	–	0.01
iv. National Savings Certificate*	–	**0.02**	–	0.01
v. Other Receivables	**2.86**	**0.33**	0.28	0.10
Less: Allowance for Losses	–	–	(0.05)	–
Total	**325.42**	**9.20**	217.41	13.32
Total (a+b+c)	**337.92**	**34.49**	227.90	36.07

* Includes encumbered securities which is restricted on their use or sale of the securities.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 10: Deferred Tax Assets

Movement in deferred tax balances

₹ in Crores

Particulars	Year ended 31st March, 2021				Year ended 31st March, 2020			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
A. Tax effect of items constituting deferred tax liabilities								
a) VAT allowance	**0.79**	**–**	**–**	**0.79**	1.09	(0.30)	–	0.79
b) Mutual Funds	**–**	**0.01**	**–**	**0.01**	0.05	(0.05)	–	–
Total	**0.79**	**0.01**	**–**	**0.80**	1.14	(0.35)	–	0.79
B. Tax effect of items constituting deferred tax assets								
a) Allowances on Property, Plant and Equipment and Intangible Assets	**3.47**	**(1.10)**	**–**	**2.37**	4.74	(1.27)	–	3.47
b) Provision for employee benefits	**4.55**	**(0.04)**	**–**	**4.51**	6.78	(2.23)	–	4.55
c) Provisions and allowances for credit losses	**4.35**	**1.26**	**–**	**5.61**	5.29	(0.94)	–	4.35
d) Share based payments	**3.66**	**(0.15)**	**–**	**3.51**	1.96	1.70	–	3.66
e) Leases	**2.79**	**0.45**	**–**	**3.24**	1.62	1.17	–	2.79
f) Others	**0.31**	**0.50**	**–**	**0.81**	0.45	(0.14)	–	0.31
Total	**19.13**	**0.92**	**–**	**20.05**	20.84	(1.71)	–	19.13
Net Tax Asset/(Liabilities) (B-A)	**18.34**	**0.91**	**–**	**19.25**	19.70	(1.36)	–	18.34

Note No. 11 – Other assets

₹ in Crores

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Current	**Non-Current**	Current	Non-Current
A. Capital advances				
a) For Capital work-In-progress	**–**	**5.62**	–	0.36
b) For Intangible asset	**–**	**0.21**	–	17.52
Total (A)	**–**	**5.83**	–	17.88
B. Advances other than capital advances				
a) Advances to suppliers – considered good	**70.07**	**–**	56.04	–
b) Advances to suppliers – considered doubtful	**1.99**	**–**	1.81	–
c) Balances with government authorities (other than income taxes)	**29.73**	**8.19**	25.37	6.54
d) Prepaid Expenses	**2.53**	**0.16**	2.29	0.30
e) Advances to employees (refer note (a) below)	**1.07**	**–**	0.99	–
Total (B)	**105.39**	**8.35**	86.50	6.84
Total (A+B)	**105.39**	**14.18**	86.50	24.72
Less: Allowances for credit losses	**(1.99)**	**–**	(1.81)	–
Total (C)	**(1.99)**	**–**	(1.81)	–
Total (A+B+C)	**103.40**	**14.18**	84.69	24.72

Note:

Advances given to employees are as per the Company's policy and are not required to be disclosed u/s 186(4) of Companies Act, 2013.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 12 – Cash and Cash Equivalents

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
A. Cash and cash equivalents		
a) Balances with banks	**99.58**	58.62
b) Cheques, drafts on hand	**0.03**	–
c) Bank deposits with original maturity of less than 3 months	**97.00**	40.00
d) Cash on hand	**0.54**	0.66
Total	**197.15**	99.28

Cash Credit facilities are repayable on demand and carry interest based on applicable rate plus agreed spreads and/or negotiated rates. The rates of interest during the period ranged between 5.00 % to 8.50 %.

Note No. 13 – Income Tax Assets (Net)

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Advance Income Tax/TDS Receivable (Net)	**19.60**	79.70
Total	**19.60**	79.70

Note No. 14 – Non-Current Assets classified as held for sale

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Land held for sale*	**-**	1.91
Total	**-**	1.91
Liabilities associated with assets held for sale	**–**	–

* During financial year 2020-2021, the Company has reclassified Land held for sale to Property, Plant and Equipment.

Note No. 15 – Equity Share Capital

₹ in Crores

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of shares	**Amount**	No. of shares	Amount
A. Authorised:				
Equity shares of ₹ 10 each with voting rights	**10,50,00,000**	**105.00**	10,50,00,000	105.00
Total	**10,50,00,000**	**105.00**	10,50,00,000	105.00
B. Issued, Subscribed and Fully Paid:				
Equity shares of ₹ 10 each with voting rights	**7,16,70,340**	**71.67**	7,15,37,256	71.54
Total	**7,16,70,340**	**71.67**	7,15,37,256	71.54

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Particulars		Opening Balance	Fresh Issue	Other Changes	Closing Balance
Equity Shares with Voting rights					
Year ended 31st March, 2021					
	No. of Shares	**7,15,37,256**	**1,33,084**	**–**	**7,16,70,340**
	Amount	**71.54**	**0.13**	**–**	**71.67**
Year ended 31st March, 2020					
	No. of Shares	7,14,47,684	89,572	–	7,15,37,256
	Amount	71.45	0.09	–	71.54

(ii) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

(iii) Details of shares held by Holding Company/and their Subsidiaries

Name of shareholder	As at 31st March, 2021	As at 31st March, 2020
a) Holding Company		
– Mahindra & Mahindra Limited	**4,18,12,157**	4,18,12,157
b) Subsidiaries of Holding Company		
– Mahindra Engineering and Chemical Products Limited	**100**	100

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31st March, 2021 Number of shares held	As at 31st March, 2021 % holding in that class of shares	As at 31st March, 2020 Number of shares held	As at 31st March, 2020 % holding in that class of shares
A. Equity shares with voting rights				
– Mahindra & Mahindra Limited	**4,18,12,157**	**58.34%**	4,18,12,157	58.45%

Note:
For details of shares reserved for issuance under options, please refer note no 24.

Note No. 16 – Other Equity

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Securities premium	**112.61**	105.52
Equity-settled employee benefits reserve	**14.06**	14.68
Retained earnings	**366.89**	353.57
Total	**493.56**	473.77

Movement in Reserves

Particulars	As at 31st March, 2021	As at 31st March, 2020
(A) Securities Premium		
Balance as at the beginning of the year	**105.52**	102.23
Add: Additions during the year	**7.09**	3.29
Balance as at the end of the year	**112.61**	105.52
(B) Equity-settled Employee benefits reserve		
Balance as at the beginning of the year	**14.68**	5.74
Add: Additions during the year	**6.47**	11.95
Less: Deletion during the year	**(7.09)**	(3.01)
Balance as at the end of the year	**14.06**	14.68
(C) Retained Earnings		
Balance as at the beginning of the year	**353.57**	319.42
Add: Profit for the year	**23.99**	55.14
Add: Actuarial gain/(loss) for the year	**0.07**	0.34
Less: Dividend paid on Equity Shares (including tax theron)	**(10.74)**	(15.50)
Less: Impact on transition to Ind AS 116	**–**	(5.83)
Balance as at the end of the year	**366.89**	353.57

Nature and purpose of other reserves:

Securities Premium Reserve:

Securities premium account is created when shares are issued at premium. The reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Equity-settled employee benefits reserve:

Equity settled employee benefit reserve represents reserve towards the premium for the equity shares to be issued against the options granted.

Retained earnings:

Retained earnings represents the accumulated surplus. The reserve can be distributed/utilised by the Company in accordance with the Companies Act, 2013.

Note: The Board of Directors at its meeting held on 29th April, 2021 have recommended a payment of final dividend of ₹ 2.50 (Two Rupees and Fifty paise only) per equity share of face value of ₹ 10 each for the year ended 31st March, 2021. The same amounts to ₹ 17.92 crores.

Note No. 17 – Trade Payables

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
a) Total outstanding dues of micro enterprises and small enterprises	**12.07**	4.32
b) Total outstanding dues other than micro enterprises and small enterprises:		
– Trade payable - Other than Micro and small enterprises (includes Outstanding dues of Medium enterprises)	**707.40**	563.71
– Acceptances	**–**	2.60
	707.40	566.31
Total Trade Payables	**719.47**	570.63

Notes:

i) Trade Payables are payables in respect of the amount due on account of goods purchased or services availed in the normal course of business.

ii) Micro, Small & Medium enterprises have been identified by the company on the basis of the information available with the Company. Total outstanding dues of Micro and Small enterprises, which are outstanding and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the Act") are given below: This has been relied upon by the auditors.

Particulars	As at 31st March, 2021	As at 31st March, 2020
a) Dues remaining unpaid		
– Principal	**12.01**	4.25
– Interest on the above	**0.06**	0.07
b) Interest paid in terms of section 16 of the Act along with the amount of payment made to the supplier beyond appointed day during the year		
– Principal paid beyond the appointed date	**3.71**	2.02
– Interest paid in terms of section 16 of the Act	**0.07**	0.02
c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	**0.06**	0.03
d) Further interest due and payable even in succeeding years, until such date when the interest due as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the Act	**–**	0.04
e) Amount of interest accrued and remaining unpaid at the end of accounting year	**0.06**	0.07

Note No. 18 – Other Financial Liabilities

₹ in Crores

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Current	**Non-Current**	Current	Non-Current
Other Financial Liabilities Measured at Amortised Cost				
(a) Security Deposits	**1.23**	**–**	3.57	–
(b) Other liabilities				
– Creditors for capital supplies/services	**3.67**	**–**	6.44	–
– Deferred Revenue	**0.91**	**–**	0.55	–
Total	**5.81**	**–**	10.56	–

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 19 – Provisions

₹ in Crores

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Current	**Non-Current**	Current	Non-Current
Provision for employee benefits				
Provision for Compensated absences	**3.46**	**14.48**	3.51	14.55
Total	**3.46**	**14.48**	3.51	14.55

Note No. 20 – Other Liabilities

₹ in Crores

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Current	**Non-Current**	Current	Non-Current
A. Advances received from customers	**8.45**	**–**	0.25	–
B. Statutory dues				
a) Taxes Payable	**15.95**	**–**	13.84	–
b) Employee Liabilities	**2.04**	**–**	2.49	–
C. Post-employment Benefit – Gratuity Liability	**3.66**	**–**	3.96	–
Total	**30.10**	**–**	20.54	–

Note:
For disclosures related to employee benefits, refer note 34.

Note No. 21 – Revenue from Operations

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
a) Revenue from rendering of services	**2,959.11**	3,260.77
b) Other operating revenue	**–**	0.13
Total	**2,959.11**	3,260.90

A. Country-wise break up of Revenue

The company has evaluated the impact of COVID–19 resulting from:

(i) the possibility of constraints to render the services which may require revision of estimations of costs to complete the contract because of additional efforts;

(ii) onerous obligations;

(iii) penalties relating to breaches of service level agreements, and

(iv) termination or deferment of contracts by customers.

The company has concluded that the impact of COVID–19 is not material based on these estimates. Due to the nature of the pandemic, the company continues to monitor developments to identify significant uncertainties relating to revenue in future periods.

Year ended 31st March, 2021

Country	Revenue from contracts with customers	Revenue from operations from other than customers	Total Revenue from Operations	Other Income	Total Income
India	**2,959.11**	**-**	**2,959.11**	**15.50**	**2,974.61**
Total	**2,959.11**	**-**	**2,959.11**	**15.50**	**2,974.61**

Year ended 31st March, 2020

Country	Revenue from contracts with customers	Revenue from operations from other than customers	Total Revenue from Operations	Other Income	Total Income
India	**3,260.90**	**-**	**3,260.90**	**13.29**	**3,274.19**
Total	**3,260.90**	**-**	**3,260.90**	**13.29**	**3,274.19**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

B. Reconciliation of revenue from contract with customer

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Revenue from contract with customer as per the contract price	**3,044.97**	**3,310.97**
Adjustments made to contract price on account of :-		
Less: Sales Returns/Reversals	85.86	50.07
Revenue from contract with customer as per the Statement of Profit and Loss	**2,959.11**	**3,260.90**

C. Break-up of Provision for Expected Credit Losses recognised in P&L

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Expected Credit loss recognised during the year on trade receivables	15.52	14.64
Total	**15.52**	**14.64**

D. Movement of Contract Assets and Contract Liabilities

Movement of Contract Assets

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Opening Balance	**229.80**	**207.92**
Additions during the year	327.47	229.80
Reclassification Adjustments:		
– Reclass of opening balances of contract assets to trade receivables	(225.93)	(207.92)
Closing Balance	**331.34**	**229.80**

Movement of Contract Liabilities

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Opening Balance	**0.25**	**1.16**
Additions during the year	8.45	0.25
Reclassification Adjustments:		
– Reclass of opening balances of contract liabilities to revenue	(0.25)	(1.16)
Closing Balance	**8.45**	**0.25**

Note No. 22 – Other Income

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
a) Interest Income		
i. Financial assets carried at amortised cost	**4.83**	3.39
ii. Finance Income on Net investment in Lease	**1.63**	1.21
iii. Other assets	**8.08**	4.99
b) Miscellaneous Income		
i. Net gain arising on financial assets carried at FVTPL	**0.29**	1.11
ii. Net gain arising on financial liabilities carried at amortised cost	**–**	–
iii. Other income	**0.67**	2.59
Total	**15.50**	13.29

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note No. 23 – Operating Expenses

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Freight & Other Related Expenses	**2,057.26**	2,372.26
Labour & Other Related Expenses	**322.72**	269.64
Rent	**41.98**	33.69
Warehouse & Other Related Expenses	**47.83**	56.30
Hire & Service Charges	**10.62**	13.57
Power & Fuel	**10.30**	6.94
Repairs Machinery	**2.99**	2.78
Repairs Building	**0.86**	1.52
Total	**2,494.56**	2,756.70

Note No. 24 – Employee Benefits Expense

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
a) Salaries and wages, including bonus	**234.12**	234.51
b) Contribution to provident and other funds	**12.60**	14.63
c) Gratuity	**3.75**	4.42
d) Share based payment expenses	**6.47**	11.95
e) Staff welfare expenses	**23.49**	25.63
Total	**280.43**	291.14

Notes:

i) Salaries and wages includes salaries, wages, bonus, compensated absences and all other amounts payable to employees in respect of services rendered as per their employment terms under a contract of service.

ii) Contribution to provident fund and other funds includes contributions to other funds like Superannuation Fund, ESIC etc. pertaining to employees.

iii) Share based payment

The Company has in force two Employee Stock Option schemes under the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014:

Mahindra Logistics Limited – Key Executive Stock Option Scheme, 2012 (“KESOS 2012”) and Mahindra Logistics Employee Restricted Stock Unit Plan 2018 (“RSU Plan 2018”).

Each option carries with it the right to purchase one equity share of the Company at the exercise price determined by the Company under the respective schemes at the time of grant. The vesting pattern of the schemes in a graded manner as per the vesting criteria approved by the Nomination and Remuneration Committee of the Board (“NRC”) for each grant.

During the financial year under review, the NRC granted Restricted Stock Units (“RSUs”) to the eligible employees of the Company in accordance with the RSU Plan 2018 approved by the Shareholders vide special resolutions dated August 2, 2018, August 1, 2019 with vesting as summarised hereunder:

29 July 2020 - 56,483 RSUs - In two equal annual instalments up to financial year 2022-23;

30 July 2020 - 2,00,000 RSUs - Single vesting in the financial year 2024-25;

The RSUs up on vesting basis the vesting criteria approved by the NRC are exercisable over a period of one year from the date of vesting.

No new grants were made in the KESOS Scheme 2012 during the year under review.

The personal cost mentioned above includes Rs. 1.49 crores for the year towards the said grants.

iv) Information in respect of options outstanding:

As at 31st March, 2021

Particulars	Number of Shares	Grant Date	Expiry Date	Exercise Price	Fair value at Grant Date
Equity Settled					
i. Restricted Stock Units	20,550	29-07-2020	29-07-2021	10.00	279.95
ii. Restricted Stock Units	20,537	29-07-2020	30-06-2022	10.00	278.98
iii. Restricted Stock Units	2,00,000	30-07-2020	30-06-2024	10.00	273.47
iv. Restricted Stock Units	8,460	04-02-2020	04-02-2021	10.00	391.74
v. Restricted Stock Units	28,200	01-02-2020	02-02-2021	10.00	365.80
vi. Restricted Stock Units	6,666	04-11-2019	04-11-2020	10.00	366.06
vii. Restricted Stock Units	6,666	04-11-2019	17-07-2021	10.00	365.31
viii. Restricted Stock Units	6,668	04-11-2019	17-07-2022	10.00	364.26
ix. Restricted Stock Units	21,748	04-11-2019	04-11-2020	10.00	366.06

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

As at 31st March, 2021

Particulars	**Number of Shares**	**Grant Date**	**Expiry Date**	**Exercise Price**	**Fair value at Grant Date**
x. Restricted Stock Units	29,651	04-11-2019	30-06-2021	10.00	365.36
xi. Restricted Stock Units	29,653	04-11-2019	30-06-2022	10.00	364.31
xii. Restricted Stock Units	17,088	01-11-2018	01-11-2019	10.00	538.29
xiii. Restricted Stock Units	72,464	01-11-2018	30-06-2020	10.00	537.73
xiv. Restricted Stock Units	94,886	01-11-2018	30-06-2021	10.00	536.82
xv. Restricted Stock Units	94,858	01-11-2018	30-06-2022	10.00	536.01
xvi. Option 6	39,444	10-07-2017	10-07-2021	87.28	44.96

As at 31st March, 2020

Particulars	Number of Shares	Grant Date	Expiry Date	Exercise Price	Fair value at Grant Date
Equity Settled					
i. Restricted Stock Units	12,000	04-02-2020	04-02-2021	10.00	391.74
ii. Restricted Stock Units	40,000	01-02-2020	02-02-2021	10.00	365.80
iii. Restricted Stock Units	6,666	04-11-2019	04-11-2020	10.00	366.06
iv. Restricted Stock Units	6,666	04-11-2019	17-07-2021	10.00	365.31
v. Restricted Stock Units	6,668	04-11-2019	17-07-2022	10.00	364.26
vi. Restricted Stock Units	36,105	04-11-2019	04-11-2020	10.00	366.06
vii. Restricted Stock Units	36,104	04-11-2019	30-06-2021	10.00	365.36
vili. Restricted Stock Units	36,104	04-11-2019	30-06-2022	10.00	364.31
ix. Restricted Stock Units	92,254	01-11-2018	01-11-2019	10.00	538.29
x. Restricted Stock Units	1,45,106	01-11-2018	30-06-2020	10.00	537.73
xi. Restricted Stock Units	1,26,061	01-11-2018	30-06-2021	10.00	536.82
xii. Restricted Stock Units	1,26,060	01-11-2018	30-06-2022	10.00	536.01
xiii. Option 6	39,444	10-07-2017	10-07-2021	87.28	44.96

v) Movement in Share Options

Particulars	**Year ended 31st March, 2021**		Year ended 31st March, 2020	
	Number of Shares	**Weighted average exercise price**	Number of Shares	Weighted average exercise price
a) The number and weighted average exercise prices of share options outstanding at the beginning of the year	**7,09,238**	**14.30**	6,89,648	18.53
b) Granted during the year	**2,56,483**	**10.00**	1,80,313	10.00
c) Forfeited during the year	**1,35,098**	**10.00**	71,151	10.00
d) Exercised during the year	**1,33,084**	**10.00**	89,572	41.68
e) Expired during the year	**–**	**–**	–	–
f) Outstanding at the end of the year	**6,97,539**	**14.37**	7,09,238	14.30
g) Exercisable at the end of the year	**6,97,539**	**14.37**	7,09,238	14.30
h) Remaining contractual life (no of days)		**1,187**		838

vi) The inputs used in the measurement of the fair values at grant date of the employee stock option plans (ESOPs) were as follows.

Particulars/Grant Date	**29-07-2020** RSU (i)	**29-07-2020** RSU (ii)	**30-07-2020** RSU (iii)	**04-02-2020** RSU (iv)	**01-02-2020** RSU (v)
Share price at grant date	292.35	292.35	288.90	404.15	378.25
Exercise price	10.00	10.00	10.00	10.00	10.00
Expected volatility (weighted-average)	20.94%	20.94%	21.03%	31.49%	29.09%
Expected life/Option life (weighted-average)	2.00	2.92	4.92	2.00	2.25
Expected dividends yield	0.55%	0.55%	0.55%	0.44%	0.44%
Risk-free interest rate (based on government bonds)	4.07%	4.65%	5.16%	5.85%	5.88%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Particulars/Grant Date	04-11-2019 RSU (vi)	04-11-2019 RSU (vii)	04-11-2019 RSU (viii)	04-11-2019 RSU (ix)	04-11-2019 RSU (x)
Share price at grant date	378.25	378.25	378.25	378.25	378.25
Exercise price	10.00	10.00	10.00	10.00	10.00
Expected volatility (weighted-average)	29.09%	29.09%	29.09%	29.09%	29.09%
Expected life/Option life (weighted-average)	2.00	2.70	3.70	2.00	2.65
Expected dividends yield	0.44%	0.44%	0.44%	0.44%	0.44%
Risk-free interest rate (based on government bonds)	5.83%	5.96%	6.25%	5.83%	5.95%

Particulars/Grant Date	04-11-2019 RSU (xi)	01-11-2018 RSU (xii)	01-11-2018 RSU (xiii)	01-11-2018 RSU (xiv)	01-11-2018 RSU (xv)	10-07-2017 Option 6 (xvi)
Share price at grant date	378.25	549.85	549.85	549.85	549.85	87.28
Exercise price	10.00	10.00	10.00	10.00	10.00	87.28
Expected volatility (weighted-average)	29.09%	34.30%	34.30%	34.30%	34.30%	58.27%
Expected life/Option life (weighted-average)	3.65	2.00	2.66	3.66	4.66	4.00
Expected dividends yield	0.44%	0.27%	0.27%	0.27%	0.27%	0.00%
Risk-free interest rate (based on government bonds)	6.24%	7.74%	7.71%	7.63%	7.98%	6.72%

vii) The fair value of the employee share options has been measured using the Black-Scholes Option Pricing Model. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

viii) Expected volatility has been based on an evaluation of annual volatility of peer group prevailing in the year of grant.

Note No. 25 – Finance Cost

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
a) Interest expense on financial instruments designated at amortised cost	**1.32**	0.45
b) Interest on Lease Liability	**15.79**	13.98
Total	**17.11**	14.43

Note No. 26 – Other Expenses

₹ in Crores

Particulars		Year ended 31st March, 2021	Year ended 31st March, 2020
a) Rent including lease rentals		**1.68**	3.77
b) Legal and Other professional costs		**19.86**	20.71
c) Hire and Service Charges		**1.62**	1.14
d) Travelling and Conveyance Expenses		**5.73**	11.86
e) Provision for expected credit loss on trade receivables		**0.88**	1.58
f) Provision for doubtful advances		**0.10**	0.57
g) Power and Fuel		**0.64**	1.60
h) Expenditure on Corporate Social Responsibility (CSR)		**2.17**	2.05
i) Advertisement		**0.98**	0.98
j) Net loss on sale of property, plant and equipments		**0.45**	0.21
k) Repairs and maintenance:			
i) Buildings	0.17		–
ii) Machinery	0.46		0.26
iii) Others	5.54		3.64
		6.17	3.90
l) Auditors remuneration and out-of-pocket expenses:			
i) As Auditors	0.28		0.28
ii) For Other services & reimbursement of expenses	0.01		0.01
		0.29	0.29
m) Other expenses:			
i) Miscellaneous Expenses		**19.98**	15.41
ii) Loss arising on derecognition of financial assets- Bad debts/advances written off		**2.57**	1.21
		22.55	16.62
Total		**63.12**	65.28

Note:

Expenditure incurred on Corporate Social Responsibility (CSR) under section 135 of the Companies Act, 2013 Rs. 2.17 crores (2020 : Rs. 2.05 crores).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 27 – Exceptional Items

The Company classifies items of income and expense within profit or loss from ordinary activities as exceptional items when they are of such size, nature or incidence that their disclosure is relevant to explain the performance for the period.

Exceptional Items (net) recognised in profit or loss:

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Impairment loss on certain long term investments	**4.00**	–
Total	**4.00**	–

The Company has long-term investments in subsidiaries and joint venture which are measured at cost less impairment or at fair value through profit or loss. The management assesses the performance of these entities including the future projections and relevant economic and market conditions in which they operate to identify if there is any indicator of impairment in the carrying value of the investments. In case indicators of impairment exist, the impairment loss is measured by estimating the recoverable amounts based on the higher of (i) 'fair value less cost of disposal' determined using market price information, where available, and (ii) 'value-in-use' estimates determined using discounted cash flow projections, where available. The fair value less costs of disposal is determined using the market approach and is categorised as Level 3 – unobservable inputs for the asset or liability. The future cash flow projections are specific to the entity based on its business plan and may not be the same as those of market participants. The future cash flows consider key assumptions such as volume projections, margins, terminal growth rates, etc. with due consideration for the potential risks given the current economic environment in which the entity operates. The discount rates used are pre-tax rates based on weighted average cost of capital and reflects market's assessment of the risks specific to the asset as well as time value of money. The recoverable amount estimates are based on judgments, estimates, assumptions and market data as on reporting date and ignore subsequent changes in the economic and market conditions.

During the year ended 31st March 2021, the performance of Joint venture with the relevant economic and market indicator resulted indicator of impairment of investment. Accordingly, Company determined the recoverable value of the investment is lower than carrying value and recorded a provision of Impairment of Rs 4.00 Cr. (March 31st 2020 : Nil). The value- in- use calculation is determined using discount rate at 18% and terminal growth rate at 3%.

Note No. 28 – Current Tax and Deferred Tax

(a) Income Tax recognised in Profit & Loss

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
A. Current Tax:		
a) In respect of current year	**9.58**	24.28
b) In respect of prior years	**(0.02)**	(0.09)
Total	**9.56**	24.19
B. Deferred Tax:		
a) In respect of current year	**(0.91)**	(3.60)
b) In respect of change in tax rate	**–**	4.96
Total	**(0.91)**	1.36
Total (A+B)	**8.65**	25.55

(b) Income tax recognised in Other Comprehensive Income

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
A. Current Tax:		
Remeasurement of defined benefit obligations	**(0.02)**	(0.12)
Total	**(0.02)**	(0.12)
B. Deferred Tax:		
Total	**–**	–
Classification of income tax recognised in Other Comprehensive Income		
Income taxes related to items that will not be reclassified to profit or loss	**(0.02)**	(0.12)
Income taxes related to items that will be reclassified to profit or loss	**–**	–
Total	**(0.02)**	(0.12)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Profit Before tax	**32.64**	80.69
Applicable Income tax rate #	**25.17%**	25.17%
Expected Income tax expense	**8.22**	20.31
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Effect of change in tax rate due to switch to new tax regime (Refer note below)	**–**	4.96
Effect of expenses/provisions not deductible in determining taxable profit	**0.59**	0.53
Effect of deduction under Income tax (u/s 80G)	**(0.14)**	(0.16)
Effect of net additional / (reversal) of provision in respect of prior years	**(0.02)**	(0.09)
Reported income tax expense	**8.65**	25.55

Note:

\# The tax rate used in reconciliations above is the corporate tax rate of 22% (plus surcharge and cess as applicable) on taxable profits under Income Tax Act, 1961.

Note No. 29 – Earnings Per Share

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
A. Basic Earnings Per Share (in ₹) (face value ₹ 10/- per share)	**3.35**	7.72
B. Diluted Earnings Per Share (in ₹) (face value ₹ 10/- per share)	**3.33**	7.68

Notes:

i) Basic Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Profit for the year attributable to owners of the Company	**23.99**	55.14
Profit for the year used in the calculation of basic earnings per share	**23.99**	55.14
Weighted average number of equity shares	**7,16,14,233**	7,14,70,864
Earnings per share from continuing operations - Basic (in ₹)	**3.35**	7.72

ii) Diluted Earnings Per Share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving the effect of the dilutive potential ordinary shares for the respective years.

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
a) Profit for the year used in the calculation of basic earnings per share	**23.99**	55.14
b) Add: adjustments on account of dilutive potential equity shares	**–**	–
Profit for the year used in the calculation of diluted earnings per share	**23.99**	55.14

iii) Reconciliation of weighted average number of equity shares

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Weighted average number of equity shares used in the calculation of Basic EPS	**7,16,14,233**	7,14,70,864
Add: Dilutive impact of potential Equity Shares on account of ESOPs & RSUs	**4,26,481**	3,67,175
Weighted average number of equity shares used in the calculation of Diluted EPS	**7,20,40,714**	7,18,38,039
Earnings per share from continuing operations - Diluted (in ₹)	**3.33**	7.68

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 30 – Financial Instruments

I. Capital Management Policy

a) The Company's capital management objectives are:

– to ensure the Company's ability to continue as a going concern.

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

b) For the purpose of Company's capital management, capital includes issued share capital, equity and all other equity reserves. The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

c) The following table shows the components of capital:

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Equity	**565.27**	545.31
Total	**565.27**	545.31

Note:

The above capital management disclosures are based on the information provided internally to key management personnel.

II. Categories of financial assets and financial liabilities

₹ in Crores

Particulars	As at 31st March, 2021			
	Amortised Costs	**FVTPL**	**FVOCI**	**Total**
A. Non-current Assets				
a) Trade Receivables	–	–	–	–
b) Other Financial Assets	34.49	–	–	34.49
Total	34.49	–	–	34.49
B. Current Assets				
a) Investments	–	55.07	–	55.07
b) Trade Receivables	408.25	–	–	408.25
c) Cash and Bank Balances	197.15	–	–	197.15
d) Loans	–	–	–	–
e) Other Financial Assets	337.92	–	–	337.92
Total	943.32	55.07	–	998.39
C. Non-current Liabilities				
a) Lease liabilities	179.52	–	–	179.52
Total	179.52	–	–	179.52
D. Current Liabilities				
a) Lease liabilities	60.21	–	–	60.21
b) Trade Payables	719.47	–	–	719.47
c) Other Financial Liabilities	5.81	–	–	5.81
Total	785.49	–	–	785.49

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

₹ in Crores

Particulars	As at 31st March, 2020 Amortised Costs	FVTPL	FVOCI	Total
A. Non-current Assets				
a) Trade Receivables	–	–	–	–
b) Other Financial Assets	36.07	–	–	36.07
Total	36.07	–	–	36.07
B. Current Assets				
a) Investments	–	–	–	–
b) Trade Receivables	475.52	–	–	475.52
c) Cash and Bank Balances	99.28	–	–	99.28
d) Loans	15.00	–	–	15.00
e) Other Financial Assets	227.90	–	–	227.90
Total	817.70	–	–	817.70
C. Non-current Liabilities				
a) Lease liabilities	119.45	–	–	119.45
Total	119.45	–	–	119.45
D. Current Liabilities				
a) Lease liabilities	45.40	–	–	45.40
b) Trade Payables	570.63	–	–	570.63
c) Other Financial Liabilities	10.56	–	–	10.56
Total	626.59	–	–	626.59

III. Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) Credit risk management

Trade receivables and deposits

(i) Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivable. Credit exposure is controlled by counterparty credit period which is monitored through an approved policy.

(ii) Trade receivables consist of a large number of customers, spread across diverse industries and places across India.

(iii) Apart from one large customers of the Company, the Company does not have significant credit risk exposure to any single customer and concentration of credit risk related to a single company did not exceed 15% of trade receivables at the end of the year.

(iv) The Company applies the simplified approach in providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable.

(v) There is no change in estimation techniques or significant assumptions during the reporting year.

(vi) The loss allowance for expected credit losses for trade receivables for different ageing periods are as follows:

₹ in Crores

Particulars	**As at 31st March, 2021** Not due	Less than 6 months past due	More than 6 months past due	Total
a) Gross carrying amount	**184.59**	**180.35**	**58.83**	**423.77**
b) Loss allowance provision	**2.64**	**1.35**	**11.53**	**15.52**

Particulars	**As at 31st March, 2020** Not due	Less than 6 months past due	More than 6 months past due	Total
a) Gross carrying amount	197.50	246.28	46.38	490.16
b) Loss allowance provision	4.63	2.14	7.87	14.64

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

(vii) Reconciliation of loss allowance provision for Trade Receivables

₹ in Crores

Particulars		Year ended 31st March, 2021	Year ended 31st March, 2020
a)	Balance as at beginning of the year	**14.64**	13.06
b)	Impairment losses recognised in the year based on lifetime expected credit losses		
	– On receivables originated during the year	**5.67**	3.24
	– Other receivables	**0.96**	0.02
c)	Impairment losses reversed/written back	**(5.75)**	(1.68)
d)	**Balance at end of the year**	**15.52**	14.64

(viii) During the year, the Company has made write off of Rs. 2.38 crores (Previous year Rs 1.14 crores) of trade receivables and Rs. 0.14 Crores (Previous year NIL) of deposits given. These trade receivables and deposits are not subject to enforcement activity.

Investment in Mutual Funds

The Company has Rs. 55.07 crores investments as at 31st March, 2021 (As at 31st March, 2020, NIL) in growth oriented mutual funds which have not been impaired till date.

Cash and Cash equivalents

As at 31st March, 2021, the Company holds cash and cash equivalents of Rs. 196.61 crores (As at 31st March, 2020 Rs 99.28 crores). The cash and cash equivalents are held with banks with good credit rating.

B) Liquidity risk management

(i) The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

(ii) Maturities of financial liabilities

Table showing maturity profile of financial liabilites:

Particulars	As at 31st March, 2021			
	Less than 1 Year	**1 Years to 3 Years**	**3 Years to 5 Years**	**5 years and above**
A) Non-derivative financial liabilities				
a) Lease liabilities	**77.56**	**113.31**	**51.14**	**55.87**
b) Trade Payables	**719.47**	**–**	**–**	**–**
c) Security Deposits	**1.23**	**–**	**–**	**–**
d) Creditors for capital supplies	**3.67**	**–**	**–**	**–**
e) Deferred Revenue	**0.91**	**–**	**–**	**–**
Total	**802.84**	**113.31**	**51.14**	**55.87**

Particulars	As at 31st March, 2020			
	Less than 1 Year	1 Years to 3 Years	3 Years to 5 Years	5 years and above
A) Non-derivative financial liabilities				
a) Lease liabilities	57.14	93.01	30.86	13.05
b) Trade Payables	570.63	–	–	–
c) Security Deposits	3.57	–	–	–
d) Creditors for capital supplies	6.44	–	–	–
e) Deferred Revenue	0.55	–	–	–
Total	638.33	93.01	30.86	13.05

The above table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

(iii) Financing arrangements

The Company has access to following undrawn borrowing facilities at the end of the reporting year:

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
a) Secured Cash credit facility		
(Includes working capital demand loan, Short term loan and overdraft)		
– Expiring within one year	**80.00**	58.00
– Expiring beyond one year	**–**	–
b) Unsecured Cash credit facility		
(Includes working capital demand loan, Short term loan and overdraft)		
– Expiring within one year	**150.00**	–
c) Bank Guarantees*		
– Expiring within one year	**3.44**	1.95
– Expiring beyond one year	**7.70**	4.19

* These limits are as a sub-limit of secured cash credit facility.

(iv) Maturities of financial assets

Table showing maturity profile of financial assets

As at 31st March, 2021

₹ in Crores

Particulars	Less than 1 Year	1 Years to 3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
Trade Receivables	**408.25**	**–**	**–**	**–**
Security Deposits	**13.27**	**15.33**	**5.35**	**7.61**
Loan to related party	**–**	**–**	**–**	**–**
Others	**325.42**	**9.21**	**–**	**–**
Total	**746.94**	**24.54**	**5.35**	**7.61**

As at 31st March, 2020

Particulars	Less than 1 Year	1 Years to 3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial assets				
Trade Receivables	475.52	–	–	–
Security Deposits	11.28	17.49	4.36	1.84
Loan to related party	15.00	–	–	–
Others	217.41	13.32	–	–
Total	**719.21**	**30.81**	**4.36**	**1.84**

The above table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

C) Market Risk Management

The Company does not have significant market risk at the respective reporting dates.

Note No. 31 – Fair Value Measurement

a) Fair Valuation Techniques and Inputs used – recurring items

Financial assets/financial liabilities measured at Fair value	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	As at 31st March, 2021	As at 31st March, 2020				
A) Financial assets						
Investments						
Mutual fund investments	**55.07**	–	Level 1	Quoted Market Prices	NA	NA

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

As at the reporting date, the Company does not have any financial liability measured at fair values.

b) Fair value of financial assets and financial liabilities that are measured at amortised cost:

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Carrying amount	**Fair value**	Carrying amount	Fair value
A) Financial assets				
a) Financial assets carried at Amortised Cost				
i) Loans to related parties	–	–	15.00	15.00
ii) Trade and other receivables	**408.25**	**408.25**	475.52	475.52
iii) Deposits given	**37.78**	**37.78**	33.23	33.23
iv) Cash and cash equivalents	**197.15**	**197.15**	99.28	99.28
v) Bank Balances Other than iv above	–	–	–	–
vi) Others	**334.63**	**334.63**	230.74	230.74
Total	**977.81**	**977.81**	853.77	853.77
B) Financial liabilities				
a) Financial liabilities held at Amortised cost				
i) Lease Liabilities	**239.73**	**239.73**	164.85	164.85
ii) Deposits received	**1.23**	**1.23**	3.57	3.57
iii) Trade and other payables	**719.47**	**719.47**	570.63	570.63
iv) Creditors for capital supplies	**3.67**	**3.67**	6.44	6.44
v) Deferred Revenue	**0.91**	**0.91**	0.55	0.55
Total	**965.01**	**965.01**	746.04	746.04

Note No. 32 – Segment information

i) The management of the Company has chosen to organise the Company on the basis of nature of services. No operating segments have been aggregated in arriving at the reportable segments of the Company.

ii) Specifically, the Company's reportable segments and the type of product or service from which they derive income are:

a) Supply Chain Management (SCM) - Goods transportation service, including warehouse management service.

b) Enterprise Mobility Services - People transportation service

iii) The CEO monitors the operating results of the business segments separately for the purpose of making decisions about the allocation of resources and performance assessment.

iv) The segmental disclosures are as follows :-

Particulars	As at 31st March, 2021				
	SCM	**Enterprise Mobility Services**	**Total Segments**	**Elimination**	**Total**
Revenue					
I. External customers	**2,840.03**	**119.08**	**2,959.11**	**–**	**2,959.11**
II. Intersegment revenue	**–**	**–**	**–**	**–**	**–**
Total revenue	**2,840.03**	**119.08**	**2,959.11**	**–**	**2,959.11**
Results					
I. Segment Result	**211.10**	**3.07**	**214.17**	**–**	**214.17**
Less:					
Finance Costs					**(17.11)**
Unallocated corporate income net of unallocated expenses					**(164.42)**
Profit before tax					**32.64**
Income Taxes					**(8.65)**
Profit after tax					**23.99**
OTHER INFORMATION					
Segment Assets	**1,142.07**	**65.84**	**1,207.91**	**–**	**1,207.91**
Unallocated Corporate Assets					**370.41**
Total Assets					**1,578.32**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Particulars	SCM	Enterprise Mobility Services	Total Segments	Elimination	Total
	As at 31st March, 2021				
Segment Liabilities	**886.67**	**18.37**	**905.04**	**–**	**905.04**
Unallocated Corporate Liabilities					**108.01**
Total Liabilities					**1,013.05**
Capital Expenditure	**59.71**	**0.89**	**60.60**	**–**	**60.60**
Depreciation and Amortisation expense	**69.59**	**3.84**	**73.43**	**–**	**73.43**

Particulars	SCM	Enterprise Mobility Services	Total Segments	Elimination	Total
	As at 31st March, 2020				
Revenue					
I. External customers	2,893.29	367.61	3,260.90	–	3,260.90
II. Intersegment revenue	–	–	–	–	–
Total revenue	2,893.29	367.61	3,260.90	–	3,260.90
Results					
I. Segment Result	229.63	33.81	263.44	–	263.44
Less:					
Finance Costs					(14.43)
Unallocated corporate income net of unallocated expenses					(168.32)
Profit before tax					80.69
Income Taxes					(25.55)
Profit after tax					55.14
OTHER INFORMATION					
Segment Assets	931.15	103.04	1,034.19	–	1,034.19
Unallocated Corporate Assets					295.76
Total Assets					1,329.95
Segment Liabilities	660.02	43.27	703.29	–	703.29
Unallocated Corporate Liabilities					81.35
Total Liabilities					784.64
Capital Expenditure	56.23	1.39	57.62	–	57.62
Depreciation and Amortisation expense	57.77	0.12	57.89	–	57.89

Other disclosures:

a) Unallocable Expenditure/Assets:

(i) Finance income and costs, fair value gains and losses on financial assets and indirect expenses are not allocated to individual segments as the underlying instruments are managed on an entity basis.

(ii) Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on an entity basis.

(iii) The accounting policies of the reportable segments are the same as the Company's accounting Policies described in Note 2.18.

There is no difference between segment profit as reviewed by CEO and the profit before tax as appearing in the financial statements.

(v) Geographic information

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Revenue from external customers		
India	**2,959.11**	3,260.90
Outside India	**–**	–
Revenue from operations as per statement of profit or loss	**2,959.11**	3,260.90

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

(vi) Segment Assets

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
India	**1,207.91**	1,034.19
Outside India	**–**	–
Total	**1,207.91**	1,034.19

(vii) Capital Expenditure

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
India	**60.60**	57.62
Outside India	**–**	–
Total	**60.60**	57.62

(viii) Revenue from major products and services :-

The following is an analysis of the Company's revenue from continuing operations from its major products and services:

₹ in Crores

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Transportation	**2,185.12**	2,285.70
Warehousing & other related activities	**654.91**	574.91
Enterprise Mobility Services	**119.08**	367.61
Total	**2,959.11**	3,228.22

The revenues of the Company from holding company and group of customers under common control of the holding company amounts to 53.85% (Previous year: 53.90%) for the year ended 31st March, 2021 of its total revenues.

Note No. 33 – Leases

Operating Lease

The Company has adopted Ind AS 116 'Leases' with the date of initial application being 1st April, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings as at 1st April, 2019. As a result, the comparative information has not been restated. In adopting Ind AS 116, the Company has applied the below practical expedients:

The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics

The Company has treated the leases with remaining lease term of less than 12 months as if they were "short term leases"

The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition

The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease

On transition to Ind AS 116, the Company recognised right-of-use assets amounting to Rs. 111.81 crore, Net Investment in sublease of ROU of Rs. 1.76 crore, and a corresponding lease liabilities amounting to Rs. 121.36 crore by adjusting retained earnings of Rs. 5.07 crore (including the impact of defferred tax created of Rs. 2.72 crore). The Company has discounted lease payments using the applicable incremental borrowing rate as at 1st April, 2019 which is 8.70% for measuring the lease liability.

Reconciliation of operating lease commitments as at 31st March, 2019 with the lease liabilities recognized in the Balance Sheet as at 1st April, 2019:

₹ in Crores

Particulars	Year ended 31st March, 2020
A. Operating lease commitments disclosure as per Ind AS 17 as at 31st March, 2019	**56.06**
Weighted average incremental borrowing rate	**8.70%**
B. Present value using incremental borrowing rate as on 1st April, 2019	**88.58**
Recognition exemption for:	
Short term leases	**(1.64)**
Leases of low value assets	**–**
Extension and termination options reasonably certain to be exercised	**34.42**
Lease liabilities recognised at 1st April, 2019	**121.36**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Following are the changes in the carrying value of right of use assets:

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Balance as at 1st April	133.29	–
Impact of adoption of Ind AS 116	–	112.75
Additions	144.13	79.98
Disposals	(14.49)	(11.85)
Amortisation expense for the year	(54.82)	(47.59)
Balance as at 31st March	208.11	133.29

The following is the movement in lease liabilities:

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Balance as at 1st April	164.85	–
Lease liabilities recognised at 1st April, 2019	–	121.36
Additions	141.16	97.68
Finance cost accrued during the period	15.79	13.98
Deletions	(16.73)	(12.64)
Payment of lease liabilities	(65.34)	(55.53)
Balance as at 31st March	239.73	164.85

The following is the break-up of current and non-current lease liabilities:

₹ in Crores

Particulars	As at 31st March, 2021	As at 31st March, 2020
Non-current lease liabilities	179.52	119.45
Current lease liabilities	60.21	45.40
Total	239.73	164.85

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in Crores

Particulars	2021	2020
Less than one year	77.56	57.14
One to Three years	113.31	93.01
Three to five years	51.14	30.86
More than five years	55.87	13.05
Total undiscounted lease liabilities at Balance sheet date	297.88	194.06

Rental expense recorded for short-term leases was ₹ 43.66 crore (Previous Year: ₹ 37.46 Crores) for the year ended 31st March, 2021.

The following is the movement in the net investment in sublease of ROU asset during the year:

₹ in Crores

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Balance as at 1st April	20.47	1.76
Additions		19.84
Finance Income on net investment in sublease in ROU	1.63	1.21
Deletions		-
Rental Income on net investment in sublease in ROU	(3.35)	(2.34)
Balance as at 31st March	18.75	20.47

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

The table below provides details regarding the contractual maturities of net investment in sublease of ROU asset on an undiscounted basis:

₹ in Crores

Particulars	2021	2020
Less than one year	3.49	3.35
One to Three years	6.64	6.97
Three to five years	6.70	6.44
More than five years	8.18	11.60
Total	**25.01**	**28.36**

Impact of adoption of Ind AS 116 on retained earnings:

₹ in Crores

Particulars	Year ended 31st March, 2020
Reclassification of operating lease under Ind AS 17 'Leases' to right-of-use assets	5.07
Impact on retained earnings as at 1st April, 2019	**5.07**

Impact of adoption of Ind AS 116 on the statement of profit and loss:

₹ in Crores

Particulars	Year ended 31st March, 2020
Finance Income on Net investment in Lease	1.21
Upfront notional gain on sub-lease arrangement	0.94
Rental Income on Sub-Lease	(2.34)
Interest on lease liabilities	(13.98)
Depreciation of Right-of-use assets	(47.59)
Unrealised gain on reversal of ROU	0.80
Payment of lease liabilities	55.53
Impact of Ind AS 116 (on profit and loss before Tax)	(5.43)

Leases not yet commenced to which Company is committed amounts to ₹ 1.13 crores for a lease term up to 3 years.

Note No. 34 – Employee benefits

a) Defined Contribution Plan

The Company's contribution to Provident Fund, superannuation Fund and other funds aggregating Rs.12.60 crore (2020: Rs.14.63 crore) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

b) Defined Benefit Plans:

Gratuity

a) The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

b) Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

(1) Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The funds of the defined benefit plans are held with LIC.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

(2) Change in bond yields

A decrease in government bond yields will increase plan liabilities.

(3) Inflation risk

Defined benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although caps on the level of inflationary increases are in place to protect the plan against extreme inflation).

(4) Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

c) Significant Actuarial Assumptions

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars		Valuation	
		As at 31st March, 2021	As at 31st March, 2020
a)	Discount rate(s)	6.40%	6.60%
b)	Expected rate(s) of salary increase	7.00%	5% for first 3 years and 7% thereafter
c)	Mortality rate during employment	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate

d) Defined benefit plans – as per actuarial valuation

₹ in Crores

Particulars		Funded Plan – Gratuity	
		As at 31st March, 2021	As at 31st March, 2020
I.	**Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:**		
	a) Current Service Cost	**3.49**	4.16
	b) Past service cost and (gains)/losses from settlements	**–**	–
	c) Net interest expense	**0.26**	0.26
	Components of defined benefit costs recognised in profit or loss	**3.75**	4.42
	Remeasurement on the net defined benefit liability		
	a) Return on plan assets (excluding amount included in net interest expense)	**0.04**	(0.16)
	b) Actuarial (gains)/loss arising form changes in financial assumptions	**0.87**	(1.07)
	c) Actuarial (gains)/loss arising form changes in demographic assumptions	**–**	–
	d) Actuarial (gains)/loss arising form experience adjustments	**(1.00)**	0.77
	Components of defined benefit costs recognised in Other Comprehensive Income	**(0.09)**	(0.46)
	Total	**3.66**	3.96
II.	**Net Asset/(Liability) recognised in the Balance Sheet as at 31st March**		
	a) Present value of defined benefit obligation	**(21.22)**	(20.37)
	b) Fair value of plan assets	**17.56**	16.41
	c) Surplus/(Deficit)	**(3.66)**	(3.96)
	d) Current portion of the above	**(3.66)**	(3.96)
	e) Non current portion of the above	**–**	–
III.	**Change in the obligation during the year ended 31st March**		
	a) Present value of defined benefit obligation at the beginning of the year	**20.37**	16.51
	b) Add/(Less) on account of Scheme of Arrangement/Business		
	c) Transfer	**–**	0.01
	d) Expenses Recognised in Profit and Loss Account		
	– Current Service Cost	**3.49**	4.16
	– Past Service Cost	**–**	–
	– Interest Expense (Income)	**1.34**	1.22
	e) Recognised in Other Comprehensive Income		
	Remeasurement gains/(losses)		
	– Actuarial Gain (Loss) arising from:		
	i. Financial Assumptions	**0.87**	(1.07)
	ii. Demographic Assumptions	**–**	–
	iii. Experience Adjustments	**(1.00)**	0.77
	f) Benefit payments	**(3.85)**	(1.23)
	g) Present value of defined benefit obligation at the end of the year	**21.22**	20.37
IV.	**Change in fair value of assets during the year ended 31st March**		
	i) Fair value of plan assets at the beginning of the year	**16.41**	13.00

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

₹ in Crores

Particulars		Funded Plan – Gratuity	
		As at 31st March, 2021	As at 31st March, 2020
ii)	*Expenses Recognised in Profit and Loss Account*		
	– Expected return on plan assets	**1.08**	0.96
iii)	*Recognised in Other Comprehensive Income*		
	Remeasurement gains/(losses)		
	– Actual Return on plan assets in excess of the expected return	**(0.04)**	0.16
iv)	Contributions by employer (including benefit payments recoverable)	**3.96**	3.52
v)	Benefit payments	**(3.85)**	(1.23)
vi)	**Fair value of plan assets at the end of the year**	**17.56**	16.41
V.	**The Major categories of plan assets**		
	– Insurance Funds	**17.56**	16.41
VI.	**Actuarial assumptions**		
a)	Discount rate	**6.40%**	6.60%
b)	Expected rate of return on plan assets	**6.40%**	6.60%
c)	Attrition rate	**12.00%**	12.00%

e) The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		**Impact on defined benefit obligation**			
		As at 31st March, 2021		As at 31st March, 2020	
	Changes in assumption	**Increase in assumption**	**Decrease in assumption**	Increase in assumption	Decrease in assumption
a) Discount rate	1.00%	**19.76**	**22.89**	18.97	21.96
b) Salary growth rate	1.00%	**22.81**	**19.78**	21.92	18.97
c) Rate of employee turnover	1.00%	**21.07**	**21.39**	20.23	20.52

Notes:

i) The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance Sheet.

ii) The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous year.

iii) The weighted average duration of the defined benefit obligation as at 31st March, 2021 is 7 years

f) Maturity profile of defined benefit obligation:

The tables include both discounted value as well as unwinding of interest.

Particulars	**2021**	2020
Within 1 year	**2.29**	**2.22**
1 - 2 years	**2.43**	**2.28**
2 - 3 years	**2.35**	**2.47**
3 - 4 years	**2.35**	**2.24**
4 - 5 years	**2.30**	**2.15**
5 - 10 years	**9.35**	**9.06**
More than 10 years	**16.57**	**16.52**

g) Plan Assets

The fair value of Company's plan asset by category are as follows:

₹ in Crores

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
Asset category:		
Deposits with Insurance companies	**17.56**	16.41
	100%	100%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

h) Experience Adjustments:

					₹ in Crores
Particulars	**As at 31st March, 2021**	**As at 31st March, 2020**	**As at 31st March, 2019**	**As at 31st March, 2018**	**As at 31st March, 2017**
			Gratuity		
1. Defined Benefit Obligation	**(21.22)**	(20.37)	(16.51)	(13.76)	(9.52)
2. Fair value of plan assets	**17.56**	16.41	13.00	9.87	6.67
3. Surplus/(Deficit)	**(3.66)**	(3.96)	(3.51)	(3.89)	(2.85)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	**(1.00)**	0.77	(0.02)	1.50	0.22
5. Experience adjustment on plan assets [Gain/(Loss)]	**(0.04)**	0.16	0.05	0.22	0.03

i) The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

j) The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

k) The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

Note 35 – Related Party Transactions

i) List of Related Parties:

Holding Company	Mahindra & Mahindra Limited
(a) Related parties where control exists:	
Subsidiaries	
1	Lords Freight (India) Private Limited
2	2X2 Logistics Private Limited
(b) Other parties with whom transactions have taken place during the year:	
(i) Joint Venture	
1	Transtech Logistics Private Limited
(ii) Fellow Subsidiaries	
1	Mahindra Integrated Business Solutions Private Limited
2	Mahindra Rural Housing Finance Limited
3	Mahindra EPC Irrigation Limited
4	Mahindra Auto Steel Private Limited
5	Mahindra Defence Systems Limited
6	Mahindra Engineering and Chemical Products Limited
7	Mahindra Susten Private Limited
8	Gromax Agri Equipment Limited
9	Mahindra Holidays & Resorts India Limited
10	Mahindra Intertrade Limited
11	Mahindra MSTC Recycling Private Limited
12	Mahindra Heavy Engines Limited
13	Mahindra Electric Mobility Limited
14	Mahindra Retail Limited
15	Mahindra Steel Service Centre Limited
16	Mahindra Two Wheelers Limited
17	Mahindra Greenyard Private Limited
18	Mahindra Vehicle Manufacturers Limited
19	NBS International Limited
20	Mahindra Marine Private Limited
21	Meru Mobility Tech Private Limited
(iii) Other Related Parties	
a) Joint Venture of Holding Company	
1	Classic Legends Private Limited
2	Mahindra Tsubaki Conveyor Systems Private Limited
3	Mahindra World City (Jaipur) Limited

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

b) Associate of Holding Company		
	1	Brainbees Solutions Private Limited
	2	Tech Mahindra Limited
c) Subsidiary of Associate of Holding Company		
	1	Mahindra CIE Automotive Limited
d) Subsidiary of Joint Venture of Holding Company		
	1	Mahindra Industrial Park Chennai Limited
e) Associates of Fellow subsidiaries		
	1	Medwell Ventures Private Limited
(iv) Key Management Personnel (KMP)		
	1	Rampraveen Swaminathan

ii) Details of transaction between the Company and its related parties are disclosed below:

₹ in Crores

Particulars	Holding Company	Subsidiaries	Fellow subsidiaries	Joint Ventures	Other related parties
Nature of transactions with Related Parties					
a) Purchase of property and other assets	**1.16**	**–**	**–**	**–**	**–**
	1.28	–	0.06	–	–
b) Rendering of services	**1,449.52**	**(0.25)**	**114.56**	**–**	**29.23**
	1,559.94	0.25	118.78	–	72.50
c) Receiving of services	**1.48**	**29.18**	**3.37**	**1.13**	**0.27**
	1.58	42.02	0.33	1.19	0.01
d) Reimbursements made to parties	**11.54**	**–**	**–**	**–**	**–**
	9.38	–	0.01	–	–
e) Reimbursements received from parties	**–**	**0.66**	**–**	**–**	**–**
	0.03	0.28	0.06	–	–
f) Sale of property and other assets	**–**	**–**	**–**	**–**	**–**
	0.49	**–**	**–**	**–**	**–**
g) Loans/Deposits given	**–**	**2.00**	**–**	**–**	**–**
	–	–	–	–	–
h) Loans/Deposits refunded back	**–**	**2.00**	**15.00**	**–**	**–**
	–	–	–	–	–
i) Interest Income on inter-corporate deposits	**–**	**0.03**	**0.52**	**–**	**–**
	–	–	1.15	–	–
j) Bad & doubtful debts recognised in respect of dues from related parties	**–**	**–**	**–**	**–**	**–**
	0.25	–	–	–	–
Balances Outstanding with Related Parties					
a) Trade payables	**13.10**	**–**	**0.15**	**–**	**0.07**
	5.53	1.12	0.04	–	–
b) Trade receivables	**99.26**	**0.87**	**19.50**	**–**	**4.49**
	110.46	0.60	12.43	–	12.90
c) Advances Given	**–**	**3.64**	**–**	**–**	**–**
	–	–	–	–	–
d) Other receivables	**–**	**–**	**–**	**–**	**–**
	–	–	0.54	–	–
e) Inter Corporate Deposits outstanding	**–**	**–**	**–**	**–**	**–**
	–	–	15.00	–	–
f) Provision of bad & doubtful debts related to amount due from related parties	**2.29**	**–**	**0.03**	**–**	**0.29**
	0.12	–	0.07	–	0.19

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Notes:

a) All the outstanding balances, whether receivables or payables are unsecured.

b) Related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.

₹ in Crores

Particulars	Holding Company	Subsidiaries	Fellow subsidiaries	Joint Ventures	Other related parties
Nature of transactions with Related Parties					
a) Purchase of property and other assets					
Mahindra & Mahindra Limited	**1.16** 1.28	**–** –	**–** –	**–** –	**–** –
Mahindra Integrated Business Solutions Pvt Ltd	**–** –	**–** –	**–** 0.01	**–** –	**–** –
Mahindra Water Utilities Limited	**–** –	**–** –	**–** 0.05	**–** –	**–** –
b) Rendering of services					
Mahindra & Mahindra Limited	**1,449.52** 1,559.94	**–** –	**–** –	**–** –	**–** –
Mahindra Vehicle Manufacturers Ltd.	**–** –	**–** –	**85.82** 90.41	**–** –	**–** –
Classic Legends Private Limited	**–** –	**–** –	**–** –	**–** –	**14.31** 16.36
Tech Mahindra Ltd.	**–** –	**–** –	**–** –	**–** –	**4.74** 38.79
Mahindra CIE Automotive Ltd	**–** –	**–** –	**–** –	**–** –	**8.21** 9.47
Lords Freight (India) Private Limited	**–** –	**(0.25)** 0.25	**–** –	**–** –	**–** –
Mahindra Heavy Engines Limited	**–** –	**12.62** –	**–** –	**–** –	**–** –
c) Receiving of services					
Mahindra & Mahindra Limited	**1.48** 1.58	**–** –	**–** –	**–** –	**–** –
Mahindra Engineering and Chemical Products Limited	**–** –	**–** –	**2.09** –	**–** –	**–** –
Mahindra Defence Systems Limited	**–** –	**–** –	**–** 0.08	**–** –	**–** –
NBS International Limited	**–** –	**–** –	**0.95** –	**–** –	**–** –
Medwell Ventures Private Limited	**–** –	**–** –	**–** –	**–** –	**0.07** –
Mahindra World City (Jaipur) Limited	**–** –	**–** –	**–** –	**–** –	**0.20** –
Mahindra World City Developers Limited	**–** –	**–** –	**–** –	**–** –	**–** 0.01
Mahindra Integrated Business Solutions Pvt Ltd	**–** –	**–** –	**–** 0.23	**–** –	**–** –
2X2 Logistics Private Limited	**–** –	**29.18** 41.74	**–** –	**–** –	**–** –
Transtech Logistics Pvt Ltd	**–** –	**–** –	**–** –	**1.13** 1.19	**–** –
d) Reimbursements made to parties					
Mahindra & Mahindra Limited	**11.54** 9.38	**–** –	**–** –	**–** –	**–** –
Mahindra Defence Systems Limited	**–** –	**–** –	**–** 0.01	**–** –	**–** –
e) Reimbursements received from parties					
Mahindra & Mahindra Limited	**–** 0.03	**–** –	**–** –	**–** –	**–** –
Mahindra Intertrade Ltd.	**–** –	**–** –	**–** 0.04	**–** –	**–** –
Mahindra Steel Service Centre Ltd.	**–** –	**–** –	**–** 0.02	**–** –	**–** –
Lords Freight (India) Private Limited	**–** –	**0.44** 0.20	**–** –	**–** –	**–** –

₹ in Crores

Particulars	Holding Company	Subsidiaries	Fellow subsidiaries	Joint Ventures	Other related parties
2X2 Logistics Private Limited	**–**	**0.22**	**–**	**–**	**–**
	–	0.09	–	–	–
f) Sale of property and other assets					
Mahindra & Mahindra Limited	**–**	**–**	**–**	**–**	**–**
	0.49	–	–	–	–
g) Loans/Deposits given					
Lords Freight (India) Private Limited	**–**	**2.00**	**–**	**–**	**–**
	–	–	–	–	–
h) Loans/Deposits refunded back					
Mahindra Rural Housing Finance Limited	**–**	**–**	**15.00**	**–**	**–**
	–	–	–	–	–
Lords Freight (India) Private Limited	**–**	**2.00**	**–**	**–**	**–**
	–	–	–	–	–
i) Interest Income on inter-corporate deposits					
Mahindra Rural Housing Finance Limited	**–**	**–**	**0.52**	**–**	**–**
	–	–	1.15	–	–
Lords Freight (India) Private Limited	**–**	**0.03**	**–**	**–**	**–**
	–	–	–	–	–
j) Bad & doubtful debts recognised in respect of dues from related parties					
Mahindra & Mahindra Limited	**–**	**–**	**–**	**–**	**–**
	0.25	–	–	–	–

iii) Compensation of key managerial personnel

The remuneration of key managerial personnel during the year was as follows:

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Short-term employee benefits	**3.05**	3.31
Issue of ESOP Shares during the year	**–**	–

The remuneration of key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. The separate actuarial valuation figures are not available for key managerial personnel.

iv) Disclosure required under section 186(4) of the Companies Act, 2013 for Loans given

Name	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Mahindra Rural Housing Finance Limited	**–**	15.00

Above inter corporate loans have been given for general business purposes for meeting their working capital requirements @ 7.20%.

Note No. 36 – Contingent liabilities

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Contingent liabilities (to the extent not provided for)		
Claims against the Company not acknowledged as debt		
a) VAT	**19.40**	5.41
b) Service Tax	**3.19**	3.72
c) Other Matters	**6.90**	6.90

Notes:

i) The Company does not expect any payout in respect of the above contingent liabilities.

ii) It is not practicable to estimate the timings of cash outflows, if any, in respect of maters at (a) to (c) above, pending resolution of appellate/court proceedings.

Note No. 37

Previous year numbers have been regrouped wherever necessary.

INDEPENDENT AUDITOR'S REPORT

To the Members of **2 X 2 LOGISTICS PRIVATE LIMITED**

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **2X2 Logistics Private Limited** ("the Company"), which comprise the balance sheet as at 31st March, 2021, and the statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, and its financial performance including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report.

Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

That Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (c) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (d) On the basis of the written representations received from the directors as on 31st March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

   (e) Section 143(3)(i) mandates the auditor to comment on whether the company has an adequate internal financial controls over financial reporting of the company and the operating effectiveness of such controls. In terms of paragraph 5 of Ministry of Corporate Affairs notification number G.S.R. 583 (E) dated June 13, 2017, and as amended from time to time, exemption has been provided to private limited companies fulfilling certain criteria mentioned in the notification, from the applicability of the requirement of reporting in terms of Section 143(3)(i). As the Company meets the relevant criteria specified in the said notification for the Financial Year FY 2019-20, the requirement of Section 143(3)(i) is not applicable to the Company and accordingly no report has been made under the said clause.

   (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations;

      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 21040852AAAAAT9396

Mumbai, 21st April, 2021

ANNEXURE A TO THE AUDITOR'S REPORT

Referred to in paragraph 1 of our report of even date on the financial statements of **2X2 Logistics Private Limited** for the year ended 31st March 2021

Annexure to the Auditor's Report referred to in our report of even date:

I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment's.

(b) These Property, Plant & Equipment's were physically verified by the Management during the year at reasonable intervals and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.

(c) The Company has no immovable properties and hence Clause 3(i)(c) is not applicable to the Company.

II. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

III. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 189 of the Act, and accordingly provisions of clause 3 (iii) are not applicable to the Company.

IV. The Company has not granted any loans or made any investments or provided any guarantees or securities to the parties covered under Section 185 & 186 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the company.

V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the Company.

VI. On facts, clause 3(vi) relating to maintenance of cost records is not applicable to the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, and other statutory dues applicable to it with the appropriate authorities.

(b) According to the information and explanations given to us and records of the Company examined by us, there are no disputed dues of income tax or sales tax, wealth tax, service tax, duty of customs, duty of excise value added tax and cess which have not been deposited on account of any dispute.

VIII. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.

IX. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year, and accordingly, Para 3(ix) of the Order is not applicable to the Company.

X. On the basis of our examination of the relevant records of the Company, carried out in accordance with generally accepted auditing practices and according to the information and explanations given to us, no material fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the year.

XI. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

Section 197 of the Companies Act 2013 is not applicable to a private limited company, hence reporting requirements of section 197(16) does not apply to the Company.

XII. The Company is not a 'Nidhi Company'; therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

XV. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them.

XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provision of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 21040852AAAAAT9396

Mumbai, 21st April, 2021

BALANCE SHEET AS AT 31ST MARCH 2021

Rs. in Lakhs

	Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
	ASSETS			
I	**NON-CURRENT ASSETS**			
	(a) Property, Plant and Equipment	3	974.58	1,575.49
	(b) Intangible Assets	4	–	–
	(c) Deferred Tax Assets (Net)	18	157.29	56.24
	(d) Income Tax Assets (Net)	9	151.20	72.39
	(e) Other Assets	7	–	–
	SUB-TOTAL		1,283.07	1,704.12
II	**CURRENT ASSETS**			
	(a) Financial Assets			
	(i) Trade Receivables	5	89.53	174.97
	(ii) Cash and Cash Equivalents	8	33.70	21.13
	(iii) Other Financial Assets	6	510.62	328.80
	(b) Other Assets	7	813.32	1,556.58
	SUB-TOTAL		1,447.17	2,081.48
	TOTAL ASSETS		2,730.24	3,785.60
	EQUITY AND LIABILITIES			
	EQUITY			
	(a) Equity Share Capital	10	901.00	901.00
	(b) Other Equity	11	(253.72)	8.56
	SUB-TOTAL		647.28	909.56
	LIABILITIES			
I	**NON-CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	12	90.33	231.09
	(b) Provisions	16	9.41	7.23
	(c) Other Liabilities	17	–	–
	SUB-TOTAL		99.74	238.32
II	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	13	771.17	602.89
	(ii) Trade Payables	14		
	Due to Micro and Small Enterprises		18.16	22.81
	Other then Micro and Small Entreprises		498.80	1,342.62
	(iii) Other Financial Liabilities	15	276.02	657.60
	(b) Provisions	16	1.08	0.74
	(c) Other Liabilities	17	417.99	11.06
	SUB-TOTAL		1,983.22	2,637.72
	TOTAL EQUITY AND LIABILTIES		2,730.24	3,785.60

The accompanying notes 1 to 31 are integral part of these financial statement.

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

Aniruddha Joshi
Partner
M.No. 040852

Place : Mumbai
Date : 21st April, 2021

For and on behalf of Board of Directors

2 X 2 Logistics Private Ltd.

Sushil Rathi
Director
DIN: 05358211

Nitin Singhal
Director
DIN: 05358211

Ruchie Khanna
Company Secretary
ACS - 24922

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021

Rs. in Lakhs

	Particulars	Note No.	Year ended 31st March 2021	Year ended 31st March 2020
I	Revenue from operations	19	3,651.25	4,741.82
II	Other Income	20	10.46	23.94
III	**Total Income (I + II)**		3,661.71	4,765.76
IV	**EXPENSES**			
	(a) Operating Expenses	21	3,061.66	3,805.17
	(b) Employee benefits expense	22	115.55	115.26
	(c) Finance costs	23	120.21	169.14
	(d) Depreciation and amortisation expense	3&4	600.96	705.38
	(e) Other expenses	24	127.33	138.94
	Total Expenses		4,025.71	4,933.89
V	**Profit/(loss) before tax (III - IV)**		(364.00)	(168.13)
VI	**Tax Expense**			
	(1) Current tax	25	–	–
	(2) Deferred tax	25	(101.24)	(46.76)
	Total Tax Expense (1+2)		(101.24)	(46.76)
VII	**Profit/(loss) After Tax (V - VI)**		(262.76)	(121.37)
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans- Gains/(Losses)		0.67	(0.48)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	18	(0.19)	0.13
	Total Other Comprehensive Income		0.48	(0.35)
IX	**Total comprehensive income for the period (VII + VIII)**		(262.28)	(121.72)
X	**Earnings per equity share (face value Rs.10/- per share)**			
	(1) Basic (in Rs.)	26	(2.92)	(1.35)
	(2) Diluted (in Rs.)	26	(2.92)	(1.35)

The accompaying notes 1 to 31 are integral part of these financial statement.

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

Aniruddha Joshi
Partner
M.No. 040852

Place : Mumbai
Date : 21st April, 2021

For and on behalf of Board of Directors

2 X 2 Logistics Private Ltd.

Sushil Rathi
Director
DIN: 05358211

Nitin Singhal
Director
DIN: 05358211

Ruchie Khanna
Company Secretary
ACS - 24922

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2021

Rs. in Lakhs

	Particulars	Year ended 31st March 2021	Year ended 31st March 2020
A.	**Cash flows from operating activities**		
	Profit before tax for the period	**(364.00)**	(168.13)
	Adjustments for:		
	(Profit)/Loss on disposal of property, plant and equipment		
	Depreciation and amortisation of non-current assets	**600.96**	705.38
	Finance Charges	**120.21**	169.14
	Interest Income	**(0.82)**	(6.87)
	Operating profit before working capital changes	**356.35**	699.52
	Movements in working capital:		
	(Increase)/Decrease in trade and other receivables	**646.88**	0.70
	Increase/(Decrease) in trade and other payables	**(438.35)**	319.24
	Cash generated from operations	**564.88**	1,019.46
	Income taxes paid	**(78.81)**	26.14
	Net cash generated by/(used in) operating activities	**486.07**	1,045.60
B.	**Cash flows from investing activities**		
	Interest income	**0.82**	6.87
	Payments for property, plant and equipment	**(0.05)**	(0.45)
	Net cash generated by/(used in) investing activities	**0.77**	6.42
C.	**Cash flows from financing activities**		
	Issue of Share Capital		
	Proceeds from borrowings	**168.28**	47.84
	Repayment of borrowings	**(522.34)**	(918.18)
	Finance Charges	**(120.21)**	(169.14)
	Net cash generated by/(used in) financing activities	**(474.27)**	(1,039.48)
	Net increase in cash and cash equivalents (A+B+C)	**12.57**	12.54
	Cash and cash equivalents at the beginning of the period	**21.13**	8.59
	Cash and cash equivalents at the end of the period	**33.70**	21.13
	Components of cash and cash equivalents		
	Cash / Cheques on hand	**21.17**	19.52
	With Banks - on Current account/Balance in Cash Credit Accounts	**12.53**	1.61
		33.70	21.13

Notes:

1 The above Cash Flow Statement has been prepared under the Indirect Method set out in 'IND AS 7- Statement of Cash Flows'.

2 Figures in bracket indicates cash outflow.

3 Additions to property, plant and equipment and intangible assets include movements in capital work-in-progress and intangible assets under development respectively during the period.

The accompayning notes 1 to 31 are integral part of these financial statement.

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

Aniruddha Joshi
Partner
M.No. 040852

Place : Mumbai
Date : 21st April, 2021

For and on behalf of Board of Directors

2 X 2 Logistics Private Ltd.

Sushil Rathi
Director
DIN: 05358211

Nitin Singhal
Director
DIN: 05358211

Ruchie Khanna
Company Secretary
ACS - 24922

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 2021

Rs. in Lakhs

(a) Equity Share Capital

Particulars	Number of Shares	Equity share capital
As at 31st March 2019	9,010,000	901.00
Changes in equity share capital during the period	–	–
As at 31st March 2020	9,010,000	901.00
Changes in equity share capital during the period	–	–
As at 31st March 2021	**9,010,000**	**901.00**

(b) Other Equity

Particulars	Reserves & Surplus			Total
	Securities premium reserve	Equity-settled employee benefits reserve	Retained earnings	
Balance as at 31st March, 2019	–	–	130.28	130.28
– Addition to equity settled employee benefit reserve	–	–	–	–
Total Comprehensive income for the period				
– Profit for the period	–	–	(121.37)	(121.37)
– Actuarial gain/(loss) transferred to retained earnings	–	–	(0.35)	(0.35)
Balance as at 31st March, 2020	–	–	8.56	8.56
– Addition to equity settled employee benefit reserve	–	–	–	–
Total Comprehensive income for the period				
– Profit for the period	–	–	(262.76)	(262.76)
– Actuarial gain/(loss) transferred to retained earnings	–	–	(0.35)	(0.35)
Balance as at 31st March, 2021	–	–	**(254.55)**	**(254.55)**

The accompanying notes 1 to 31 are integral part of these financial statement.

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

Aniruddha Joshi
Partner
M.No. 040852

Place : Mumbai
Date : 21st April, 2021

For and on behalf of Board of Directors

2 X 2 Logistics Private Ltd.

Sushil Rathi — Director

Nitin Singhal — Director

Ruchie Khanna — Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Notes to Accounts – Part A

Corporate Information

2 X 2 Logistics Private Limited is a deemed public limited company incorporated on 22nd October, 2012 under the Companies Act, 1956. The Company is engaged in providing logistics services to its Customers. The financial statements for the period ended 31st March, 2021 were approved for issue in accordance with a resolution of the Directors on 21st April, 2021.

1. Significant accounting policies

1.1 Statement of compliance

The financial statements have been prepared in accordance with the provisions of Companies Act, 2013 and the Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, specified under Section 133 of the Act. The financial statements are separate financial statements.

1.2 Basis of preparation and presentation

The financial statements have been prepared on accrual basis and the historical cost basis as a going concern except for certain financial instruments that are measured at fair values or at amortised cost, wherever applicable, at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this financial statement is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Assets and Liabilities are classified as Current or Non Current as per the provisions of Schedule III to the Companies Act, 2013 and Company's Normal Operating Cycle. Based on the nature of business, the Company has ascertained its operating cycle as 12 months for the classification of assets and liabilities.

The financial statements are prepared in Indian Rupee(INR) and denominated in lakhs.

The principal accounting policies are set out below.

1.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

1.3.1 Rendering of services

Incomes from logistics services rendered are recognised on the completion of the services as per the terms of contract. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

1.3.2 Dividend and interest income

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

1.4 Leasing

The Company's significant operating leasing arrangements are in respect of office premises and IT related equipments. Lease rentals are recognised as per the terms of lease.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

1.5 Borrowing costs

Borrowing Cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue in the year of incurrence.

1.6 Employee benefits

1.6.1 Retirement benefit costs and termination benefits

Defined Contribution Plan:

Company's contributions paid/payable during the year to the Superannuation Fund, ESIC, Provident Fund and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

Defined Benefits :

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

1.6.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

1.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1.7.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

1.7.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

1.7.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1.8 Property, plant and equipment

All fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of acquisition is inclusive of purchase price, levies and any directly attributable cost of bringing the assets to its working condition for the intended use. Subsequent costs are included in the assets carrying amount or recognised as separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Statement of profit and loss during the reporting period in which they are incurred.

Depreciation on tangible assets is charged by the Straight Line Method (SLM) in accordance with the useful lives specified in Part – C of Schedule II of the Companies Act, 2013 on a pro-rata basis except for following assets in order to reflect the actual usage of the assets:

- Horse portion of a Vehicle is depreciated over five years based on the management experience of handling similar kind of asset.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

1.9 Intangible assets

1.9.1 Intangible assets acquired separately

The useful lives of intangible assets are assessed as either finite or infinite. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

1.9.2 Useful lives of intangible assets

The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

1.10 Impairment of tangible and intangible assets other than goodwill

The Management of the Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

1.11 Provisions, Contingent Liabilities & Contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is disclosed where an inflow of economic benefits is probable.

1.12 Financial instruments

Financial assets and financial liabilities are recognised when a company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.13 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

1.13.1 <u>Classification of financial assets</u>

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer Note 1.13.3

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

1.13.2 <u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the “Other income” line item.

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘Other income’ line item. Dividend on financial assets at FVTPL is recognised when the Company’s right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be measured reliably.

1.13.3 <u>Impairment of financial assets</u>

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

1.13.4 Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

1.14 Financial liabilities and equity instruments

1.14.1 Classification as debt or equity

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

1.14.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

1.14.3 Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

1.14.4 Financial liabilities

All financial liabilities are subsequently measured at amortised cost or at FVTPL.

1.14.4.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

1.14.4.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

1.15 Segment Accounting:

The Company has single reportable segment "Supply chain management" for the purpose of Segment reporting.

1.16 Earnings Per Share:

Basic and diluted earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year.

2A. Critical accounting judgements and key sources of estimation uncertainty

2A. In the application of the Company's accounting policies, which are described in note 1, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2A.1.1 Useful lives of Property, plant and equipment

As described in note 2 above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

2A.1.2 Defined Benefit Plans:

The cost of the defined benefit plans and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

2B. COVID-19 :

The Company has accounted significant accounting estimates which have been disclosed in the financial statements.

These includes fair valuation of financial assets, testing of impairment of assets, going concern assessment etc. requiring significant management judgement in estimating the same. Considering the continuing COVID-19 pandemic, the results in upcoming period may significantly vary and may affect the recoverability of assets. However, this will depend upon future developments including actions taken to contain or treat the disease and to mitigate its impact on the economy.

The Company, based on internal & external sources of information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2021 as at the date of approval of these financial statements.

Note No. 3 - Property, Plant and Equipment

As at 31st March 2021

Rs. in Lakhs

Description of Assets	**Plant and Machinery**	**Office Equipment**	**Furniture & Fittings**	**Vehicles**	**Total**
A. Cost					
Balance as at 1st April, 2020	4.09	6.41	2.24	4,358.95	4,371.69
a) Additions	–	0.05	–	–	0.05
b) Less: Disposals / adjustments	–	–	–	–	–
Balance as at 31st March 2021	**4.09**	**6.46**	**2.24**	**4,358.95**	**4,371.74**
B. Accumulated depreciation and impairment					
Balance as at 1st April, 2020	2.23	5.16	0.82	2,787.99	2,796.20
a) Depreciation expense for the year	0.55	1.38	0.21	598.82	600.96
b) Less: Disposals / adjustments	–	–	–	–	–
Balance as at 31st March 2021	**2.78**	**6.54**	**1.03**	**3,386.81**	**3,397.16**
C. Net carrying amount (A-B)	**1.31**	**(0.08)**	**1.21**	**972.14**	**974.58**

As at 31st March 2020

Rs. in Lakhs

Description of Assets	**Plant and Machinery**	**Office Equipment**	**Furniture & Fittings**	**Vehicles**	**Total**
A. Cost					
Balance as at 1st April, 2019	4.09	5.96	2.24	4,358.95	4,371.24
a) Additions	–	0.45	–	–	0.45
b) Less: Disposals / adjustments	–	–	–	–	–
Balance as at 31st March 2020	**4.09**	**6.41**	**2.24**	**4,358.95**	**4,371.69**

Rs. in Lakhs

Description of Assets	Plant and Machinery	Office Equipment	Furniture & Fittings	Vehicles	Total
B. Accumulated depreciation and impairment					
Balance as at 1st April, 2019	1.32	3.28	0.61	2,085.61	2,090.82
a) Depreciation expense for the year	0.91	1.88	0.21	702.38	705.38
b) Less: Disposals / adjustments	–	–	–	–	–
Balance as at 31st March 2020	**2.23**	**5.16**	**0.82**	**2,787.99**	**2,796.20**
C. Net carrying amount (A-B)	**1.86**	**1.25**	**1.42**	**1,570.96**	**1,575.49**

Notes:

i) There is no significant amount of compensation received from third parties recognised in profit or loss related to tangible assets.

ii) Vehicles with the carrying amount of Rs. 640.74 lakhs (31st March 2020 - Rs.1564.60 lakhs) have been pledged to secure borrowings of the Company.For details refer note no.13 on borrowing.

iii) The depreciation methods used and the useful lives or the depreciation rates used have been mentioned in the note 1.8.

iv) The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2021 and for 31st March 2020 is Nil.

Note No. 4 - Intangible Assets

Rs. in Lakhs

Computer Software	As at 31st March 2021	As at 31st March 2020
A. Cost		
Balance as at 1st April	0.51	0.51
a) Additions	–	–
b) Less: Disposals / adjustments	–	–
Balance as at 31st March	**0.51**	0.51
B. Accumulated amortisation and impairment		
Balance as at 1st April	0.51	0.51
a) Additions	–	–
b) Less: Disposals / adjustments	–	–
Balance as at 31st March	**0.51**	0.51
C. Net carrying amount (A-B)	**–**	**–**

Notes:

i) There is no significant intangible asset that is material to the Company's financial statements on individual basis.

ii) The intangible assets mentioned above have finite useful lives as mentioned in note 1.9.2.

Note No. 5 - Trade receivables

Rs. in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
Trade receivables		
Unsecured, considered good	**89.53**	174.97
	89.53	174.97
Less: Allowance for Credit Losses	**–**	–
TOTAL...	**89.53**	174.97

Notes:

i) Refer Note 26 for disclosures related to credit risk and impairment of trade receivables.

ii) Trade Receivables are subject to confirmation and Reconciliations.

Note No. 6 - Other financial assets

Rs. in Lakhs

Particulars	As at 31st March 2021		As at 31st March 2020	
	Current	**Non-Current**	Current	Non-Current
Financial assets at amortised cost				
a) Bank Deposit with more than 12 months original maturity	**–**	**–**	–	–
Total	**–**	**–**	–	–
b) Security Deposits				
i. Unsecured, considered good	**1.31**	**–**	1.31	–
ii. Doubtful	**–**	**–**	–	–
Total	**1.31**	**–**	1.31	–
c) Other items				
i. Accrued Sales	**496.98**	**–**	319.10	–
ii. Other Accrued	**12.33**	**–**	8.39	–
Total	**509.31**	**–**	327.49	–
Total (a+b+c)	**510.62**	**–**	328.80	–

Notes:

i) Refer Note 26 for disclosures related to credit risk, impairment under expected credit loss model and related disclosures.

Note No. 7 - Other assets

Rs. in Lakhs

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non- Current	As at 31st March 2020 Current	As at 31st March 2020 Non- Current
A. Capital advances				
a) For Capital work in progress	–	–	–	–
b) For intangible asset	–	–	–	–
Total (A)	–	–	–	–
B. Advances other than capital advances				
a) Advances to suppliers - considered good	**7.33**	–	15.21	–
b) Prepaid Expenses	**38.06**	–	71.18	–
c) Other advances	**754.25**	–	1,464.96	–
d) Balances with government authorities (other than income taxes)	–	–	–	–
Total (B)	**799.64**	–	1,551.35	–
C. Consumables Tyres	**13.68**	–	5.23	–
TOTAL (A+B+C)	**813.32**	–	1,556.58	–
Less: Provision for doubtful advances	–	–	–	–
TOTAL (A+B+C)	**813.32**	–	1,556.58	–

Note No. 8 - Cash and Cash equivalents

Rs. in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
A. Cash and cash equivalents		
a) Balances with banks	**12.53**	1.61
b) Cash on hand	**21.17**	19.52
Total	**33.70**	21.13

Note No. 9 - Income Tax Assets (Net)

Rs. in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
Advance Income Tax/TDS Receivable (Net)	**151.20**	72.39
Total	**151.20**	72.39

Note No. 10 - Equity Share Capital

Particulars	Year ended 31st March 2021 No. of shares	Year ended 31st March 2021 Amount	Year ended 31st March 2020 No. of shares	Year ended 31st March 2020 Amount
A. Authorised:				
a) Equity shares of Rs.10 each with voting rights	**10,00,00,000**	**10,00,00,000**	10,00,00,000	10,00,00,000
Total	**10,00,00,000**	**10,00,00,000**	10,00,00,000	10,00,00,000
B. Issued, Subscribed and Fully Paid:				
a) Equity shares of Rs.10 each with voting rights	**90,10,000**	**9,01,00,000**	90,10,000	9,01,00,000
Total	**90,10,000**	**9,01,00,000**	90,10,000	9,01,00,000
C. Issued, Subscribed and Partly Paid:				
a) Equity shares of Rs.10 each with voting rights Rs. 2 paid up	–	–	–	–
b) Equity shares of Rs.10 each with voting rights Rs. 1 paid up	–	–	–	–
TOTAL	–	–	–	–
TOTAL (B+C)	**90,10,000**	**9,01,00,000**	90,10,000	9,01,00,000

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Rs. in Lakhs

Particulars		Opening Balance	Right Issue	Other Changes	Closing Balance
A. Equity Shares with Voting rights					
a) Period ended 31st March 2021					
	No. of Shares	**90,10,000**	–	–	**90,10,000**
	Amount	**901.00**	–	–	**901.00**
b) Period ended 31st March 2020					
	No. of Shares	90,10,000	–	–	90,10,000
	Amount	901.00	–	–	901.00

(i) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Details of shares held by Holding Company / and their Subsidiaries

Name of shareholder	As at 31st March 2021	As at 31st March 2020
Holding Company - Mahindra Logistics Limited	**49,55,500**	49,55,500

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31st March 2021		As at 31st March 2020	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
A. Equity shares with voting rights				
a) Mahindra Logistics Ltd.	**49,55,500**	**55.00%**	49,55,500	55.00%
b) IVC Logistics Ltd.	**40,54,500**	**45.00%**	40,54,500	45.00%

Note No. 11 - Other Equity

Rs. in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
Securities premium reserve	**–**	–
Equity-settled employee benefits reserve	**–**	–
Retained earnings	**(253.72)**	8.56
Total	**(253.72)**	8.56

Movement in Reserves

Rs. in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
(A) Securities Premium Reserve		
Balance as at the beginning of the year	**–**	–
Add: Additions during the year	**–**	–
Less: Deletion during the year	**–**	–
Balance as at the end of the year	**–**	–
(B) Equity-settled Employee benefits reserve		
Balance as at the beginning of the year	**–**	–
Add: Additions during the year	**–**	–
Less: Deletion during the year	**–**	–
Balance as at the end of the year	**–**	–
(C) Retained Earnings		
Balance as at the beginning of the year	**8.56**	130.28
Add: Profit for the year	**(262.76)**	(121.37)
Less: Actuarial gain/(loss) for the year	**0.48**	(0.35)
Balance as at the end of the year	**(253.72)**	8.56

Nature and purpose of other reserves:

Retained earnings:

Retained earnings represents the accumulated surplus. The reserve can be distributed/utilised by the Company in accordance with the Companies Act, 2013.

Note No. 12 - Non-Current Borrowings

Rs. in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
Measured at amortised cost		
A. Secured Borrowings:		
(a) Term Loans		
(1) From Banks	**90.33**	231.09
(2) From Related Party	**–**	–
Total Secured Borrowings	**90.33**	231.09
B. Unsecured Borrowings - at amortised Cost		
(a) Other Loans	**–**	–
Total Unsecured Borrowings	**–**	–
Total Borrowings	**90.33**	231.09

Note: i) Vehicle loan has been taken at the rate of interest ranging from 8.15% p.a to 8.40 % p.a.

ii) The Loan has been secured by way of hypothecation of the related vehicle and to be paid in 57 equal monthly instalments.

Note - 13: Current Borrowings

Rs. in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
A. Secured Borrowings	**–**	–
Total Secured Borrowings	**–**	–
B. Unsecured Borrowings		
from Banks	**771.17**	602.89
Total Unsecured Borrowings	**771.17**	602.89
Total Current Borrowings	**771.17**	602.89

Note:

Unsecured loan from banks is in the nature of Bank Overdraft facility.

Note No. 14 - Trade Payables

Rs. in Lakhs

Particulars	As at 31st March 2021	As at 31st March 2020
Due to Micro and Small Enterprises	**18.16**	22.81
Trade payable - Other than Micro and Small Enterprises	**498.80**	1,342.62
Total	**516.96**	1,365.43

Note:

i) Trade Payables are payables in respect of the amount due on account of goods purchased or services availed in the normal course of business.

Note No. 15 - Other Financial Liabilities

Rs. in Lakhs

Particulars	As at 31st March 2021		As at 31st March 2020	
	Current	Non Current	Current	Non Current
Other Financial Liabilities Measured at Amortised Cost				
Current maturities of long-term debt				
From Banks	**276.02**	–	657.60	–
From Related Party	–	–	–	–
Total	**276.02**	–	657.60	–

Note No. 16 - Provisions

Rs. in Lakhs

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non-Current	As at 31st March 2020 Current	As at 31st March 2020 Non-Current
Provision for employee benefits				
a) Post- employment Benefit - Leave Encashment and Gratuity	**1.08**	**9.41**	**0.74**	**7.23**
Total	**1.08**	**9.41**	**0.74**	**7.23**

Note No. 17 - Other Liabilities

Rs. in Lakhs

Particulars	As at 31st March 2021 Current	As at 31st March 2021 Non-Current	As at 31st March 2020 Current	As at 31st March 2020 Non-Current
Statutory dues				
a) Taxes Payable	**49.32**	–	6.91	–
b) Employee Liabilities	**4.42**	–	3.98	–
c) Advance to customer	**364.25**	–	0.17	–
TOTAL	**417.99**	–	11.06	–

Notes:

For disclosures related to employee benefits, refer note 29.

Note No. 18: Deferred Tax Assets

Movement in deferred tax balances

Rs. in Lakhs

Particulars	Year ended 31st March 2021 Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance	Year ended 31st March 2020 Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
A. Tax effect of items constituting deferred tax liabilities								
a) Property, Plant and Equipment WDV	**158.37**	**(83.29)**	**–**	**75.08**	234.87	(76.50)	–	158.37
Total	**158.37**	**(83.29)**	**–**	**75.08**	234.87	(76.50)	–	158.37
B. Tax effect of items constituting deferred tax assets								
a) Income tax Loss	**154.01**	**17.06**	**–**	**171.07**	184.27	(30.26)	–	154.01
b) MAT Credit	**58.39**	**–**	**–**	**58.39**	58.39	–	–	58.39
c) Employee benefits	**2.21**	**0.89**	**(0.19)**	**2.91**	1.56	0.52	0.13	2.21
Total	**214.61**	**17.95**	**(0.19)**	**232.37**	244.22	(29.74)	0.13	214.61
Net Tax Asset/(Liabilities) (B-A)	**56.24**	**101.24**	**(0.19)**	**157.29**	9.35	46.76	0.13	56.24

Note No. 19 - Revenue from Operations

Rs. in Lakhs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Revenue from rendering of services	**3,651.25**	4,741.82
Total	**3,651.25**	4,741.82

Ind As 115 Disclosure

A. Country-wise break up of Revenue

Rs. in Lakhs

Country	Revenue from contracts with customers (IndAS 115)	Revenue from operations from other than customers	Total Revenue from Operations	Other Income	Total Income
India	3,651.25	–	3,651.25	10.46	3,661.71
Others (specify)	–	–	–	–	–
Total	**3,651.25**	**–**	**3,651.25**	**10.46**	**3,661.71**

B. Reconciliation of revenue from contract with customer

Particulars	Amount
Revenue from contract with customer as per the contract price	**3,767.55**
Adjustments made to contract price on account of :-	
a) Discounts / Rebates / Incentives	**114.26**
b) Sales Returns / Reversals	**127.85**
c) Any other adjustments-Unbilled Revenue	**125.81**
Revenue from contract with customer as per the statement of Profit and Loss	**3,651.25**

C. Movement of Contract Assets and Contract Liabilities

Movement of Contract Assets

Particulars	Amount
Opening Balance	**319.10**
Additions during the year	**496.98**
Reclassification Adjustments:	
– Reclass of opening balances of contract assets to trade receivables	**319.10**
Closing Balance	**496.98**

Note No. 20 - Other Income

Rs. in Lakhs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
a) Interest Income	**0.82**	6.87
b) Miscellaneous Income	**9.64**	17.07
Total	**10.46**	23.94

Note No. 21 - Operating Expenses

Rs. in Lakhs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
a) Freight & other related Expense	**–**	18.00
b) Labour & other related Expense	**183.98**	234.16
c) Rent including lease rentals	**19.62**	14.34
d) Vehicle running expense	**1,356.27**	1,652.56
e) Power & Fuel Expenses	**1,293.38**	1,632.83
f) Repairs and maintenance - machinery	**208.41**	253.28
Total Operating Expense	**3,061.66**	3,805.17

Note No. 22 - Employee Benefits Expense

Rs. in Lakhs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
a) Salaries and wages, including bonus	**102.23**	101.04
b) Contribution to provident and other funds	**5.15**	6.02
c) Gratuity	**2.17**	1.79
d) Staff welfare expenses	**6.00**	6.41
Total Employee Benefit Expense	**115.55**	115.26

Notes:

i) Salaries and wages includes salaries, wages, bonus, compensated absences and all other amounts payable to employees in respect of services rendered as per their employment terms under a contract of service.

Note No. 23 - Finance Cost

Rs. in Lakhs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
a) Interest expense on Term Loan	**64.23**	119.69
b) Interest expense on Bank Overdraft	**55.98**	49.45
Total	**120.21**	169.14

Notes:

i) Analysis of Interest Expenses by Category

Rs. in Lakhs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Interest Expenses		
a) On Financial Liability at Amortised Cost	**120.21**	169.14
Total	**120.21**	169.14

Note No. 24 - Other Expenses

Rs. in Lakhs

Particulars		Year ended 31st March 2021		Year ended 31st March 2020
a) Rent including lease rentals		**8.46**		11.82
b) Legal and Other professional costs		**34.11**		34.24
c) Insurance		**71.62**		72.32
d) Travelling and Conveyance Expenses		**2.99**		6.56
e) Repairs and maintenance - machinery		**–**		–
f) Auditors remuneration and out-of-pocket expenses		**1.21**		1.34
i) As Auditors	0.81		0.90	
ii) For Taxation matters	0.40		0.41	
iii) For Other services	–		0.03	
g) Miscellaneous Expenses		**8.94**		12.66
Total		**127.33**		138.94

Note No. 25 - Current Tax and Deferred Tax

(a) Income Tax recognised in Profit & Loss

Rs. in Lakhs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
A. Current Tax:		
a) In respect of current year	**–**	–
b) In respect of prior year	**–**	–
Total	**–**	–
B. Deferred Tax:		
In respect of current year originination and reversal of temporary difference	**(101.24)**	**(46.76)**
In respect of changes in tax rate	**–**	**–**
Total	**(101.24)**	**(46.76)**
Total (A+B)	**(101.24)**	**(46.76)**

(b) Income tax recognised in Other Comprehensive Income

Rs. in Lakhs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
A. Current Tax:		
Remeasurement of defined benefit obligations	**–**	–
Total	**–**	–
B. Deferred Tax:	**(0.19)**	0.13
Total	**(0.19)**	0.13
Classification of income tax recognised in other comprehensive income		
Income taxes related to items that will not be reclassified to profit or loss	**–**	–
Total	**–**	–

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Rs. in Lakhs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
a) Profit Before tax	**(363.33)**	(168.61)
b) Income Tax using the Company's domestic tax rate#	**(101.06)**	(46.89)
c) Change in tax rate	**–**	–
d) Expenses not allowed for tax purpose	**–**	–
Income tax expense recognised In profit or loss......	**(101.06)**	(46.89)

Note:

The tax rate used in reconciliations above is the corporate tax rate of 25% (plus surcharge and cess as applicable) on taxable profits under Income Tax Act, 1961.

Note No. 26 - Earnings Per Share

Rs. in Lakhs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
A. Basic Earnings Per Share (in Rs.) (face value in Rs. 10/- per share)	**(2.92)**	(1.35)
B. Diluted Earnings Per Share (in Rs.) (face value in Rs. 10/- per share)	**(2.92)**	(1.35)

Notes:

i) Basic Earnings Per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Rs. in Lakhs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Profit / (loss) for the period attributable to owners of the Company	**-262.76**	-121.37
Profit / (loss) for the period used in the calculation of basic earnings per share	**-262.76**	-121.37
Weighted average number of equity shares	**90.10**	90.10
Earnings per share from continuing operations - Basic (in Rs.)	**(2.92)**	(1.35)

ii) Diluted Earnings Per Share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving the effect of the dilutive potential ordinary shares for the respective years.

Rs. in Lakhs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
a) Profit / (loss) for the period used in the calculation of basic earnings per share	**-262.76**	-121.37
b) Add: adjustments on account of dilutive potential equity shares	**–**	–
Profit / (loss) for the period used in the calculation of diluted earnings per share	**-262.76**	-121.37

iii) Reconciliation of weighted average number of equity shares

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

Rs. in Lakhs

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Weighted average number of equity shares used in the calculation of Basic EPS	**90.10**	90.10
Add: Effect of ESOPs		–
Weighted average number of equity shares used in the calculation of Diluted EPS	**90.10**	90.10

Note No. 27- Financial Instruments

I. Capital management Policy

a) The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern.
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

b) For the purpose of Company's capital management, capital includes issued share capital, equity and all other equity reserves. The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

c) The following table shows the components of capital:

		Rs. in Lakhs
Particulars	**As at 31st March 2021**	As at 31st March 2020
Equity	**647.28**	909.56
Capital	**647.28**	909.56

Note:

The above capital management disclosures are based on the information provided internally to key management personnel.

The Company is not subject to externally enforced capital regulation.

II. Categories of financial assets and financial liabilities

Rs. in Lakhs

As at 31st March 2021

Particulars	Amortised Costs	FVTPL	FVOCI	Total
A. Current Assets				
a) Trade Receivables	**89.53**	–	–	**89.53**
b) Cash and Bank Balances	**33.70**	–	–	**33.70**
c) Other Financial Assets	**510.62**	–	–	**510.62**
Total	**633.85**	–	–	**633.85**
B. Non-current Liabilities				
a) Other Financial Liabilities	**90.33**	–	–	**90.33**
Total	**90.33**	–	–	**90.33**
C. Current Liabilities				
a) Trade Payables	**516.96**	–	–	**516.96**
b) Current Maturities of long term Debt	**276.02**	–	–	**276.02**
c) Short Term Borrowing	**771.17**	–	–	**771.17**
d) Other Financial Liabilities	–	–	–	–
– Non Derivative Financial Liabilities	–	–	–	–
Total	**1,564.15**	–	–	**1,564.15**

As at 31st March 2020

Particulars	Amortised Costs	FVTPL	FVOCI	Total
A. Current Assets				
a) Trade Receivables	174.97	–	–	174.97
b) Cash and Bank Balances	21.13	–	–	21.13
c) Other Financial Assets	328.80	–	–	328.80
Total	524.90	–	–	524.90
B. Non-current Liabilities				
a) Other Financial Liabilities	231.09	–	–	231.09
Total	231.09	–	–	231.09
C. Current Liabilities				
a) Trade Payables	1,365.43	–	–	1,365.43
b) Current Maturities of long term Debt	657.60	–	–	657.60
c) Short Term Borrowing	602.89	–	–	602.89
d) Other Financial Liabilities	–	–	–	–
– Non Derivative Financial Liabilities	–	–	–	–
Total	2,625.92	–	–	2,625.92

III) Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) Credit risk management

Trade receivables and deposits

(i) Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The company yearically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Credit exposure is controlled by counterpaty credit year which is monitored through an approved policy.

(ii) Trade receivables consist of a small number of customers.

(iii) One of the customer of the Company, which is also a group company accounts for more than 10% of total outstanding exposure. However since such customer is also a group company, the Company does not anticipate any credit risk.

(iv) The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

(v) There is no change in estimation techniques or significant assumptions during the reporting year.

(vi) During the year, the company has not made any write off on trade receivable and advances. These trade receivables and advances are not subject to enforcement activity.

b) Liquidity risk management

(i) The company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the company's net liquidity position through rolling forecasts on the basis of expected cash flows.

(ii) Maturities of financial liabilities

Table showing maturity profile of financial liabilites

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	As at 31st March 2021			
A) Non-derivative financial liabilities				
a) Trade Payables	**89.53**	–	–	–
b) Long term debt	–	**90.33**	–	–
c) Current maturities of long term debt	**33.70**	–	–	–
d) Employee Dues	–	–	–	–
e) Short Term Borrowings	**510.62**	–	–	–
Total	**633.85**	**90.33**	–	–

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	As at 31st March 2020			
A) Non-derivative financial liabilities				
a) Trade Payables	1,365.43	–	–	–
b) Long term debt	–	231.09	–	–
c) Current maturities of long term debt	657.60	–	–	–
d) Employee Dues	–	–	–	–
e) Short Term Borrowings	602.89	–	–	–
Total	2,625.92	231.09	–	–

The above table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

(iii) Financing arrangements

The Company has access to following undrawn borrowing facilities at the end of the reporting year:

Rs. in Lakhs

Particulars	**As at 31st March 2021**	As at 31st March 2020
a) Unsecured Bank Overdraft facility		
- Expiring within one year	**28.83**	97.11
- Expiring beyond one year	–	–

(iv) Maturities of financial assets

Table showing maturity profile of financial assets

Rs. in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	As at 31st March 2021			
	In Rs. Lakhs	**In Rs. Lakhs**	**In Rs. Lakhs**	**In Rs. Lakhs**
Non-derivative financial assets				
Trade Receivables	**89.53**	–	–	–
Security Deposits	**1.31**	–	–	–
Others	**509.31**	–	–	–
Total	**600.15**	–	–	–

Particulars	Less than 1 Year In Rs. Lakhs	1-3 Years In Rs. Lakhs	3 Years to 5 Years In Rs. Lakhs	5 years and above In Rs. Lakhs
	Rs. in Lakhs As at 31st March 2020			
Non-derivative financial assets				
As at 31st March 2020				
Trade Receivables	174.97	–	–	–
Security Deposits	1.31	–	–	–
Others	327.49	–	–	–
Total..	503.77	–	–	–

Interest rate risk

Nature of Liability	Nature of Borrowing	Type of Interest	Rate of interest	Loan amount outstanding as at year end	Increase in Base Rate	Sensitivity Impact on P&L (pre-tax)	Decrease in Base Rate	Sensitivity Impact on P&L (pre-tax)
						Rs. in Lakhs		
As at 31st March, 2021	**Bank Overdraft**	**Floating**	**7.25%**	**771.17**	**1.00%**	**(7.71)**	**1.00%**	**7.71**
As at 31st March, 2020	Bank Overdraft	Floating	8.20%	602.89	1.00%	(6.03)	1.00%	6.03

The above table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

c) Market Risk Management

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Note No. 28 - Fair Value Measurement

a) Fair value of financial assets and financial liabilities that are measured at amortised cost:

Particulars	31st March 2021 Carrying amount	31st March 2021 Fair value	31st March 2020 Carrying amount	31st March 2020 Fair value
				Rs. in Lakhs
A) Financial assets				
a) Financial assets carried at Amortised Cost				
i) Trade and other receivables	**89.53**	**89.53**	174.97	174.97
ii) Deposits given	**1.31**	**1.31**	1.31	1.31
iii) Cash and cash equivalents	**33.70**	**33.70**	21.13	21.13
iv) Others	**509.31**	**509.31**	327.49	327.49
Total..	**633.85**	**633.85**	524.90	524.90
B) Financial liabilities				
b) Financial liabilities held at amortised cost				
i) Trade and other payables	**516.96**	**516.96**	1,365.43	1,365.43
ii) Borrowings	**366.35**	**351.66**	888.69	842.06
iii) Short Term Borrowings	**771.17**	**771.17**	602.89	602.89
Total..	**1,654.48**	**1,639.79**	2,857.01	2,810.38

Note No. 29 - Related Party Transactions

i) List of Related Party

a) Holding Company	**Mahindra Logistics Limited**
b) Other related parties	
1	**Mahindra & Mahindra Limited**
2	**IVC Logistics Limited**

ii) Details of transaction between the Company and its related parties are disclosed below:

Particulars	Holding Company	Other related parties
		Rs. in Lakhs
Nature of transactions with Related Parties		
a) Purchase of property and other assets	– –	– –
b) Rendering of services	2,918.20 (4,133.28)	230.46 (407.24)
c) Receiving of services	22.02 (0.60)	61.81 (88.74)
d) Reimbursements made to parties	– (12.86)	46.82 (39.28)
e) Reimbursements received from parties	– –	– –
f) Loans/Deposits Taken	– –	– –
g) Loans/Deposits paid	– –	– –
h) Interest on Vehicle Loan paid	– –	– –

Nature of Balances with Related Parties	Holding Company	Other related parties
i) Trade payables	40.17 (14.66)	16.85 (2.42)
j) Trade receivables & others	-364.25 (112.00)	88.11 (62.27)
k) Loan Payable	– –	– –

iii) All the outstanding balances, whether receivables or payables (Except Loan payable) are unsecured.

iv) All the Previous year balances are shown in Bracket.

Note No. 30 - Employee benefits

i) Defined Contribution Plan

The Company's contribution to Provident Fund, Superannuation Fund and other Funds aggregating Rs. 5.15 lakhs (2019 : Rs. 6.02 lakhs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

ii) Defined Benefit Plans:

Gratuity

a) The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

b) Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

(1) Change in bond yields

A decrease in government bond yields will increase plan liabilities.

(2) Inflation risk

Defined benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although caps on the level of inflationary increases are in place to protect the plan against extreme inflation).

(3) Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

c) Significant Actuarial Assumptions

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Rs. in Lakhs Valuation	
	As at 31st March 2021	As at 31st March 2020
a) Discount rate(s)	**6.40%**	6.60%
b) Expected rate(s) of salary increase	**8.00%**	8.00%
c) Mortality rate during employment	**IALM(2012-14) Ultimate**	IALM(2012-14) Ultimate

d) Defined benefit plans – as per actuarial valuation

Particulars	Non Funded Plan - Gratuity	
	As at 31st March 2021	As at 31st March 2020
I. Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
a) Current Service Cost	**1.51**	2.27
b) Past service cost and (gains)/losses from settlements	**–**	–
c) Net interest expense	**–**	–
Components of defined benefit costs recognised in profit or loss	**1.51**	2.27
Remeasurement on the net defined benefit liability	**–**	
a) Return on plan assets (excluding amount included in net interest expense)	**–**	–
b) Actuarial (gains)/loss arising form changes in financial assumptions	**–**	–
c) Actuarial (gains)/loss arising form changes in demographic assumptions	**–**	–
d) Actuarial (gains)/loss arising form experience adjustments	**–**	–
Components of defined benefit costs recognised in other comprehensive income	**–**	–
Total	**1.51**	2.27
II. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March		
a) Present value of defined benefit obligation	**7.25**	5.74
b) Fair value of plan assets	**–**	–
c) Surplus/(Deficit)	**7.25**	5.74
d) Current portion of the above	**–**	–
e) Non current portion of the above	**7.25**	5.74
III. Change in the obligation during the year ended 31st March		
a) Present value of defined benefit obligation at the beginning of the period	**5.74**	3.47
b) Add/(Less) on account of Scheme of Arrangement/ Business	**–**	–
c) Transfer	**–**	–
d) *Expenses Recognised in Profit and Loss Account*		
- Current Service Cost	**1.80**	1.53
- Past Service Cost	**–**	–
- Interest Expense (Income)	**0.38**	0.26
e) *Recognised in Other Comprehensive Income* *Remeasurement gains/(losses)*		
- Actuarial Gain (Loss) arising from:		
i. Financial Assumptions	**0.12**	0.41
ii. Demographic Assumptions	**–**	–
iii. Experience Adjustments	**(0.78)**	0.07
f) Benefit payments	**–**	–
g) Present value of defined benefit obligation at the end of the period	**7.26**	5.74
IV. Change in fair value of assets during the year ended 31st March		
i) Fair value of plan assets at the beginning of the period	**–**	–
ii) *Expenses Recognised in Profit and Loss Account*		
- Expected return on plan assets	**–**	–
iii) *Recognised in Other Comprehensive Income* *Remeasurement gains/(losses)*		
- Actual Return on plan assets in excess of the expected return	**–**	–
iv) Contributions by employer (including benefit payments recoverable)	**–**	–
v) Benefit payments	**–**	–
vi) Fair value of plan assets at the end of the period	**–**	–
V. The Major categories of plan assets		
- Insurance Funds	**–**	–
VI. Actuarial assumptions		
a) Discount rate	**6.40%**	6.60%
b) Expected rate of return on plan assets	**6.40%**	6.60%
c) Attrition rate	**11.00%**	11.00%

e) The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption		Impact on defined benefit obligation	
		As at 31st March 2021	
	Changes in assumption	Increase in assumption	Decrease in assumption
a) Discount rate	1.00%	**1.41**	**1.62**
b) Salary growth rate	1.00%	**1.62**	**1.41**
c) Rate of employee turnover	50.00%	**1.47**	**1.60**

Notes:

i) The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

ii) The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

iii) The weighted average duration of the defined benefit obligation as at 31st March 2021 is 8 years.

f) **Maturity profile of defined benefit obligation:**

The tables include both discounted value as well as unwinding of interest.

Particulars	2021	2020
Within 1 year	**0.65**	0.45
2-5 years	**3.43**	2.23
6-10 years	**2.64**	2.72
More than 10 years	**7.21**	6.24

g) **Experience Adjustments:**

Rs. in Lakhs

	Particulars	As at 31st March 2021	As at 31st March 2020
		Gratuity	
1.	Defined Benefit Obligation	**(7.26)**	(5.74)
2.	Fair value of plan assets	–	–
3.	Surplus/(Deficit)	**7.25**	5.74
4.	Experience adjustment on plan liabilities [(Gain)/Loss]	–	–
5.	Experience adjustment on plan assets [Gain/(Loss)]	–	–

h) The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

i) The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

j) The current service cost and the net interest expense for the period are included in the employee benefits expense in profit or loss of the expense for the year.

All amounts are in Rs. Lakhs unless otherwise stated

Note No. 31 - MSME disclosures

(i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
i. Principal amount remaining unpaid to any supplier as at the end of the accounting year	**18.16**	22.81
ii. Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	–	–
iii. The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	–	–
iv. The amount of interest due and payable for the year	–	–
v. The amount of interest accrued and remaining unpaid at the end of the accounting year	–	–
vi. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	–	–

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

Note No. 32 - Code on Social Security Disclosures

The newly enacted Code on Social Security, 2020 is expected to have an impact on employee remuneration and welfare benefits. The effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are yet to be framed. The Company is in process of evaluating the financial impact, if any and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are notified.

The accompayning notes 1 to 31 are integral part of these financial statement.

In terms of our report attached.

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

Aniruddha Joshi
Partner
M.No. 040852

Place : Mumbai
Date : 21st April, 2021

For and on behalf of Board of Directors

2 X 2 Logistics Private Ltd.

Sushil Rathi	**Nitin Singhal**	**Ruchie Khanna**
Director	Director	Company Secretary
DIN: 05358211	DIN: 05358211	ACS - 24922

INDEPENDENT AUDITOR'S REPORT

To the Members of
LORDS FREIGHT (INDIA) PRIVATE LIMITED
Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying financial statements of **LORDS FREIGHT (INDIA) PRIVATE LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2021, and the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, and its financial performance including other comprehensive income, changes in equity 2021 and its cash flows for the year ended on that date

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the Board report.

Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-I", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure II".
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in

our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration Number 105102W)

Aniruddha Joshi
Partner
Membership Number: 040852
UDIN: 21040852AAAAAS1025
Mumbai,
April 21, 2021

ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Paragraph 1 of our report of even date on the financial statements of Lords Freight (India) Private Limited for the year ended March 31, 2021.

<u>Annexure to the Auditor's Report referred to in our report of even date:</u>

I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) These fixed assets were physically verified by the Management during the year at reasonable intervals and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.

(c) There is no immovable property held by Company.

II. The company has no inventories hence Clause 3 (ii) is not applicable to the Company.

III. The Company has not granted any loans to parties covered in the register maintained under section 189 of Companies Act, 2013. Therefore, clause 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

IV. The Company has not granted any loans or made any investments, or provided any guarantees or securities to the parties covered under Section 185 & 186 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the company.

V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the company.

VI. As informed to us maintenance of cost records Under Section 148(1) of the Companies Act, 2013 is not prescribed to the Company.

VII. (a) According to the records of the Company and information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, goods & service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities

(b) According to the information and explanations given to us and records of the Company examined by us ,there are no disputed dues of income tax or sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited on account of any dispute.

VIII. Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.

IX. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year, and accordingly, Para 3(ix) of the Order is not applicable to the Company.

X. On the basis of our examination of the relevant records of the Company, carried out in accordance with generally accepted auditing practices and according to the information and explanations given to us, no material fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the year.

XI. As the company is a private limited company hence Section 197 read with Schedule V to the Companies Act, 2013 is not applicable to company.

XII. The Company is not a 'Nidhi Company'; therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.

XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

XV. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them.

XVI. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 21040852AAAAAS1025
Mumbai
April 21, 2021

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **LORDS FREIGHT (INDIA) PRIVATE LIMITED** ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statements issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls With reference to financial statements (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls With reference to financial statements issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 21040852AAAAAS1025
Mumbai
April 21, 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

₹ in lacs

	Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
	ASSETS			
I	**NON-CURRENT ASSETS**			
	(a) Property, Plant and Equipment	5	**83.39**	92.50
	(b) Capital Work-in-Progress			
	(c) Intangible Assets	6	**3.95**	5.72
	(d) Intangible Assets Under Development			
	(e) Financial Assets			
	(i) Other Financial Asset	8	**0.63**	30.03
	(f) Deferred Tax Assets (Net)	9 &10	**122.65**	106.73
	SUB-TOTAL		**210.62**	234.98
II	**CURRENT ASSETS**			
	(a) Financial Assets			
	(i) Trade Receivables	7	**8,096.00**	6,008.01
	(ii) Cash and Cash Equivalents	12	**27.46**	2.92
	(iii) Other Financial Asset	8	**208.54**	266.53
	(b) Current Tax Assets (Net)	13	**–**	429.22
	(c) Other Current Assets	11	**922.71**	28.84
	SUB-TOTAL		**9,254.71**	6,735.52
	TOTAL ASSETS		**9,465.33**	6,970.50
	EQUITY AND LIABILITIES			
	EQUITY			
	(a) Equity Share Capital	14	**236.26**	236.26
	(b) Other Equity	15	**1,378.26**	725.82
	SUB-TOTAL		**1,614.52**	962.08
	LIABILITIES			
I	**NON-CURRENT LIABILITIES**			
	(a) Provisions	18	**130.56**	104.71
	(b) Borrowings	16	**–**	26.52
	SUB-TOTAL		**130.56**	131.23
II	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	16	**1,782.40**	2,097.45
	(ii) Trade Payables	17		
	Due to Micro and Small Enterprises		**181.48**	45.14
	Other then Micro and Small Entreprises		**4,416.52**	3,418.98
	(b) Provisions	18	**259.32**	211.78
	(c) Other Financials Liabilites (Lease Liabilities)	19	**55.62**	29.04
	(c) Other Current Liabilities	20	**1,024.91**	74.80
	SUB-TOTAL		**7,720.25**	5,877.19
	TOTAL		**9,465.33**	6,970.50

The accompanying notes 1 to 36 are an integral part of the financial statements.

"As per our Report of Even Date"

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

Aniruddha Joshi
Partner
M.No. 040852

Place : Mumbai
Date : 21st April, 2021

For and on behalf of Board of Directors
LORDS Freight (India) Pvt Ltd

Rampraveen Swaminathan
Director

Place : Mumbai

Sushil Kumar Rathi
Director

Place : Mumbai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

₹ in lacs

	Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
I	Revenue from operations	21	**29,752.67**	20,467.99
II	Other Income	22	**189.52**	45.99
III	**Total Revenue (I + II)**		**29,942.19**	20,513.98
IV	**EXPENSES**			
	(a) Employee benefit expense	23	**1,488.87**	1,437.35
	(b) Finance costs	24	**180.62**	151.04
	(c) Depreciation and amortization expense	5&6	**88.52**	43.06
	(d) Other expenses	25	**27,290.35**	18,665.60
	Total Expenses (IV)		**29,048.36**	20,297.05
V	**Profit/(loss) before tax (III-IV)**		**893.83**	216.93
VI	**Tax Expense**			
	(1) Current tax		**254.15**	80.54
	(2) Deferred tax		**(15.13)**	(16.21)
	Total tax expense		**239.02**	64.33
VII	**Profit/(loss) after tax (V-VI)**		**654.81**	152.60
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss			–
	Remeasurements of the defined benefit liabilities/(asset)		**(3.16)**	(3.10)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**0.79**	0.86
	Total Other Comprehensive Income/(Loss)		**(2.37)**	(2.24)
IX	**Total comprehensive income for the period (VII+VIII)**		**652.44**	150.36
X	**Earnings per equity share**			
	(1) Basic	26	**27.62**	6.36
	(2) Diluted	26	**27.62**	6.36
	(3) No. of Shares		**2,362,509**	2,362,509

The accompanying notes 1 to 36 are an integral part of the financial statements.

"As per our Report of Even Date"

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

Aniruddha Joshi
Partner
M.No. 040852

Place : Mumbai
Date : 21st April, 2021

For and on behalf of Board of Directors
LORDS Freight (India) Pvt Ltd

Rampraveen Swaminathan
Director

Place : Mumbai

Sushil Kumar Rathi
Director

Place : Mumbai

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

(a) Equity Share Capital

₹ in lacs

Particulars	Number of Shares	Equity share capital
As at 1st April, 2020	**2,362,509**	**236.26**
Changes in equity share capital during the year	–	–
As at 31st March, 2021	**2,362,509**	**236.26**

(b) Other Equity

Particulars	Reserves & Surplus			
	Securities Premium	Equity-settled employee benefits reserve	Retained earnings	Total
Balance at 1st April, 2019	622.75	–	(47.29)	575.46
Total Comprehensive income for the year				–
– Profit for the year	–	–	152.60	152.60
– Other Comprehensive Income transferred to retained earnings	–	–	(2.24)	(2.24)
Balance at 31st March, 2020	622.75	–	103.07	725.82
Total Comprehensive income for the year				
– Profit for the year	–	–	654.81	654.81
– Other Comprehensive Income transferred to retained earnings	–	–	(2.37)	(2.37)
Balance at 31st March, 2021	**622.75**	–	**755.51**	**1,378.26**

"As per our Report of Even Date"

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

Aniruddha Joshi
Partner
M.No. 040852

Place : Mumbai
Date : 21st April, 2021

For and on behalf of Board of Directors
LORDS Freight (India) Pvt Ltd

Rampraveen Swaminathan
Director

Place : Mumbai

Sushil Kumar Rathi
Director

Place : Mumbai

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2021

	Particulars	Year ended 31st March, 2021	₹ in lacs Year ended 31st March, 2020
A.	**Cash flows from operating activities**		
	Profit before tax for the year	**893.83**	216.93
	Adjustments for:		
	Actuarial (Gain)/Loss	**(3.16)**	(3.10)
	Loss/(Gain) on disposal of property, plant and equipment	**0.57**	(0.40)
	Impairment loss recognized on trade receivables	**(313.13)**	239.46
	Depreciation and amortization of non-current assets	**88.52**	43.06
	Finance Charges	**180.62**	151.04
	Total	**847.25**	646.99
	Movements in working capital:		
	Increase in trade and other receivables	**(1,774.86)**	(2,679.74)
	(Increase)/decrease in other assets	**(372.50)**	1,247.12
	Decrease in trade and other payables	**2,141.05**	357.88
		840.94	(427.75)
	Cash generated from operations		
	Income taxes paid	**(254.15)**	(80.54)
	Net cash generated by operating activities	**586.79**	(508.29)
B.	**Cash flows from investing activities**		
	Payments for property, plant and equipment	**(8.76)**	(9.32)
	Proceeds from disposal of property, plant and equipment		–
	Net cash (used in)/generated by investing activities	**(8.76)**	(9.32)
C.	**Cash flows from financing activities**		
	Proceeds from Borrowings	**(315.05)**	689.52
	Rent Paid as per IND AS 116	**(65.68)**	(24.31)
	Interest paid	**(172.76)**	(146.52)
	Net cash used in financing activities	**(553.49)**	518.69
	Net increase in cash and cash equivalents	**24.54**	1.08
	Cash and cash equivalents at the beginning of the year	**2.92**	1.84
	Cash and cash equivalents at the end of the year	**27.46**	2.92

Notes :

1 The above Cash Flow Statement has been prepared under the Indirect Method set out in IND AS 7.

2 Figures in bracket indicates cash outgo.

3 Additions to property, plant and equipment and intangible assets respectively during the year.

"As per our Report of Even Date"

For B. K. Khare & Co.
Chartered Accountants
FRN: 105102W

Aniruddha Joshi
Partner
M.No. 040852

Place : Mumbai
Date : 21st April, 2021

For and on behalf of Board of Directors
LORDS Freight (India) Pvt Ltd

Rampraveen Swaminathan
Director

Place : Mumbai

Sushil Kumar Rathi
Director

Place : Mumbai

Notes to the financial statements for the year ended 31st March, 2021

1. Corporate information

LORDS Freight (India) Pvt Ltd is a private limited company incorporated on 25th April, 2011 under the Companies Act, 1956. The Company's main activities are freight forwarding including transportation of goods via sea & air.

The financial statements for the year ended 31st March, 2021 are approved for issue in accordance with a resolution of the directors on 21st April, 2021.

2. Significant accounting policies

2.1. Statement of compliance

The financial statements have been prepared in accordance with the provisions of Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, specified under Section 133 of the Act. The financial statements are separate financial statements.

2.2. Basis of preparation and presentation

The financial statements have been prepared on accrual basis and the historical cost basis as a going concern except for certain financial instruments that are measured at fair values or at amortized cost, wherever applicable, at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this financial statement is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are prepared in Indian Rupee (INR) and denominated in lakhs. The principal accounting policies are set out below.

2.3. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.3.1. Rendering of services

Incomes from logistics services rendered are recognized on the completion of the services as per the terms of contract. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

2.3.2. Dividend and interest income

Dividend income from investments is recognized when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.4. Leasing

The Company's significant operating leasing arrangements are in respect of office premises, warehouse, warehouse equipments and IT related equipments. Lease rentals are recognized as per the terms of lease.

Rental expense from operating leases is generally recognized on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

2.5. Foreign currencies

The Financial statement are presented in rupees in lacs, which is also Company's functional currency.

i. Initial recognition

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

ii. Conversion

a. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.

b. Non-monetary items, if any are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii. Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

a. Realized gains and losses on settlement of foreign currency transactions are recognized in the Statement of Profit and Loss.

b. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the Statement of Profit and Loss.

2.6. Borrowing costs

Borrowing Cost that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue in the year of incurrence.

2.7. Employee benefits

2.7.1. Retirement benefit costs and termination benefits

i. Defined Contribution Plan :

Company's contributions paid/payable during the year to the Superannuation Fund, ESIC, Provident Fund and Labour Welfare Fund are recognized in the Statement of Profit and Loss.

ii. Defined Benefits Plan:

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income

in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

a. service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

b. net interest expense or income; and

c. remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans

2.7.2. Short-term and other long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.8. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.8.1. Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.8.2. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.8.3. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

2.9. Property, plant and equipment

All items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of acquisition is inclusive of purchase price, levies and any directly attributable cost of bringing the assets to its working condition for the intended use. Subsequent costs are included in the assets carrying amount or recognized as separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Statement of profit and loss during the reporting period in which they are incurred. Depreciation on tangible assets is charged by the Straight Line Method (SLM) in accordance with the useful lives specified in Part – C of Schedule II of the Companies Act, 2013 on a pro-rata basis except in the case of:

I. Assets costing less than Rs.5000/- which are fully depreciated in the year of purchase.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.10. Intangible assets

2.10.1. Intangible assets acquired separately

The useful lives of intangible assets are assessed as either finite or infinite. Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.10.2. Useful lives of intangible assets

The expenditure incurred is amortized over ten financial years equally commencing from the year in which the expenditure is incurred.

2.11. Impairment of tangible and intangible assets other than goodwill

The management of the Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and recognized in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

2.12. Provisions, Contingent Liabilities & Contingent assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

A contingent asset is disclosed where an inflow of economic benefits is probable.

2.13. Financial instruments

Financial assets and financial liabilities are recognized when a company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

2.14. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

2.14.1. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

i. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

ii. the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For the impairment policy on financial assets measured at amortized cost, refer Note 2.14.3

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

i. the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

ii. the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognized in profit or loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

2.14.2. Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that

form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the "Other income" line item.

2.14.3. Impairment of financial assets

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

2.14.4. Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

2.14.5. Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognized in other comprehensive income.
- For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income.

2.15. Financial liabilities and equity instruments

2.15.1. Classification as debt or equity

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.15.2. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.15.3. Financial liabilities

All financial liabilities are subsequently measured at amortized cost or at FVTPL.

i. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

a. it has been incurred principally for the purpose of repurchasing it in the near term; or

b. on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

c. it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognized by the Group as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

a. such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

b. the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

c. it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

ii. Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.16. Segment Accounting:

The VP/Whole Time Director monitors the operating results of the business segments separately for the purpose of making decisions about the allocation of resources and performance assessment. Segment performance is measured based on profit or loss and is measured consistently with profit or loss in financial statements.

2.17. Earnings per Share:

Basic and diluted earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3.1. Defined Benefit Plans:

The cost of the defined benefit plans and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making assumptions that may differ from actual developments in the future. These include the determination of discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4. <u>Ind AS 116 – 'Leases':-</u>

The Company as a lessee

The Company's lease asset classes primarily consist of leases for buildings, furniture & fixtures and vehicles. The company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether: (1) the contract involves the use of an identified asset (2) the company has substantially of the economic benefits from use of the asset throughout the period of the lease and (3) the company has the right to direct the use of the asset throughout the period of use.

At the date of commencement of the lease, the company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application .
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of March 31, 2020 under Ind AS 17 disclosed under Note No. 24 of annual financial statements forming part of 2021 Annual Report and the value of the lease liability as of April 1, 2020 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2020 is 8.70%.

For B.K. Khare & Co.
Chartered Accountants
FRN : 105102W

Aniruddha Joshi
Partner
M.No. 040852

Place: Mumbai
Date: 21st April, 2021

For and on behalf of Board of Directors
LORDS Freight (India) Pvt Ltd

RAMPRAVEEN SWAMINATHAN
Director
Place: Mumbai

SUSHIL KUMAR RATHI
Director
Place: Mumbai

Note No. 5 - Property, Plant and Equipment

For the year ended 31st March, 2021

₹ in lacs

Description of Assets	Computer	Office Equipment	Furniture, Fittings and Fixtures	Lease Assets	Total
A. Gross Carrying Amount					
a) Balance as at 1st April, 2020	70.09	22.04	39.30	75.37	**206.80**
b) Additions	8.65	0.11	–	88.76	**97.52**
Less: Disposals/Adjustments		–	(2.51)	(36.13)	**(38.64)**
Balance as at 31st March, 2021	**78.74**	**22.15**	**36.79**	**128.00**	**265.68**
B. Accumulated depreciation and impairment					
a) Balance as at 1st April, 2020	48.02	19.05	24.15	23.08	**114.30**
b) Depreciation expense for the year	12.73	0.91	3.84	69.18	**86.66**
Less: Eliminated on disposal of assets		–	(1.64)	(17.03)	**(18.67)**
Balance as at 31st March, 2021	**60.75**	**19.96**	**26.35**	**75.23**	**182.29**
C. Net carrying amount (A-B)	**17.99**	**2.19**	**10.44**	**52.77**	**83.39**

For the year ended 31st March, 2020

Description of Assets	Computer	Office Equipment	Furniture, Fittings and Fixtures	Lease Assets	Total
A. Gross Carrying Amount					
a) Balance as at 1st April, 2019	**67.41**	**22.04**	**39.30**	**–**	**128.75**
b) Additions	9.32	–	–	75.37	**84.69**
Less: Disposals/Adjustments	(6.64)	–	–	–	**(6.64)**
Balance as at 31st March, 2020	**70.09**	**22.04**	**39.30**	**75.37**	**206.80**
B. Accumulated depreciation and impairment					
a) Balance as at 1st April, 2019	41.66	17.83	20.21	–	**79.70**
b) Depreciation expense for the year	12.67	1.22	3.94	23.08	**40.91**
Less: Eliminated on disposal of assets	(6.31)	–	–		**(6.31)**
Balance as at 31st March, 2020	**48.02**	**19.05**	**24.15**	**23.08**	**114.30**
C. Net carrying amount (A-B)	**22.07**	**2.99**	**15.15**	**52.29**	**92.50**

Notes:

i) The depreciation methods used and the useful lives or the depreciation rates used have been mentioned in the note 2.9.

ii) The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2021 is **Rs. Nil** (2020: Rs. NIL).

Note No. 6 - Other Intangible Assets

For the year ended 31st March, 2021

₹ in lacs

Description of Assets	Computer Software	Total
A. Gross Carrying Amount		
a) Balance as at 1st April, 2020	17.50	**17.50**
b) Additions	–	**–**
Less: Disposals/ Adjustments	–	**–**
Description of Assets	**17.50**	**17.50**
B. Accumulated depreciation and impairment		
a) Balance as at 1st April, 2020	11.78	**11.78**
b) amortization expense for the year	1.77	**1.77**
Less: Eliminated on disposal of assets	–	**–**
Description of Assets	**13.55**	**13.55**
C. Net carrying amount (A-B)	**3.95**	**3.95**

For the year ended 31st March, 2020

₹ in lacs

Description of Assets	Computer Software	Total
A. Gross Carrying Amount		
a) Balance as at 1st April, 2019	17.50	**17.50**
b) Additions	–	**–**
Less: Disposals/ Adjustments	–	**–**
Balance as at 31st March, 2020	**17.50**	**17.50**
B. Accumulated depreciation and impairment		
a) Balance as at 1st April, 2019	10.03	**10.03**
b) amortization expense for the year	1.75	**1.75**
Less: Eliminated on disposal of assets	–	**–**
Balance as at 31st March, 2020	**11.78**	**11.78**
C. Net carrying amount (A-B)	**5.72**	**5.72**

Notes:

i) The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2021 is **Rs.NIL (2020: Rs. NIL).**

Note No. 7- Trade receivables

₹ in lacs

Particulars		As at 31st March, 2021	As at 31st March, 2020
Trade receivables			
a)	Unsecured, considered good	**8,096.00**	6,008.01
b)	Significant increase in credit risk	**–**	–
c)	Credit Imparied	**313.13**	239.46
		8,409.13	6,247.47
Less: Allowance for Credit Losses		**313.13**	239.46
TOTAL		**8,096.00**	6,008.01

Notes:

i) Refer Note 26 (III) for disclosures related to credit risk, impairment of trade receivables under expected credit loss model and related disclosures.

ii) The Company applies the simplified approach to providing for expected credit losses prescribed by Ind As 109, which permits the use of the lifetime expected loss provision for all trade receiables. The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company.

Note No. 8 – Other Financial Asset

Particulars		As at 31st March, 2021 Current	As at 31st March, 2021 Non-Current	As at 31st March 2020 Current	As at 31st March 2020 Non-Current
A.	**Security Deposits**				
	a) Unsecured, considered good	**115.94**	–	23.64	29.40
Less: Allowance for Credit Losses				–	–
B.	**Unbilled Revenue**	**91.19**	–	241.48	–
C.	**Others**	**1.41**	**0.63**	1.41	0.63
Total		**208.54**	**0.63**	266.53	30.03

Notes:

i) Refer Note 26 (III) for disclosures related to credit risk, impairment under expected credit loss model and related disclosures.

Note No. 9 - Current Tax and Deferred Tax

(a) Income Tax recognized in profit or loss

₹ in lacs

Particulars		Year ended 31st March, 2021	Year ended 31st March, 2020
A.	**Current Tax:**		
	a) In respect of current year	**254.15**	80.54
	b) In respect of prior years	**–**	–
	c) Unrecognized tax loss used to reduce current tax expense	**–**	–
	Total	**254.15**	80.54
B.	**Deferred Tax:**		
	a) In respect of current year origination and reversal of temporary differences	**(15.13)**	(16.21)
	b) Adjustments due to changes in tax rates		
	Total	**(15.13)**	(16.21)
	Total (A+B)	**239.02**	64.33

(b) Income tax recognized in Other Comprehensive Income

₹ in lacs

Particulars		Year ended 31st March, 2021	Year ended 31st March, 2020
A.	**Current Tax:**		
	Remeasurement of defined benefit obligations	**–**	–
	Total	**–**	–
B.	**Deferred Tax:**		
	Remeasurement of defined benefit obligations	**0.79**	0.86
	Total	**0.79**	0.86
Classification of income tax recognized in other comprehensive income			
Income taxes related to items that will not be reclassified to profit or loss		**0.79**	0.86
Income taxes related to items that will be reclassified to profit or loss		**–**	–
Total		**0.79**	0.86

(c) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars		Year ended 31st March, 2021	Year ended 31st March, 2020
a)	**Profit Before tax**	**893.83**	216.93
b)	Income Tax using the Company's domestic tax rate	**224.98**	60.35
c)	Change in tax rates	**13.26**	
d)	Expenses not allowed for tax purpose		2.97
e)	Tax impact on Business Loss	**–**	–
		238.24	63.32
f)	Adjustments recognized in the current year in relation to the deferred tax of prior years		
g)	Adjustments recognized in the current year in relation to the current tax of prior years		
Income tax expense recognized In profit or loss		**238.24**	63.32

(d) Amounts on which deferred tax asset has not been created:

Deferred tax assets have not been recognized in respect of following items, because it is not probable that future taxable profit will be available against which the Company can use the benefit therefrom.

Particulars		Year ended 31st March, 2021	Year ended 31st March, 2020
a)	Deductible Temporary differences	**–**	–
b)	Unused Tax losses (revenue in nature)	**–**	–
c)	Unused Tax losses (capital in nature)	**–**	–
Total		**–**	–

Note No. 10 – Deferred Tax Assets

(i) Movement in deferred tax balances

Particulars	As at, 31st March, 2021				As at, 31st March, 2020			
	Opening Balance	**Recognized in profit and Loss**	**Recognized in OCI**	**Closing Balance**	Opening Balance	Recognized in profit and Loss	Recognized in OCI	Closing Balance
A. **Tax effect of items constituting deferred tax liabilities**								
a) Property, Plant and Equipment	–	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	–	–
B. **Tax effect of items constituting deferred tax assets**								
a) Property, Plant and Equipment	**6.04**	**0.60**		**6.64**	6.08	(0.04)	–	6.04
b) Employee Benefits	**33.18**	**2.66**	**0.79**	**36.63**	23.27	9.05	0.86	33.18
c) Provision for doubtful debts/advances	**66.60**	**12.20**		**78.80**	53.75	12.85	–	66.60
d) Lease Effects	**0.91**	**(0.33)**		**0.58**	–	0.91	–	0.91
e) MAT credit entitlement	**–**	**–**		**–**	**6.56**	**(6.56)**	**–**	**–**
Total	**106.73**	**15.13**	**0.79**	**122.65**	89.66	16.21	0.86	106.73
Net Tax Assets / (Liabilities)	**106.73**	**15.13**	**0.79**	**122.65**	**89.66**	**16.21**	**0.86**	**106.73**

Note No. 11 – Other Current Assets

Particulars	**As at 31st March, 2021**		As at 31st March, 2020	
	Current	**Non-Current**	Current	Non-Current
A. **Capital advances**				
a) For Capital work in progress	**–**	**–**	–	–
b) For intangible asset under development	**–**	**–**	–	–
Total (A)	**–**	**–**	–	–
B. **Advances other than capital advances**				
a) Advances to suppliers - considered good	**–**	**–**	–	–
b) Prepaid Expenses	**14.66**		18.37	–
c) Other advances	**908.05**		10.47	–
Total (B)	**922.71**	**–**	28.84	–
TOTAL (A+B)	**922.71**	**–**	28.84	–
Less: Allowances for Credit Losses	**–**	**–**	–	–
Total (C)	**–**	**–**	–	–
TOTAL (A+B+C)	**922.71**	**–**	28.84	–

Note No. 12 – Cash and Bank Balances

Particulars		As at 31st March, 2021	As at 31st March, 2020
Cash and cash equivalents			
a)	Balances with banks	**26.51**	2.05
b)	Cheques, drafts on hand	**–**	–
c)	Cash on hand	**0.95**	0.87
d)	Bank deposits with maturity of less than 3 months	**–**	–
Total		**27.46**	2.92

Note No. 13 – Current Tax Assets

Particulars	As at 31st March, 2021	As at 31st March, 2020
Advance Income Tax/TDS Receivable (Net off Provision for Tax)	**–**	429.22
Total	**–**	429.22

Note No. 14 – Share Capital

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of shares	Amount	No. of shares	Amount
A. **Authorised:**				
Equity shares of Rs. 10 each with voting rights	**2,500,000**	**250.00**	2,500,000	250.00
Total	**2,500,000**	**250.00**	2,500,000	250.00
B. **Issued, Subscribed and Fully Paid:**				
Equity shares of Rs. 10 each with voting rights	**2,362,509**	**236.26**	2,362,509	236.26
Total	**2,362,509**	**236.26**	2,362,509	236.26
C. **Issued, Subscribed and Partly Paid:**	**–**	**–**	–	–
Total				
Total (B+C)		**236.26**		**236.26**

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the period.

Particulars	Opening Balance	Fresh Issue	Other Changes	Closing Balance
A. **Equity Shares with Voting rights**				
a) **Year Ended 31st March 2021**				
No. of Shares	**2,362,509**	**–**	–	**2,362,509**
Amount	**236.26**	**–**	–	**236.26**
b) Year Ended 31st March 2020				
No. of Shares	2,362,509	**–**	–	2,362,509
Amount	236.26	**–**	–	236.26

Notes:

i) **Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is paid in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) **Details of shares held by the holding company:**

Particulars	No. of Equity Shares with Voting rights	
	As at 31st March, 2021	As at 31st March, 2020
Mahindra Logistics Limited	**2,340,009**	1,959,039

(iii) **Details of shares held by each shareholder holding more than 5% shares:**

Class of shares/Name of shareholder	As at 31st March, 2021 Number of shares held	As at 31st March, 2021 % holding in that class of shares	As at 31st March, 2020 Number of shares held	As at 31st March, 2020 % holding in that class of shares
Equity shares with voting rights				
Mahindra Logistics Limited	**2,340,009**	**99.05%**	1,959,039	82.92%
Mr. Shamsudeen Ahmed	**–**	**0.00%**	261,360	11.06%
Mr. V. Krishnan	**–**	**0.00%**	119,610	5.06%
Mr. S. Rajagopalan	**22,500**	**0.95%**	22,500	0.95%

Note No. 15 – Other Equity

₹ in lacs

Particulars	As at 31st March, 2021	As at 31st March, 2020
Securities Premium	**622.75**	622.75
Retained earnings	**755.51**	103.07
Total	**1,378.26**	725.82

Movement in Reserves

Particulars	As at 31st March, 2021	As at 31st March, 2020
(A) Securities Premium		
Balance as at the beginning of the year	**622.75**	622.75
Add: Additions during the year	–	–
Less: Deletion during the year	–	–
Balance as at the end of the year	**622.75**	622.75

Particulars	As at 31st March, 2021	As at 31st March, 2020
(B) Retained Earnings		
Balance as at the beginning of the year	**103.07**	(47.29)
Add: Profit for the year	**654.81**	152.60
Less: Actuarial gain/(loss) for the year	**(2.37)**	(2.24)
Balance as at the end of the year	**755.51**	103.07

Nature and purpose of other reserves:

Retained earnings:

Retained earnings represents the surplus during the year to be retained in business and not for appropriation.

Securities Premium:

Securities premium account is created when shares are issued at premium. The reserve can be utilized in accordance with the provisions of the Act.

Note No. – 16 Borrowings

₹ in lacs

Particulars	As at 31st March, 2021 Current	As at 31st March, 2021 Non- Current	As at 31st March, 2020 Current	As at 31st March, 2020 Non- Current
A. Secured Borrowings				
Loans repayable on demand from Banks	**1,782.40**		2,097.45	–
Total Secured Borrowings	**1,782.40**	**–**	2,097.45	–
Lease Liabilities		–	–	26.52
Total Lease Liabilities	**–**	–	–	26.52
Total Borrowings	**1,782.40**	–	2,097.45	26.52

Note:

i. Secured loan from banks is in the nature of Cash Credit facility availed.

ii. Cash credit facility has been availed at the rate of interest ranging from 7.80% to 9.20% p.a. against the charge of trade receivables.

iii. Bank sanctioned facility comprises of Cash Credit limit and working capital facility of Rs. 2,800 lacs and facility availed as on 31st March, 2021 is Rs. 1,782.40 lacs.

Note No. 17 – Trade Payables

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade Payables		
a) Due to Micro and Small Enterprises (refer point no. ii)	**181.48**	45.14
b) Other then Micro and Small Enterprises	**4,416.52**	3,418.98
Total	**4,598.00**	3,464.12

Notes:

i) Trade Payables are payables in respect of the amount due on account of goods purchased or services received in the normal course of business.

ii) Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below

Particulars	As at 31st March, 2021	As at 31st March, 2020
Dues remaining unpaid		
— Principal	**181.48**	45.14
Interest on the above		–
Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		–
Principal paid beyond the appointed date		–
Interest paid in terms of Section 16 of the MSMED Act		–
Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year		–
Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises		–
Amount of interest accrued and remaining unpaid		–

Note No. 18 – Provisions

₹ in lacs

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Current	Non-Current	Current	Non-Current
Provision for employee benefits	**259.32**	**130.56**	211.78	104.71
Total	**259.32**	**130.56**	211.78	104.71

Note No. 19 – Other Liabilities

₹ in lacs

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Current	Non-Current	Current	Non-Current
Lease Liabilities	**55.62**	–	29.04	–
TOTAL	**55.62**	–	29.04	–

Note No. 20 – Other Liabilities

₹ in lacs

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Current	Non–Current	Current	Non–Current
A. Advances received from customers	**0.14**		2.29	–
B. Statutory dues				
a) Taxes payable	**108.16**		58.25	–
b) Employee Liabilities	**8.54**		9.29	–
c) Other Liabilities	**908.07**		4.97	–
TOTAL (A+B)	**1,024.91**	–	74.80	–

Note No. 21 – Revenue from Operations

₹ in lacs

Particulars	As at 31st March, 2021	As at 31st March, 2020
Revenue from rendering of services	**29,752.67**	20,467.99
Total	**29,752.67**	20,467.99

Note No. 22 – Other Income

Particulars	As at 31st March, 2021	As at 31st March, 2020
a) Interest Income	**15.37**	40.92
b) Miscellaneous Income		
a) Gain on exchange fluctuation	**169.29**	5.15
b) Other Income	**4.86**	(0.08)
Total	**189.52**	45.99

Note No. 23 – Employee Benefits Expense

Particulars	As at 31st March, 2021	As at 31st March, 2020
a) Salaries and wages, including bonus	**1,392.19**	1,328.27
b) Contribution to provident and other funds	**56.84**	56.23
c) Gratuity	**21.37**	15.86
d) Staff welfare expenses	**18.47**	36.99
Total	**1,488.87**	1,437.35

Notes:

i) Salaries and wages would include: Salaries, wages, bonus, compensated absences and all other amounts payable to employees in respect of services rendered as per their employment terms under a contract of service/employment.

ii) Employee would deem to include directors, in full time or part time employment of the Company, but would exclude directors who are not under a contract of employment with the Company.

iii) Contribution to provident fund and other funds would include contributions to other funds like superannuation fund etc. pertaining to employees. Contributions to ESIC, Labour Welfare Fund.

Note No. 24 – Finance Cost

Particulars	As at 31st March, 2021	As at 31st March, 2020
a) Interest expense on cash credit	**172.76**	143.86
b) Interest on Lease	**7.86**	4.52
c) Interest on MSME	–	2.66
Total	**180.62**	151.04

Notes:

i) Analysis of Interest Expenses by Category

₹ in lacs

Particulars	As at 31st March, 2021	As at 31st March, 2020
Interest Expenses		
a) On Financial Liability at Amortized Cost	**172.76**	143.86
Total	**172.76**	143.86

Note No. 25 – Other Expenses

Particulars		As at 31st March, 2021	As at 31st March, 2020
a) Freight & Other related Expenses		**26,856.19**	18,127.38
b) Rent including lease rentals		**31.67**	83.56
c) Travelling and Conveyance Expenses		**37.32**	132.79
d) Provision for expected credit losses (Net of Reversals)		**73.67**	46.20
e) Bad Debts Written off		**108.20**	48.68
f) Bad Advances Written off		–	–
g) Auditors remuneration and out-of-pocket expenses			
i) As Auditors	6.43		1.60
ii) For Taxation matters	0.75		0.75
iii) For Other services	0.03	**7.21**	0.23
h) Repairs and maintenance:			
i) Machinery	27.44		25.29
ii) Others	15.42	**42.86**	19.75
i) Legal & Professional charges		**53.60**	59.55
j) Loss on sale of Fixed Assets		**0.57**	(0.40)
k) Other expenses		**79.06**	120.22
Total		**27,290.35**	18,665.60

Note No. 26 – Earnings per Share

Particulars	For the year ended 31st March, 2021 Per Share	For the year ended 31st March, 2020 Per Share
A. Basic Earnings per share	**27.62**	6.36
Total basic earnings per share	**27.62**	6.36
B. Diluted Earnings per share	**27.62**	6.36
Total diluted earnings per share	**27.62**	6.36

Notes:

i) Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

₹ in lacs

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
a) Profit/(loss) for the year attributable to owners of the Company	**652.44**	150.36
b) Less: Preference dividend and tax thereon	–	–
Profit/(loss) for the year used in the calculation of basic earnings per share	**652.44**	150.36
Total number of equity shares	**2,362,509**	2,362,509
Earnings per share from continuing operations – Basic	**27.62**	6.36

ii) Diluted Earnings Per Share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving the effect of the dilutive potential ordinary shares for the respective periods.

Particulars	As at 31st March, 2021	As at 31st March, 2020
a) Profit/(loss) for the year used in the calculation of basic earnings per share	**652.44**	150.36
b) Add: adjustments on account of dilutive potential equity shares	–	–
Profit/(loss) for the year used in the calculation of diluted earnings per share	**652.44**	150.36

iii) Reconciliation of weighted average number of equity shares

The weighted average number of equity shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Weighted average number of equity shares used in the calculation of Basic EPS	**2,362,509.00**	2,362,509.00
Add: Effect of Adjustments		–
Weighted average number of equity shares used in the calculation of Diluted EPS	**2,362,509.00**	2,362,509.00

Note No. 27 – Financial Instruments

I. Capital management Policy

a) The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern.

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

b) For the purpose of company's capital management, capital includes issued share capital, equity as well as preference and all other equity reserves. The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

c) The following table shows the components of capital:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Equity	**1,614.52**	962.08
Capital	**1,614.52**	962.08

Note:

The above capital management disclosures are based on the information provided internally to key management personnel.

II. Categories of financial assets and financial liabilities

₹ in lacs

As at 31st March, 2021

Particulars	Amortised Costs	FVTPL	FVOCI	Total
A. Non-current Assets				
a) Investments	–	–	–	–
b) Other Financial Assets	**0.63**	–	–	**0.63**
Total	**0.63**	–	–	**0.63**
B. Current Assets				–
a) Investments	–	–	–	–
b) Trade Receivables	**8,096.00**	–	–	**8,096.00**
c) Cash and Bank Balances	**27.46**	–	–	**27.46**
d) Other Financial Assets	**208.54**	–	–	**208.54**
Total	**8,332.00**	–	–	**8,332.00**
C. Non-current Liabilities				
a) Borrowings	–	–	–	–
Total	–	–	–	–
D. Current Liabilities				
a) Trade Payables	**4,598.00**	–	–	**4,598.00**
b) Other Financial Liabilities	**1,782.40**	–	–	**1,782.40**
Total	**6,380.40**	–	–	**6,380.40**

As at 31st March, 2020

Particulars	Amortised Costs	FVTPL	FVOCI	Total
A. Non-current Assets				
a) Investments	–	–	–	–
b) Other Financial Assets	30.03	–	–	30.03
Total	30.03	–	–	30.03
B. Current Assets				–
a) Investments	–	–	–	–
b) Trade Receivables	6,008.01	–	–	6,008.01
c) Cash and Bank Balances	2.92	–	–	2.92
d) Other Financial Assets	266.53	–	–	266.53
Total	6,277.46	–	–	6,277.46
C. Non-current Liabilities				
a) Borrowings	**26.52**	–	–	**26.52**
Total	**26.52**	–	–	**26.52**
D. Current Liabilities				
a) Trade Payables	**3,464.12**	–	–	**3,464.12**
b) Other Financial Liabilities	**2,097.45**	–	–	**2,097.45**
Total	**5,561.57**	–	–	**5,561.57**

III. Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

A) Credit risk management

Trade receivables and deposits

(i) Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Credit exposure is controlled by counterpaty credit period which is monitored through an approved policy.

(ii) Trade receivables consist of a large number of customers, spread across diverse industries and places across India.

(iii) Apart from one large customer of the company, the company does not have significant credit risk exposure to any single customer. Concentration of credit risk related to a single company did not exceed 15 % of gross monetary assets at any time during the year.

(iv) The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. The company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company and individual receivable specific provision where applicable. Forward-looking information (including macroeconomic information) has been incorporated into the determination of expected credit losses.

(v) There is no change in estimation techniques or significant assumptions during the reporting period.

(vi) The loss allowance provision is determined as follows:

As at 31st March, 2021

Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
a) Gross carrying amount	**5,033.29**	**2,371.87**	**1,003.97**	**8,409.13**
b) Loss allowance provision	**50.84**	**23.96**	**238.33**	**313.13**

As at 31st March, 2020

Particulars	Not due	Less than 6 months past due	More than 6 months past due	Total
a) Gross carrying amount	2,790.64	2,884.45	572.38	6,247.47
b) Loss allowance provision	43.25	44.71	151.50	239.46

(vii) Reconciliation of loss allowance provision for Trade Receivables

₹ in lacs

Particulars		31st March, 2021	31st March, 2020
a)	Balance as at beginning of the year	**239.46**	193.27
b)	Impairment losses recognised in the year based on lifetime expected credit losses		
	– On receivables originated in the year	**181.87**	94.87
	– Other receivables		–
c)	Impairment losses reversed/written back	**108.20**	48.68
d)	**Balance at end of the year**	**313.13**	239.46

(viii) During the period, the company has made write off of Rs. 108.20 lacs (31 March, 2020: Rs. 48.68 lacs) of trade receivable. These trade receivables and advances are not subject to enforcement activity.

Cash and Cash equivalents

As at 31st March, 2021 the company held cash and cash equivalents of Rs. 27.46 Lacs (As at 31st March, 2020 Rs. 2.92 Lacs). The cash and cash equivalents are held with banks with good credit rating.

B) Liquidity risk management

(i) The company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the company's net liquidity position through rolling forecasts on the basis of expected cash flows.

(ii) Maturities of financial liabilities

Table showing maturity profile of financial liabilites:

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
A) Non-derivative financial liabilities				
As at 31st March 2021				
a) Trade Payables	**4,598.00**	**–**	**–**	**–**
b) Security Deposits	–	**–**	**–**	**–**
c) Borrowings	**1,782.40**	**–**	**–**	**–**
d) Employee Dues	–	**–**	**–**	**–**
Total	**6,380.40**	**–**	**–**	**–**
As at 31st March 2020				
a) Trade Payables	3,464.12	–	–	–
b) Security Deposits	–	–	–	–
c) Borrowings	2,097.45	26.52	–	–
d) Employee Dues	–	–	–	–
Total	5,561.57	26.52	–	–

The above table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

(iii) Financing arrangements

The Company has access to following undrawn borrowing facilities at the end of the reporting period:

₹ in lacs

Particulars	As at 31st March, 2021	As at 31st March, 2020
a) Secured Cash credit facility		
– Expiring within one year	**1,017.60**	102.55
– Expiring beyond one year	–	–

(iv) Maturities of financial assets

Table showing maturity profile of financial assets

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	In Rs. Lacs	In Rs. Lacs	In Rs. Lacs	In Rs. Lacs
Non-derivative financial assets				
As at 31st March 2021				
Trade Receivables	**8,096.00**	–	–	–
Security Deposits	**115.94**	–	–	–
Others	**27.46**	–	–	–
Total	**8,239.40**	–	–	–
As at 31st March 2020				
Trade Receivables	6,008.01	–	–	–
Security Deposits	23.64	29.40	–	–
Others	2.92	–	–	–
Total	6,034.57	29.40	–	–

The above table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

C) Market Risk Management

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Currency Risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company's exposure to currency risk relates primarily to the Company's operating activities when transactions are denominated in a different currency from the Company's functional currency.

The carrying amounts of the Company's unhedged foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	Currency	31st March, 2021	31st March, 2020
Trade Receivables	USD	**895,345**	652,169
	EUR	**7,947**	2,402
	CAD	**31**	–
	SGD	**3,447**	3,447
	GBP	**103**	1,542
	HKD	**7,486**	7,486
Trade Payables	USD	**4,126,635**	2,575,706
	HKD	**1,218,632**	1,345,425
	EUR	**312,480**	238,511
	GBP	**51,211**	176,763
	SGD	**5,642**	8,726
	CAD	**51,824**	2,234
	CHF	**4,103**	–
	AUD	**8,911**	–
	DKK	**9,955**	–
	JPY	**75,680**	156,058
	NZD	**1,061**	–
	SEK	**16,655**	16,655

The Company does not enter into hedge transactions for either trading or speculative purposes.

The outstanding forward contracts at the year end their maturity profile and sensitivity analysis are as under.

Fair value of forward contracts designated as Fair Value hedges of USD-INR as at 31 March 2021 and 31 March 2020 was 9.49 Cr and NIL respectively Outstanding number of contracts as at 31 March 2021 were 21 and 31 March 2020 were NIL.

Following table demonstrate the Notional value of forward contracts designated as fair value hedges in lakhs

Currency	As at 31st March, 2021 Amount in foregeign Currency	Amount in INR	As at 31st March, 2020 Amount in foregeign Currency	Amount in INR
USD - INR	**13.00**	**948.89**	–	–
HKD - INR	**5.50**	**51.76**	–	–
GBP- INR	–	–	–	–
Euro - INR	**0.50**	**43.97**	–	–

The foreign exchange forward contracts designated as Fair Value hedges mature maximum within 1 months.

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Currency	Change in rate	Effect on profit before tax	Effect on pre-tax equity
31-Mar-21	**USD**	**+10%**	**236.27**	**236.27**
	USD	**-10%**	**(236.27)**	**(236.27)**
	HKD	**+10%**	**11.40**	**11.40**
	HKD	**-10%**	**(11.40)**	**(11.40)**
	EUR	**+10%**	**26.12**	**26.12**
	EUR	**-10%**	**(26.12)**	**(26.12)**
	GBP	**+10%**	**5.15**	**5.15**
	GBP	**-10%**	**(5.15)**	**(5.15)**
31-Mar-20	USD	+10%	144.98	144.98
	USD	-10%	(144.98)	(144.98)
	HKD	+10%	13.00	13.00
	HKD	-10%	(13.00)	(13.00)
	EUR	+10%	19.62	19.62
	EUR	-10%	(19.62)	(19.62)
	GBP	+10%	16.45	16.45
	GBP	-10%	(16.45)	(16.45)

Interest Risk

The following tables demonstrate the sensitivity to a reasonably possible change in Interest rates, with all other variables held constant.

Particulars	Name of borrowing	Type of Interest	Rate of interest	Loan amount outstanding as at year end	Increase in Base Rate	Sensitivity Impact on P&L (pre-tax)	Decrease in Base Rate	Sensitivity Impact on P&L (pre-tax)
As at 31st March, 2021	**Cash Credit**	**Floating**	**7.93%**	**1,782.40**	**1.00%**	**(17.82)**	**1.00%**	**17.82**
As at 31st March, 2020	Cash Credit	Floating	7.93%	2,097.45	1.00%	(20.97)	1.00%	20.97

Note No. 28 – Fair Value Measurement

a) Fair value of financial assets and financial liabilities that are measured at amortized cost:

Particulars	31st March, 2021 Carrying amount	Fair value	31st March, 2020 Carrying amount	Fair value
A) Financial assets				
a) Financial assets carried at amortized Cost				
i) Trade and other receivables	**8,096.00**	**8,096.00**	6,008.01	6,008.01
ii) Deposits given	**115.94**	**115.94**	53.04	53.04
iii) Cash and cash equivalents	**27.46**	**27.46**	2.92	2.92
Total	**8,239.40**	**8,239.40**	6,063.97	6,063.97
B) Financial liabilities				
b) Financial liabilities held at amortized cost				
i) Borrowings	**1,782.40**	**1,782.40**	2,097.45	2,097.45
ii) Trade and other payables	**4,598.00**	**4,598.00**	3,464.12	3,464.12
Total	**6,380.40**	**6,380.40**	5,561.57	5,561.57

Note No. 29 – Segment information

i) The management of the company has chosen to organise the company on the basis of nature of services. No operating segments have been aggregated in arriving at the reportable segments of the group.

ii) The Company has only one operating segment i.e. "Freight Forwarding".

iii) The VP/ Whole time director monitors the operating results of the business segments separately for the purpose of making decisions about the allocation of resources and performance assessment.

(iv) Geographic information

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Revenue from external customers		
India	**28,700.08**	19,729.26
Outside India	**1,052.59**	738.73
Total Revenue as per statement of Profit or Loss	**29,752.67**	20,467.99

v) Non-current operating assets

Particulars	As at 31st March, 2021	As at 31st March, 2020
India	**87.34**	98.22
Outside India	–	–
Total	**87.34**	98.22

Non-current assets for this purpose consist of property, plant and equipment, and intangible assets.

The revenues of the company from a group of customers under common control amounts to around 8.84% of its total revenues.

(vi) The company had set up its internal reporting based on Ind AS, ahead of Ind AS adoption for statutory reporting. Hence, the VP/Whole time director was already using Ind AS information for economic decision making. This implies that the company's internal reporting is already set up to report in accordance with Ind-AS.

Note No. 30 – Leases

Operating Lease

i) The Company has entered into operating lease arrangements for commercial premises. The leases are non-cancellable and are for period as specified in the agreement and may be renewed based on mutual agreement of the parties.

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
i) Future Non-Cancellable minimum lease commitments		
a) not later than one year	–	–
b) later than one year and not later than five years	–	–
c) later than five years	–	–
ii) Expenses recognised in the Statement of Profit and Loss		
a) Minimum Lease Payments	–	–

Note No. 31 – Employee benefits

i) Defined Contribution Plan

The Company's contribution to Provident Fund aggregating Rs. 56.84 lacs (2020 : Rs. 55.26 lacs) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

ii) Defined Benefit Plans:

Gratuity

a) The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

b) Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

(1) Change in bond yields

A decrease in government bond yields will increase plan liabilities.

(2) Inflation risk

Defined benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, caps on the level of inflationary increases are in place to protect the plan against extreme inflation).

(3) Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

(c) Significant Actuarial Assumptions

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation as at 31st March, 2021	Valuation as at 31st March, 2020
a) Discount rate(s)	**6.35%**	6.55%
b) Expected rate(s) of salary increase	**7.00%**	7.00%
c) Mortality rate during employment	**IALM(2012-14) Ultimate**	IALM(2012-14) Ultimate

(d) Defined benefit plans – as per actuarial valuation

Particulars	Unfunded Plan – Gratuity 2021	Unfunded Plan – Gratuity 2020
I. Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:		
a) Current Service Cost	**18.09**	13.49
b) Past service cost and (gains)/ losses from settlements		–
c) Net interest expense	**3.28**	2.37
Components of defined benefit costs recognised in profit or loss	**21.37**	15.86
a) Remeasurement on the net defined benefit liability		
b) Return on plan assets (excluding amount included in net interest expense)		
c) Actuarial (gains)/loss arising form changes in demaographic		0.20
d) Actuarial (gains)/loss arising form changes in financial assumptions.	**0.93**	5.45
e) Actuarial (gains)/loss arising form experience adjustments	**2.23**	(2.56)
Components of defined benefit costs recognised in other comprehensive income	**3.16**	3.09
Total	**24.53**	18.95

Particulars		Unfunded Plan – Gratuity 2021	2020
II.	**Net Asset/(Liability) recognised in the Balance Sheet as at 31st March**		
a)	Present value of defined benefit obligation	**(60.48)**	(50.11)
b)	Fair value of plan assets		
c)	Surplus/(Deficit)	**(60.48)**	(50.11)
d)	Current portion of the above	**(2.55)**	(2.84)
e)	Non current portion of the above	**(57.93)**	(47.27)
III.	**Change in the obligation during the year ended 31st March**		
a)	Present value of defined benefit obligation at the beginning of the year	**50.11**	32.37
b)	Add/(Less) on account of Scheme of Arrangement/Business		
c)	Transfer		
d)	*Expenses Recognised in Profit and Loss Account*		
	– Current Service Cost	**18.09**	13.49
	– Past Service Cost		
	– Interest Expense (Income)	**3.28**	2.37
e)	*Recognised in Other Comprehensive Income*		
	Remeasurement gains/(losses)		
–	Actuarial Gain (Loss) arising from:		
	i. Demographic Assumptions	–	0.20
	ii. Financial Assumptions	**0.93**	5.45
	iii. Experience Adjustments	**2.23**	(2.56)
f)	Benefit payments	**(14.16)**	(1.21)
g)	**Present value of defined benefit obligation at the end of the year**	**60.48**	50.11
IV.	**Change in fair value of assets during the year ended 31st March**		
i)	Fair value of plan assets at the beginning of the year	–	–
ii)	*Expenses Recognised in Profit and Loss Account*		
	– Expected return on plan assets	–	–
iii)	*Recognised in Other Comprehensive Income*	–	–
	Remeasurement gains/(losses)		
–	Actual Return on plan assets in excess of the expected return	–	–
iv)	Contributions by employer (including benefit payments recoverable)	–	–
v)	Benefit payments	–	–
vi)	**Fair value of plan assets at the end of the year**	–	–
V.	**The Major categories of plan assets**		
–	Insurance Funds	–	–
VI.	**Actuarial assumptions**		
a)	Discount rate	**6.35%**	6.55%
b)	Expected rate of return on plan assets		
c)	Attrition rate	**12.00%**	12.00%

d) The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption			Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
a)	Discount rate	2021	1.00%	56.05	65.49
		2020	1.00%	46.65	54.01
b)	Salary growth rate	2021	1.00%	65.37	56.04
		2020	1.00%	53.95	46.63
c)	Rate of employee turnover	2021	0.50%	55.25	66.75
		2020	0.50%	45.55	55.48
d)	Rate of Mortality	2021	0.10%	60.48	60.48
		2020	0.10%	50.11	50.11

Notes:

i) The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

ii) The weighted average duration of the defined benefit obligation as at 31 March 2021 is 8 years (2020: 7 years)

e) Maturity profile of defined benefit obligation:

The tables include both discounted value as well as unwinding of interest.

Particulars	2021	2020
Within 1 year	**2.55**	2.84
2 – 5 year	**26.32**	25.07
6 – 10 year	**29.94**	24.13

f) The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

g) The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

Note No. 32 – Related Party Transactions

i) List of Related Parties:

a) Holding Companies:	
1	Mahindra Logistics Limited
b) Other Related parties	
1	Mahindra & Mahindra Limited and its divisions
2	Mahindra Heavy Engines Pvt Ltd
3	Mahindra Trucks and Buses Ltd
4	Mahindra Two Wheelers Ltd
5	Mahindra Vehicles Manufacturers Ltd
6	Mahindra CIE Automotive Limited
7	Mahindra Sanyo Special Steel Pvt Ltd
8	Mahindra Electric Mobility Limited
c) Key management Personnel	
1	Krishnan Varada (WTD)

ii) Details of transaction between the Company and its related parties are disclosed below:

			₹ in lacs
Particulars	**Parent Company**	**Other related parties**	**KMP**
Nature of transactions with Related Parties			
a) Rendering of services	24.62 27.92	1027.99 1,205.76	
b) Receiving of services	24.61	3.54	
c) Salary/PP Payable			39.17 41.65
d) Reimbursements made to parties	44.38 19.63	1.16	
e) Reimbursements received from the parties	–		
f) Interest paid to the parties	3.36		
g) Loans received from the parties	200.00		
Nature of Balances with Related Parties			
a) Trade payables	46.67 45.15		
b) Trade Receivable		262.58 161.75	
c) Loans & advances received	–	–	–

iii) All the outstanding balances, whether receivables or payables are unsecured.

iv) Related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.

Note No. 33 – IND AS 115:- Revenue Recognition policies:-

A. Country-wise break up of Revenue

				₹ in lacs
	Year ended 31st March, 2021		Year ended 31st March, 2020	
Country	**Revenue from contracts with customers (IndAS 115)**	**Total Revenue from Operations**	**Revenue from contracts with customers (IndAS 115)**	**Total Revenue from Operations**
Australia	40.97	40.97	7.34	7.34
Bangladesh	–	–	11.64	11.64
Brazil	–	–	0.49	0.49
Canada	11.38	11.38	37.21	37.21
China	41.21	41.21	11.97	11.97
Belgium	2.85	2.85	–	–
Czech Republic	1.44	1.44	1.10	1.10
Denmark	1.61	1.61	0.53	0.53
France	0.28	0.28	1.25	1.25
Germany	8.29	8.29	7.87	7.87
Ghana	–	–		–
Hong Kong	87.12	87.12	36.75	36.75
Indonesia	11.28	11.28	0.41	0.41
Israel	–	–	0.35	0.35
Italy	67.55	67.55	1.55	1.55
Cambodia	0.25	0.25	–	–
Chile	4.05	4.05	–	–
Kazakhstan	–	–	6.53	6.53
Kenya	0.32	0.32	1.80	1.80
Korea (South)	86.36	86.36	15.08	15.08
Kuwait	1.08	1.08	1.32	1.32
Malaysia	0.31	0.31	1.78	1.78
Costa Rica	0.76	0.76	–	–
Nepal	–	–	–1.14	–1.14
Netherlands	1.69	1.69	6.73	6.73
New Zealand	0.32	0.32	0.85	0.85
Philippines	–	–	0.34	0.34
Romania	3.26	3.26	–	–
Qatar	0.25	0.25	2.73	2.73
Saudi Arabia	0.87	0.87	1.22	1.22
Singapore	9.17	9.17	8.51	8.51
Slovakia	0.08	0.08	0.06	0.06
Spain	28.49	28.49	0.51	0.51
Sri Lanka	18.08	18.08	5.04	5.04
Tunisia	7.68	7.68	–	–
Switzerland	9.60	9.60	0.07	0.07
Zambia	4.01	4.01	–	–
Thailand	–	–	–	–
Turkey	2.48	2.48	3.49	3.49
Uae	173.54	173.54	116.95	116.95
United Kingdom	32.08	32.08	68.58	68.58
United States Of America	392.57	392.57	379.54	379.54
Vietnam	1.31	1.31	0.28	0.28
India	28,700.08	28,700.08	19,729.26	19,729.26
Total	**29,752.67**	**29,752.67**	20,467.99	20,467.99

B. Reconciliation of revenue from contract with customer

Particulars	**Year ended 31st March, 2021**	Year ended 31st March, 2020
Revenue from contract with customer as per the contract price	**29,752.67**	20,467.99
Adjustments made to contract price on account of :-		
a) Discounts/Rebates/Incentives	–	–
b) Sales Returns/Reversals	–	–
c) Deferment of revenue	–	–
d) Changes in estimates of variable consideration	–	–

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
e) Recognition of revenue from contract liability out of opening balance of contract liability	–	–
f) Any other adjustments	–	–
Revenue from contract with customer as per the statement of Profit and Loss	**29,752.67**	20,467.99

C. Break-up of Provision for Expected Credit Losses recognized in P&L

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Expected Credit loss recognized during the year on trade receivables	**73.67**	46.20
Expected Credit loss recognized during the year on contract assets	–	–
Expected Credit loss recognized during the year on others	–	–
Expected Credit loss recognized during the year on loan related assets	–	–
Total	**73.67**	46.20

D. Movement of Contract Assets and Contract Liabilities

Movement of Contract Assets

Particulars	Year ended 31st March, 2021	Year ended 31st March, 2020
Opening Balance	**241.48**	140.76
Additions during the year	**3,733.60**	3,418.35
Reclassification Adjustments:		
- Reclass of opening balances of contract assets to trade receivables	**(241.48)**	(140.76)
- Reclass of contract assets (out of additions during the year) to trade receivables	**(3,642.41)**	(3,176.87)
Cumulative catch up adjustment recognized during the year		–
Adjustments due to contract modification		–
Impairment of contract asset		–
Addition on account of merger/acquisition of subsidiary		–
Deletion on account of demerger/sale of subsidiary		–
Closing Balance	**91.19**	241.48

Note No 34:- Ind AS 116 Disclosures

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2021

Particulars	Category of ROU Asset: Office Premises	Furniture & Fixtures	Vehicles	Total
Balance at 1 April, 2020	52.29	–	–	52.29
Reclassified on account of adoption of Ind AS 116 (Refer to Note No. 4)				–
Addition	88.76			88.76
Deletion	(19.10)			(19.10)
Depreciation	(69.18)			(69.18)
Balance at 31 March, 2021	**52.77**	–	–	**52.77**

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities as at March 31, 2021

Particulars	As at March 31, 2021
Current lease liabilities	–
Non-current lease liabilities	–
Total	–

The following is the movement in lease liabilities during the year ended March 31, 2021

Particulars	Year ended March 31, 2021
Balance at the beginning	**55.56**
Additions	**88.76**
Finance cost accrued during the period	**7.86**
Deletions	**(30.87)**
Payment of lease liabilities	**(65.68)**
Translation Difference	
Balance at the end	**55.63**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis:

Particulars	As at March 31, 2021
Less than one year	**55.63**
One to five years	–
More than five years	–
Total undiscounted lease liabilities at 31 March, 2021	**55.63**

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was 65.68 lacs and 24.29 lacs for the year ended March 31, 2021 and year ended March 31, 2020 respectively.

The following is the movement in the net investment in sublease in ROU asset during the year ended March 31, 2021

Particulars	Year ended March 31, 2021
Balance at the beginning of the period	–
Interest income accrued during the period	–
Lease receipts	–
Translation Difference	–
Balance at the end of the period	–

The table below provides details regarding the contractual maturities of net investment in sublease of ROU asset as at March 31, 2021 on an undiscounted basis:

Particulars	As at March 31, 2021
Less than one year	–
One to five years	–
More than five years	–
Total	–

Note No 35:- Covid-19 Disclosure

The Company has accounted significant accounting estimates which have been disclosed in the financial statements.

These includes fair valuation of financial assets, testing of impairment of assets, going concern assessment etc. requiring significant management judgement in estimating the same. Considering the continuing COVID-19 pandemic, the results in upcoming period may significantly vary and may affect the recoverability of assets. However, this will depend upon future developments including actions taken to contain or treat the disease and to mitigate its impact on the economy.

The Company, based on internal & external sources of information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2021 as at the date of approval of these financial statements.

Note No 36:- Code on Social Security Disclosure

The newly enacted Code on Social Security, 2020 is expected to have an impact on employee remuneration and welfare benefits. The effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are yet to be framed. The Company is in process of evaluating the financial impact, if any and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are notified.

As per our Report of Even Date

For B.K. Khare & Co.
Chartered Accountants
FRN: 105102W

Aniruddha Joshi
Partner
M.No. 040852

Place: Mumbai
Date: 21st April,2021

For and on behalf of Board of Directors
LORDS Freight (India) Pvt Ltd

Rampraveen Swaminathan
Director
Place: Mumbai

Sushil Kumar Rathi
Director
Place: Mumbai

INDEPENDENT AUDITORS' REPORT

To the Members of Mahindra Aerospace Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra Aerospace Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as Financial Statements) .

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Ind AS Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are

appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
    d) In our opinion, the aforesaid financial statements comply with the specified under section 133 of the Act.
    e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

    (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements - Refer Note 23 to the financial statements;
    ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
    iv. The disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

    (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

    In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 21063980AAAAEO4886

Place: Bangalore
Date: April 27, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2021, we report the following:

(i) (a) According to information and explanations given to us and on the basis of examination of the records, the Company did not have any Property, plant and equipment. Therefore, the provision of clause 3(i)(a) of the said Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of examination of the records, the Company did not have any Property, plant and equipment. Therefore, the provision of clause 3(i)(b) of the said Order is not applicable to the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records, the Company did not have any immovable property. Therefore, the provision of clause 3(i) (c) of the said Order is not applicable to the Company.

(ii) According to the information and explanations given to us, the Company did not have any inventory. Therefore, the provision of clause 3(ii) of the said Order is not applicable to the company

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not given any loans, or provided any guarantee or security as specified under section 185 and 186 of the Companies Act, 2013. Moreover, in respect of the investments made by the Company, requirements of section 186 of the Companies Act, 2013 have been complied with.

(v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.

(vi) The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including, Income-tax, Goods and Services tax, and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Provident fund, Employees' State Insurance, duty of excise, sales tax, service tax and value added taxes, duty of Customs and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, and Goods and Services tax, Cess and other material statutory dues were in arrears as at 31 March 2021, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Goods and Service tax, Value added tax, Service tax, duty of Customs and duty of excise which have not been deposited by the Company on account of disputes, except for the following:

Name of the Statute	Nature of the Dues	Amount Rs. in lakhs	Period	Forum where dispute is pending*
Income Tax Act 1961	Income Tax	3.67 (0.91)*	AY 2011-12	Commissioner of Income Tax (Appeals), Mumbai
Income Tax Act 1961	Income Tax	5.08 (5.08)*	AY 2013-14	Commissioner of Income Tax (Appeals), Mumbai
Income Tax Act 1961	Income Tax	79.24 (54.88)*	AY 2014-15	Commissioner of Income Tax (Appeals), Mumbai
Income Tax Act 1961	Income Tax	5,218.55	AY 2018-19	Rectification Application u/s 154 of Income Tax Act 1961 filed with the Assessing Officer, Mumbai

* The amount in parenthesis represent the payment made.

(viii) According to the information and explanations given to us, the Company did not have any outstanding loans or borrowings from any financial institution or bank or government or dues to debenture holders during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.

(x) According to the information and explanations given to us, no fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with 188 of the Act, where applicable, and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards. According to the information and explanations given to us, we understand that the provisions of Section 177 to the Act are not applicable to the Company.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 21063980AAAAEO4886

Place: Bangalore
Date: April 27, 2021

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE IND AS FINANCIAL STATEMENTS OF MAHINDRA AEROSPACE PRIVATE LIMITED FOR THE PERIOD ENDED 31 MARCH 2021.

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (1 A(f)) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Aerospace Private Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 21063980AAAAEO4886

Place: Bangalore
Date: April 27, 2021

BALANCE SHEET AS AT MARCH 31, 2021

Particulars	Note	As at March 31, 2021	Rs in Lakhs As at March 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	3	**–**	–
Capital work in progress	3	**–**	–
Intangible assets	3	**–**	–
Intangible assets under development	3	**–**	–
Right of use asset	3A	**6.60**	10.04
Financial assets			
Investments	4	**19,514.00**	28,000.00
Income tax assets (net)	6	**–**	51.11
Other non-current assets	7	**5.13**	5.13
Total non-current assets		**19,525.73**	28,066.28
Current assets			
Financial assets			
Cash and cash equivalents	8	**14.27**	66.20
Bank balances other than cash and cash equivalents	8A	**293.00**	122.45
Others financial assets	5	**12.58**	3.82
Other current assets	9	**8.73**	9.42
Total current assets		**328.58**	201.89
Total assets		**19,854.31**	28,268.17
Equity and liabilities			
Equity			
Equity share capital	10	**91,238.96**	75,112.96
Other equity	11	**(71,398.79)**	(47,364.82)
Total equity		**19,840.17**	27,748.14
Non-current liabilities			
Financial liabilities			
Lease liabilities		**3.85**	7.53
Total non-current liabilities		**3.85**	7.53
Current liabilities:			
Financial liabilities			
Borrowing	12	**–**	500.00
Lease liabilities		**3.69**	3.20
Trade payable	13	**3.92**	8.90
Other current liabilities	14	**2.68**	0.40
Total current liabilities		**10.29**	512.50
Total equity and liabilities		**19,854.31**	28,268.17
Significant accounting policies	2		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Sanjay Sharma
Partner
Membership No.063980
UDIN: 21063980AAAAEO4886

Place: Bangalore
Date: April 27, 2021

For and on behalf of the Board of Directors of
Mahindra Aerospace Private Limited.
CIN No. U63033MH2008PTC179520

Mr. Arvind Mehra
Wholetime Director
DIN No.01039769

Mr. S.P. Shukla
Managing Director
DIN No. 00007418

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V.S. Ramesh
Company Secretary

Place: Mumbai
Date: April 27, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Rs in Lakhs

Particulars	**Note**	**For the year ended March 31, 2021**	For the year ended March 31, 2020
Other income	15	**68.54**	16.21
Total income		**68.54**	16.21
Expenses			
Employee benefits expense	16	**–**	–
Finance costs	17	**0.79**	1.04
Depreciation	18	**3.44**	3.44
Other expenses	19	**24,087.77**	31,888.79
Total expenses		**24,092.00**	31,893.27
Loss before tax		**(24,023.46)**	(31,877.06)
Tax expense:			
Current tax		**9.00**	5.75
Tax charge/(credit) of earlier years		**0.92**	54.89
Deferred tax		**–**	–
Income tax expense		**9.92**	60.64
Loss for the year		**(24,033.38)**	(31,937.70)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement (loss)/gain on defined benefit plans		**(0.59)**	0.81
Income tax effect			–
Other comprehensive income for the year, net of tax		**(0.59)**	0.81
Total comprehensive income for the year		**(24,033.97)**	(31,936.89)
Earnings per equity share:			
Basic	24	**(2.87)**	(4.41)
Diluted	24	**(2.87)**	(4.41)
Significant accounting policies	**2**		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Sanjay Sharma
Partner
Membership No.063980
UDIN: 21063980AAAAEO4886

Place: Bangalore
Date: April 27, 2021

For and on behalf of the Board of Directors of
Mahindra Aerospace Private Limited
CIN No.U63033MH2008PTC179520

Mr. Arvind Mehra
Wholetime Director
DIN No.01039769

Mr. S.P. Shukla
Managing Director
DIN No. 00007418

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V. S. Ramesh
Company Secretary

Place: Mumbai
Date: April 27, 2021

CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

Rs in Lakhs

Particulars		**For the year ended March 31, 2021**		For the year ended March 31, 2020
A. Cash flow from operating activities:				
Loss before tax		**(24,023.46)**		(31,877.06)
Adjustments for:				
Depreciation	**3.44**		3.44	
Finance costs	**0.79**		1.04	
Provision for diminution in value of long term investments	**24,061.03**		31,766.57	
Provision for doubtful Goods service tax credit receivable	**–**		36.72	
Interest income	**(13.40)**		(9.96)	
Profit on sale of mutual funds	**–**		(6.25)	
Provision no loger required	**(9.66)**		–	
		24,042.20		31,791.56
Operating (loss) before working capital changes		**18.74**		(85.50)
Changes in working capital:				
Adjustments for (increase)/decrease in operating assets:				
Current financial and other current assets	**9.76**		138.15	
Non-current financial and other non-current assets	**–**		7.86	
Adjustments for increase/(decrease) in operating liabilities:				
Trade payables	**(4.98)**		(99.50)	
Other current liabilities	**2.28**		(9.58)	
		7.06		36.93
Cash generated/(used in) from operations		**25.80**		(48.57)
Net income tax Refund/(paid)		**41.19**		(6.58)
Net Cash generated/(used in) from operating activities (A)		**66.99**		(55.15)
B. Cash flow from investing activities:				
Payment for acquiring right of use assets	**–**		(13.48)	
Purchase of current investments	**–**		(5,500.00)	
Proceed from sale of current investments	**–**		5,727.37	
Bank deposits (net)	**(170.55)**		(122.45)	
Investment in subsidiaries	**(15,575.03)**		(6,150.66)	
Interest income received	**4.64**		9.74	
Net cash used in investing activities (B)		**(15,740.94)**		(6,049.48)

CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021 (CONTINUED)

Rs in Lakhs

Particulars	**For the year ended March 31, 2021**		For the year ended March 31, 2020	
C. Cash flow from financing activities				
Proceeds from issue of equity shares	**15,626.00**		6,150.00	
Repayment of lease liabilities	**(3.19)**		10.73	
Finance costs	**(0.79)**		(1.04)	
Net cash flow from financing activities (C)		**15,622.02**		6,159.69
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**(51.93)**		55.06
Cash and cash equivalents at the beginning of the year		**66.20**		11.14
Cash and cash equivalents at the end of the year (Refer note 8)		**14.27**		66.20
Components of cash and cash equivalents				
Balance with banks				
– On Current Accounts		14.27		65.92
Cash on Hand		–		0.28

Significant accounting policies (Refer note 2)

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Sanjay Sharma
Partner
Membership No.063980
UDIN: 21063980AAAAEO4886

Place: Bangalore
Date: April 27, 2021

For and on behalf of the Board of Directors of
Mahindra Aerospace Private Limited
CIN No.U63033MH2008PTC179520

Mr. Arvind Mehra
Wholetime Director
DIN No.01039769

Mr. S.P. Shukla
Managing Director
DIN No. 00007418

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V.S. Ramesh
Company Secretary

Place: Mumbai
Date: April 27, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

a. Equity share capital:

	Rs in Lakhs
At April 1, 2019	**68,962.96**
Add: changes in equity shares	6,150.00
At March 31, 2020	**75,112.96**
Add: changes in equity shares	16,126.00
At March 31, 2021	**91,238.96**

b. Other equity **Rs in Lakhs**

Particulars	Equity component of financial instruments	Reserves and surplus		Other comprehensive income	Total
		Securities premium	Retained earnings		
At April 1, 2019	153.47	31,243.98	(46,825.75)	0.37	(15,427.93)
Loss for the period	–	–	(31,937.70)	–	(31,937.70)
Re-measurement (loss)/gain on defined benefit plans	–	–	–	0.81	0.81
Total comprehensive income	–	–	**(31,937.70)**	**0.81**	**(31,936.89)**
At March 31, 2020	**153.47**	**31,243.98**	**(78,763.45)**	**1.18**	**(47,364.82)**

Particulars	Equity component of financial instruments	Reserves and surplus		Other comprehensive income	Total
		Securities premium	Retained earnings		
At April 1, 2020	153.47	31,243.98	(78,763.45)	1.18	(47,364.82)
Loss for the period	–	–	(24,033.38)	–	(24,033.38)
Re-measurement (loss)/gain on defined benefit plans	–	–	–	(0.59)	(0.59)
Total comprehensive income	–	–	**(24,033.38)**	**(0.59)**	**(24,033.97)**
At March 31, 2021	**153.47**	**31,243.98**	**(102,796.83)**	**0.59**	**(71,398.79)**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 21063980AAAAEO4886

Place: Bangalore
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For and on behalf of the Board of Directors of
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Managing Director
DIN No. 00007418

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V.S. Ramesh
Company Secretary

Place: Mumbai
Date: April 27, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR MARCH 31, 2021

1. Corporate Information

Mahindra Aerospace Private Limited (the 'Company') is a company domiciled in India, with its registered office situated at Mahindra Towers, P.K Kurne Chowk, Worli, Mumbai - 400018. The Company was incorporated on February 28, 2008 under the provisions of the Indian Companies Act, 1956. Presently the Company is holding investments in subsidiaries engaged in the business of manufacturing aircrafts and Aerostructures and design and development of 5 seater aircrafts. Also the company is exporting design services.

2. Basis of preparation and Significant accounting policies:

2.1 Basis of preparation

A. Statement of compliance

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended and notified under section 133 of the Companies Act, 2013 (The 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on 27 Apr 2021.

Details of the Company's accounting policies are included in Note 2.2

B. Functional and presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest lakhs, unless otherwise indicated.

C. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value

D. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 3A - leases: whether an arrangement contains a lease and lease classification

Assumptions and estimation uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2021 is included in the following notes:

Note 20 – measurement of defined benefit obligations: key actuarial assumptions; key actuarial assumptions;

Note 23 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Note 29 - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

Note 3 - useful life of property, plant and equipment

Notes 4 and 5 - impairment of financial assets.

E. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

– Note 22 - financial instruments.

2.2 Significant accounting policies

a) Property Plant and Equipment

i. Recognition and measurement

Items of property, plant and equipment, are measured at cost (which includes capitalised borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual value using straight line method over the useful lives of assets estimated by the Company based on an internal technical evaluation performed by the management and is recognised in the statement of profit and loss. Depreciation for assets purchased/sold during the period is proportionately charged.

The range of estimated useful lives of items of property, plant and equipment are as follows:

Asset	Useful life
Plant and Machinery, Office equipment, furniture & fixtures	2 years, 5 years, 10 years, 15 years
Vehicles	5 years

The Company believes the useful lives as given above best represent the useful lives of these assets based on internal assessment where necessary, which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

b) Intangible Assets

Internally generated: Research and development

Expenditure on research activities is recognised in the Statement of Profit and Loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Others:

Other intangible assets including those acquired by the Company in a business combination are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation:

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight - line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives are as follows:

Asset	Useful life
Computer software	3-5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

c) Impairment of assets

i. Financial Assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to life time ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12- month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at life time ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

ii. Non-financial assets

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

d) Investment in subsidiaries

The company accounts for its investment in subsidiaries at cost less accumulated impairment, if any.

e) Revenue Recognition

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11.The adoption of the standard did not have any material impact to the financial statements of the Company.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

f) Other Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the Statement of Profit and Loss.

g) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight line method from the commencement date over the shorter of lease term or useful life of right of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, modified retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated the comparative information.

As a lessee:

For transition, the Company has elected not to apply the requirements of Ind AS 116 leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 to which the Company has chosen to apply the practical expedient as per the standard.

h) Financial Instruments

A. Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition.

B. Classification and subsequent measurement

i. Financial assets carried at amortized cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

iv. Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Investment in subsidiaries, joint venture and associates

Investment in subsidiaries, joint venture and associates Investment in subsidiaries, joint venture and associates is carried at cost in the financial statements.

C. De-recognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the Statement of Profit and Loss.

D. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

i) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

ii. Deferred tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax is not recognised for:

– temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.

– temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

j) Foreign currencies:

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

k) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to revenue, it is recognised in the statement of profit and loss on a systematic basis over the periods to which they relate.

l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in Statement of profit or loss in the period in which they are incurred.

m) Business combination

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the financial statements of the Company in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the value of net assets and the consequent reduction in value of investment held by the Company is transferred to the capital reserve or to the accumulated balance of profit and loss.

n) Provisions and contingent liabilities

i. General:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii. Contingent liabilities:

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

iii Onerous contracts:

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

o) Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Managing Director.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under "unallocated revenue/expenses/assets/liabilities".

p) Employee benefits

i. Short-term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

ii. Post-employment benefits

Contributions to defined contribution schemes such as Provident Fund, employee state insurance scheme, Pension Fund, etc., are considered as defined contribution plans and are recognised as expenses in the period in which the employee renders the related service.

The Company also provides for post-employment defined benefit in the form of gratuity and medical benefits. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Remeasurement of the net benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interests) and the effect of the assets ceiling (if any, excluding interest) are recognised in other comprehensive income. The effect of any plan amendments are recognised in net profit in the Statement of Profit and Loss.

iii. Other long-term employee benefits

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at 31 March every year using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

q) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

r) Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit/(loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit/(loss) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented in case of share splits.

s) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

t) Recent accounting pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

Note 3: Property, plant and equipment

Rs in Lakhs

Particulars	Tangible assets					Intangible assets		
	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Total	Computer software	Total	Grand Total
Cost								
As at April 01, 2019	**5.06**	**5.28**	**0.17**	**1.51**	**12.02**	**76.21**	**76.21**	**88.23**
Additions	–	–	–	–	–	–	–	–
Disposals	5.06	5.28	0.17	1.51	12.02	76.21	76.21	88.23
As at March 31, 2020	–	–	–	–	–	–	–	–
Additions	–	–	–	–	–	–	–	–
Writen off	–	–	–	–	–	–	–	–
As at March 31, 2021	–	–	–	–	–	–	–	–
Accumulated Depreciation and Amortisation								
As at April 01, 2019	**5.06**	**5.28**	**0.17**	**1.51**	**12.02**	**76.21**	**76.21**	**88.23**
Charge for the year	–	–	–	–	–	–	–	–
Disposals	5.06	5.28	0.17	1.51	12.02	76.21	76.21	88.23

Rs in Lakhs

Particulars	Tangible assets					Intangible assets		
	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Total	Computer software	Total	Grand Total
As at March 31, 2020	–	–	–	–	–	–	–	–
Charge for the year	–	–		–	–	–	–	–
Disposal	–	–	–	–	–	–	–	–
As at March 31, 2021	–	–	–	–	–	–	–	–
Net block								
As at April 01, 2019	–	–	–	–	–	–	–	–
As at March 31, 2020	–	–	–	–	–	–	–	–
As at March 31, 2021	–	–	–	–	–	–	–	–

Net block	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Property, plant and equipment	–	–	–
Intangible assets	–	–	–
Capital work in progress (Refer note 26)	–	–	–
Intangibles assets under development (Refer note 26)	–	–	–

Note 3A: Right of use assets

Rs in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	**10.04**	–
Leasehold improvementsAdditions for year ended	**–**	13.48
Depreciation on right-of-use asset	**3.44**	3.44
Net carrying amount	**6.60**	10.04

Interest on lease liabilities is Rs. 0.79 Lakhs [2020: Rs.1.04 lakhs]

Note 4: Investments

Rs in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
At cost less provision for other than temporary impairment		
Unquoted equity shares		
Investment in wholly owned subsidiaries		
Mahindra Aerospace Australia PTY Ltd	**71,924.28**	59,913.25
[102,238,500 (2020: 102,238,500) Equity Shares of AU $ 1 each, 18,100,000 (2020: 18,100,000) Equity Shares of AU $ 0.58 each & 15,116,000 (2020: 15,116,000) Equity Shares of AU $ 0.43 each & 15,266,000,000 (2020: NIL) Equity Shares of AU $ 0.0015 each]		
Less: Provision for diminution in value of investment	**(71,924.28)**	(59,913.25)
	–	–
Mahindra Aerostructures Pvt Ltd	**46,450.00**	42,886.00
[464,500,000 (2020: 428,860,000) Equity Shares of Rs.10 each]		
Less: Provision for diminution in value of investment	**(26,936.00)**	(14,886.00)
	19,514.00	28,000.00
	19,514.00	28,000.00
Total unquoted non-current investments	**118,374.28**	102,799.25
Aggregate provision for impairment in value of investments	**(98,860.28)**	(74,799.25)

Note 5: Other financial assets

Rs in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good unless otherwise stated		
Current		
Security deposits to related party (Refer note 21)	**3.60**	3.60
Interest accrued on deposits	**8.98**	0.22
	12.58	3.82

These financial assets are carried at amortised cost unless otherwise stated.

Note 6: Income tax assets (net)

Rs in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
TDS receivable (Including MAT Credit) (net of provision for taxation Rs. Nil (2020: Rs. 73.99 Lakhs))	–	51.11
	–	51.11

Note 7: Other non-current assets

Rs in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good unless otherwise stated		
Balances with government authorities		
GST Credit Receivable	**141.82**	141.82
Less: Provision	**(141.82)**	(141.82)
	–	–
Other deposits	**5.13**	5.13
	5.13	5.13
	5.13	5.13

Note 8: Cash and cash equivalents

Rs in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Balance with banks		
In current accounts	**14.27**	65.92
Cash on hand	–	0.28
	14.27	66.20

Note 8A: Bank balance other than cash and cash equivalents

Rs in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Bank balances other than cash and cash equivalents		
Fixed Deposits	**293.00**	122.45
	293.00	122.45

Note 9: Other current assets

Rs in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good unless otherwise stated		
Balances with government authorities:		
GST credit receivable	**27.06**	36.72
Less: Provision	**(27.06)**	(36.72)
	–	–
Others	**8.73**	9.42
	8.73	9.42
	8.73	9.42

Note 10 - Share Capital

Rs in Lakhs

	Particulars	As at March 31, 2021 Nos	As at March 31, 2021 Amount	As at March 31, 2020 Nos	As at March 31, 2020 Amount
1	Authorised:				
	Equity shares of Rs.10 each	**1,000,000,000**	**100,000.00**	800,000,000	80,000.00
	5% Non-Cumulative Compulsorily Convertible Preference shares of Rs.10 each	**15,000,000**	**1,500.00**	15,000,000	1,500.00
	0.10% Cumulative Compulsorily Convertible Preference shares of Rs.10 each	**190,000,000**	**19,000.00**	190,000,000	19,000.00
	Total	**1,205,000,000**	**120,500.00**	1,005,000,000	100,500.00
2	Issued:				
	Equity shares of Rs 10 each:				
	Opening balance	**751,129,607**	**75,112.96**	689,629,627	68,962.96
	Add: Issued during the year	**173,218,300**	**17,321.83**	62,500,000	6,250.00
	Less: Unsubscribed shares (Refer below note 4)	**(16,958,300)**	**(1,695.83)**	(1,000,020)	(100.00)
	Add: Conversion of NCCPS (Refer below note 3B)	**5,000,000**	**500.00**	–	–
	Closing balance	**912,389,607**	**91,238.96**	751,129,607	75,112.96
3	Subscribed and fully paid up:				
	Equity shares of Rs 10 each:				
	Opening balance	**751,129,607**	**75,112.96**	689,629,627	68,962.96
	Add: Issued during the year	**156,260,000**	**15,626.00**	61,499,980	6,150.00
	Add: Conversion of NCCPS (Refer below note 3B)	**5,000,000**	**500.00**	–	–
	Closing balance	**912,389,607**	**91,238.96**	751,129,607	75,112.96

Notes:

1) Out of the total equity shares, 83,56,30,306 (2020: 67,43,70,306) equity shares are held by Mahindra and Mahindra Ltd., the holding company, Including shares held jointly with nominees.

2) Details of shareholders holding more than 5% equity shares in the Company:

Name of the Shareholder	As at March 31, 2021		As at March 31, 2020	
	Nos	**%**	Nos	%
Mahindra and Mahindra Limited and its nominees*	**835,630,306**	**91.59%**	674,370,306	89.78%
Kotak Mahindra Trustee Limited (Trustee of Kotak India Growth Fund II)	**55,478,722**	**6.08%**	55,478,722	7.39%

* Includes 8 shares (2020: 8 shares) held by nominees jointly with Mahindra and Mahindra Limited

3) Rights, preferences and restrictions attached to shares:

a) Equity Shares:

The company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

b) 5% Non-Cumulative Compulsorily Convertible Preference shares (compound financial instruments):

50,00,000, 5% Non-Cumulative Compulsorily Convertible Preference shares (NCCCPS) of Rs.10 each were issued in March 2015 to the holding Company, Mahindra & Mahindra Ltd. The NCCCPS holders will not be entitled to any of the rights and privileges available to the members of the company including the right to receive notices of or to attend and vote at General Meetings or to receive annual reports of the company. The NCCCPS holders shall not have the rights of participation in surplus assets and profits, on winding up which may remain after the entire capital has been repaid. The NCCCPS of

Rs. 10 each shall have a preferential right to payment of divided and repayment, in the case of winding up or repayment of capital. The NCCCPS are convertible in to equity shares within a period of 3 years at a price to be determined as per terms of the issue.

During the year ended 31 March 2018, the company had extended the tenure of preference shares for the period of 3 years. The preference shares shall be compulsorily convertible into equity shares on or before March 30, 2021 at a price/rate which is discount of 18% to the price at which the above mentioned next round of funding happens. The IRR discount of 18% shall be adjusted to the extent of the dividend paid to the NCCCPS holders. In the event of equity infusion does not happen on or before March 30, 2021, then these NCCCPS shall be compulsorily converted into equity shares at par on March 30, 2021.

The said NCCCPS were converted into equity shares at par on March 30, 2021

4A) During previous year ended 31 March 2020, the company has made a rights issue offer of 62,500,000 equity shares of Rs. 10 each for cash at par. The offer period was from 26 August 2019 to 03 September 2019 (both days inclusive). After the expiry of the time specified in this offer as aforesaid, or on receipt of intimation declining the said offer, the Board of Directors may offer such shares to the other existing shareholder of the Company.

The Board of Directors in their meeting held on 09 September 2019, approved the cancellation of the said unsubscribed shares.

4B) During current year the company has made a rights issue offer of 35,000,000 equity shares of Rs. 10 each for cash at par. The offer period was from 27 April 2020 to 11 May 2020 (both days inclusive). After the expiry of the time specified in this offer as aforesaid, the Rights Issue Committee of the Board of Directors offered 3,576,714 unsubscribed shares to other existing shareholder of the Company. At the exipry of this offer period, 15,00,000 equity shares were not subscribed

The Rights Issue Committee of Board of Directors through circular resoltion dated 06 June 2020, approved the cancellation of the said unsubscribed shares.

4C) During current year the company has made a rights issue offer of 2,75,60,000 equity shares of Rs. 10 each for cash at par. The offer period was from 02 June 2020 to 19 June 2020 (both days inclusive). After the expiry of the time specified in this offer as aforesaid, the Rights Issue Committee of the Board of Directors offered 2,816,407 unsubscribed shares to other existing shareholder of the Company.

The Rights Issue Committee of Board of Directors through circular resolution dated 21 July 2020, approved for allotment of 2,75,60,000 equity shares of Rs. 10 each for cash at par.

4D) During current year the company has made a rights issue offer of 110,658,300 equity shares of Rs. 10 each for cash at par. The offer period was from 23 September 2020 to 07 October 2020 (both days inclusive). After the expiry of the time specified in this offer as aforesaid, or on receipt of intimation declining the said offer, the Board of Directors may offer such shares to the other existing shareholder of the Company.

The Rights Issue Committee of Board of Directors through circular resoltion dated 28 October 2020, approved the cancellation of 15,458,300 unsubscribed shares.

5) The Company has not allotted any fully paid equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.

Note 11: Other equity

A) Securities premium

Particulars	**Rs in Lakhs** Amount
At April 1, 2019	**31,243.98**
Additions during the year	**–**
At March 31, 2020	**31,243.98**
Additions during the year	–
At March 31, 2021	**31,243.98**

Security premium account is used to record the premium on issue of equity shares. The reserve will be utilized in accordance with the provisions of the Companies Act, 2013

B) Retained earnings

Particulars	**Rs in Lakhs** **Amount**
At April 1, 2019	**(46,825.75)**
Loss for the year	(31,937.70)
At March 31, 2020	**(78,763.45)**
Loss for the year	(24,033.38)
At March 31, 2021	**(102,796.83)**

C) Other comprehensive income

Particulars	**Rs in Lakhs** **Amount**
At April 1, 2019	**0.37**
Re-measurement gain/(loss) on defined benefit plans	0.81
At March 31, 2020	**1.18**
Re-measurement gain/(loss) on defined benefit plans	(0.59)
At March 31, 2021	**0.59**

D) Equity components of 5% Non-Cumulative Compulsorily Convertible Preference shares

Particulars	**Rs in Lakhs** **Amount**
At April 1, 2019	**153.47**
Additions during the year	**–**
At March 31, 2020	**153.47**
Additions during the year	**–**
At March 31, 2021	**153.47**

Total other equity

At April 1, 2019	(15,427.93)
At March 31, 2020	(47,364.82)
At March 31, 2021	**(71,398.79)**

Note 12: Borrowings

Rs in Lakhs

Particulars	**As at March 31, 2021**	As at March 31, 2020
Current		
5% Non-cumulative compulsorily convertible preference shares	**–**	500.00
	–	500.00

Note: For repayment terms and interest: Refer note 10 (3)(b).

Note 13: Trade payable

Rs in Lakhs

Particulars	**As at March 31, 2021**	As at March 31, 2020
Trade payables		
Dues to micro and small enterprises (Refer note 25)	**–**	–
Dues to related parties (Refer note 21)	**–**	5.79
Due to others	**3.92**	3.11
	3.92	8.90

Note 14: Other current liabilities

Rs in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues (withholding taxes, goods and service tax,etc.)	**0.22**	0.19
Current Tax Liabilities (Net)	**2.25**	–
Others	**0.21**	0.21
	2.68	0.40

Note 15: Other income

Rs in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit on sale of mutual funds	**–**	6.25
Interest income on		
Bank deposits	**13.40**	9.96
Income tax refund	**45.48**	–
Provision no longer required written back	**9.66**	–
	68.54	16.21

Note 16: Employee benefits expense

Rs in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus**	**–**	–
Contribution to provident and other funds	**–**	–
	–	–

** Net of reimbursement received from subsidiary companies amounting to Rs. 77.65 Lakhs (2020: 53.49 Lakhs).

Note 17: Finance costs

Rs in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense on lease liabilities	**0.79**	1.04
	0.79	1.04

Note 18: Depreciation

Rs in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on right-of-use asset	**3.44**	3.44
	3.44	3.44

Note 19: Other expenses

Rs in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rates and taxes	**4.98**	56.40
Insurance	**0.23**	–
Legal and other professional charges*	**14.15**	15.90
Travelling & Conveyance	**–**	3.89
Auditors' remuneration (refer note below)	**6.30**	6.43
Directors' sitting fees	**–**	1.60
Loss on foreign exchange translation, (net)	**–**	0.71
Provision for diminution of Investments (refer note 27)	**24,061.03**	31,766.57
Provision for doubtful Goods service tax credit receivable	**–**	36.72
Bank charges	**0.38**	0.31
Other miscellaneous expenses	**0.70**	0.26
	24,087.77	31,888.79

* Includes transactions with Related parties Rs. 5.73 Lakhs (2020 : Rs. 6.86 Lakhs)

Note:

Rs in Lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Auditors' remuneration includes:		
Statutory audit	**3.00**	3.00
Other services and certifications	**3.00**	3.00
Reimbursement of expenses	**0.30**	0.43
	6.30	6.43

Note 20: Employee benefits

(a) Defined Contribution Plan:

The Company's contribution to Provident Fund and others aggregating Rs. NIL (2020: Rs. NIL) has been recognised in the Statement of Profit or Loss under the head employee benefits expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is calculated as per the Payment of Gratuity Act, 1972 . The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund. However, during the year, the company did not had any eligible employees to whom the gratuity was payable and accordingly, no actuarial valuation was carried out. The receivable from the Gratuity trust of the Company has been recognised in these financial statements under Note 9, as the Company has right to recover the surplus available in the trust.

Rs in Lakhs

Particulars	Funded Plan	
	Gratuity	
	31–Mar–21	31–Mar–20
I. Expense recognised in the Statement of Profit and Loss for the year		
Current service cost	**–**	–
Net Interest cost	**–**	–
	–	–

Rs in Lakhs

Particulars	Funded Plan Gratuity	
	31–Mar–21	31–Mar–20
II. Recognised in comprehensive income for the year		
Return on plan assets	**–**	–
Actuarial (Gain)/Loss on account of :		
– Demographic Assumptions	**–**	–
– Financial Assumptions	**–**	(0.81)
– Experience Adjustments	**0.59**	–
	0.59	(0.81)
III. Change in the obligation during the year ended		
1. Present value of defined benefit obligation at the beginning of the year	**(0.59)**	1.44
2. Acquisitions/Divestures/Transfer (transfer of employees to MASPL)	**–**	–
3. Current Service Cost	**–**	–
4. Interest cost	**–**	–
5. Recognised in Other Comprehensive Income		
– Actuarial Gain (Loss)	**0.59**	(0.81)
6. Benefit paid	**–**	(1.22)
Present value of defined benefit obligation at the end of the year	**0.00**	(0.59)
IV. Change in fair value of assets during the year ended		
1. Fair value of plan assets at the beginning of the year	**7.13**	8.35
2. Interest income	**–**	
3. Recognised in Other Comprehensive Income		
– Return on plan assets	**–**	–
4. Contributions by employer	**–**	–
5. Benefit paid	**–**	(1.22)
Fair value of plan assets at the end of the year	**7.13**	**7.13**
V. Net (Asset)/Liability recognised in the Balance Sheet		
– Present value of defined benefit obligation	**0.00**	(0.59)
– Fair value of plan assets	**7.13**	7.13
Net (Asset)/liability	**(7.13)**	(7.72)
Current portion of the above	**(7.13)**	(7.72)
Non current portion of the above	**–**	–

Plan Assets:

The details with respect to the investment made by Fund manager (Life Insurance Corporation) into major categories of plan assets have not been disclosed, as the same has not been provided by the Fund manager to the Company.

Acturial Assumptions:

Since the company has NIL employees on rolls (2020: NIL) sensitivity analysis and other related disclosures are not provided.

Note 21: Related Party Information

i) Related parties where control exists along with nature of relationship

Name of the party	Nature of Relationship
Mahindra & Mahindra Ltd.	Holding Company
Mahindra Aerostructures Private Limited	Subsidiary
Mahindra Aerospace Australia Pty Ltd	Subsidiary
Mahindra Aerospace Private Limited Employees Group Gratuity Assurance Scheme	Employee Gratuity Trust

ii) Related parties under Ind AS 24 and as per Companies Act, 2013

Key management personnel

Mr. S. P. Shukla	Chairman & Managing Director
Mr. Arvind Kumar Mehra	Executive Director & Chief Executive Officer
Mr. Nikhil Sohoni	Non-executive director
Mr. Mukul Verma	Non-executive director (until 25 July 2020)
Ms. Seema Bangia	Non-executive director (w.e.f 28 May 2020)
Mr. K. V. Ramakrishna	Non-executive director
Mr. Dhiraj Rajendran	Non-executive director
Dr. Devi Singh	Independent director (until 29 March 2020)
Ms. Rajyalakshmi Rao Meka	Independent director (until 29 March 2020)
Mr. T. S. Sarma	Chief Financial Officer
Mr. V.S. Ramesh	Company Secretary

Other parties with whom transaction have taken place during the year:

Name of Related Party	**Nature of Relationship**
Mahindra Integrated Business Solution Private Limited	Fellow Subsidiary

iii) Details of the transactions with the related parties

Rs in Lakhs

Particulars	**2020-21**	2019-20
I. Transactions with Group entities		
Services received (included under legal and other professional charges in note 19)		
Mahindra & Mahindra Ltd	**5.73**	6.66
Mahindra Integrated Business Solution Private Limited	**–**	0.20
	5.73	6.86
Rent expenses		
Mahindra Aerostructures Private Limited	**3.99**	3.81
	3.99	3.81
Reimbursement of expenses received		
Mahindra Aerostructures Private Limited (Refer note 16)	**77.65**	53.49
	77.65	53.49
Expenses paid (included under Legal and other professional charges in note 19)		
Mahindra Aerospace Private Limited Employees Group Gratuity Assurance Scheme	**0.15**	1.50
	0.15	1.50
Investment in equity (Refer note 4)		
Mahindra Aerospace Australia Pty Ltd	**12,011.03**	3,150.65
Mahindra Aerostructures Private Limited	**3,564.00**	3,000.00
	15,575.20	6,150.65

Particulars	2020-21	Rs in Lakhs 2019-20
Shares issued (including conversion of NCCPS) (Refer note 10)		
Mahindra & Mahindra Ltd	**16,126.00**	6,150.00
	16,126.00	6,150.00

II. <u>Transactions with key managerial personnel</u>

Salary and perquisites		
Mr. S P Shukla	**77.65**	53.49
Mr. Arvind Kumar Mehra	**–**	–
Mr. T. S. Sarma	**–**	–
Sitting fees paid to independent directors	**–**	1.60

(iv) Details of balances receivable from and payable to related parties are as follows:

Rs in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables		
Mahindra & Mahindra Ltd	**–**	3.05
Mahindra Aerostructures Pvt Ltd	**–**	2.74
	–	5.79
Security deposits (Asset)		
Mahindra Aerostructures Pvt Ltd	**3.60**	3.60
	3.60	3.60

Notes:

1. Corporate Guarantees issued in respect of borrowings availed by subsidiary company, Mahindra Aerostructures Private Limited - Rs. 9,500 Lakhs (2020: Rs. 9,500 Lakhs)

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

Note 22: Financial instruments - fair values and risk management

A Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2021, including their levels in the fair value hierarchy.

Rs in Lakhs

Particulars		Carrying amount					Fair value			
	Note	FVTPL	FVOCI	Other financial assets -amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value										
Investments	4			19,514.00		19,514.00				
Cash and cash equivalents	8	–	–	14.27	–	14.27	–	–	–	–
Security deposits	5	–	–	3.60	–	3.60	–	–	–	–
Fixed Deposits	5			293.00		293.00				
Interest accrued on deposits	5			8.98		8.98				
		–	–	19,833.85	–	19,833.85	–	–	–	–
Financial liabilities not measured at fair value										
Borrowings (NCCPS)	12	–	–	–	–	–	–	–	–	–
Trade payables	14	–	–	–	3.92	3.92	–	–	–	–
CCCPS	12	–	–	–	–	–	–	–	–	–
		–	–	–	3.92	3.92	–	–	–	–

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2020, including their levels in the fair value hierarchy.

Rs in Lakhs

Particulars	Note	Carrying amount					Fair value			
		FVTPL	FVOCI	Other financial assets -amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value										
Investments	4			28,000.00		28,000.00				
Cash and cash equivalents	8	–	–	66.20	–	66.20	–	–	–	–
Security deposits	5	–	–	3.60	–	3.60	–	–	–	–
Fixed Deposits	5			122.45		122.45				
Interest accrued on deposits	5			0.22		0.22				
		–	–	28,192.47	–	28,192.47	–	–	–	–
Financial liabilities not measured at fair value										
Borrowings (NCCPS)	12	–	–	–	500.00	500.00	–	–	–	–
Trade payables	14	–	–	–	8.90	8.90	–	–	–	–
CCCPS	12	–	–	–	–	–	–	–	–	–
		–	–	–	508.90	508.90	–	–	–	–

The fair value of cash and cash equivalents, bank balance other than cash and cash equivalents, borrowings, trade payables, other current financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's long-term debt has been contracted at market rates of interest. Accordingly, the carrying value of such long-term debt approximates fair value.

Investment in equity shares of subsidiaries are not appearing as financial asset in the table above being investment in subsidiaries accounted under Ind AS 27, Separate Financial Statements which is scoped out under Ind AS 109.

There have been no transfers among Level 1, Level 2 and Level 3 during the period.

B Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Company's management oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

C Financial risk management objectives and policies

The Company's principal financial liabilities comprise NCCPs, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, other receivables, deposits and cash and cash equivalents that derive directly from its operations.

The Company is exposed to the following risks from its use of financial instruments:

– Market risk

– Credit risk

– Liquidity risk

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings. The sensitivity analyses in the following sections relate to the position as at 31 March 2021 and 31 March 2020. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies. The analyses exclude the impact of movement in market variables on: the carrying values of gratuity and other post retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2021 and 31 March 2020.

a. Interest rate risk

The company doesn't have borrowings. Hence interest rate risk is not applicable.

b. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's does not have any exposure to the risk of changes in foreign exchange rates as there are no operations being carried out (revenue or expense is denominated in a foreign currency) by the company.

c. Foreign currency sensitivity

The company doesn't have any foreign currency exposure outstanding as at balance sheet date. Hence foreign currency sensitivity risk is not applicable.

(ii) Credit risk

Company does not have any operations and hence credit risk is not applicable.

Financial Instrument and Cash Deposit

Credit risk from balances with banks and financial institutions is managed by the Company's operation department in accordance with the Company's policy. Investments of surplus funds are made only with approved Banks within the limits assigned. These limits are reviewed by the Company's Board of Directors as and when required. The limits are set to minimise the concentration of risks and therefore mitigate financial loss and potential failure to make payments. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31st March 2021 and 2020 is the carrying amounts.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

Rs in lakhs

	On demand	Less than 1 year	1 to 2 Year	2 to 5 year	More than 5 Years	Total
Year ended '31 March 2021						
Borrowings (NCCPS)	–	–	–	–	–	–
Trade payables	–	3.92	–	–	–	3.92
	–	**3.92**	**–**	**–**		**3.92**
Year ended '31 March 2020						
Borrowings (NCCPS)	–	500.00	–	–	–	500.00
Trade payables	–	8.90	–	–	–	8.90
	–	**508.90**	**–**	**–**	**–**	**508.90**

D Capital management:

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern.
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity and profit and loss account as presented on the face of the statement of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company is not subject to externally enforced capital regulation. The Company's capital requirements are substantially met through the issue of equity to the holding companies.

There is no change in the overall capital risk management strategy of the Company compared to last year.

23. Contingent liabilities:

(a) Corporate Guarantees issued in respect of borrowings availed by subsidiary company – Rs. 9,500 Lakhs (2020: Rs. 9,500 Lakhs)

(b) The Company has committed financial support to GippsAero Pty Ltd and Mahindra Aerospace Australia Pty Ltd (collectively, the 'GippsAero Group'), for 12 months from the signing of their 31 March 2020 audited financial statements, stating that the following:

Company will not call in any amounts provided to the GippsAero Group prior to the expiration of the period of support, other than as required in the normal course of business or as required by appropriate and applicable exchange control or other Indian regulatory requirements.

The Company will provide an appropriate level of support to GippsAero Group to meet its liabilities and obligations as and when they fall due set out in budgeted forecasts under the approved business plan for the period of support and that are incurred in the normal course of business.

(c) In February 2019, Supreme Court of India in its judgement clarified that certain special allowances should be considered to measure obligation under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretive challenges on the application of judgement retrospectively and as such does not consider there any probable obligations for past periods. Accordingly, based on legal advice the company has made provision for provident fund contribution form the date of Supreme court order. The probable obligation for past periods amounting to Rs. 0.30 Lakhs has been considered by the Company as contingent liability.

(d) The estimated amount of contracts remaining to be executed on Capital account and not provided for Rs.Nil (2020: Rs. Nil)

Note: The Company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/courts and the ultimate outcome will not have a material adverse effect on the Company's financial position and results of operations.

24. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders by the weighted average number of Equity Shares outstanding during the year.

Rs in Lakhs

Sr. No.	Particulars	March 2021	March 2020
(a)	Earnings attributable to equity shareholders	**(24,033.38)**	(31,937.70)
(b)	Weighted average number of equity shares outstanding during the year	**837,239,580**	724,170,712
(c)	Basic Earnings per share (Rs.)	**(2.87)**	(4.41)
(d)	Diluted Earnings per share (Rs.)	**(2.87)**	(4.41)

Weighted average no of shares (basic & diluted)

Sr. No.	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(a)	Opening Balance	**751,129,607**	689,629,627
(b)	Effect of fresh issue of shares	**86,109,973**	34,541,085
(c)	Weighted average no of shares	**837,239,580**	724,170,712

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings/(loss) per share as follows:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Weighted average number of equity shares used in the calculation of Basic EPS	**837,239,580**	724,170,712
Add: Effect of potential equity shares	**–**	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**837,239,580**	724,170,712

25. Dues to micro and small enterprises

There are no micro and small enterprises to which the Company owes dues, which are outstanding for more than 45 days as at 31 March, 2021. This information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

26. NM5 Project

During November 2008, erstwhile M/S. Plexion Technologies India Pvt. Ltd., which was later on merged with Mahindra Engineering Services Limited (MESL), had entered into a Collaboration Agreement with Council of Scientific

Industrial Research (CSIR), represented by National Aerospace Laboratories (NAL) for Joint Development, Commercial Production and Marketing of a 4-Seater Aircraft (NM 5 Project). By virtue of a Deed of Assignment dated 28th May, 2008, signed between MESL, the Company and Council of Scientific Industrial Research (CSIR), the rights, obligations and benefits of MESL under the said Collaboration Agreement was assigned to the Company by MESL and duly affirmed by CSIR. As per the Collaboration Agreement, the Company jointly owns the Intellectual Property Rights arising from joint development of the aircraft. Such Intellectual Property Rights arising from joint development of the aircraft will be a jointly held intangible asset. The Company has built a prototype of the aircraft which has carried out a successful test flight.

The Company had so far incurred an expenditure of Rs. 274.63 Lakhs (till 2020 : Rs. 274.63 Lakhs) on tools and jigs and Rs. 2,098.63 Lakhs (till 2020 : Rs. 2,098.63 Lakhs) towards the design & development and building one prototype aircraft and these are included under 'Capital work in progress' and 'Intangible assets under development' respectively.

The Management has evaluated the carrying value of above mentioned assets based on the projections of the project and recognized a cumulative impairment of Rs. 2,373.26 Lakhs (till 2020: Rs. 2,373.26 Lakhs)

27. The Company's Management assesses the operations of the subsidiaries, including the future projections, to identify indications of diminution, other than temporary, in the value of the investments recorded in the books of account. The Company based on market conditions and business projections, assessed the recoverable amount for investment in Mahindra Aerospace Australia PTY Ltd (wholly owned subsidiary in Australia) and Mahindra Aerostructures Limited, which individually represents cash generating unit (CGU).

Accordingly during the year ended March 31, 2021, the Company recognised a provision of Rs. 12,011.03 Lakhs (2020: Rs. 28,966.67 Lakhs) for diminution in value of investment in Mahindra Aerospace Australia PTY Ltd, resulting entire investment to be fully impaired and Rs 12,050 Lakhs (2020: Rs 2,800 Lakhs) in value of investment in Mahindra Aerostructures Private Limited, both being 100% subsidiary of the company.

During the year, the Board of Directors of Company's subsidiary Mahindra Aerospace Pty Ltd approved appointment of Advisors for sale of entire 100% equity ownership and/or sale of all assets or business of/or shares of Mahindra Aerospace Australia Pty Ltd and its Subsidiaries namely - GippsAero Pty Ltd., Airvan10 Pty Ltd., GA8 Airvan Pty Ltd., GA200 Pty Ltd., Airvan Flight Services Pty Ltd and Nomad TC Pty Ltd

28. Segment Reporting:

The Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes. Accordingly, segment information has been presented for industry classes.

The operating segment of the Company is identified to be " design, development and manufacturing of aircrafts and Aerostructures" as the CODM reviews business performance at an overall Company level as one segment.

Note 29 Income taxes

The Company has carried out its deferred tax computation in accordance with Ind AS 12 'Income Taxes' notified under the Companies (Indian Accounting Standards) Rules, 2015.

Significant components & classification of deferred tax assets and liabilities are as follows:

Particulars	**As at March 31, 2021**	As at March 31, 2020
Deferred tax liabilities		
Related to depreciation of fixed assets	**1.31**	1.54
Total deferred tax liability (a)	**1.31**	1.54
Deferred tax assets		
Provision for diminution of Investments	**25,703.67**	19,447.81
Provision for service tax credit and others	**36.87**	36.87
Provision for goods and service tax input credit	**9.55**	9.55
Carry forward losses	**1.16**	1.16
Others	**0.23**	0.23
Total deferred tax assets (b)	**25,751.49**	19,495.62
Net deferred tax assets/(liabilities) (b-a)	**25,750.18**	19,494.08

Having regard to the accumulated losses, the Company has not recognised the net deferred tax assets in the absence of reasonable certainty at this stage that there will be sufficient future taxable income available to realize such assets.

(a) Amount reocognised in statement of profit and loss

Particulars	**For the year ended March 31, 2021**	For the year ended March 31, 2020
Current Tax	**9.00**	5.75
Deferred tax	**–**	–

(b) Reconciliation of effective tax rate

Particulars	**As at March 31, 2021**		As at March 31, 2020	
Profit/(loss) before tax		**(24,023.46)**		(31,877.06)
Income tax expense calculated at domestic tax rates applicable to profits	**26.00%**	**(6,246.10)**	26.00%	(8,288.04)
Tax effects of:				
Permanent difference	**0.00%**	**–**	-0.70%	21.05
Carry forward losses lapsed during the year	**0.00%**	**–**	0.00%	**–**
Change in tax rate impact	**0.00%**	**–**	0.00%	**–**
Others	**0.04%**	**(10.00)**	0.00%	(0.02)
Deferred tax asset not recognised in statement of profit and loss		**(6,256.10)**		(8,267.00)
Income tax expense		**9.00**		5.75
Effective tax rate		**26.00%**		25.92%

(c) Tax losses

Particulars	**March 31, 2021**	**Expiry date**	March 31, 2020	Expiry date
Loss from business	**4.47**	**31 March 2025**	4.47	31 March 2025
Total	**4.47**		4.47	
Potential tax benefit	**1.16**		1.16	

30. The Company has incurred significant losses in current and earlier years. Basis the continued financial support provided by the shareholders, the use of going concern assumption has been considered appropriate in preparation of financial statements of the company.

31. In view of pandemic relating to COVID-19, the company has considered internal and external information and has performed sensitivity analysis based on current estimates in assessing the recoverability of receivables and other assets. The company has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position, internal financial reporting controls etc. and is of the view that based on its present assessment, this situation does not materially impact the financial result as on 31 March 2021. However, the actual impact of COVID-19 on the company's financial statements, in future may differ from that estimated and the company will continue to closely monitor any material changes to future economic conditions.

32. In the view of the losses for the three immediately preceding financial years, the Company is not required to spend any amount on CSR activities during the current financial year.

33. During the year ended 31 March 2021, no material foreseeable loss (2020: Nil) was incurred for any long-term contract including derivative contracts.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 21063980AAAAEO4886

Place: Bangalore
Date: April 27, 2021

For and on behalf of the Board of Directors of
Mahindra Aerospace Private Limited.
CIN No. U63033MH2008PTC179520

Mr. Arvind Mehra
Whole Time Director
DIN No. 01039769

Mr. S.P. Shukla
Managing Director
DIN No. 00007418

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V.S. Ramesh
Company Secretary

Place: Mumbai
Date: April 27, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Aerostructures Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra Aerostructures Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as Financial Statements).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether

the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements - Refer Note 30 to the financial statements;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

   (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

   In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 21063980AAAAEP5818

Place: Bengaluru

Date: April 27, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2021, we report the following:

(i) (a) The Company has maintained proper records showing full, including quantitative details and situation of property, plant and equipment.

(b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its property, plant and equipment, by which all property, plant and equipment are verified once in a year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, property, plant and equipment were physically verified during the year and no material discrepancies were noticed on such verification. The discrepancies noticed on such verification have been properly adjusted in the books of account.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, with respect to immovable property taken on lease, the lease agreement are in the name of the Company.

(ii) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material and have been properly dealt with in the books of account

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or made investments, to parties covered under the register of sections 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 in respect of certain products manufactured by the Company. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Goods and Service tax, duty of Customs, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise, sales tax, service tax and value added taxes.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Service tax, duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2021, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Goods and Service tax, Value added tax, Service tax, duty of Customs and duty of excise which have not been deposited by the Company on account of disputes, except for the following:

Name of the Statute	Nature of the Dues	Amount Rs. in lakhs	Period	Forum where dispute is pending
Custom duty	Custom Duty and Penalty	2,598.85 (232.14) *	AY 2014-2015	Custom, Excise and Service Tax Appellate Tribunal, Chennai
Custom duty	Custom Duty (excluding interest)	41.36 (45.33)*	AY 2014-2015	Joint Commissioner of Customs, Chennai
Income Tax Act 1961	Income Tax	99.88**	AY 2012-13	Income-tax Appellate Tribunal, Mumbai
Income Tax Act 1961	Income Tax	61.24**	AY 2013-14	Commissioner of Income Tax (Appeals), Mumbai
Income Tax Act 1961	Income Tax	644.15**	AY 2014-15	Commissioner of Income Tax (Appeals), Mumbai

* The amount in parenthesis represent the payment made under protest.

** Represents the additions made to the taxable income of the Company by the tax authorities which have been disputed by the Company. No demand has been raised by the tax authorities as any additions to the income will be adjusted against the brought forward losses and unabsorbed depreciation. The Company has decided to opt for dispute resolution scheme under the Vivad Se Vishwas Act, 2020 ('the VSV Act').

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of borrowings to banks. The Company did not have any outstanding loans or borrowings from financial institution and government and there are no dues to debenture holders during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.

(x) According to the information and explanations given to us, no fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with 188 of the Act, where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards. According to the information and explanations given to us, we understand that the provisions of Section 177 to the Act are not applicable to the Company.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 21063980AAAAEP5818

Place: Bengaluru

Date: April 27, 2021

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE IND AS FINANCIAL STATEMENTS OF MAHINDRA AEROSTRUCTURES PRIVATE LIMITED FOR THE YEAR ENDED 31 MARCH 2021

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (1A(F)) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Aerostructures Private Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Meaning of Internal Financial controls with Reference to Financial Statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 21063980AAAAEP5818

Place: Bengaluru
Date: April 27, 2021

BALANCE SHEET AS AT MARCH 31, 2021

Rs. In lakhs

Particulars	Note	As at March 31, 2021	As at March 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	3	**10,822.87**	11,861.34
Capital work in progress	3	**63.97**	247.76
Intangible assets	3	**75.43**	74.83
Right of use assets	3A	**33.63**	38.22
Financial assets			
Other financial assets	10	**36.23**	36.23
Income tax assets (net)	4	**17.39**	19.00
Other non-current assets	5	**1,160.44**	1,186.02
Total non-current assets		**12,209.96**	13,463.40
Current assets			
Inventories	6	**2,456.73**	2,186.08
Financial assets			
Trade receivables	7	**1,823.07**	1,927.36
Cash and cash equivalents	8	**2,664.24**	117.42
Bank balance other than cash and cash equivalents	9	**23.19**	4.70
Other financial assets	10	**31.01**	9.94
Other current assets	11	**1,260.59**	1,018.59
Total current assets		**8,258.83**	5,264.09
Total assets		**20,468.79**	18,727.49
Equity and liabilities			
Equity			
Equity share capital	12	**46,450.00**	42,886.00
Other equity	13	**(28,537.68)**	(26,249.09)
Total equity		**17,912.32**	16,636.91
Non-current liabilities			
Financial liabilities			
Lease liabilities		**32.53**	36.25
Provisions	16	**80.10**	72.58
Other non-current liabilities		**13.04**	20.64
Total non-current liabilities		**125.67**	129.47

BALANCE SHEET AS AT MARCH 31, 2021 (CONTINUED)

Rs. In lakhs

Particulars	Note	As at March 31, 2021	As at March 31, 2020
Current liabilities			
Financial liabilities			
Borrowings	14	**1,289.49**	565.06
Lease liabilities		**3.72**	3.42
Trade payable	17		
Total outstanding dues of Micro Enterprises and Small Enterprises		**92.45**	16.86
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		**590.53**	870.89
Other financial liabilities	15	**42.06**	16.75
Other current liabilities	18	**377.99**	439.59
Provisions	16	**34.56**	48.54
Total current liabilities		**2,430.80**	1,961.11
Total equity and liabilities		**20,468.79**	18,727.49
Significant accounting policies	2		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 21063980AAAAEP5818

Place: Bangalore
Date: April 27, 2021

For and on behalf of the Board of Directors of
Mahindra Aerostructures Private Limited
CIN No. U35122MH2011PTC212744

Dr. Karthik Krishnamurthy
Whole Time Director
DIN No. 07130799

Mr. Arvind Mehra
Managing Director
DIN No. 01039769

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V. S. Ramesh
Company Secretary

Place: Mumbai
Date: April 27, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Rs. In lakhs

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations	19	**6,896.66**	9,085.99
Other income	20	**152.57**	125.72
Total income		**7,049.23**	9,211.71
Expenses			
Cost of materials consumed	21	**1,935.14**	2,555.25
Purchase of stock-in-trade		**196.72**	481.08
Changes in inventories of finished goods and work-in-progress	22	**52.59**	(43.76)
Employee benefits expense	23	**2,978.65**	2,977.29
Finance costs	24	**19.43**	188.37
Depreciation and amortization expense	25	**1,318.38**	1,409.83
Other expenses	26	**2,274.79**	2,505.30
Total expenses		**8,775.70**	10,073.36
Loss from operations before exceptional items and tax		**(1,726.47)**	(861.65)
Exceptional items (refer note 33)		**570.30**	–
Loss from operations before tax		**(2,296.77)**	–
Tax expense:			
Current tax		**–**	–
Deferred tax		**–**	–
Loss for the year		**(2,296.77)**	(861.65)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement gain on defined benefit plans (net of tax)		**8.18**	16.14
Other comprehensive income for the year, net of tax		**8.18**	16.14
Total comprehensive income for the year		**(2,288.59)**	(845.51)
Earnings per equity share:			
Basic	32	**(0.50)**	(0.21)
Diluted	32	**(0.50)**	(0.21)
Significant accounting policies	2		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 21063980AAAAEP5818

Place: Bangalore
Date: April 27, 2021

For and on behalf of the Board of Directors of
Mahindra Aerostructures Private Limited
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Dr. Karthik Krishnamurthy
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DIN No. 07130799

Mr. Arvind Mehra
Managing Director
DIN No. 01039769

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V. S. Ramesh
Company Secretary

Place: Mumbai
Date: April 27, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

Rs. In lakhs

	Particulars		**For the year ended March 31, 2021**		For the year ended March 31, 2020
A.	**Cash flow from operating activities:**				
	Loss before tax		**(2,296.77)**		(861.65)
	Adjustments for:				
	Depreciation and amortisation expense	**1,318.38**		1,409.83	
	Exceptional items (refer note 33)	**570.30**		–	
	Finance costs	**19.43**		**188.37**	
	Property plant and equipment written off	**6.73**		3.48	
	Loss on sale of property plant and equipment	**0.66**		–	
	Provision for doubtful incentive under government scheme	**–**		55.84	
	Interest income	**(90.83)**		**(11.19)**	
	Provision no longer required	**(55.84)**		–	
	Net unrealised exchange (gain)/loss	**(6.02)**	**1,762.81**	(49.88)	1,596.45
	Operating gain/(loss) before working capital changes		**(533.96)**		734.80
	Changes in working capital:				
	Adjustments for (increase)/decrease in operating assets:				
	Inventories	**(270.65)**		251.42	
	Trade receivables	**117.35**		(195.79)	
	Current financial and other current assets	**(176.42)**		79.98	
	Non-current financial and other non-current assets	**–**		0.24	
	Adjustments for increase/(decrease) in operating liabilities:				
	Trade payables	**(207.43)**		(484.49)	
	Current financial and other current liabilities	**(61.60)**		84.80	
	Non-current financial liabilities	**–**		–	
	Other non-current liabilities	**(7.60)**		3.36	
	Provisions	**1.72**		24.12	
			(604.63)		(236.36)
	Cash generated from/(used in) operations		**(1,138.59)**		498.44
	Net income tax refunds		**1.61**		17.67
	Net cash generated from/(used in) operating activities (A)		**(1,136.98)**		516.11
B.	**Cash flow from investing activities:**				
	Payment to acquire property, plant and equipment, including capital advances, for acquiring right-of-use assets	**(619.60)**		(455.85)	
	Proceeds from sale of property, plant and equipment	**0.17**		(0.00)	
	Bank deposits (addition)/matured	**(18.49)**		(3.55)	
	Interest income received	**60.02**		11.09	
	Net cash used in investing activities (B)		**(577.90)**		(448.31)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021 (CONTINUED)

Rs. In lakhs

	Particulars		**For the year ended March 31, 2021**		For the year ended March 31, 2020
C.	**Cash flow from financing activities:**				
	Proceeds from issue of equity shares	**3,564.00**		3,000.00	
	Repayment of PCFC Foreign currency loan	**(2,075.95)**		(274.32)	
	Proceeds from PCFC Foreign currency loan	**2,798.68**		839.38	
	Repayment of Term loan from bank	**–**		**(2,349.32)**	
	Working capital Borrowings (Net)	**1.70**		**(1,135.48)**	
	Repayment of lease liabilities	**(3.42)**		**39.67**	
	Finance costs	**(18.93)**		(207.46)	
	Net cash (used in)/from financing activities (C)		**4,266.08**		(87.53)
	Net decrease in cash and cash equivalents (A+B+C)		**2,551.20**		(19.73)
	Effect of exchange differences on restatement of foreign currency cash and cash equivalent		**(4.38)**		(12.59)
	Cash and cash equivalents at the beginning of the year		**117.42**		149.74
	Cash and cash equivalents at the end of the year ...		**2,664.24**		117.42
	Components of Cash and cash equivalents				
	Balance with banks				
	– On current accounts		**17.54**		40.97
	– On EEFC accounts		**127.93**		**76.07**
	Cash on hand		**–**		**0.38**
	Bank balance other than Cash and cash equivalents				
	– Fixed deposits		**2,518.77**		**–**

Reconciliation of movement of liabilities to cash flow arising from financing activites

Particulars	**Borrowings**
Balance as at 01 April 2020	565.06
Loan availed during the year	2,801.88
Repayment of loan during the year	(2,075.95)
Effect of foreign currency fluctions	(1.50)
Closing balance as on 31 March 2021	1,289.49

Significant accounting policies (Refer note 2)

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 21063980AAAAEP5818

Place: Bangalore
Date: April 27, 2021

For and on behalf of the Board of Directors of
Mahindra Aerostructures Private Limited
CIN No. U35122MH2011PTC212744

Dr. Karthik Krishnamurthy
Whole Time Director
DIN No. 07130799

Mr. Arvind Mehra
Managing Director
DIN No. 01039769

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V. S. Ramesh
Company Secretary

Place: Mumbai
Date: April 27, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

a. Equity share capital:

	Rs. In lakhs
As at April 1, 2019	**39,886.00**
Add: changes in equity shares	3,000.00
As at March 31, 2020	**42,886.00**
Add: changes in equity shares	3,564.00
As at March 31, 2021	**46,450.00**

b. Other equity

Rs. In lakhs

Particulars	Retained Earnings	Other comprehensive income	Total
As at April 1, 2019	**(25,392.52)**	**(11.06)**	**(25,403.58)**
Loss for the period	(861.65)	–	(861.65)
Re-measurement gain on defined benefit plans	–	16.14	16.14
Total comprehensive income	**(861.65)**	**16.14**	**(845.51)**
As at March 31, 2020	**(26,254.17)**	**5.08**	**(26,249.09)**
As at April 1, 2020	**(26,254.17)**	**5.08**	**(26,249.09)**
Loss for the period	(2,296.77)	–	(2,296.77)
Re-measurement gain on defined benefit plans	–	8.18	8.18
Total comprehensive income	**(2,296.77)**	**8.18**	**(2,288.59)**
As at March 31, 2021	**(28,550.94)**	**13.26**	**(28,537.68)**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 21063980AAAAEP5818

Place: Bangalore
Date: April 27, 2021

For and on behalf of the Board of Directors of
Mahindra Aerostructures Private Limited
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Dr. Karthik Krishnamurthy
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Mr. Arvind Mehra
Managing Director
DIN No. 01039769

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V. S. Ramesh
Company Secretary

Place: Mumbai
Date: April 27, 2021

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1. Corporate Information

Mahindra Aerostructures Private Limited (the 'Company') is a company domiciled in India, with its registered office situated at Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018. The Company was incorporated on January 27, 2011 under the provisions of the Indian Companies Act, 1956. The Company is primarily involved in the business of manufacture and sale of aircraft components, assemblies and Aerostructures.

2. Basis of preparation and Significant accounting policies:

2.1 Basis of preparation

A. Statement of compliance

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended and notified under section 133 of the Companies Act, 2013 (The 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on 27 April 2021.

Details of the Company's accounting policies are included in Note 2.2

B. Functional and presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest lakhs, unless otherwise indicated.

C. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligations

D. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 3A – leases: whether an arrangement contains a lease and lease classification

Assumptions and estimation uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2021 is included in the following notes:

Note 27 – measurement of defined benefit obligations: key actuarial assumptions; key actuarial assumptions;

Note 30 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Note 36 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

Note 3 – useful life of property, plant and equipment

Notes 7, 8 and 10 – impairment of financial assets.

E. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 29 - financial instruments.

2.2 Significant accounting policies

a) Property Plant and Equipment

i. Recognition and measurement

Items of property, plant and equipment, are measured at cost (which includes capitalised borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual value using straight line method over the useful lives of assets estimated by the Company based on an internal technical evaluation performed by the management and is recognised in the statement of profit and loss. Depreciation for assets purchased / sold during the period is proportionately charged.

The range of estimated useful lives of items of property, plant and equipment are as follows:

Asset	Useful life
Factory Buildings – Roads, Compound Wall*	5 years to 30 years
Plant and Machinery*	2 years, 3 years, 5 years, 10 years and 15 years
Electrical Installations	10 years
Office Equipment's	3 years, 5 years and 10 years
Computers	3 years
Furniture and Fixtures	10 years
Vehicles	5 years

* The Company believes the useful lives as given above best represent the useful lives of these assets based on internal assessment where necessary, which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

b) Intangible Assets

Internally generated: Research and development

Expenditure on research activities is recognised in the Statement of Profit and Loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Others:

Other intangible assets including those acquired by the Company in a business combination are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation:

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight - line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives are as follows:

Asset	Useful life
Computer software	3-5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

c) Impairment of assets

i. Financial Assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to life time ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12- month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at life time ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

ii. Non-financial assets

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

d) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight line method from the commencement date over the shorter of lease term or useful life of right of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, modified retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated the comparative information.

As a lessee:

For transition, the Company has elected not to apply the requirements of Ind AS 116 leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 to which the Company has chosen to apply the practical expedient as per the standard.

e) Inventories

Inventories are valued at the lower of cost (including prime cost, non-refundable taxes and duties and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

The provision for inventory obsolescence is assessed regularly based on estimated usage and shelf life of products.

Raw materials and stores and spares are valued at cost computed on moving weighted average basis. The cost includes purchase price, inward freight and other incidental expenses net of refundable duties, levies and taxes, where applicable.

Stock-in-trade is valued at the lower of net realisable value and cost (including prime cost, non-refundable taxes and duties and other overheads incurred in bringing the inventories to their present location and condition), computed on a moving weighted average basis.

Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Finished goods are valued at cost or net realisable value whichever is lower.

f) Financial Instruments

A. Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. .

B. Classification and subsequent measurement

i. Financial assets carried at amortized cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

iv. Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

C. De-recognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the Statement of Profit and Loss.

D. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

g) Revenue Recognition

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e .April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The adoption of the standard did not have any material impact to the financial statements of the Company.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation a cumulative adjustment is accounted for.

Product development income is recognized once the first articles are approved by the customers or achievement of mile stones as per customer contract.

Job work Income: Revenue from the rendering of services is recognised upon the delivery of service to the customers. In contracts involving the rendering of services, revenue is recognised pro-rata over the period contract as and when services are rendered.

h) Other Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the Statement of Profit and Loss. Duty drawback and other incentives are recognized on accrual basis in the Statement of Profit and Loss.

i) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

ii. Deferred tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

j) Foreign currencies:

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

k) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to revenue, it is recognised in the statement of profit and loss on a systematic basis over the periods to which they relate.

l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in Statement of profit or loss in the period in which they are incurred.

m) Provisions and contingent liabilities

i. General:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii. Contingent liabilities:

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

iii Onerous contracts:

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

n) Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Director - Operations.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

o) Employee benefits

i. Short-term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

ii. Post-employment benefits

Contributions to defined contribution schemes such as Provident Fund, employee state insurance scheme, Pension Fund, etc., are considered as defined contribution plans and are recognised as expenses in the period in which the employee renders the related service.

The Company also provides for post-employment defined benefit in the form of gratuity and medical benefits. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Remeasurement of the net benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interests) and the effect of the assets ceiling (if any, excluding interest) are recognised in other comprehensive income. The effect of any plan amendments are recognised in net profit in the Statement of Profit and Loss.

iii. Other long-term employee benefits

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at 31 March every year using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

p) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

q) Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit / (loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit / (loss) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented in case of share splits.

r) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

s) Recent accounting pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

Note 3: Property, plant and equipment

Rs. In lakhs

Particulars	Tangible assets								Intangible assets	
	Factory Buildings	Plant & Machinery	Electrical Installations	Office Equipments	Computers	Furniture and Fixtures	Vehicles	Total	Computer software	Total
Cost										
As at April 1, 2019	6,591.12	10,022.48	1,409.50	258.40	262.34	343.01	32.82	18,919.67	429.46	429.46
Additions	11.83	227.50	1.27	35.68	44.61	25.15	–	346.04	37.48	37.48
Disposals	–	20.24	–	32.92	9.19	3.45	–	65.80	0.19	0.19
As at March 31, 2020	**6,602.95**	**10,229.74**	**1,410.77**	**261.16**	**297.76**	**364.71**	**32.82**	**19,199.91**	**466.75**	**466.75**
Additions	4.37	727.04	–	70.26	6.08	8.63	–	816.38	37.41	37.41
Disposals	–	47.30	–	22.56	4.40	2.11	14.20	90.57	–	–
As at March 31, 2021	**6,607.32**	**10,909.48**	**1,410.77**	**308.86**	**299.44**	**371.23**	**18.62**	**19,925.72**	**504.16**	**504.16**
Accumulated Depreciation and Amortisation										
As at April 1, 2019	1,231.57	3,623.44	626.54	203.55	209.86	130.81	21.85	6,047.62	340.14	340.14
Charge for the year	241.26	886.95	136.19	20.28	27.64	37.05	3.90	1,353.27	51.97	51.97
Disposals	–	18.85	–	32.66	8.81	2.00	–	62.32	0.19	0.19
As at March 31, 2020	**1,472.83**	**4,491.54**	**762.73**	**191.17**	**228.69**	**165.86**	**25.75**	**7,338.57**	**391.92**	**391.92**
Charge for the year (Refer note 33)	279.40	1,342.35	–	29.79	19.65	172.36	3.73	1,847.28	36.81	36.81
Disposals	–	41.08	–	22.52	4.29	1.63	13.49	83.01	–	–
As at March 31, 2021	**1,752.23**	**5,792.81**	**762.73**	**198.44**	**244.05**	**336.59**	**15.99**	**9,102.84**	**428.73**	**428.73**
Net block										
As at April 1, 2019	5,359.55	6,399.04	782.96	54.85	52.48	212.20	10.97	12,872.05	89.32	89.32
As at March 31, 2020	5,130.12	5,738.20	648.04	69.99	69.07	198.85	7.07	11,861.34	74.83	74.83
As at March 31, 2021	**4,855.09**	**5,116.67**	**648.04**	**110.42**	**55.39**	**34.64**	**2.63**	**10,822.88**	**75.43**	**75.43**

Capital work in progress

Particulars	As at April 1, 2020	Additions	Capitalised during the year	As at March 31, 2021
Capital work in progress	247.76	670.00	853.79	**63.97**

Net block	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Property, plant and equipment	**10,822.88**	11,861.34	12,872.05
Capital work in progress	**63.97**	247.76	852.48
Intangible assets	**75.43**	74.83	89.32

Note:

1. First charge by way of equitable mortgage of the immovable property comprising leasehold land with factory building and other structures (existing and to be constructed) and first charge by way of hypothecation on all movable fixed assets (both present and future) is created in favour of Axis Bank Limited for the Credit facilities availed by the Company.
2. Plant and machinery includes certain equipment covered under a 'technical seizure order' issued by the Directorate of Revenue Intelligence (DRI). Gross block and net block value of these equipment as on March 31 2021 are Rs. 2,605.67 lakhs and Rs. 477.20 lakhs respectively (2020: 2,605.67 and 1,107.17 Gross block and net block respectively).

   Depreciation for the current year includes Rs. 570.30 Lakhs of accelerated depreciation (Refer Note 33)

Note 3A: Right of use assets

Particulars	Net carrying amount as at April 1, 2020	Additions for year ended March 31, 2021	Depreciation on right-of-use asset	Net carrying amount as at March 31, 2021
Right of use assets	**38.22**	**–**	4.59	**33.63**

Interest on lease liabilities for the year ended on March 31, 2021 is Rs. 3.24 Lakhs (2020: Rs.3.42 lakhs)

Note 4: Income tax assets (net)

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
TDS receivable (net of provision for taxation Rs. NIL Lakhs (2020: Rs. NIL Lakhs))	**17.39**	19.00
	17.39	19.00

Note 5: Other non-current assets

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good unless otherwise stated		
Balances with government authorities		
GST credit receivable	**1,258.81**	1,258.81

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Less: Provision	**(1,258.81)**	(1,258.81)
	–	–
Customs deposit	**277.47**	277.47
Capital advances	**–**	25.58
Consideration paid for lease land [Refer Note No. 30 (a)]	**870.51**	870.51
Other deposits	**12.46**	12.46
	1,160.44	1,186.02

Note 6: Inventories

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
(at the lower of cost and net realisable value)		
Raw materials [Includes in transit Rs. Nil; (2020: Rs. 51.84 lakhs)]	**1,066.33**	621.67
Work in progress	**361.99**	305.99
Finished goods [Includes in transit Rs. 19.48 lakhs; (2020: Rs. 19.27 lakhs)]	**696.59**	805.18
Stores and spares	**331.82**	453.24
	2,456.73	2,186.08

Note: The above Inventory is net of, provision of Rs. 192.12 Lakhs (2020: Rs. 234.99 Lakhs) towards obsolescence. During the year the Company has recognised provision of Rs. Nil Lakhs (2020: Rs. 73.30 Lakhs) and has utilized opening provision of Rs. 42.87 Lakhs (2020: Rs. 124.55 Lakhs).

Note 7: Trade receivables

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
From others	**1,823.07**	1,927.36
	1,823.07	1,927.36

Note: No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

The carrying amount of trade receivables approximates their fair value. The Company's exposure to credit and currency risks, and impairment allowances related to trade receivables is disclosed in Note 29

Rs. In lakhs

Age of Receivables	As at March 31, 2021	As at March 31, 2020
With in the Credit Period	**1,806.84**	1,809.31
Upto 6 months past due	**16.23**	118.05
More than 6 months past due	**–**	–
	1,823.07	1,927.36

Note 8: Cash and cash equivalents

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents		
– On Current Accounts	**17.54**	40.97
– On EEFC Accounts	**127.93**	76.07
Cash on hand	**–**	0.38
Bank Balance other than Cash and cash equivalents		
Fixed deposits	**2,518.77**	–
	2,664.24	117.42

Note 9: Bank balance other than cash and cash equivalents

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Restricted Cash and bank balances - current		
Earmarked deposit accounts with bank*	**23.19**	4.70
	23.19	4.70

* Fixed deposit is lien with bank for Bank Guarantee/letter of credit.

Note 10: Other financial assets

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good unless and otherwise stated		
Non - current		
Security deposits	**36.23**	36.23
	36.23	36.23
Current		
Security deposits	**–**	7.00
Dues from related parties (Refer note 28)	**–**	2.74
Interest accrued on deposits	**31.01**	0.20
	31.01	9.94

These financial assets are carried at amortised cost unless otherwise stated.

The Company's exposure to currency and liquidity risk are disclosed in note 29.

Note 11: Other current assets

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good unless and otherwise stated		
Balances with government authorities:		
GST credit receivable	**695.42**	428.23

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Foreign VAT receivable	**79.63**	134.68
MEIS benefit receivable	**207.20**	191.71
Duty drawback receivable	**31.59**	62.05
Less: Provision for Duty drawback receivable	**–**	(55.84)
	1,013.84	760.83

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
GST Refund receivable	**128.56**	4.52
Advance to suppliers	**70.94**	231.97
Advances to employees	**0.01**	1.65
Prepaid expenses	**47.24**	19.62
	1,260.59	1,018.59

Note 12: Share capital

Rs. In lakhs

	Particulars	As at March 31, 2021		As at March 31, 2020	
		Nos	**Amount**	Nos	Amount
1	Authorised :	**470,000,000**	**47,000.00**	470,000,000	47,000.00
	(Equity Shares of Rs. 10 each)				
	Total	**470,000,000**	**47,000.00**	470,000,000	47,000.00
2	Issued:				
	Equity: (Equity shares of Rs. 10 each)				
	Opening balance	**428,860,000**	**42,886.00**	398,860,000	39,886.00
	Add: Issued during the year	**35,640,000**	**3,564.00**	30,000,000	3,000.00
	Closing balance	**464,500,000**	**46,450.00**	428,860,000	42,886.00
3	Subscribed and fully paid up:				
	Equity: (Equity shares of Rs. 10 each)				
	Opening balance	**428,860,000**	**42,886.00**	398,860,000	39,886.00
	Add: Issued during the year	**35,640,000**	**3,564.00**	30,000,000	3,000.00
	Closing balance	**464,500,000**	**46,450.00**	428,860,000	42,886.00
	Total	**464,500,000**	**46,450.00**	428,860,000	42,886.00

Notes:

1) The above 46,45,00,000 (2020: 42,88,60,000) shares are held by Mahindra Aerospace Private Limited, the holding company, Including shares held jointly with nominees.

2) Details of shareholders holding more than 5% shares in the Company:

Name of the shareholder	As at March 31, 2021 Nos	%	As at March 31, 2020 Nos	%
Mahindra Aerospace Private Limited and its nominees*	**464,500,000**	**100.00%**	428,860,000	100.00%

* Includes 8 shares (2020: 8 shares) held by nominees jointly with Mahindra Aerospace Private Limited

3) Rights, preferences and restrictions attached to equity shares:

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

4a) During previous year ended 31st march 2020, the company has made a rights issue offer of 3,00,00,000 equity shares of Rs. 10 each for cash at par. The offer period was from 05 August 2019 to 03 September 2019 (both days inclusive). After the expiry of the time specified in this offer as aforesaid, the Rights Issue Committee of the Board of Directors alloted 3,00,00,000 shares.

4b) During current year the company has made a rights issue offer of 3,35,00,000 equity shares of Rs. 10 each for cash at par. The offer period was from 01 June 2020 to 15 June 2020 (both days inclusive). After the expiry of the time specified in this offer as aforesaid, the Rights Issue Committee of the Board of Directors alloted 3,35,00,000 shares.

4c) During current year the company has made a rights issue offer of 21,40,000 equity shares of Rs. 10 each for cash at par. The offer period was from 30 October 2020 to 13 November 2020 (both days inclusive). After the expiry of the time specified in this offer as aforesaid, the Rights Issue Committee of the Board of Directors alloted 21,40,000 shares.

5) The Company has not allotted any fully paid equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.

Note 13: Other equity

Rs. In lakhs

Particulars	Retained earnings	Other comprehensive income	Total
As at April 1, 2019	**(25,392.52)**	**(11.06)**	**(25,403.58)**
Re-measurement gain/(loss) on defined benefit plans	–	16.14	16.14
Loss for the year	(861.65)	–	(861.65)
As at March 31, 2020	**(26,254.17)**	**5.08**	**(26,249.09)**
Re-measurement gain/(loss) on defined benefit plans	–	8.18	8.18
Loss for the year	(2,296.77)	–	(2,296.77)
As at March 31, 2021	**(28,550.94)**	**13.26**	**(28,537.68)**

Rs. In lakhs

Particulars	Retained earnings	Other comprehensive income	Total
Total other equity			
As at April 1, 2019	(25,392.52)	(11.06)	(25,403.58)
As at March 31, 2020	(26,254.17)	5.08	(26,249.09)
As at March 31, 2021	**(28,550.94)**	**13.26**	**(28,537.68)**

Note 14: Borrowings

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Carried at Amortised Cost		
Current [repayable on demand (Refer note below)]		
Export credit facility	**1,289.49**	565.06
	1,289.49	565.06

Notes:

A) Loans repayable on demand is secured by:

– Exclusive charge on current assets of the company.

B) Repayment and other terms :

Export credit facility includes -

Rupee loan amonts to Rs 1.70 Lakhs (2020: Nil), payable on demand carries interest of 6 months MCLR.

Foreign currency loan amounts to Rs.1287.79 Lakhs (2020: Rs. 565.06 Lakhs), Payable on demand carries interest of 6 months LIBOR + 100 bps

Net debt reconciliation:

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents	**2,664.24**	117.42
Current borrowings	**(1,289.49)**	(565.06)
Net Surplus/ (debt)	**1,374.75**	(447.64)

Note 15: Other financial liabilities

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Interest accrued but not due on borrowings	**1.09**	0.59
Security deposits - Dues to related parties (Refer note 28)	**3.60**	3.60
Capital creditors*	**37.37**	12.56
	42.06	16.75

* Includes Dues to micro and small enterprises Rs. 23.31 Lakhs (2020: Rs.8.83 Lakhs) (Refer Note No. 31)

Note 16: Provisions

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Non-current		
Compensated absences	**80.10**	72.58
	80.10	72.58
Current		
Gratuity (Refer note 27)	**14.03**	33.22
Compensated absences	**20.53**	15.32
	34.56	48.54

Note 17: Trade payables

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Dues to micro and small enterprises (Refer note 31)	**92.45**	16.86
Dues to related parties (Refer note 28)	**42.68**	31.20
Dues to others	**547.85**	839.69
	682.98	887.75

Note 18: Other current liabilities

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues (contributions to provident fund, employee state insurance, withholding taxes, goods and service tax,etc.)	**42.31**	61.25
Payables to employees	**333.22**	310.99
Advance received from customers	**–**	64.99
Others	**2.46**	2.36
	377.99	439.59

Note 19: Revenue from operations

Rs. In lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of products		
– Manufactured products	**5,468.86**	7,772.12
– Traded goods	**244.90**	616.27
Sale of services		
Job work income	**624.63**	245.92
Product development income	**315.18**	138.02
Other operating revenues		
Duty drawback and other incentive	**235.98**	295.92
Scrap sales	**7.11**	17.74
	6,896.66	9,085.99

Note 20: Other income

Rs. In lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Operating lease rental income	**3.99**	3.81
Gain on foreign exchange translation, (net)	**–**	105.79
Interest income on		
Bank deposits	**89.99**	9.50
Income tax refund	**0.84**	1.69
Provision no longer required written back*	**55.84**	–
Other miscellaneous income	**1.91**	4.93
	152.57	125.72

Provision was originally created in FY 20 for doubtful incentive under government scheme

Note 21: Cost of materials consumed

Rs. In lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventory at the beginning of the year	**621.67**	994.21
Add: Purchases	**2,379.80**	2,182.71
Less: Inventory at the end of the year	**1,066.33**	621.67
	1,935.14	2,555.25

Note 22: Changes in Inventories of finished goods and work-in-progress

Rs. In lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
At the beginning of the year		
Work-in progress	**305.99**	344.63
Finished progress	**805.18**	722.78
	1,111.17	1,067.41
At the end of the year		
Work-in progress	**361.99**	305.99
Finished goods	**696.59**	805.18
	1,058.58	1,111.17
Net (increase)/decrease	**52.59**	(43.76)

Note 23: Employee benefits expense

Rs. In lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	**2,391.52**	2,368.61
Remuneration to Managing Director	**190.81**	173.29
Contribution to provident and other funds	**124.08**	140.11
Staff welfare expenses	**272.24**	295.28
	2,978.65	2,977.29

Note 24: Finance costs

Rs. In lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense at amortised costs		
on loans	**11.54**	181.43
on lease liabilities	**3.24**	3.52
on others	**4.65**	3.42
	19.43	188.37

Note 25: Depreciation and amortisation expense

Rs. In lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of tangible assets	**1,276.98**	1,353.27
Amortisation of intangible assets	**36.81**	51.97
Depreciation on right-of-use asset	**4.59**	4.59
	1,318.38	1,409.83

Refer Notes 3 & 3A

Note 26: Other expenses

Rs. In lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Consumption of stores and spares	**432.77**	394.58
Power and fuel	**298.78**	396.68
Rent	**6.60**	9.45
Repairs and maintenance:		
– Plant and equipment	**152.22**	86.07
– Buildings	**–**	3.37
– Others	**57.58**	60.28
Insurance	**102.64**	68.79
Rates and taxes	**21.45**	19.24
Auditors remuneration (refer note below)	**9.34**	9.30
Directors sitting fee	**–**	0.80
Legal and other professional charges	**636.79**	560.79
Travelling and conveyance	**5.17**	146.25
Bank charges	**41.13**	57.50
Business promotion expenses	**9.41**	63.08
Freight outwards	**91.23**	158.00
Loss on foreign exchange translation	**0.95**	–
Information technology expenses	**128.63**	132.65
Loss on sale of property, plant and equipment, (net)	**0.66**	–
Property, plant and equipment written off	**6.73**	3.48
Provision for doubtful incentive under government scheme	**–**	55.84

Rs. In lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Office and administrative expenses	**103.16**	115.38
Testing and calibration charges	**86.54**	54.95
Other miscellaneous expenses	**83.01**	108.82
	2,274.79	2,505.30

Note:

Rs. In lakhs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Auditors' remuneration includes:		
Statutory audit	**6.00**	4.50
Other services and certifications	**3.00**	4.28
Reimbursement of expenses	**0.34**	0.52
	9.34	9.30

Note 27: Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and others aggregating Rs. 94.09 lakhs (2020 : Rs. 99.23 lakhs) has been recognised in the Statement of Profit or Loss under the head employee benefits expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit is payable as per the Payment of Gratuity Act, 1972. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Rs. In lakhs

Particulars	Funded Plan Gratuity 31-Mar-21	Funded Plan Gratuity 31-Mar-20
I. Expense recognised in the Statement of Profit and Loss for the year		
Current service cost	**29.07**	36.83
Net interest cost	**0.91**	1.59
	29.98	38.42
II. Recognised in other comprehensive income for the year		
Return on Plan Assets	**4.02**	(1.64)
Actuarial (Gain)/Loss on account of :		
– Demographic Assumptions	**–**	(1.40)
– Financial Assumptions	**(9.57)**	(14.97)
– Experience Adjustments	**(2.63)**	1.87
	(8.18)	(16.14)
Total	**21.80**	22.28

Rs. In lakhs

Particulars	Funded Plan Gratuity 31-Mar-21	Funded Plan Gratuity 31-Mar-20
III. Change in the obligation during the year ended		
1. Present value of defined benefit obligation at the beginning of the year	**138.89**	115.76
2. Acquisitions/Divestures/Transfer (transfer of employees from MAPL)	**–**	–
3. Current Service Cost	**29.07**	36.83
4. Interest Cost	**9.81**	7.41
5. Recognised in Other Comprehensive Income		
– Actuarial (Gain)/Loss	**(12.20)**	(14.50)
6. Benefit paid	**(5.04)**	(6.61)
Present value of defined benefit obligation at the end of the year	**160.53**	138.89
IV. Change in fair value of assets during the year ended		
1. Fair value of plan assets at the beginning of the year	**105.67**	78.29
2. Interest income	**8.89**	5.82
3. Recognised in Other Comprehensive Income		
–Return on plan assets	**(4.02)**	1.64
4. Contributions by employer	**41.00**	26.53
5. Benefit paid	**(5.04)**	(6.61)
Fair value of plan assets at the end of the year	**146.50**	105.67
V. Net Liability/(Asset) recognised in the Balance Sheet		
– Present value of defined benefit obligation	**160.53**	138.89
– Fair value of plan assets	**146.50**	105.67
Net liability	**14.03**	33.22
Current portion of the above	**14.03**	33.22
Non current portion of the above	**–**	–

Plan Assets:

The details with respect to the investment made by Fund manager (Life Insurance Corporation) into major categories of plan assets have not been disclosed, as the same has not been provided by the Fund manager to the Company.

Actuarial Assumptions:

The principal assumptions used in determining defined benefit obligations and fair value of asset for gratuity and leave encashment are:

Particulars	31-Mar-21	31-Mar-20
Discount rate	**7.19%**	6.59%
Future salary increases	**6.00%**	6.00%
Attrition rate	**11.12%**	11.12%
Estimated rate of return on plan assets	**7.19%**	6.59%
Mortality	Indian Assured Lives Mortality (2012-14) (Ultimate)	Indian Assured Lives Mortality (2012-14) (Ultimate)

A quantitative Sensitivity analysis for significant assumption as at 31 March 2021 are as below

	Gratuity						
Assumptions	**Discount Rate**		**Further Salary Increase**		**Attrition**		**Mortality**
Sensitivity Level	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease	10% Up
Impact on defined benefit obligation - Gratuity (Rs.in Lakhs)	(14.00)	16.50	16.11	(13.86)	0.36	(0.48)	0.010
Percentage change	(8.72%)	10.28%	10.04%	(8.63%)	0.23%	(0.30%)	0.01%

A quantitative Sensitivity analysis for significant assumption as at 31 March 2020 are as below

	Gratuity						
Assumptions	**Discount Rate**		**Further Salary Increase**		**Attrition**		**Mortality**
Sensitivity Level	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease	10% Up
Impact on defined benefit obligation - Gratuity (Rs.in Lakhs)	(13.26)	15.74	15.31	(13.10)	(0.64)	0.62	0.0043
Percentage change	(9.55%)	11.33%	11.02%	(9.43%)	(0.46%)	0.45%	0.00%

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions by the Company to the defined benefit plan in future years:

		Rs. In lakhs
	Gratuity	
Particulars	**31-Mar-21**	31-Mar-20
Within the next 12 months	**9.20**	5.86
Between 2 and 5 years	**38.25**	24.53
Between 6 and 10 years	**34.12**	23.19

Note 28: Related Party transactions

i) Related parties where control exists along with nature of relationship

Name of Related Party Company	**Nature of Relationship**
Mahindra & Mahindra Limited	Ultimate holding company
Mahindra Aerospace Private Limited	Holding company

ii) Related parties under Ind AS 24 and as per Companies Act, 2013

Key management personnel (KMP)

Mr. S. P. Shukla	Chairman & Non-executive director
Mr. Arvind Kumar Mehra	Managing Director & CEO (w.e.f 26 April 2019)
Dr. Karthik Krishnamurthy	Chief Operating Officer and Wholetime Director
Ms. Seema Bangia	Non-executive director (w.e.f 01 June 2020)
Mr. Mukul Verma	Non-executive director
Mr. Dhiraj Rajendran	Non-executive director
Ms. Rajyalakshmi Rao Meka	Independent director (until 29 March 2020)
Mr. T S Sarma	Chief Financial Officer
Mr. V.S. Ramesh	Company Secretary

Other parties with whom transaction have taken place during the year:

Name of Related Party	**Nature of Relationship**
GippsAero Pty Ltd.	Fellow subsidiary
Mahindra Integrated Business Solutions Private Limited	Fellow subsidiary
Bristlecone India Ltd.	Fellow subsidiary
Mahindra Defence Systems Limited, SSG Division	Fellow subsidiary
Mahindra E-Market Limited	Fellow subsidiary
Mahindra Engineering And Chemical Pvt Ltd	Fellow subsidiary
Mahindra Aerostructures Private Limited Employees Group Gratuity Assurance Scheme	Employees Gratuity Trust

iii) Details of the transactions with the related parties during the year:

		Rs. In lakhs
Particulars	**2020-21**	2019-20
I. Transactions with Group entities		
Services received (included under note 26 Other expense)		
Mahindra & Mahindra Limited	**280.09**	211.91
Mahindra Integrated Business Solutions Private Limited	**77.04**	48.76
Mahindra Defence Systems Limited, SSG Division	**0.99**	4.57
Mahindra eMarket Limited	**–**	0.89
Mahindra Engineering And Chemical Pvt Ltd	**–**	0.43
	358.12	266.56
Sale of goods		
GippsAero Pty Ltd.	**120.28**	367.60
	120.28	367.60
Purchase of Goods		
GippsAero Pty Ltd.	**–**	14.72
	–	14.72
Rent received		
Mahindra Aerospace Private Limited	**3.99**	3.81
	3.99	3.81
Reimbursement of expenses made to:		
Mahindra & Mahindra Limited	**–**	1.46
Mahindra Aerospace Private Limited (included under Legal and other professional charge Refer note 26)	**77.65**	53.49
Bristlecone India Ltd.	**–**	0.75
	77.65	55.70
Expenses paid		
Mahindra Aerostructures Private Limited Employees Group Gratuity Assurance Scheme	**0.15**	2.56
	0.15	2.56

Particulars	2020-21	2019-20
		Rs. In lakhs
Equity shares issued		
Mahindra Aerospace Private Limited	**3,564.00**	3,000.00
	3,564.00	3,000.00

II. Transactions with key managerial personnel

Particulars	2020-21	2019-20
Salary and perquisites*		
Mr. Arvind Kumar Mehra	**190.81**	173.29
Dr. Karthik Krishnamurthy	**74.10**	75.88
Mr. T. Subrahmanya Sarma	**57.70**	60.26
	322.61	**309.43**
Sitting fees paid to independent directors	**–**	**0.80**

* Compensation of key managerial personnel does not include post employment defined benefit plan and compensated absences as the same has been provided based on the actuarial valuation determined for the Company as a whole.

(iv) Details of balances receivable from and payable to related parties are:

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Other financial assets		
Mahindra Aerospace Private Limited	**–**	2.74
	–	2.74

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables		
Mahindra & Mahindra Limited	**41.59**	21.89
Mahindra Integrated Business Solutions Pvt Ltd.	**–**	7.75
GippsAero Pty Ltd	**–**	0.66
Mahindra Defence Systems Limited, SSG Division	**1.09**	0.44
Mahindra Engineering And Chemical Pvt Ltd	**–**	0.46
	42.68	31.20
Security Deposit		
Mahindra Aerospace Private Limited	**3.60**	3.60
	3.60	3.60

Notes:

1. Corporate guarantees given by holding company in respect of credit facilities availed by the Company Rs. 9,500 Lakhs (2020: Rs. 9,500 Lakhs)

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

Note 29: Financial instruments - Fair values and risk management

A The carrying value and fair value of financial instruments by categories

Rs. In lakhs

	As at March 31, 2021		As at March 31, 2020		Fair value			
	Carrying Value	Fair values	Carrying Value	Fair values	Level 1	Level 2	Level 3	Total
Financial assets								
Trade receivables	**1,823.07**	**1,823.07**	1,927.36	1,927.36	–	–	–	–
Cash and cash equivalents and other bank balances	**2,664.24**	**2,664.24**	117.42	117.42	–	–	–	–
Bank balance other than cash and cash equivalents	**23.19**	**23.19**	4.70	4.70	–	–	–	–
Security deposits	**36.23**	**36.23**	43.23	43.23	–	–	–	–
Dues from related parties	**–**	**–**	2.74	2.74	–	–	–	–
Interest accrued on deposits	**31.01**	**31.01**	0.20	0.20	–	–	–	–

Rs. In lakhs

	As at March 31, 2021		As at March 31, 2020		Fair value			
	Carrying Value	Fair values	Carrying Value	Fair values	Level 1	Level 2	Level 3	Total
Financial liabilities								
Borrowings	**1,289.49**	**1,289.49**	565.06	565.06	–	–	–	–
Trade payables	**682.98**	**682.98**	887.75	887.75	–	–	–	–
Other financial liabilities	**42.06**	**42.06**	16.75	16.75	–	–	–	–

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of cash and cash equivalents, trade receivables, loans, bank balance other than cash and cash equivalents, borrowings, trade payables, other current financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's long-term debt has been contracted at market rates of interest. Accordingly, the carrying value of such long-term debt approximates fair value. Based on this evaluation, the Company records allowance for estimated losses on these receivables. As of March 31, 2021 and March 31, 2020, the carrying value of such receivables, net of allowances approximates the fair value.

There have been no transfers among Level 1, Level 2 and Level 3 during the period.

B Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Company's management oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

C Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to the following risks from its use of financial instruments:
- Market risk
- Credit risk
- Liquidity risk

The note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings. The sensitivity analyses in the following sections relate to the position as at 31 March 2021 and 31 March 2020. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies. The analyses exclude the impact of movement in market variables on: the carrying values of gratuity and other post retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2021 and 31 March 2020.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

b. Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Average Interest Rate	Increase/ decrease in base points	Effect of profit before tax
March 31, 2021			
Interest Rates increased by 50 bps	1.38%	+50	Increase in interest by Rs. 3.02 Lakhs
Interest Rates reduced by 50 bps	1.38%	-50	Reduction in interest by Rs. 3.02 Lakhs
March 31, 2020			
Interest Rates increased by 50 bps	9.80%	+50	Increase in interest by Rs. 6.69 Lakhs
Interest Rates reduced by 50 bps	9.80%	-50	Reduction in interest by Rs. 6.69 Lakhs

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

c. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

d. Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, GBP, AUD ,EUR and SGD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Company's exposure to foreign currency changes for all other currencies are not material.

Rs. In lakhs

	31-Mar-21		31-Mar-20	
Particulars	**Increase / decrease in basis points**	**Effect on profit before tax**	Increase / decrease in basis points	Effect on profit before tax-
AUD	**+50**	**–**	+50	–
EUR	**+50**	**0.78**	+50	(0.46)
GBP	**+50**	**(0.03)**	+50	(0.00)
USD	**+50**	**9.63**	+50	11.29
SGD	**+50**	**(0.01)**	+50	0.02
AUD	**-50**	**–**	-50	–
EUR	**-50**	**(0.78)**	-50	0.46
GBP	**-50**	**0.03**	-50	0.00
USD	**-50**	**(9.63)**	-50	(11.29)
SGD	**-50**	**0.01**	-50	(0.02)

The movement in the pre-tax effect is a result of a change in the fair value of monetary assets and liabilities denominated in US dollars, where the functional currency of the entity is a currency other than US dollars.

(ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

a. Trade Receivable

Trade Receivables: The credit period on sales ranges between 30 to 120 days. No interest is charged on trade receivables. The company's customers are reputed Aerospace industry companies having good financial position and there is no past default experience of the counter parties. Trade receivables disclosed below includes the amounts that are past due at the end of the reporting period for which the company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and amounts are still considered recoverable.

Rs. In lakhs

Particulars	**31-Mar-21**	31-Mar-20
Not Due	**1,806.84**	1,809.31
< 30 days	**15.62**	79.68
30-60 days	**0.61**	32.44
61-180 days	**–**	5.93
181-360 days	**–**	–
> 360 days	**–**	–
Total	**1,823.07**	1,927.36

Information about major customers:

Revenue from single external customer is approximately Rs. 1,572.51 lakhs (2020: Rs. 2,587.84 lakhs) representing 24% (2020: 30%) of Company's total revenue from operations for the year ended 31 March 2021. Receivables from single external customer is approximately Rs. 373.15 Lakhs (2020: Rs. 452.13 Lakhs) representing 20% (2020: 23%) of Company's total receivables as at 31 March 2021. Apart from the aforesaid single customer, the Company does not have a significant credit risk exposure to any other single counterparty.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

Rs. In lakhs

	On demand	**Less than 1 year**	**1 to 2 Year**	**2 to 5 year**	**More than 5 Years**	**Total**
Year ended 31 March 2021						
Borrowings	**1,289.49**	**–**	**–**	**–**	**–**	**1,289.49**
Trade payables	**–**	**682.98**	**–**	**–**	**–**	**682.98**
Other financial liabilities	**–**	**42.06**	**–**	**–**	**–**	**42.06**
	1,289.49	**725.04**	**–**	**–**	**–**	**2,014.53**
Year ended 31 March 2020						
Borrowings	565.06	–	–	–	–	565.06
Trade payables	–	887.75	–	–	–	887.75
Other financial liabilities	–	16.75	–	–	–	16.75
	565.06	904.50	–	–	–	1,469.56

Financial assets carried at amortised cost as at March 31, 2021 is Rs. 4,577.48 Lakhs. (2020: Rs. 2,095.65 Lakhs) carried at amortised cost is in the form of cash and cash equivalents, bank deposits, earmarked balances with banks, security deposits etc. where the Company has assessed the counterparty credit risk. Trade receivables of Rs. 1,823.07 Lakhs as at March 31, 2021 forms a significant part of the financial assets carried at amortised cost which is valued considering provision for allowance using expected credit loss method (if any). In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the impact immediately seen in the demand outlook and the financial strength of the customers in respect of whom amounts are receivable. The Company has specifically evaluated the potential impact with respect to Aerospace Sector. The Company closely monitors its customers who are being impacted.

Basis this assessment, the Management believes Company is not required to provide for doubtful trade receivables as at March 31, 2021.

D Capital management

For the purpose of the company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

		Rs. In lakhs	% change
	31 March 2021	31 March 2020	
Total equity (A)	**17,912.32**	16,636.91	7.67
Current loans and borrowings	**1,289.49**	565.06	
Non current loans and borrowings	**–**	–	
Current maturities of long-term loans	**–**	–	
Total loans and borrowings (B)	**1,289.49**	565.06	128.20
Total capital (loans and borrowings and equity) (C)	**19,201.81**	17,201.97	
As percentage of total capital (B/C)	**6.72**	3.28	
Total loans and borrowings as percentage of Total equity (B/A)	**7.20**	3.40	

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Ultimate Holding/ Parent company will provide financial support in the future to enable them to settle their obligation as and when they fall due and operate as a going concern.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

30. Commitments and contingent liabilities

a) The Company entered into a lease-cum-sale agreement ('Agreement') for a period of 10 years with KIADB for 20 acres of land allotted in Narasapura Industrial area, Kolar District, Karnataka, for the setting up of aerospace component manufacturing facility. The title of the land will be transferred to the Company during the current lease term or at the end of 10 year or extended period, if any, after fulfilling all conditions stipulated in the said Agreement.

During the year ended March 31, 2012, the company incurred Rs. 870.51 Lakhs towards allotment consideration and other related expenses in connection with the said lease-cum-sale agreement. The said amount is disclosed under non-current assets.

As per the agreement, an amount of Rs. 134.00 lakhs is payable to KIADB towards implementation of water supply scheme. However, during 2015 the KIADB raised a demand for Rs. 410.00 lakhs i.e. an increase of Rs. 276.00 lakhs. The Company disputed the amount and the same is pending with KIADB.

b) The estimated amount of contracts remaining to be executed on Capital account and not provided for Rs. 176.01 lakhs (2020: Rs. 174.62 lakhs)

c) Customs duty and penalty of Rs. 2,598.85 lakhs (2020: 2,598.85 lakhs) along with the applicable interest payable against the order issued by the Commissioner of Customs in the matter of import of certain pre-owned equipment. The Company has filed an appeal and the same is pending with the CESTAT.

d) Customs duty of Rs. 41.36 lakhs along with the applicable interest (2020: Rs. 41.36 lakhs) payable against the Demand Cum show cause notice issued by the Directorate of Revenue Intelligence in the matter of certain imports relating to installation of certain equipment, for which the company has submitted reply and the same is pending with Joint Commissioner of Customs.

e) In February 2019, Supreme Court of India in its judgement clarified that certain special allowances should be considered to measure obligation under Employees Provident Fund Act, 1952. The company has been legally advised that there are interpretive challenges on the application of judgement retrospectively and as such does not consider there any probable obligations for past periods. Accordingly, based on legal advice the company has made provision for provident fund contribution form the date of Supreme court order. The probable obligation for past periods amounting to Rs. 83.75 Lakhs has been considered by the Company as contingent liability.

Note: The Company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/courts and the ultimate outcome will not have a material adverse effect on the Company's financial position and results of operations.

31. Dues to micro and small enterprises

The information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This information has been relied upon by the Auditors. The disclosures relating to Micro, Small and Medium Enterprises as at March 31, 2021 are as under: -

			Rs. in Lakhs
Sr. No.	**Particulars**	**2020-20**	2019-19
A	The principal amount remaining unpaid to supplier as at the end of the year	115.76	25.69
B	The interest due thereon remaining unpaid to supplier as at the end of the year	0.42	0.01
C	Interest paid in terms of Section 16 of the Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	- Principal paid beyond the appointed date	625.56	536.69
	- Interest paid in terms of the Section 16 of the Act	9.85	–
D	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	–	–
E	Further interest due and payable even in the succeeding year, until such date when the interest due as above are actually paid to the small enterprises	13.04	20.64
F	The amount of interest accrued during the year and remaining unpaid at the end of the year	2.25	3.36

32. Earnings Per Share:

Basic earnings per share amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of Equity Shares outstanding during the year.

			Rs. in Lakhs
Sr. No.	**Particulars**	**31-Mar-21**	31-Mar-20
(a)	Earnings attributable to equity shareholders	**(2,296.77)**	(861.65)
(b)	Weighted average number of equity shares outstanding during the year	**456,939,726**	415,544,932
(c)	Basic Earnings per share (Rs.)	**(0.50)**	(0.21)
(d)	Dilutive Earnings per share (Rs.)	**(0.50)**	(0.21)

Weighted average no of shares (basic & diluted)

			Rs. In lakhs
	Particulars	**For the year ended 31 March 2021**	For the year ended 31 March 2020
(a)	Opening Balance	**428,860,000**	398,860,000
(b)	Effect of fresh issue of shares	**28,079,726**	16,684,932
(c)	Weighted average no of shares	**456,939,726**	415,544,932

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings/(loss) per share as follows:

Rs. In lakhs

Particulars	**For the year ended 31 March 2021**	For the year ended 31 March 2020
Weighted average number of equity shares used in the calculation of Basic EPS	**456,939,726**	415,544,932
Add: Effect of potential equity shares	**–**	–
Weighted average number of equity shares used in the calculation of Diluted EPS	**456,939,726**	415,544,932

33. During the year, management has carried out technical evaluation of certain Plant and machinery which are specialized equipments used for specific purposes. Based on such evaluation, management noted that these assets are not likely to be used due to capability limitations and are not expected to generate any future economic benefits to the Company. Management has performed a cost benefit analysis and identified that the refurbishing cost to bring these assets into use is significantly higher as compared to replacement cost of new assets. Accordingly, management has decided to charge accelerated depreciation of INR 570.30 Lakhs in the current year, resulting in the closing written down value of such asset to be Nil.

34. **Segment Reporting:**

The Company primarily operates in the aerospace segment. The Activities of the Company includes "Sale of aircraft components and sub assemblies".

The Managing Director & CEO of the Company, who has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit.

Therefore, based on the guiding principles given in Ind AS 108 on 'Operating Segments', the Company's business activity fall within a single operating segment, namely aerospace segment . Accordingly, the disclosure requirements of Ind AS 108 are not applicable.

Entity wide disclosure details as per Ind AS 108 on Operating segments are given below:

Revenue from Operations

	Domestic	**Overseas**	**Total**
2020-21	**172.00**	**6,481.57**	**6,653.57**
2019-20	204.00	8,568.33	8,772.33

a) Domestic & Overseas segments include Component sales, job work services and product development income to customers located in India & Out side India

b) There are no assets located outside India.

c) Customers contributing 10% or more of Company's revenue (4 customers amounting to Rs 4,903.82 Lakhs in 2020-21 and 4 customers amounting to Rs 7,107.11 Lakhs in 2019-20)

34A. Due to the transition method chosen in applying Ind AS 115, comparative information has not been restated to reflect the new requirements.:

A. Revenue streams:

The Company is primarily involved in manufacturing and sale of aircraft components, assemblies and aerostructures. Other sources of revenue include income from Job work services, trading of goods, government grants and incentives and scrap sales.

Particulars	**For the year ended 31 March 2021**	For the year ended 31 March 2020
Sale of goods and services	**6,653.57**	8,772.33
Other operating revenue	**243.09**	313.66
Total revenue	**6,896.66**	9,085.99

B. Disaggregation of revenue from contracts with customers:

In the following table, revenue from contracts with customers is disaggregated by primary geographical market

Rs. In lakhs

Particulars	**For the year ended 31 March 2021**	For the year ended 31 March 2020
India	**172.00**	204.00
Others	**6,481.57**	8,568.33
Total revenue	**6,653.57**	8,772.33

Impact of COVID-19

While the Company believes strongly that it has a rich portfolio of capabilities to partner with customers, the impact on future revenue streams could come from

- Reduction in customer requirement arising from overall reduction from Aerospace sector

The Company has assessed that customers in Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of contracts and have noted that there is no significant impact of likely delays / increased cost in meetings its obligations as at 31 March 2021. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised SLAs in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realisable values.

35. The Company has incurred losses in current and earlier years. The Company expects growth in its operations in coming years and is taking measures to improve its operational efficiency. Basis the continued financial support provided by the shareholders, undrawn borrowing facilities from the banks and cash flow projections, the use of going concern assumption has been considered appropriate in preparation of financial statements of the company. The Company's current assets exceed its current liabilities as at 31 March 2021.

Note 36: Income taxes

The Company has carried out its deferred tax computation in accordance with Ind AS 12 'Income Taxes' notified under the Companies (Indian Accounting Standards) Rules, 2015.

Significant components & classification of deferred tax assets and liabilities are as follows:

Rs. In lakhs

Particulars	**As at March 31, 2021**	As at March 31, 2020
Deferred tax liabilities		
Related to depreciation of fixed assets	**626.29**	768.07
Total deferred tax liability (a)	**626.29**	768.07
Deferred tax assets		
Provision for gratuity	**3.65**	8.64
Provision for leave encashment	**26.16**	22.85

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for inventory	**49.95**	61.10
Provision for service tax credit	**327.29**	327.29
Provision for Duty drawback receivable	**–**	14.52
Unabsorbed Depreciation	**3,080.59**	2,689.20
Carry forward losses	**3,935.92**	3,897.28
Others	**6.08**	10.53
Total deferred tax assets (b)	**7,429.65**	7,031.41
Net deferred tax assets (b-a)	**6,803.36**	6,263.34

Having regard to the accumulated losses, the Company has not recognised the net deferred tax assets in the absence of reasonable certainty at this stage that there will be sufficient future taxable income available to realize such assets.

(b) Reconciliation of effective tax rate:

Particulars	As at March 31, 2021		As at March 31, 2020	
Profit/(loss) before tax		**(1,726.47)**		(861.65)
Income tax expense calculated at domestic tax rates applicable to profits	**26.00%**	**(448.88)**	26.00%	(224.03)
Tax effects of:				
Permanent difference	**-0.12%**	**2.08**	-0.24%	2.08
Adoption of dispute resolution scheme	**-12.13%**	**209.37**	-24.30%	209.37
Others	**17.53%**	**(302.59)**	-11.24%	96.89
Deferred tax asset not recognised in statement of profit and loss		**(540.02)**		84.31
Income tax expense		**–**		–
Effective tax rate		**0.00%**		0.00%

(c) Tax losses

Particulars	March 31, 2021	Expiry date	March 31, 2020	Expiry date
Loss from business	**15,138.17**	31 March 2021 to 31 March 2030	14,989.53	31 March 2020 to 31 March 2029
Unabsorbed depreciation	**11,848.43**	Carried forward indefinitely	10,343.09	Carried forward indefinitely
Total	**26,986.60**		25,332.62	
Potential tax benefit	**7,016.52**		6,586.48	

37. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international as well as specified domestic transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of the stipulated timeline, as required by law. The Management is of the opinion that its international as well as specified domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

38. As the Company has losses in the earlier years provision of corporate social responsibility as per Companies Act, 2013 was not applicable.

39. During the year ended 31 March 2021, no material foreseeable loss (2020: Nil) was incurred for any long-term contract including derivative contracts.

As per our report of even date attached
For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 21063980AAAAEP5818

Place: Bangalore
Date: April 27, 2021

For and on behalf of the Board of Directors of
Mahindra Aerostructures Private Limited
CIN No. U35122MH2011PTC212744

Dr. Karthik Krishnamurthy
Whole Time Director
DIN No.07130799

Mr. Arvind Mehra
Managing Director
DIN No.01039769

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V. S. Ramesh
Company Secretary

Place: Mumbai
Date: April 27, 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA AEROSPACE AUSTRALIA PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report of Mahindra Aerospace Australia Pty Ltd, "the Company", which comprises the statement of financial position as at 31 March 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Mahindra Aerospace Australia Pty Ltd, is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 31 March 2021 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Mahindra Aerospace Australia Pty Ltd to meet the requirements of *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

N R BULL — PITCHER PARTNERS

Partner — Melbourne

Date 29 April 2021

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF MAHINDRA AEROSPACE AUSTRALIA PTY LTD

In relation to the independent audit for the year ended 31 March 2021, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001;* and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards).*

N R BULL — **PITCHER PARTNERS**

Partner — Melbourne

Date 29 April 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 $	2020 $
Revenue and other income			
Interest income	3	–	8,367
		–	8,367
Less: expenses			
Impairment loss	4	**(17,105,000)**	(57,553,573)
Professional fees	4	**(29,898)**	(31,275)
		(17,134,898)	(57,584,848)
Profit/(loss) before income tax expense		**(17,134,898)**	(57,576,481)
Other comprehensive income for the year		–	–
Total comprehensive loss		**(17,134,898)**	(57,576,481)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	2021 $	2020 $
Current assets			
Cash and cash equivalents	5	**5,982,632**	220,180
Total current assets		**5,982,632**	220,180
Non-current assets			
Investments in subsidiaries	6	**–**	–
Total assets		**5,982,632**	220,180
Current liabilities			
Payables	8	**22,000**	23,650
Total current liabilities		**22,000**	23,650
Total liabilities		**22,000**	23,650
Net assets		**5,960,632**	196,530
Equity			
Share capital	9	**142,135,380**	119,236,380
Retained earnings	10	**(136,174,748)**	(119,039,850)
Total equity		**5,960,632**	196,530

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Contributed equity $	Retained earnings $	Total equity $
Balance as at 1 April 2019	112,736,500	(61,463,369)	51,273,131
Loss for the year	–	(57,576,481)	(57,576,481)
Total comprehensive income for the year	–	(57,576,481)	(57,576,481)
Transactions with owners in their capacity as owners:			
Contributions	6,499,880	–	6,499,880
Total transactions with owners in their capacity as owners	6,499,880	–	6,499,880
Balance as at 31 March 2020	119,236,380	(119,039,850)	196,530
Balance as at 1 April 2020	119,236,380	(119,039,850)	196,530
Loss for the year	–	(17,134,898)	(17,134,898)
Total comprehensive income for the year	–	(17,134,898)	(17,134,898)
Transactions with owners in their capacity as owners:			
Contributions	22,899,000	–	22,899,000
Total transactions with owners in their capacity as owners	22,899,000	–	22,899,000
Balance as at 31 March 2021	**142,135,380**	**(136,174,748)**	**5,960,632**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 $	2020 $
Cash flow from operating activities			
Payments to suppliers		**(31,548)**	(29,125)
Interest received		**–**	8,367
Net cash used in operating activities		**(31,548)**	(20,758)
Cash flow from investing activities			
Payment for investments		**(17,105,000)**	(6,545,280)
Net cash used in investing activities		**(17,105,000)**	(6,545,280)
Cash flow from financing activities			
Proceeds from share issue		**22,899,000**	6,499,880
Loan repayment from associated entities		**–**	284,854
Net cash provided by financing activities		**22,899,000**	6,784,734
Reconciliation of cash			
Cash at beginning of the financial period		**220,180**	1,484
Net increase in cash held		**5,762,452**	218,696
Cash at end of financial period		**5,982,632**	220,180

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The directors have determined that the company is not a reporting entity on the basis that, in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this financial report is a special purpose financial report, which has been prepared to satisfy the financial reporting requirements of the *Corporations Act 2001*.

The financial report covers Mahindra Aerospace Australia Pty Ltd as an individual entity. Mahindra Aerospace Australia Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Mahindra Aerospace Australia Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the *Corporations Act 2001*, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of:

AASB 101: Presentation of Financial Statements

AASB 107: Statement of Cash Flows

AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the company's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2 to the financial statements.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The company incurred a loss from ordinary activities of $17,134,898 (2019: $57,576,481 loss) during the year ended 31 March 2021.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks.

(d) Investments in subsidiaries

Non-current investments are recorded at cost. The carrying amount of the investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments.

(e) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use (where 'value in use' is determined as the present value of the future cash flows expected to be derived from an asset or cash-generating unit).

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income to the extent that it does not exceed the amount in the revaluation surplus for the same asset. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

A reversal of an impairment loss for an asset measured at cost is recognised in profit or loss. A reversal of an impairment loss for an asset measured at a revalued amount is treated as a revaluation increase and is recognised in other comprehensive income, except to the extent that an impairment loss on the same asset was previously recognised in profit or loss, in which case a reversal of that impairment loss is also recognised in profit or loss.

(f) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current period disclosures.

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Investment in Subsidiaries

All investments in subsidiaries are assessed for impairment by evaluating whether indicators of impairment exist in relation to their carrying values.

For the purposes of impairment assessment, investments in subsidiaries is regarded as a single cash generating unit (CGU).

The recoverable amount of the carrying value of investments in subsidiaries has been assessed on the basis of projected cash flows approved by management covering a period of 2 years.

	2021	2020
	$	$
NOTE 3: OTHER REVENUE AND OTHER INCOME		
Other revenue		
Interest income	**–**	8,367
NOTE 4: OPERATING LOSS		
Loss before income tax has been determined after:		
Impairment		
– Other assets	**–**	228,289
– Investment in subsidiary	**17,105,000**	57,325,284
	17,105,000	57,553,573
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash at bank	**5,982,632**	220,180

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2021 **$**	2020 $
NOTE 6: INVESTMENT IN SUBSIDIARIES		
Investment in GippsAero Pty Ltd	**101,893,390**	84,793,890
Investment in GA8 Airvan Pty Ltd	**9,853**	8,753
Investment in GA200 Pty Ltd	**9,853**	8,753
Investment in Airvan 10 Pty Ltd	**9,860**	8,760
Investment in Airvan Flight Services Pty Ltd	**9,852**	8,752
Investment in Nomad TC Pty Ltd	**5,011,500**	5,010,400
Provision for impairment loss	**(106,944,308)**	(89,839,308)
Total financial assets at cost	**–**	–
NOTE 7: OTHER ASSETS		
CURRENT		
Deposits	**228,289**	228,289
Less provision for impairment loss	**(228,289)**	(228,289)
	–	–
NOTE 8: PAYABLES		
CURRENT		
Unsecured liabilities		
Accrued expenses	**22,000**	23,650
NOTE 9: SHARE CAPITAL		
Issued and paid-up capital		
15,401,454,500 (2020: 135,454,500) ordinary shares	**142,135,380**	119,236,380
NOTE 10: RETAINED EARNINGS		
Retained earnings at beginning of year	**(119,039,850)**	(61,463,369)
Net loss for the year	**(17,134,898)**	(57,576,481)
	(136,174,748)	(119,039,850)

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2021 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2021, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2021, of the company.

NOTE 12: COMPANY DETAILS

The registered office of the entity is:

Mahindra Aerospace Australia Pty Ltd
Pitcher Partners
Level 13
664 Collins Street
DOCKLANDS VIC 3008

DIRECTORS' DECLARATION

The directors have determined that the entity is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the entity declare that:

1. In the directors opinion, the financial statements and notes, as set out on pages 5 - 13, are in accordance with the *Corporations Act 2001*, including:
   (a) complying with Accounting Standards in Australia as detailed in Note 1 to the financial statements and the *Corporations Regulations 2001*; and
   (b) giving a true and fair view of the financial position as at 31 March 2021 and performance for the year ended on that date of the entity in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: ____________________________
Arvind Mehra

Director: ____________________________
Ajay Mantry

Dated this 23rd day of April 2021

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 $	2020 $
Revenue		–	–
Less: expenses			
Professional fees		**(420)**	(350)
		(420)	(350)
Loss before income tax expense		**(420)**	(350)
Income tax expense		–	–
Loss for the year		**(420)**	(350)
Total comprehensive loss		**(420)**	(350)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	2021 $	2020 $
Current assets			
Cash and cash equivalents	2	**683**	353
Total current assets		**683**	353
Total assets		**683**	353
Current liabilities			
Payables	3	**–**	350
Total current liabilities		**–**	350
Total liabilities		**–**	350
Net assets		**683**	3
Equity			
Share capital	4	**9,853**	8,753
Accumulated losses	5	**(9,170)**	(8,750)
Total equity		**683**	3

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

Australian dollars	Contributed equity	Accumulated losses	Total equity
	$	$	$
Balance as at 1 April 2019	3	(8,400)	(8,397)
Loss for the year	–	(350)	(350)
Total comprehensive income for the period	–	(350)	(350)
Transactions with owners in their capacity as owners:			
Contributions	8,750	–	8,750
Balance as at 31 March 2020	8,753	(8,750)	3
Balance as at 1 April 2020	8,753	(8,750)	3
Loss for the year	–	(420)	(420)
Total comprehensive income for the year	–	(420)	(420)
Transactions with owners in their capacity as owners:			
Contributions	1,100	–	1,100
Balance as at 31 March 2021	9,853	(9,170)	683

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity on the basis that, in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. GA8 Airvan Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement criteria of all applicable Accounting Standards, with the exception of the disclosure requirements of:

AASB 101: Presentation of Financial Statements
AASB 112: Income Taxes
AASB 124: Related Party Disclosures
AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The company incurred a loss from ordinary activities of $420 during the year ended 31 March 2021 (2020: $350)

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: CASH AND CASH EQUIVALENTS

	2021	2020
	$	$
Cash at bank	**680**	350
Cash in hand	**3**	3
	683	353

NOTE 3: PAYABLES

	2021	2020
	$	$
CURRENT		
Unsecured liabilities		
Sundry creditors and accruals	**–**	350

NOTE 4: SHARE CAPITAL

Issued and paid-up capital		
8753 (2020: 8753) Ordinary shares	**8,753**	8,753
Share Application Money	**1,100**	–
	9,853	8,753

NOTE 5: ACCUMULATED LOSSES

Accumulated losses at beginning of year	**(8,750)**	(8,400)
Net Loss	**(420)**	(350)
Accumulated losses at end of period	**(9,170)**	(8,750)

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2021 that has significantly affected or may significantly affect:

(a) The operations, in financial year subsequent to 31 March 2021, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial year subsequent to 31 March 2021, of the company.

NOTE 7: COMPANY DETAILS

The registered office of the company is:

GA8 Airvan Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

Keith Douglas	**George Morgan**
Director	Director

Dated this 23rd day of April 2021

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 $	2020 $
Revenue		**–**	–
Less: expenses			
Professional fees		**(420)**	(350)
		(420)	(350)
Loss before income tax expense		**(420)**	(350)
Income tax expense		**–**	–
Loss for the year		**(420)**	(350)
Total comprehensive loss		**(420)**	(350)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	2021 $	2020 $
Current assets			
Cash and cash equivalents	2	**683**	353
Total current assets		**683**	353
Total assets		**683**	353
Current liabilities			
Payables	3	**–**	350
Total current liabilities		**–**	350
Total liabilities		**–**	350
Net assets		**683**	3
Equity			
Share capital	4	**9,853**	8,753
Accumulated losses	5	**(9,170)**	(8,750)
Total equity		**683**	3

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Contributed equity $	Accumulated losses $	Total equity $
Australian dollars			
Balance as at 1 April 2019	3	(8,400)	(8,397)
Loss for the year	–	(350)	(350)
Total comprehensive income for the year	–	(350)	(350)
Transactions with owners in their capacity as owners:			
Contributions	8,750	–	8,750
Balance as at 31 March 2020	8,753	(8,750)	3
Balance as at 1 April 2020	8,753	(8,750)	3
Loss for the year	–	(420)	(420)
Total comprehensive income for the year	–	(420)	(420)
Transactions with owners in their capacity as owners:			
Contributions	1,100	–	1,100
Balance as at 31 March 2021	9,853	(9,170)	683

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company.The directors have determined that the company is not a reporting entity on the basis that, in the opinion ofthe directors, there are unlikely to exist users of the financial report who are unable to command thepreparation of reports tailored so as to satisfy, specifically, all of their information needs. GA200 Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement criteria of all applicable Accounting Standards, with the exception of the disclosure requirements of:

AASB 101: Presentation of Financial Statements
AASB 112: Income Taxes
AASB 124: Related Party Disclosures
AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis,which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The company incurred a loss from ordinary activities of $420 during the year ended 31 March 2021 (2020: $350).

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: CASH AND CASH EQUIVALENTS

	2021	2020
	$	$
Cash at bank	**680**	350
Cash in hand	**3**	3
	683	353

	2021 $	2020 $
NOTE 3: PAYABLES		
CURRENT		
Unsecured liabilities		
Sundry creditors and accruals	**–**	350

NOTE 4: SHARE CAPITAL

	2021	2020
Issued and paid up capital		
8753 (2020: 8753) Ordinary shares	**8,753**	8,753
Share Application Money	**1,100**	–
Share Application Money	**9,853**	8,753

NOTE 5: ACCUMULATED LOSSES

	2021	2020
Accumulated losses at beginning of Year	**(8,750)**	(8,400)
Net Loss	**(420)**	(350)
Accumulated losses at end of period	**(9,170)**	(8,750)

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2021 that has significantly affected or may significantly affect:

(a) The operations, in financial year subsequent to 31 March 2021, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial year subsequent to 31 March 2021, of the company.

NOTE 7: COMPANY DETAILS

The registered office of the company is:

GA 200 Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

Keith Douglas
Director

George Morgan
Director

Dated this 23rd day of April 2021

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 $	2020 $
Revenue		**–**	–
Less: expenses			
Professional fees		**(420)**	(350)
		(420)	(350)
Loss before income tax expense		**(420)**	(350)
Income tax expense		**–**	–
Loss for the year		**(420)**	(350)
Total comprehensive loss		**(420)**	(350)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	2021 $	2020 $
Current assets			
Cash and cash equivalents	2	**680**	350
Total current assets		**680**	350
Total assets		**680**	350
Current liabilities			
Payables	3	**–**	350
Total current liabilities		**–**	350
Total liabilities		**–**	350
Net assets		**680**	–
Equity			
Share capital	4	**22,808**	21,708
Accumulated losses	5	**(22,128)**	(21,708)
Total equity		**680**	–

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Contributed equity $	Accumulated losses $	Total equity $
Australian dollars			
Balance as at 1 April 2019	11,308	(21,358)	(10,050)
Loss for the year	–	(350)	(350)
Total comprehensive income for the year	–	(350)	(350)
Transactions with owners in their capacity as owners:			
Contributions	10,400	–	10,400
Balance as at 31 March 2020	21,708	(21,708)	–
Balance as at 1 April 2020	21,708	(21,708)	–
Loss for the year	–	(420)	(420)
Total comprehensive income for the year	–	(420)	(420)
Transactions with owners in their capacity as owners:			
Contributions	1,100	–	1,100
Balance as at 31 March 2021	22,808	(22,128)	680

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity on the basis that, in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Nomad TC Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement criteria of all applicable Accounting Standards, with the exception of the disclosure requirements of:

AASB 101: Presentation of Financial Statements

AASB 112: Income Taxes

AASB 124: Related Party Disclosures

AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The company incurred a loss from ordinary activities of $420 during the year ended 31 March 2021 (2020: $350).

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: CASH AND CASH EQUIVALENTS

	2021 $	2020 $
Cash at bank	**680**	350

NOTE 3: PAYABLES

	2021 $	2020 $
CURRENT		
Unsecured liabilities		
Sundry creditors and accruals	**–**	350

NOTE 4: SHARE CAPITAL

	2021 $	2020 $
Issued and paid-up capital		
21,708 (2020: 21,708) Ordinary shares	**21,708**	21,708
Share Application Money	**1,100**	–
	22,808	21,708

NOTE 5: ACCUMULATED LOSSES

	2021 $	2020 $
Accumulated losses at beginning of Year	**(21,708)**	(21358)
Net Loss	**(420)**	(350)
Accumulated losses at end of period	**(22,128)**	(21,708)

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2021 that has significantly affected or may significantly affect:

(a) the operations, in financial year subsequent to 31 March 2021, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial year subsequent to 31 March 2021, of the company.

NOTE 7: COMPANY DETAILS

The registered office of the company is:

Nomad TC Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

Keith Douglas
Director

George Morgan
Director

Dated this 23rd day of April 2021

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2021

	Note	2021 $	2020 $
Revenue		**–**	–
Less: expenses			
Professional fees		**(420)**	(350)
		(420)	(350)
Loss before income tax expense		**(420)**	(350)
Income tax expense		**–**	–
Loss for the year		**(420)**	(350)
Total comprehensive loss		**(420)**	(350)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	**2021**	2020
		$	$
Current assets			
Cash and cash equivalents	2	**690**	360
Total current assets		**690**	360
Total assets		**690**	360
Current liabilities			
Payables	3	**–**	350
Total current liabilities		**–**	350
Total liabilities		**–**	350
Net assets		**690**	10
Equity			
Share capital	4	**9,860**	8,760
Accumulated losses	5	**(9,170)**	(8,750)
Total equity		**690**	10

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2021

Australian dollars	Contributed equity $	Accumulated losses $	Total equity $
Balance as at 1 April 2019	10	(8,400)	(8,390)
Loss for the year		(350)	(350)
Total comprehensive income for the year	–	(350)	(350)
Transactions with owners in their capacity as owners:			
Contributions	8,750	–	8,750
Balance as at 31 March 2020	8,760	(8,750)	10
Balance as at 1 April 2020	8,760	(8,750)	10
Loss for the year	–	(420)	(420)
Total comprehensive income for the year	–	(420)	(420)
Transactions with owners in their capacity as owners:			
Contributions	1,100	–	1,100
Balance as at 31 March 2021	**9,860**	**(9,170)**	**690**

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity on the basis that, in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Airvan 10 Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement criteria of all applicable Accounting Standards, with the exception of the disclosure requirements of:

AASB 101: Presentation of Financial Statements

AASB 112: Income Taxes

AASB 124: Related Party Disclosures

AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The company incurred a loss from ordinary activities of $420 during the year ended 31 March 2021 (2020: $350).

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: CASH AND CASH EQUIVALENTS

	2021 **$**	2020 $
Cash at bank	**680**	350
Cash in hand	**10**	10
	690	360

NOTE 3: PAYABLES

CURRENT

Unsecured liabilities

Sundry creditors and accruals	–	350

NOTE 4: SHARE CAPITAL

Issued and paid-up capital

8760 (2020: 8760) Ordinary shares	8,760	8,760
Share Application Money	1,100	–
	9,860	8,760

NOTE 5: ACCUMULATED LOSSES

Accumulated losses at beginning of Year	(8,750)	(8,400)
Net Loss	(420)	(350)
Accumulated losses at end of period	(9,170)	(8,750)

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2021 that has significantly affected or may significantly affect:

(a) The operations, in financial year subsequent to 31 March 2021, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial year subsequent to 31 March 2021, of the company.

NOTE 7: COMPANY DETAILS

The registered office of the company is:

Airvan 10 Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

Keith Douglas
Director

George Morgan
Director

Dated this 23rd day of April 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GIPPSAERO PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report of GippsAero Pty Ltd, "the Company", which comprises the statement of financial position as at 31 March 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of GippsAero Pty Ltd, is in accordance with the *Corporations Act 2001,* including:

(a) giving a true and fair view of the Company's financial position as at 31 March 2021 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist GippsAero Pty Ltd to meet the requirements of *Corporations Act 2001.* As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

N R BULL **PITCHER PARTNERS**
Partner Melbourne

Date: 27 April 2021

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. In the directors opinion, the financial statements and notes, as set out on pages 5 - 26, are in accordance with the *Corporations Act 2001,* including:

    (a) complying with Accounting Standards in Australia as detailed in Note 1 to the financial statements and the *Corporations Regulations 2001*; and

    (b) giving a true and fair view of the financial position as at 31 March 2021 and performance for the year ended on that date of the company in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Keith Douglas	**Ajay Mantry**
Director	Director

Dated this 23rd day of April 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 $	2020 $
Revenue and other income			
Revenue from contracts with customers	2	**4,011,583**	10,978,530
Other revenue	3	**585,012**	81,661
Other income	3	**43,621**	222,909
		4,640,216	11,283,100
Less: expenses			
Materials and consumables used	4	**(2,231,204)**	(6,080,812)
Depreciation and amortisation expense	4	**(187,583)**	(1,183,501)
Employee benefits expense	4	**(5,226,801)**	(7,495,742)
Finance costs	4	**(107,874)**	(164,382)
Foreign exchange (loss) / gain	4	**(236,833)**	110,181
Insurance expense		**(559,650)**	(600,359)
Impairment loss	4	**(2,093,027)**	(16,842,535)
Marketing and promotional expense		**(5,014)**	(33,039)
Occupancy expense		**(208,125)**	(121,865)
Professional fees		**(192,080)**	(382,311)
Travel expense		**(2,843)**	(433,520)
Other expenses		**(825,433)**	(981,414)
		(11,876,467)	(34,209,299)
Loss before income tax expense		**(7,236,251)**	(22,926,199)
Other comprehensive income for the year		**–**	–
Total comprehensive income		**(7,236,251)**	(22,926,199)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	2021 $	2020 $
Current assets			
Cash and cash equivalents	5	**4,743,415**	1,819,775
Receivables	6	**10,283**	816,826
Inventories	7	**640,655**	3,753,247
Other assets	8	**61,747**	702,349
Total current assets		**5,456,100**	7,092,197
Non-current assets			
Lease assets	10	**–**	67,413
Property, plant and equipment	11	**–**	455,301
Total non-current assets		**–**	522,714
Total assets		**5,456,100**	7,614,911
Current liabilities			
Payables	12	**758,712**	2,076,024
Lease liabilities	10	**–**	68,073
Borrowings	13	**–**	9,500,000
Provisions	14	**899,614**	1,592,926
Other liabilities	15	**24,888**	429,284
Total current liabilities		**1,683,214**	13,666,307
Non-current liabilities			
Provisions	14	**11,802**	50,769
Total non-current liabilities		**11,802**	50,769
Total liabilities		**1,695,016**	13,717,076
Net assets		**3,761,084**	(6,102,165)
Equity			
Share capital	16	**121,597,390**	104,497,890
Accumulated losses	17	**(117,836,306)**	(110,600,055)
Total equity		**3,761,084**	(6,102,165)

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Contributed equity $	**Accumulated losses $**	**Total equity $**
Balance as at 1 April 2019	97,998,010	(87,673,856)	10,324,154
Loss for the year	–	(22,926,199)	(22,926,199)
Total comprehensive income for the year	–	(22,926,199)	(22,926,199)
Transactions with owners in their capacity as owners:			
Contributions	6,499,880	–	6,499,880
Total transactions with owners in their capacity as owners	6,499,880	–	6,499,880
Balance as at 31 March 2020	104,497,890	(110,600,055)	(6,102,165)
Balance as at 1 April 2020	104,497,890	(110,600,055)	(6,102,165)
Loss for the year	–	(7,236,251)	(7,236,251)
Total comprehensive income for the year	–	(7,236,251)	(7,236,251)
Transactions with owners in their capacity as owners:			
Contributions	**17,099,500**	**–**	**17,099,500**
Total transactions with owners in their capacity as owners	**17,099,500**	**–**	**17,099,500**
Balance as at 31 March 2021	**121,597,390**	**(117,836,306)**	**3,761,084**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 $	2020 $
Cash flow from operating activities			
Receipts from customers		**5,160,186**	8,842,186
Payments to suppliers and employees		**(9,826,839)**	(15,608,650)
Finance costs		**(107,874)**	(164,382)
Net cash used in operating activities		**(4,774,527)**	(6,930,846)
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		**939,568**	–
Payment for property, plant and equipment		**(61,511)**	(221,003)
Payment for capitalised project and development costs		**(711,317)**	(2,670,540)
Net cash used in investing activities		**166,740**	(2,891,543)
Cash flow from financing activities			
Proceeds from share issue		**17,099,500**	6,499,880
Proceeds/(repayments) from borrowings		**(9,500,000)**	5,500,000
Principal portion of lease payments		**(68,073)**	(268,990)
Repayment of associated entities		**–**	(284,854)
Net cash provided by financing activities		**7,531,427**	11,446,036
Reconciliation of cash			
Cash at beginning of the financial year		**1,819,775**	196,128
Net increase in cash held		**2,923,640**	1,623,647
Cash at end of financial year		**4,743,415**	1,819,775

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The directors have determined that the company is not a reporting entity on the basis that, in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this financial report is a special purpose financial report, which has been prepared to satisfy the financial reporting requirements of the *Corporations Act 2001.*

The financial report covers GippsAero Pty Ltd as an individual entity. GippsAero Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. GippsAero Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the *Corporations Act 2001,* the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of:

AASB 101: Presentation of Financial Statements

AASB 107: Statement of Cash Flows

AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The company incurred a loss from ordinary activities of $7,236,251 (2020: $22,926,199 loss) during the year ended 31 March 2021.

(c) Foreign currency transactions and balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

Transactions and Balances

Transactions undertaken in foreign currencies are recognised in the company's functional currency, using the spot rate at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are restated to the spot rate at the reporting date.

Except for certain foreign currency hedges, all exchange gains or losses are recognised in profit or loss for the period in which they arise.

(d) Revenue from contracts with customers

Revenue from contracts with customers

The company derives revenue from the sale of aircraft and spare parts. Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services.

Revenue from the sale of aircraft and spare parts

Revenue from the sale of aircraft and spare parts is recognised at the point in time when control of the goods is transferred to the customer, which generally occurs when the beneficial ownership passes to the customer. Customers have no right to return purchased goods. Revenue is measured net of any discounts, rebates and other price concessions. Customers are required to pay for all goods purchased in line with the terms of contract of sale.

Consideration included in the measurement of revenue

The consideration to be received from customers includes fixed amounts. Where the contract includes a right to variable consideration, the company estimates the amount of variable consideration using the most likely amount approach on a contract-by-contract basis. Variable consideration is included in the measurement of revenue only to the extent that it is highly probable, based on flight hours, that a significant reversal of the cumulative amount recognised will not occur when the uncertainty associated with the variability is subsequently resolved.

Interest

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

All revenue is measured net of the amount of goods and services tax (GST).

Warranty obligations

The company provides a general warranty for all goods sold, as required by law. The company does not provide customers with the option to purchase an additional or extended warranty. Warranty obligations are recognised as a provision, and are measured at the company's estimate of the expenditure required to fulfil its warranty obligations at the reporting date. The company updates the measurement of the warranty provision at the end of each reporting period for changes in expectations.

(e) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct material, direct labour and a proportion of manufacturing overheads based on normal operating capacity. Inventories include raw materials, work in progress and finished goods.

Raw materials are valued at a moving average cost price.

Work in progress ("WIP") is valued at cost, which includes both variable and fixed costs relating to specific items, and those costs that are attributable to the WIP activity in general that can be allocated on a reasonable basis.

(h) Financial instruments

Classification of financial assets

Financial assets recognised by the company are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the company irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

(a) the company's business model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter- company balances and loans from or other amounts due to director-related entities. Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Trade and other receivables

Receivables from contracts with customers

A receivable from a contract with a customer represents the company's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment.

Trade and other receivables arise from the company's transactions with its customers and are normally settled within 30-90 days.

Consistent with both the company's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost, except when the effect of discounting is not material, in which case the financial asset is carried at its nominal amount. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

The company has chosen to apply the simplified approach under AASB 9 to measuring impairment provisions for receivables, including lease receivables. Under the AASB 9 Financial Instruments simplified approach, the company determines the impairment provision for receivables on the basis of the lifetime expected credit losses of the receivable. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the receivable.

(i) Property, plant and equipment

Each class of plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on a cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Class of fixed asset	Depreciation rates	Depreciation basis
Hanger at cost	5 - 20%	Straight line
Leasehold improvements at cost	9 - 11%	Straight line
Plant and equipment at cost	6 - 21%	Straight line
Aircrafts at cost	10%	Straight line
Motor vehicles at cost	5 - 13%	Straight line
Computer equipment at cost	22 - 100%	Straight line

(j) Intangible assets

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less any accumulated impairment losses.

Intangible assets

Except for indefinite useful life intangible assets, which are not amortised but are tested annually for impairment, intangible assets are amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset.

Patents

Patents are recognised at cost and are not amortised, but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less any accumulated impairment losses.

(k) Research and development expenditure

Expenditure on research activities is recognised as an expense when incurred.

Development costs are capitalised when the company can demonstrate all of the following: the technical feasibility of completing the asset so that it will be available for use or sale; the intention to complete the asset and use or sell it; the ability to use or sell the asset; how the asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and the ability to measure reliably the expenditure attributable to the asset during its development. Capitalised development costs are amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to capitalised development costs is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, capitalised development costs are measured at cost, less accumulated amortisation and any accumulated impairment losses.

Other development expenditure is recognised as an expense when incurred.

Project expenses are capitalised as incurred once identified as relating to a project that will deliver future economic benefits that can be measured reliably.

(l) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use (where 'value in use' is determined as the present value of the future cash flows expected to be derived from an asset or cash-generating unit).

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income to the extent that it does not exceed the amount in the revaluation surplus for the same asset. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

A reversal of an impairment loss for an asset measured at cost is recognised in profit or loss. A reversal of an impairment loss for an asset measured at a revalued amount is treated as a revaluation increase and is recognised in other comprehensive income, except to the extent that an impairment loss on the same asset was previously recognised in profit or loss, in which case a reversal of that impairment loss is also recognised in profit or loss.

(m) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Warranty obligations

The company provides warranty for all aircrafts, the warranty period covers earlier of two years or up 2,000 flight hours. Warranty obligations are recognised as a provision, and are measured at the company's estimate of the expenditure required to fulfil its warranty obligations at the reporting date. The company updates the measurement of the warranty provision at the end of each reporting period for changes in expectations.

(n) Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the group, and an estimate of costs to be incurred by the group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

(o) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long- term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the statement of financial position if the company does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(p) Borrowing costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of lease arrangements, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset, in which case the costs are capitalised until the asset is ready for its intended use or sale.

(q) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(r) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: REVENUE FROM CONTRACTS WITH CUSTOMERS

	2021 **$**	2020 $
Revenue from contracts with customers		
Sale of goods	**2,864,070**	9,436,182
Spare parts and maintenance	**1,147,513**	1,542,348
	4,011,583	10,978,530

NOTE 3: OTHER REVENUE AND OTHER INCOME

	2021 $	2020 $
Profit on sale of property, plant and equipment	**542,926**	53
Other revenue	**42,086**	81,608
	585,012	81,661
Other income	**43,621**	222,909
	628,633	304,570

NOTE 4: OPERATING LOSS

Losses before income tax has been determined after:		
Expenses:		
Cost of sales	**2,231,237**	6,080,812
Finance costs	**107,874**	164,382
Depreciation	**120,170**	335,766
Amortisation of non-current assets		
– leased assets	**67,413**	269,650
– research and development	**–**	578,085
	67,413	847,735
Impairment		
– Intangible assets	**711,317**	9,742,562
– Property, plant and equipment	**–**	692,198
– Inventory	**1,400,002**	5,400,000
– Receivables and other assets	**(18,292)**	1,007,775
	2,093,027	16,842,535
Foreign currency translation (gains)/losses	**236,833**	(110,181)
Employee benefits	**5,226,801**	7,495,742

NOTE 5: CASH AND CASH EQUIVALENTS

	2021 $	2020 $
Cash on hand	**2,194**	1,151
Cash at bank	**4,741,221**	1,818,624
	4,743,415	1,819,775

NOTE 6: RECEIVABLES

CURRENT		
Receivables from contracts with customers	**11,586**	1,309,280
Allowance for credit losses	**(1,303)**	(493,878)
	10,283	815,402
Amounts receivable from:		
– Mahindra Aerostructures	**–**	1,424
	10,283	816,826

NOTE 7: INVENTORIES

CURRENT		
At cost		
Raw materials and semi finished goods	**5,529,866**	8,449,348
Work in progress	**41,665**	703,899
Provision for impairment	**(4,930,876)**	(5,400,000)
	640,655	3,753,247

NOTE 8: OTHER ASSETS

CURRENT		
Prepayments	**41,761**	679,063
Deposits	**19,986**	23,286
	61,747	702,349

NOTE 9: INTANGIBLE ASSETS

	2021 $	2020 $
Goodwill at cost	**788,669**	788,669
Provision for impairment loss	**(788,669)**	(788,669)
	–	–
Patents at cost	**46,043**	46,043
Accumulated amortisation and impairment	**(46,043)**	(46,043)
	–	–
Capitalised costs	**5,855,237**	5,855,237
Accumulated amortisation and impairment	**(5,855,237)**	(5,855,237)
	–	–
Projects currently in development at cost	**35,998,910**	35,287,593
Provision for impairment loss	**(35,998,910)**	(35,287,593)
Total intangible assets	**–**	–

(a) Impairment loss

Impairment losses in relation to intangible assets have been recognised in Impairment expenses within profit or loss.

NOTE 10: LEASE ASSETS AND LEASE LIABILITIES

(a) Lease assets

Right of use asset	**337,063**	337,063
Accumulated depreciation	**(337,063)**	(269,650)
	–	67,413

(b) Lease liabilities

CURRENT		
Lease liability	**–**	68,073

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	2021 $	2020 $
Hangar at cost	**2,068**	2,068
Accumulated depreciation and impairment	**(2,068)**	(2,068)
	–	–
Leasehold improvements at cost	**149,510**	149,510
Accumulated depreciation and impairment	**(149,510)**	(149,510)
	–	–
Plant and equipment at cost	**1,718,203**	1,672,643
Accumulated depreciation and impairment	**(1,718,203)**	(1,672,643)
	–	–
Aircraft	**154,740**	1,320,986
Accumulated depreciation and impairment	**(154,740)**	(865,685)
	–	455,301
Motor vehicles at cost	**42,395**	42,395
Accumulated depreciation and impairment	**(42,395)**	(42,395)
	–	–
Computer equipment at cost	**1,207,877**	1,222,640
Accumulated depreciation and impairment	**(1,207,877)**	(1,222,640)
	–	–
Total property, plant and equipment	**–**	455,301

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

	2021 $	2020 $
Hangar		
Opening carrying amount	–	103
Impairment losses recognised	–	(103)
Closing carrying amount	–	–
Leasehold improvements		
Opening carrying amount	–	82,120
Additions	–	1,431
Depreciation expense	–	(14,672)
Impairment losses recognised	–	(68,879)
Closing carrying amount	–	–
Plant and equipment		
Opening carrying amount	–	526,456
Additions	**47,124**	12,763
Disposals	**(399)**	–
Depreciation expense	**(46,725)**	(129,582)
Impairment losses recognised	–	(409,637)
Closing carrying amount	–	–
Aircraft		
Opening carrying amount	**455,301**	379,903
Additions	–	46,293
Disposals	**(394,658)**	–
Depreciation expense	**(60,643)**	(136,142)
Impairment losses recognised	–	(4,171)
Transfers	–	169,418
Closing carrying amount	–	455,301
Motor vehicles		
Opening carrying amount	–	3
Impairment losses recognised	–	(3)
Closing carrying amount	–	–
Computer equipment		
Opening carrying amount	–	104,259
Additions	**14,387**	160,516
Disposals	**(1,585)**	–
Depreciation expense	**(12,802)**	(55,370)
Impairment losses recognised	–	(209,405)
Closing carrying amount	–	–

(b) Impairment loss

Impairment losses in relation to property plant and equipment have been recognised in Impairment loss expense within profit or loss. The recoverable amount of these assets was determined by value in use.

NOTE 12: PAYABLES

	2021 $	2020 $
CURRENT		
Unsecured liabilities		
Trade creditors	**174,114**	459,322
Amounts payable to:		
– Tech Talenta Inc	–	86,672
– Mahindra Business Solutions	–	2,574
– Mahindra & Mahindra Ltd	–	202,701
Sundry creditors and accruals	**584,598**	1,324,755
	758,712	2,076,024

NOTE 13: BORROWINGS

CURRENT		
Unsecured liabilities		
Bank loans	–	9,500,000

NOTE 14: PROVISIONS

CURRENT			
Employee benefits		**584,596**	1,286,212
Warranties	(a)	**315,018**	306,714
		899,614	1,592,926
NON CURRENT			
Employee benefits		**11,802**	50,769

(a) Warranty provision

The company provides a warranty for all aircraft sales, the warranty period covers earlier of two years or 2,000 flight hours, whichever comes first.

Warranty obligations are recognised as a provision, and are measured at the company's estimate of the expenditure required to fulfil its warranty obligations at the reporting date. The company updates the measurement of the warranty provision at the end of each reporting period for changes in expectations.

NOTE 15: OTHER LIABILITIES

	2021 $	2020 $
CURRENT		
Other liabilities	–	147,118
Advances received from customers	**24,888**	282,166
	24,888	429,284

NOTE 16: SHARE CAPITAL

Issued and paid-up capital		
11,610,407,177 (2020: 210,740,510) Ordinary shares	**121,597,390**	104,497,890

Capital management

When managing capital, management's objective is to ensure the company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

During 2021, management did not pay a dividend (2020: Nil).

NOTE 17: ACCUMULATED LOSSES

Retained earnings at beginning of year	**(110,600,055)**	(87,673,856)
Net profit/(loss)	**(7,236,251)**	(22,926,199)
	(117,836,306)	(110,600,055)

NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2021 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2021, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2021, of the company.

NOTE 19: COMPANY DETAILS

The registered office of the company is:

GippsAero Pty Ltd
Latrobe Valley Airfield Pty Ltd
75 Airfield Road
TRARALGON VIC 3844

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 $	2020 $
Revenue		**–**	–
Less: expenses			
Professional fees		**(420)**	(350)
		(420)	(350)
Loss before income tax expense		**(420)**	(350)
Income tax expense		**–**	–
Loss for the year		**(420)**	(350)
Total comprehensive loss		**(420)**	(350)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	2021 $	2020 $
Current assets			
Cash and cash equivalents	2	**682**	352
Total current assets		**682**	352
Total assets		**682**	352
Current liabilities			
Payables	3	–	350
Total current liabilities		–	350
Total liabilities		–	350
Net assets		**682**	2
Equity			
Share capital	4	**9,852**	8,752
Accumulated losses	5	**(9,170)**	(8,750)
Total equity		**682**	2

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Contributed equity $	Accumulated losses $	Total equity $
Australian dollars			
Balance as at 1 April 2019	2	(8,400)	(8,398)
Loss for the year		(350)	(350)
Total comprehensive income for the period	–	(350)	(350)
Transactions with owners in their capacity as owners:			
Contributions	8,750	–	8,750
Balance as at 31 March 2020	8,752	(8,750)	2
Balance as at 1 April 2020	8,752	(8,750)	2
Loss for the year	–	(420)	(420)
Total comprehensive income for the period	–	(420)	(420)
Transactions with owners in their capacity as owners:			
Contributions	1100	–	1100
Balance as at 31 March 2021	**9,852**	**(9,170)**	**682**

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the company. The directors have determined that the company is not a reporting entity on the basis that, in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Airvan Flight Services Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the recognition and measurement criteria of all applicable Accounting Standards, with the exception of the disclosure requirements of:

AASB 101: Presentation of Financial Statements

AASB 112: Income Taxes

AASB 124: Related Party Disclosures

AASB 1054: Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The company incurred a loss from ordinary activities of $420 during the year ended 31 March 2021 (2020: $350).

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

(d) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

NOTE 2: CASH AND CASH EQUIVALENTS

	2021 $	2020 $
Cash at bank	**680**	350
Cash in hand	**2**	2
	682	352

NOTE 3: PAYABLES

CURRENT		
Unsecured liabilities		
Sundry creditors and accruals	–	350

NOTE 4: SHARE CAPITAL

Issued and paid-up capital		
8752 (2020: 8752) Ordinary shares	**8,752**	8,752
Share Application Money	**1,100**	–
	9,852	8,752

NOTE 5: ACCUMULATED LOSSES

Accumulated losses at beginning of Year	**(8,750)**	(8,400)
Net Loss	**(420)**	(350)
Accumulated losses at end of period	**(9,170)**	(8,750)

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2021 that has significantly affected or may significantly affect:

(a) The operations, in financial year subsequent to 31 March 2021, of the company, or

(b) the results of those operations, or

(c) the state of affairs, in financial year subsequent to 31 March 2021, of the company.

NOTE 7: COMPANY DETAILS

The registered office of the company is:

Airvan Flight Services Pty Ltd
Latrobe Regional Airport
Airfield Road
TRARALGON VIC 3844

Keith Douglas
Director

Ajay Mantry
Director

Dated this 23rd day of April 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra Waste to Energy Solutions Limited
Report on the Audit of Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Mahindra Waste To Energy Solutions Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss and total comprehensive loss, its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Information Other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report and the related annexures, but does not include the Financial Statements and our Auditors' Report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2021 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to the Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to the Financial Statements.

   (g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses and

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration Number 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQP4838

Place: Mumbai
Date: May 04, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date.

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Waste To Energy Solutions Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, however the financial reporting closure programme needs to be strengthened.

For **B. K. Khare & Co**
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQP4838

Place: Mumbai
Date: May 04, 2021

ANNEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date.

Annexure to the Auditor's Report referred to in our report of even date:

i. a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and investment properties.

b) The Company has a regular programme for physical verification of its property, plant and equipment by which the property, plant and equipment are verified by the management according to a phased programme designed to cover all the items every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment and investment properties. In accordance with the programme, the Company has physically verified all property, plant and equipment during the year and no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us, the Company has no immoveable properties registered in its name. Accordingly, the reporting under Clause 3(i)(c) of the Order is not applicable to the Company.

ii. According to the information and explanations given to us, the Company does not hold any inventory at the end of the year.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting under Clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.

iv. According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

vi. The Central Government has not prescribed the maintenance of cost records under sub- section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the Company.

vii. a) According to the information and explanations given to us and on the basis of our examination of records of the Company, the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services tax, Provident Fund, and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. The amounts deducted / accrued in the books of account in respect of undisputed statutory dues of Income-tax have generally been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed statutory dues payable in respect of Goods and Service Tax.

According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no arrears of undisputed statutory dues in respect of Goods and Services tax, Provident fund, Income-tax, and other material statutory dues as on the last day of the year for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no statutory dues in respect of Goods and Services Tax, as at March 31, 2021, which have not been deposited with the appropriate authorities on account of any dispute.

viii. According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not taken any loans or borrowings from banks, financial institutions and Government. The Company has not raised any money through debentures during the year.

ix. According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the reporting under Clause 3(ix) of the Order is not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

xi. According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

xii. According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting under Clause 3(xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi) of the Order is not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
(Firm's Registration Number 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAQP4838

Place: Mumbai
Date: May 04, 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

In Indian Rupees

	Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
A	**ASSET**			
	Non-current assets			
	(a) Property, Plant and Equipment	3	**19,81,31,450**	15,04,28,457
	(b) Right to use land	4	**7,03,111**	7,44,334
	(c) Capital work in progress		**–**	2,84,96,578
	(d) Other financial assets	5	**–**	1,95,000
	(e) Other assets	6	**2,50,683**	1,78,23,637
	Total non-current Assets		**19,90,85,245**	19,76,88,006
	Current assets			
	(a) Inventories	7	**–**	42,79,258
	(b) Financial assets			
	(i) Cash and cash equivalents	8	**20,27,524**	1,60,98,903
	(ii) Other bank balances	8	**2,75,00,000**	23,07,113
	(iii) Trade receivables	9	**4,91,71,460**	52,73,974
	(iv) Other financial assets	10	**39,91,946**	19,69,026
	(c) Other assets	11	**2,29,24,101**	1,70,20,712
	Total current assets		**10,56,15,030**	4,69,48,986
	Total assets		**30,47,00,275**	24,46,36,992
B	**EQUITY AND LIABILITIES**			
	Equity			
	(a) Equity share capital	12	**30,00,00,000**	21,88,75,000
	(b) Other equity	13	**(7,62,87,970)**	(5,14,48,732)
	Equity attributable to owners of the company		**22,37,12,030**	16,74,26,268
	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	14	**2,75,00,000**	
	(ii) Lease Liability		**5,58,048**	6,27,128
	(b) Provisions	15	**17,35,638**	37,10,313
	(c) Other Liabilities	16	**23,01,170**	70,26,114
	Total non-current liabilities		**3,20,94,856**	1,13,63,555
	Current liabilities			
	(a) Financial liabilities			
	(i) Trade payables	17		
	- dues of micro enterprises and small enterprises		**1,24,34,405**	6,43,474
	- dues of creditors other than micro enterprises and small enterprises		**2,17,74,957**	59,00,545
	(ii) Lease Liability		**3,57,533**	2,32,917
	(iii) Other financial liabilities	18	**49,06,611**	71,20,803
	(b) Other current liabilities	19	**89,27,346**	5,13,29,255
	(c) Provisions	20	**4,92,538**	6,20,175
	Total current liabilities		**4,88,93,390**	**6,58,47,169**
	Total equity and liabilities		**30,47,00,275**	**24,46,36,992**

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B.K Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 04 May, 2021

For and on behalf of the Board of Directors
Mahindra Waste To Energy Solutions Limited

Parag Shah	Director	DIN: 00374944
Manaswini Goel	Director	DIN: 08142619
P Palaniappan	Chief Executive Officer	
Vaishali Desai	Chief Financial Officer	
Binal Shah	Company Secretary	

Place: Mumbai
Date: 04 May, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

In Indian Rupees

Particulars	Note No.	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Continuining Operations			
Revenue from operations	21	**12,35,66,572**	3,11,71,402
Other income	22	**8,08,242**	8,18,055
Total income		**12,43,74,814**	3,19,89,457
EXPENSES			
(a) Cost of materials consumed	23	**7,34,50,150**	77,31,822
(b) Changes in stock of finished goods and work in progress	24	**42,79,259**	(42,01,135)
(c) Employee benefit expense	25	**1,46,00,344**	1,96,45,228
(d) Finance cost	26	**6,04,993**	1,36,630
(e) Depreciation & amortisation expense	3 & 4	**1,40,70,282**	24,14,347
(f) Other expenses	27	**4,26,48,672**	3,36,91,732
Total expenses		**14,96,53,701**	5,94,18,624
Profit/(loss) before tax		**(2,52,78,887)**	(2,74,29,167)
Tax Expense			
(1) Current tax		**–**	–
(2) Deferred tax		**–**	–
(3) Income tax adjustments for earlier years		**–**	–
Total tax expense		**–**	–
Profit/(loss) for the year		**(2,52,78,887)**	(2,74,29,167)
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurements of the defined benefit liabilities/(asset)		**(4,39,648)**	(1,28,163)
Total comprehensive income for the year (VII + VIII)		**(2,48,39,239)**	**(2,73,01,004)**
Earnings per equity share (for continuing operations):			
(1) Basic & Diluted EPS (in Rs.)	28	**(0.97)**	(1.29)

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B.K Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 04 May, 2021

For and on behalf of the Board of Directors
Mahindra Waste To Energy Solutions Limited

Parag Shah	Director	DIN: 00374944
Manaswini Goel	Director	DIN: 08142619
P Palaniappan	Chief Executive Officer	
Vaishali Desai	Chief Financial Officer	
Binal Shah	Company Secretary	

Place: Mumbai
Date: 04 May, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021
CASH FLOW STATEMENT - INDIRECT METHOD

In Indian Rupees

	Particulars	Note No.	For the year ended 31st March, 2021	For the year ended 31st March, 2020
A	**Cash flows from operating activities**			
	Loss before tax for the year		**(2,52,78,887)**	(2,74,29,167)
	Adjustments for:			
	Depreciation		**1,40,70,282**	24,14,347
	Interest on Fixed Deposits with Banks		**(8,08,242)**	(8,18,055)
			(1,20,16,847)	(2,58,32,875)
	Movements in working capital:			
	(Increase) in Inventories		**42,79,258**	(42,01,135)
	(Increase) in trade receivables		**(4,38,97,486)**	(39,18,259)
	(Increase) in other financial assets		**(15,67,316)**	(1,41,153)
	(Increase) in other assets		**(59,03,389)**	(91,41,185)
	Increase in trade and other payables		**2,76,65,344**	44,50,609
	Increase in provisions		**(16,62,664)**	7,99,959
	Increase in other financial liabilities		**(4,38,866)**	9,19,505
	Increase in other current liabilities		**(4,71,26,853)**	5,80,35,664
	Cash used from operations		**(8,06,68,819)**	2,09,71,130
	Income taxes paid		**3,31,046**	(4,87,953)
	Net cash (used)/generated by operating activities		**(8,03,37,773)**	2,04,83,177
B	**Cash flows from investing activities**			
	Payments to acquire capital assets		**(1,77,13,357)**	(7,79,62,528)
	Interest received		**5,47,638**	7,95,364
	Net cash (used)/generated by investing activities		**(1,71,65,719)**	(7,71,67,164)
C	**Cash flows from financing activities**			
	Proceeds from issue of equity instruments of the Company		**8,11,25,000**	3,37,75,000
	Proceeds From Term Loan		**2,75,00,000**	–
	Share issue expenses		**–**	(37,655)
	Net cash (used)/generated in financing activities		**10,86,25,000**	3,37,37,345
D	**Net increase in cash and cash equivalents**		**1,11,21,507**	(2,29,46,642)
	Cash and cash equivalents at the beginning of the year		**1,84,06,016**	4,13,52,658
	Cash and cash equivalents at the end of the year		**2,95,27,524**	1,84,06,016

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B.K Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 04 May, 2021

For and on behalf of the Board of Directors
Mahindra Waste To Energy Solutions Limited

Parag Shah	Director	DIN: 00374944
Manaswini Goel	Director	DIN: 08142619
P Palaniappan	Chief Executive Officer	
Vaishali Desai	Chief Financial Officer	
Binal Shah	Company Secretary	

Place: Mumbai
Date: 04 May, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

A - Equity Share Capital

In Indian Rupees

Issued and subscribed:	As at 31st March, 2021	As at 31st March, 2020
Balance as at the beginning of the year	**21,88,75,000**	18,51,00,000
Add:		
Shares issued	**8,11,25,000**	3,37,75,000
Share Application	**–**	–
Balance as at the end of the year	**30,00,00,000**	21,88,75,000

Notes:

Company has only one class of Equity Shares having par value of Rs. 10 each.

B - Other Equity

In Indian Rupees

Particulars	Retained Earnings	Other comprehensive income (Remeasurements of the defined benefit plans)	Total
Balance as at 31st March, 2019	(2,37,94,717)	(3,15,356)	(2,41,10,073)
Net(Loss) for the year	(2,74,29,167)	–	(2,74,29,167)
Share issue expenses	(37,655)	–	(37,655)
Other Comprehensive Income/(Loss)	–	1,28,163	1,28,163
Balance as at 31st March, 2020	(5,12,61,539)	(1,87,193)	(5,14,48,732)
Net (Loss) for the year	(2,52,78,887)	–	(2,52,78,887)
Share issue expenses	–	–	–
Other Comprehensive Income/(Loss)	–	4,39,648	4,39,648
Balance as at 31st March, 2021	**(7,65,40,425)**	**2,52,455**	**(7,62,87,970)**

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B.K Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 04 May, 2021

For and on behalf of the Board of Directors
Mahindra Waste To Energy Solutions Limited

Parag Shah	Director	DIN: 00374944
Manaswini Goel	Director	DIN: 08142619
P Palaniappan	Chief Executive Officer	
Vaishali Desai	Chief Financial Officer	
Binal Shah	Company Secretary	

Place: Mumbai
Date: 04 May, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

1 Corporate information:

Mahindra Waste to Energy Solutions Limited is a public limited company incorporated in Mumbai, India under the Companies Act 2013. The company is a subsidiary of Mahindra & Mahindra Limited as on 31st March, 2021. The company is engaged, inter alia in the business of construction, operation and maintenance of the biogas plants and sale of biogas and manure generated from the biogas plants

2 Significant Accounting Policies followed by the Company:

2.1 Statement of compliance and basis of preparation and presentation of financial statements:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Rules 2016.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

2.2 Financial Assets and Financial Liabilities:

Financial Instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial Assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial Liabilities and Equity Instruments:

Equity instruments issued by the Company are classified as equity in accordance with the substance of the contractual agreements and the definitions of an equity instrument.

Equity Instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial Liabilities:

All the financial liabilities are subsequently measured at either amortised cost using the effective interest method or at fair value through profit and loss, depending on the classification of the financial liabilities.

2.3 Property, plant and equipment:

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying tangible assets upto the date the assets are ready for use.

Depreciation is provided on straight-line basis for property, plant and equipment so as to expense the depreciable amount, i.e. the cost less estimated residual value, over its estimated useful lives. The estimated useful lives and residual values are reviewed annually and the effect of any changes in estimate is accounted for on a prospective basis.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit or loss, if any, is reflected in the Statement of Profit and Loss.

The management's estimate of useful lives are in accordance with Schedule II to the Companies Act, 2013, other than the following asset classes, based on the Company's expected usage pattern supported by technical assessment:

Certain items of Plant and machinery individually costing more than Rs. 5,000 – over useful lives (2 years, 3 years, 5 years, 8 years, 10 years, 15 years, 20 years or 25 years as the case may be), Vehicles 5 years, Assets below Rs.5,000/- 1 year as determined by the company.

2.4 Inventories:

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and bought out components are valued at the lower of cost or net realizable value. Cost is determined on the basis of the weighted average method.

Finished goods produced, manufactured components are carried at cost or net realizable value whichever is lower.

Stores, spares and tools other than obsolete and slow-moving items are carried at cost. Obsolete and slow-moving items are valued at cost or estimated net realizable value, whichever is lower.

2.5 Employee benefits:

(i) Defined Contribution Plan:

The Company's contributions paid/payable during the year to Provident Fund and Superannuation Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees.

(ii) Defined Benefit Plan/Leave encashment:

The Company's liability towards gratuity and leave encashment is determined using the projected unit credit method which considers each period of service as giving rights to an additional unit of benefit entitlement and measure each unit separately to build up the final obligation. Past services are recognised on straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of other comprehensive income as income or expense. Obligation is measured at the present value of estimated future cash flow using discounted rate i.e. determined by reference to the market yield at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(iii) Other Benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

2.6 Leases:

Ind AS 116 is replaced the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees.

Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The amendment is effective for annual periods beginning on or after 01st April 19.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

2.7 Revenue Recognition:

In view of INDAS 115, Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognize revenues, companies apply the following five step approach:

(1) identify the contract with a customer

(2) identify the performance obligations in the contract

(3) determine the transaction price

(4) allocate the transaction price to the performance obligations in the contract

(5) recognize revenues when a performance obligation is satisfied.

The Company applies judgement to determine whether each product or services promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised product or services are combined and accounted as a single performance obligation. The Company allocates the arrangement consideration to separately identifiable performance obligation based on their selling price.

2.8 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.9 Taxes on Income:

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year:

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax:

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted

2.10 Measurement of fair values:

The company's accounting policies and disclosures require the measurement of fair values. In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.11 Use of estimates and judgements:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

2.12 Cash and cash equivalents:

Cash comprises demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.13 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.14 Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the period.

2.15 Interest Income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 3 - Tangible Assets

In Indian Rupees

Description of Assets	Buildings	Plant and Equipment	Plant & Equipment - Electrical Installations	Plant and Equipment - Computers	Furniture & Fixtures	Vehicles	Total
I. Gross Block							
Balance as at 31st March, 2019	–	–	–	5,77,500	–	–	5,77,500
Additions	92,26,491	14,09,33,073	13,68,939	–	1,03,396	6,05,760	15,22,37,659
Disposals	–	–	–	–	–	–	–
Balance as at 31st March, 2020	92,26,491	14,09,33,073	13,68,939	5,77,500	1,03,396	6,05,760	15,28,15,159
Additions	–	6,09,84,850	6,73,344	–	–	73,858	6,17,32,052
Disposals	–	–	–	–	–	–	–
Balance as at 31st March, 2021	**92,26,491**	**20,19,17,924**	**20,42,283**	**5,77,500**	**1,03,396**	**6,79,618**	**21,45,47,211**
II. Accumulated depreciation							
Balance as at 31st March, 2019	–	–	–	13,578	–	–	13,578
Depreciation for the year	5,49,756	16,16,610	10,910	1,82,878	3,221	9,749	23,73,124
Eliminated on disposal of assets	–	–	–	–	–	–	–
Balance as at 31st March, 2020	5,49,756	16,16,610	10,910	1,96,456	3,221	9,749	23,86,702
Depreciation for the year	29,22,264	1,06,97,663	90,324	1,82,870	19,647	1,16,291	1,40,29,059
Eliminated on disposal of assets	–	–	–	–	–	–	–
Balance as at 31st March, 2021	**34,72,020**	**1,23,14,273**	**1,01,234**	**3,79,326**	**22,868**	**1,26,040**	**1,64,15,761**
Net Block (I-II) as on 31st March, 2021	**57,54,471**	**18,96,03,650**	**19,41,049**	**1,98,174**	**80,528**	**5,53,578**	**19,81,31,450**
Net Block (I-II) as on 31st March, 2020	**86,76,735**	**13,93,16,463**	**13,58,029**	**3,81,044**	**1,00,175**	**5,96,011**	**15,04,28,457**

Note No. 4 - Right to use land

In Indian Rupees

Description of Assets	Land
I. Gross Block	
Balance as at 31st March, 2019	–
Additions	7,85,557
Disposals	–
Balance as at 31st March, 2020	7,85,557
Additions	–
Disposals	–
Balance as at 31st March, 2021	**7,85,557**
II. Accumulated Amortisation	
Balance as at 31st March, 2019	–
Amortisation for the year	41,223
Eliminated on disposal of assets	–
Balance as at 31st March, 2020	41,223
Amortisation for the year	41,223
Eliminated on disposal of assets	–
Balance as at 31st March, 2021	**82,446**
Net Block (I-II) as on 31st March, 2021	**7,03,111**
Net Block (I-II) as on 31st March, 2020	7,44,334

Note No. 5 - Non current other financial assets

In Indian Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
Financial Assets measured at amortised cost		
Security Deposits		
Unsecured, considered good	–	1,95,000
Bank deposit (lien on fixed deposit for performance bank guarantee)	–	–
Total	–	1,95,000

Note No. 6 - Non current other assets

In Indian Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Capital advances	–	1,72,41,908
(b) Advance income tax (TDS receivable)	**2,30,033**	5,81,729
(c) TCS Paid	**20,650**	–
Total	**2,50,683**	1,78,23,637

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 7 - Inventories

In Indian Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
At Cost		
(a) Raw Materials	–	–
(b) Work in progress	–	41,69,761
(c) Finished goods	–	1,09,497
Total	–	42,79,258

Note No. 8 - Cash and Bank Balances

In Indian Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
(A) Cash and cash equivalents		
(i) Cash on hand	–	–
(ii) Balances with banks		
– In Current Account	20,27,524	1,60,98,903
– Fixed Deposits with original maturity less than 3 months	–	–
	20,27,524	1,60,98,903
(B) Other Bank Balances		
(i) Balances with banks		
– Fixed Deposits maturing within 12 months from the reporting date	2,75,00,000	23,07,113
	2,75,00,000	23,07,113
Total	2,95,27,524	1,84,06,016

Note No. 9 - Trade receivables

In Indian Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade Receivables		
Unsecured, considered good more than 6 months	–	75,343
Unsecured, considered good	4,91,71,460	51,98,631
Total	4,91,71,460	52,73,974

Note No. 10 - Current other financial assets

In Indian Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
Financial assets measured at amortised cost		
a) Interest receivable		
Interest accrued on fixed deposits	3,05,244	44,640
b) Recoverable expenses	16,62,702	17,80,386
c) Security deposits	20,24,000	1,44,000
Total	39,91,946	19,69,026

Note No. 11 - Current other assets

In Indian Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Advances other than capital advances		
(i) Advance to Suppliers	2,49,115	24,02,911
(ii) Advances to employees	–	1,07,000
(iii) Balances with government authorities	–	–
(Unsecured, considered good)		
(b) GST credit receivable	2,15,79,843	1,45,10,801
(c) Prepaid expenses	10,95,143	–
Total	2,29,24,101	1,70,20,712

Note No. 12 - Equity share capital

In Indian Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
Authorised:		
3,00,00,000 (31st March, 2020: 3,00,00,000) equity shares of Rs. 10 each with voting rights	30,00,00,000	30,00,00,000
Issued, Subscribed and Fully Paid:		
3,00,00,000 (31st March, 2020: 2,18,87,500) equity shares of Rs. 10 each with voting rights	30,00,00,000	21,88,75,000
Share Application	–	–
Total	30,00,00,000	21,88,75,000

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

In Indian Rupees

Particulars	Opening Balance	Fresh Issue	Closing Balance
(a) Equity shares with voting rights 31st March, 2021			
No. of Shares	2,18,87,500	81,12,500	3,00,00,000
Amount	21,88,75,000	8,11,25,000	30,00,00,000
(b) Equity shares with voting rights period ended 31st March, 2020			
No. of Shares	1,85,10,000	33,77,500	2,18,87,500
Amount	18,51,00,000	3,37,75,000	21,88,75,000

(ii) Terms/Rights attached to equity shares

The company has only one class of shares referred to as equity shares having par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

approval of the shareholders in the ensuring Annual General Meeting. In the event of liquidation of company the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amount. However no such preferential amounts exist currently. The distribution will be in proportion to number of equity shares held by shareholders.

(iii) Details of shares held by each shareholder holding more than 5% shares:

	As at 31st March, 2021		As at 31st March, 2020	
Class of shares/Name of shareholder	**Number of shares held**	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra and Mahindra Limited	**2,62,15,842**	**87.4%**	1,85,10,000	84.6%

(iv) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	**Number of Shares As at 31st March, 2021**	Number of Shares As at 31st March, 2020
Mahindra and Mahindra Limited, the holding company	**2,62,15,842**	1,85,10,000

(v) Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back:

The Company has neither allotted equity shares without receipt of cash or as bonus shares nor bought back any equity shares during the financial year.

Note No. 13 - Other equity

In Indian Rupees

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
<u>Retained earnings</u>		
Balance at the beginning of the reporting year	**(5,12,61,539)**	(2,37,94,717)
Net (Loss) for the current year	**(2,52,78,887)**	(2,74,29,167)
Share issue expenses	**–**	(37,655)
Balance at the end of the year (A)	**(7,65,40,425)**	(5,12,61,539)
<u>Other comprehensive income</u>		
Balance at the beginning of the reporting year	**(1,87,193)**	(3,15,356)
(Addition)/Deletion during the year	**4,39,648**	1,28,163
Balance at the end of the year (B)	**2,52,455**	(1,87,193)
Balance at the end of the year (A+B)	**(7,62,87,970)**	(5,14,48,732)

Note No. 14 - Borrowings

In Indian Rupees

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
Term Loan	**2,75,00,000**	–
Total	**2,75,00,000**	–

The above term loan is taken from Kotak Mahindra Bank Ltd @7.35% p.a for 3 years & the same is unsecured.

Note No. 15 - Non current provisions

In Indian Rupees

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
Provision for employee benefits	**17,35,638**	37,10,313
Total	**17,35,638**	37,10,313

Note No. 16 - Non current liabilities

In Indian Rupees

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
Deferred Revenue	**23,01,170**	70,26,114
Total	**23,01,170**	70,26,114

Note No. 17 - Trade payables

In Indian Rupees

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
Trade payables		
Due to micro and small enterprises	**1,24,34,405**	6,43,474
Other than micro and small enterprises	**2,17,74,957**	59,00,545
Total	**3,42,09,362**	65,44,019

Note No. 18 - Current other financial liabilities

In Indian Rupees

Particulars	**As at 31st March, 2021**	As at 31st March, 2020
Financial liabilities measured at amortized cost		
Creditors for capital supplies/services		
Due to micro and small enterprises	**2,13,927**	15,48,509
Other than micro and small enterprises	**21,02,200**	25,42,945
Others	**25,90,483**	30,29,349
Total	**49,06,611**	71,20,803

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 19 - Other current liabilities

In Indian Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
Others		
a) Employee recoveries and employer contributions	**1,24,388**	1,47,409
b) Statutory dues (TDS payable)	**9,07,954**	7,86,846
c) Advance from customers	**20,004**	4,25,20,000
d) Deferred revenue	**78,75,000**	78,75,000
Total	**89,27,346**	5,13,29,255

Note No. 20 - Current provisions

In Indian Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits	**4,92,538**	6,20,175
Total	**4,92,538**	6,20,175

Note No. 21 - Revenue from operations

In Indian Rupees

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
a) Revenue from sale of goods	**2,64,75,316**	1,27,79,987
b) Revenue from sale of services	**1,00,25,634**	1,77,49,582
c) Other operating income	**87,88,787**	6,41,833
d) Income From EPC Project	**7,82,76,836**	–
Total	**12,35,66,572**	3,11,71,402

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(i) Sale of products comprises:		
Manufactured goods		
Sales of product - Biogas	**1,45,02,625**	1,04,09,698
Sales of product - Manure	**1,19,34,691**	15,39,700
Less: Commission on sales	**–**	(15,51,161)
Total	**2,64,37,316**	1,03,98,237
Traded goods		
Sales of equipments	**38,000**	23,81,750
	2,64,75,316	1,27,79,987
(ii) Sale of Services	**1,00,25,634**	1,77,49,582
(iii) Other operating revenues comprise:		
Tipping fee	**87,88,787**	6,41,833
(iv) Income From EPC Project	**7,82,76,836**	–
Total	**12,35,66,572**	3,11,71,402

Note No. 22 - Other income

In Indian Rupees

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(i) **Interest Income**		
On bank deposits	**7,71,132**	8,14,244
On Income Tax	**37,110**	3,811
Total	**8,08,242**	8,18,055

Note No. 23 - Cost of materials consumed

In Indian Rupees

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Opening stock	**–**	–
Add: Purchases/Processing charges	**7,34,50,150**	77,31,822
	7,34,50,150	77,31,822
Less: Closing stock	**–**	–
Cost of materials consumed	**7,34,50,150**	77,31,822

Note No. 24 - Changes in inventories of finished goods

In Indian Rupees

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Inventories at the end of the year:		
Work in progress	**–**	41,69,761
Finished goods	**–**	1,09,497
Inventories at the beginning of the year:		
Work in progress	**1,09,497**	–
Finished goods	**41,69,761**	78,123
Net (increase)/decrease	**42,79,259**	(42,01,135)

Note No. 25 - Employee Benefits Expense

In Indian Rupees

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a) Salaries and wages, including bonus	**1,37,50,308**	1,86,85,724
(b) Contribution to provident and other funds	**6,31,864**	6,92,206
(c) Staff welfare expenses	**2,18,172**	2,67,298
Total	**1,46,00,344**	1,96,45,228

Note No. 26 - Finance Cost

In Indian Rupees

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Interest unwinding - Lease Liability	**72,956**	74,488
Interest on Term Loans	**5,48,093**	–
Interest-others	**(16,056)**	62,142
Total	**6,04,993**	1,36,630

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 27 - Other expenses

In Indian Rupees

	Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a)	Stores consumed	**12,31,725**	6,49,867
(b)	Power & Fuel	**87,12,656**	42,34,384
(c)	Repairs and maintenance - Buildings	**–**	–
(d)	Repairs and maintenance - Machinery	**13,562**	69,225
(e)	Repairs and maintenance - Others	**68,80,286**	43,77,461
(f)	Hire & service charges	**1,12,71,463**	1,34,88,920
(g)	Travelling and Conveyance Expenses	**7,25,607**	26,96,625
(h)	Filing fees	**48,590**	19,750
(i)	Professional fees	**1,01,34,564**	40,73,501
(j)	Rent including lease rentals	**2,65,167**	3,80,430
(k)	Stamp Duty	**1,45,282**	5,04,260
(l)	Rates and taxes	**9,04,119**	7,52,340
(m)	Business Promotion	**5,878**	1,97,745
(n)	Royalty	**1,00,000**	1,00,000
(o)	Bank charges	**35,454**	13,06,510
(p)	Auditors remuneration and out-of-pocket expenses		
	(i) As Auditors	**60,000**	50,000
	(ii) For Taxation matters	**–**	–
	(iii) For Other services	**–**	–
(q)	Insurance	**1,56,396**	1,36,928
(r)	Postage and telephone	**1,17,785**	1,16,557
(s)	Printing and stationery	**36,841**	39,368
(t)	Freight outward	**–**	–
(u)	Sales promotion	**–**	–
(v)	Registration Expense	**8,42,531**	1,77,200
(w)	Miscellaneous Expenses	**9,60,768**	3,20,661
Total		**4,26,48,672**	3,36,91,732

Note No. 28 - Disclosures under Ind AS 33

In Indian Rupees

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Basic & Diluted Earnings per share - continuing operations	**(0.97)**	(1.29)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

In Indian Rupees

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(Loss) for the period attributable to owners of the Company	**(2,52,78,887)**	(2,74,29,167)
Weighted average number of equity shares	**2,61,65,864**	2,13,27,486
Earnings per share from continuing operations - Basic & Diluted	**(0.97)**	(1.29)

Note No. 29 - Financial Instruments

29.1 Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

	31st March, 2021	31st March, 2020
Equity	**22,37,12,030**	16,74,26,268
Total	**22,37,12,030**	16,74,26,268

29.2 Categories of financial assets and financial liabilities

In Indian Rupees

As at 31st March, 2021

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial Assets				
– Non Derivative Financial Assets	–	–	–	–
Current Assets				
Cash and Cash Equivalents	**20,27,524**	–	–	**20,27,524**
Other Bank Balances	**2,75,00,000**	–	–	**2,75,00,000**
Trade Receivables	**4,91,71,460**	–	–	**4,91,71,460**
Other Financial Assets				
– Non Derivative Financial Assets	**39,91,946**	–	–	**39,91,946**
Non-current Liability				
– Borrowings	**2,75,00,000**	–	–	**2,75,00,000**
– Lease Liability	**5,58,048**	–	–	**5,58,048**
Current Liabilities				
Trade Payables	**3,42,09,362**	–	–	**3,42,09,362**
Lease Liability	**3,57,533**	–	–	**3,57,533**
Other Financial Liabilities				
– Non Derivative Financial Liabilities	**49,06,611**	–	–	**49,06,611**

29.3 Categories of financial assets and financial liabilities

In Indian Rupees

As at 31st March, 2020

	Amortised Costs	FVTPL	FVOCI	Total
Non-current Assets				
Other Financial Assets				
– Non Derivative Financial Assets	1,95,000	–	–	1,95,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

In Indian Rupees

	As at 31st March, 2020			
	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Cash and Cash Equivalents	1,60,98,903	–	–	1,60,98,903
Other Bank Balances	23,07,113	–	–	23,07,113
Trade Receivables	52,73,974	–	–	52,73,974
Other Financial Assets				
– Non Derivative Financial Assets	19,69,026	–	–	19,69,026
Non-current Liability				
Borrowings	–	–	–	–
Lease Liability	6,27,128	–	–	6,27,128
Current Liabilities				
Trade Payables	65,44,019	–	–	65,44,019
Lease Liability	2,32,917	–	–	2,32,917
Other Financial Liabilities				
– Non Derivative Financial Liabilities	71,20,803	–	–	71,20,803

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a program that performs monitoring of and responding to risk factors.

CREDIT RISK

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. Financial instruments that are subject to credit risk, principally consists of trade receivables and investment in fixed deposits etc. The Company has adopted a policy of only dealing with creditworthy counterparties. Credit risk does not arise on investment in fixed deposits, as they are currently placed with corporate banks having high net worth and good credit ratings and hence management does not anticipate any credit risk.

LIQUIDITY RISK

(i) Liquidity risk management

The company has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

In Indian Rupees

Particulars	Less than 1 Year	1-3 Years	4 Years to 5 Years	5 years and above
Non-derivative financial assets				
31st March, 2021				
Non-interest bearing	**5,48,85,686**	–	–	–
Variable interest rate instruments		–	–	–
Fixed interest rate instruments	**2,78,05,244**	–	–	–
Total	**8,26,90,930**	–	–	–
31st March, 2020				
Non-interest bearing	2,34,92,263	–	–	–
Variable interest rate instruments	–	–	–	–
Fixed interest rate instruments	23,51,754	–	–	–
Total	2,58,44,017	–	–	–

(iii) Maturities of financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

In Indian Rupees

Particulars	Less than 1 Year	1-3 Years	4 Years to 5 Years	5 years and above
Non-derivative financial Liabilities				
31st March, 2021				
Non-interest bearing	**3,91,15,973**	–	–	–
Variable interest rate instruments	–	–	–	–
Fixed interest rate instruments	**3,57,533**	**2,76,20,728**	**1,00,721**	**3,36,600**
Total	**3,94,73,506**	**2,76,20,728**	**1,00,721**	**3,36,600**
31st March, 2020				
Non-interest bearing	1,36,64,822	–	–	–
Variable interest rate instruments	–	–	–	–
Fixed interest rate instruments	2,32,917	1,89,807	1,00,721	3,36,600
Total	1,38,97,739	1,89,807	1,00,721	3,36,600

MARKET RISK

Market risk is the risk value that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to mange and control market risk exposure within acceptable parameters, while optimising the return. Future specific market movements cannot be normally predicted with reasonable accuracy.

(i) Currency risk

The Company has not undertaken transactions denominated in foreign currencies; consequently, no exposures to exchange rate fluctuations arise.

The carrying amounts of the company's foreign currency denominated monetary assets and monetary liabilities at the end of the year is Rs. Nil (31st March, 2020: Rs. Nil)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is not exposed to the risk of changes in market interest rates as the company does not have any long term debt obligations with floating interest rate.

(iii) Other price risk

The company is not exposed to equity price risks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 30 - Fair Value Measurement

Fair value of financial assets and financial liabilities that are not measured at fair value

In Indian Rupees

Particulars	Level	As at 31st March, 2021 Carrying amount	As at 31st March, 2021 Fair value	As at 31st March, 2020 Carrying amount	As at 31st March, 2020 Fair value
Financial assets					
Financial assets carried at amortised cost					
– Non-current other financial assets	Level - 2	**–**	**–**	1,95,000	1,95,000
– Cash and Cash Equivalents	Level - 2	**20,27,524**	**20,27,524**	1,60,98,903	1,60,98,903
– Other Bank Balances	Level - 2	**2,75,00,000**	**2,75,00,000**	23,07,113	23,07,113
– Trade and other receivables	Level - 3	**4,91,71,460**	**4,91,71,460**	52,73,974	52,73,974
– Current other Financial Assets	Level - 3	**39,91,946**	**39,91,946**	19,69,026	19,69,026
Total		**8,26,90,930**	**8,26,90,930**	2,58,44,016	2,58,44,016
Financial liabilities					
Financial liabilities held at amortised cost					
– Term Loan	Level - 2	**2,75,00,000**	**2,75,00,000**	–	–
– Lease Liability	Level - 3	**9,15,581**	**9,15,581**	8,60,045	8,60,045
– Trade and other payables	Level - 3	**3,42,09,362**	**3,42,09,362**	65,44,019	65,44,019
– Current other financial liabilities	Level - 3	**49,06,611**	**49,06,611**	71,20,803	71,20,803
Total		**6,75,31,554**	**6,75,31,554**	1,45,24,867	1,45,24,867

Note 31 - Employee Benefits

(A) Defined Contribution Plan

Amount recognised as an expense in the Statement of Profit and Loss is Rs. 4,91,457 (31st March, 2020 Rs. 6,05,644).

(B) Defined benefit plan:

The defined benefit plan comprise of gratuity

The company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act or the company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. The current service cost and the net interest expense for the year are included in the employee benefits and expenses during the year provided is Rs. 4,91,457 (31st March, 2020 Rs. 4,80,131).

Through its defined benefit plans the company is exposed to a number of risks, the most significant of which are detailed below:

Discount Rate Risk:

A decrease in government bond yields will increase plan liabilities.

Longevity Risk:

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary Risk:

The present value of defined benefit plan liability is calculated by reference to the future salaries plan participants. As such, an increase in the salary of the plan participants will increase the plans's liability.

In Indian Rupees

(C) Particulars	**Gratuity (Unfunded)**	
Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows:	**For the year ended 31st March, 2021**	For the year ended 31st March, 2020
1. Present value of defined benefit obligation as on 1st April	**20,83,813**	17,31,845
2. Current service cost	**3,54,316**	3,53,480
3. Past service cost	**–**	–
4. Interest cost	**1,37,141**	1,26,651
5. Remeasurements (gains)/losses [Acturial (gains)/losses]		
(i) Acturial (gains)/losses arising from changes in demographic assumption	**(1,67,025)**	(1,24,400)
(ii) Acturial (gains)/losses arising from changes in financial assumption	**1,96,119**	(59,855)
(iii) Acturial (gains)/losses arising from changes in experience adjustment	**(4,68,742)**	56,092
6. Benefits paid	**(5,42,154)**	–
7. Liabilities assumed/(settled)*	**–**	–
8. Present value of defined benefit obligation as on balance sheet date	**15,93,468**	20,83,813

* On account of inter group transfer

In Indian Rupees

(D) Analysis of defined benefit obligation:	**As at 31st March, 2021**	As at 31st March, 2020
1. Defined benefit obligation	**15,93,468**	20,83,813
2. Fair value of plan assets at the end of the year	**–**	–
3. **Net (asset)/liability recognised in the Balance Sheet**	**15,93,468**	20,83,813

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

In Indian Rupees

	(E) Reconciliation of present value of defined benefit obligation and fair value of plan assets showing amount recognised in the balance sheet:	As at 31st March, 2021	As at 31st March, 2020
1.	Present value of defined benefit obligation	**15,93,468**	20,83,813
2.	Fair value of plan assets	**–**	–
3.	Funded status [surplus/(deficit)]	**(15,93,468)**	(20,83,813)
4.	**Net asset/(liability) recognised in balance sheet**	**(15,93,468)**	(20,83,813)
5.	Current portion of the above	**(2,91,162)**	(1,63,502)
6.	Non-current portion of the above	**(13,02,306)**	(19,20,311)

In Indian Rupees

	(F) Components of employer expenses recognised in the statement of profit and loss for the year ended	For the year ended 31st March, 2021	For the year ended 31st March, 2020
1.	Current service cost	**3,54,316**	3,53,480
2.	Past service cost	**–**	–
3.	Interest cost	**1,37,141**	1,26,651
4.	**Total expenses recognised in the Statement of Profit and Loss**	**4,91,457**	4,80,131

In Indian Rupees

	(G) Components of employer expenses recognised in the comprehensive income for the year ended	For the year ended 31st March, 2021	For the year ended 31st March, 2020
1.	Actuarial Losses/(Gains)		
	(i) arising from changes in demographic assumption	**(1,67,025)**	(1,24,400)
	(ii) arising from changes in financial assumption	**1,96,119**	(59,855)
	(iii) arising from changes in experience adjustment	**(4,68,742)**	56,092
2.	**Components of defined benefit costs recognised in other comprehensive income**	**(4,39,648)**	(1,28,163)

In Indian Rupees

	(H) Reconciliation of present value of defined benefit obligation and fair value of plan assets showing amount recognised in the balance sheet:	As at 31st March, 2021	As at 31st March, 2020
1.	Discount rate (%)	**4.90%**	6.85%
2.	Expected return on plan assets (%)	**NA**	NA
3.	Salary escalation (%)	**10%**	9%
4.	Withdrawal rate (%) (others)	**23%**	10%

a) The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated terms of the obligations.

b) Salary escalation rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors

In Indian Rupees

	(I) Experience adjustments	For the year ended 31st March, 2021	For the year ended 31st March, 2020
1.	Defined benefit obligation at the end of the year	**15,93,468**	20,83,813
2.	Plan assets at the end of the year	**–**	–
3.	Surplus/(deficit)	**(15,93,468)**	(20,83,813)
4.	Experience adjustments on plan liabilities (gains)/losses	**(4,68,742)**	56,092
5.	Experience adjustments on plan assets	**–**	–

In Indian Rupees

	(J) Sensitivity of the defined benefit obligation to changes:		Changes in assumption	Impact on defined benefit obligation increase/(decrease)	
				Increase in assumption	Decrease in assumption
1.	Discount rate (%)	**2021**	**1%**	**(72,318)**	**78,826**
		2020	1%	(1,67,298)	1,91,767
2.	Salary escalation (%)	**2021**	**1%**	**74,311**	**(69,706)**
		2020	1%	1,85,894	(1,65,631)

Note:

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practise this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change.

In Indian Rupees

(K) Maturity profile of defined benefit obligation:	2021	2020
Within 1 year	**2,91,162**	1,63,502
2 - 5 years	**8,88,005**	7,28,908
6 - 9 years	**4,73,343**	7,09,718
10 years & above	**4,07,543**	26,23,194

(L) The weighted average duration of the defined benefit obligation as at 31st March, 2021 is 4.73 years (31st March, 2020: 8.58 years)

Note No. 32 - Related Party Transactions

Party with whom transactions have taken place during the year

Relationship	Name of the Company
Parent company	Mahindra & Mahindra Limited
Fellow subsidiary	Mahindra Integrated Business Solutions Limited
Key managerial personnel	P. Palaniappan - Chief Executive Officer
Independent Director	Smita Mankad
Independent Director	Rahul Asthana

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Details of transaction between the Company and its related party is disclosed below:

					In Indian Rupees
Particulars	**For the period ended**	**Parent Company**	**Fellow Subsidiary**	**Key managerial personnel**	**Independent Directors**
Nature of transactions with Related Party					
Contribution of equity to the company	**March 31, 2021**	**7,70,58,420**	**–**	**–**	**–**
	March 31, 2020	–	–	–	–
Purchase of assets	**March 31, 2021**	**26,65,000**	**–**	**–**	**–**
	March 31, 2020	–	–	–	–
Services rendered	**March 31, 2021**	**85,63,634**	**–**	**–**	**–**
	March 31, 2020	79,42,582	–	–	–
Professional Fees	**March 31, 2021**	**–**	**12,05,646.00**	**–**	**–**
	March 31, 2020	–	3,42,530	–	–
Royalty	**March 31, 2021**	**1,00,000.00**	**–**	**–**	**–**
	March 31, 2020	1,00,000	–	–	–
Advances received	**March 31, 2021**	**31,50,056**	**–**	**–**	**–**
	March 31, 2020	1,92,79,864	–	–	–
Reimbursement of expenses-paid	***March 31, 2021***	**55,28,955**	**–**	**1,60,893**	**–**
	March 31, 2020	20,25,441	–	5,03,688	–
Reimbursement of expenses-received	***March 31, 2021***	**–**	**–**	**–**	**–**
	March 31, 2020	13,10,058	–	–	–
Remuneration Paid	***March 31, 2021***	**–**	**–**	**50,00,000**	**–**
	March 31, 2020	–	–	50,17,821	–
Sitting Fees	***March 31, 2021***	**–**	**–**	**–**	**7,00,000**
	March 31, 2020	–	–	–	–

					In Indian Rupees
Particulars	**Balance as on**	**Parent Company**	**Fellow Subsidiary**	**Key managerial personnel**	**Independent Directors**
Nature of Balances with Related Parties					
Trade Payables	**March 31, 2021**	**86,09,534**	**4,24,600**	**–**	**–**
	March 31, 2020	2,05,933	28,278	–	–
Payable on Capital Expenditure	**March 31, 2021**	**–**	**–**	**–**	**–**
	March 31, 2020	–	–	–	–
Trade Receivables	**March 31, 2021**	**2,37,786**	**–**	**–**	**–**
	March 31, 2020	63,749	–	–	–

Note No. 33 - Disclosures under Ind AS 115

A Country-wise break up of Revenue

In Indian Rupees

Country	**Revenue from contracts with customers (Ind AS 115)**	**Revenue from operations from other than customers**	**Total Revenue from Operations**	**Other Income**	**Total Income**
India - 31st March, 2020	**12,35,66,572**	**–**	**12,35,66,572**	**8,08,242**	**12,43,74,814**
India - 31st March, 2019	3,05,29,569	6,41,833	3,11,71,402	8,18,055	3,19,89,456

B Breakup of Revenue into contracts entered in previous year and in current year

Particulars	**For the year ended 31st March, 2021**	For the year ended 31st March, 2020
Revenue from PO/ contract/agreement entered into previous year	**7,82,76,836**	–
Revenue from New PO/ contract/agreement entered into current year	**4,52,89,736**	3,05,29,569
Total revenue recognised during the year	**12,35,66,572**	3,05,29,569

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

C Reconciliation of revenue from contract with customer

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Revenue from contract with customer as per the contract price	**12,35,66,572**	3,20,80,730
Adjustments made to contract price on account of:-		
Commission on Sales	**–**	(15,51,161)
Total revenue recognised during the year	**12,35,66,572**	3,05,29,569

D Revenue to be recognised for performance obligation(s) not satisfied or partially satisfied at the end of the current year in respect of contracts with customer that are in place at the end of reporting year.

The company has entered into contract with customers, however the price is dependant on market conditions, no value is assigned

Note No. 34 - Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

In Indian Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
(i) the principal amount and the interest due theron remaining unpaid to any supplier as at the end of each accounting year		
Principal	**1,26,48,332**	21,91,983
Interest	**–**	–
(ii) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	**–**	5,195
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	**34,592**	62,181
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year	**34,592**	62,181
(v) the amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	**–**	–

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

Note No. 35 - Operating Lease

Future minimum lease payment under non-cancellable operating leases is as follows:

In Indian Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
Not later than one year	**90,652**	1,68,652
Later than one year and not later than five years	**3,62,608**	3,62,608
Later than five years	**10,91,918**	11,83,063

Note No. 36 - Contingent Liabilities & Commitments:

In Indian Rupees

Particulars	As at 31st March, 2021	As at 31st March, 2020
Claims against the Company not acknowledged as debts		
Guarantees:		
Performance Bank Guarantee issued by the banks	**5,10,00,000**	5,32,50,000
Commitments		
Estimated amount of contracts remaining to be executed on capital account (net of advances already made) and not provided for is	**–**	79,27,520

Note No. 37 - Segment Reporting

The company business activity falls within a single business segment viz. sale of biogas and manure. All other activities of the company revolve around its main business. Hence, there are no separate reportable primary segments.

Note No. 38 - In the opinion of the Board, all of the assets other than fixed assets and non-current investments, have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.

Note No. 39 - Deferred Tax Asset/ Liabilities

The company is in the second year of operation of the company, there is no certainty of future tax profits to absorb the deferred tax asset/liability, hence deferred tax asset/liability has not been recognized during the current year.

Note No. 40

The Company, based on internal & external sources of information including market research, economic forecast and other information, has assessed that as a result of Covid-19 outbreak, there is no significant financial impact on the financial statements for the year ended March 31, 2021 as at the date of approval of these financial statements.

Note No. 41 - Previous period's figures are regrouped / reclassified wherever necessary to conform with those of the current year.

In terms of our report attached
For B.K Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place: Mumbai
Date: 04 May, 2021

For and on behalf of the Board of Directors
Mahindra Waste To Energy Solutions Limited

Parag Shah	Director	DIN: 00374944
Manaswini Goel	Director	DIN: 08142619
P Palaniappan	Chief Executive Officer	
Vaishali Desai	Chief Financial Officer	
Binal Shah	Company Secretary	

Place: Mumbai
Date: 04 May, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of
Mahindra Telecom Energy Management Services Limited

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Mahindra Telecom Energy Management Services Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss and total comprehensive loss, its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Information Other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report and the related annexures, but does not include the Financial Statements and our Auditors' Report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account.

(d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2021 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to the Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to the Financial Statements.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses and

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For B.K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 21111212AAAAPJ8653

Mumbai, April 21, 2021

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date.

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Telecom Energy Management Services Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B.K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No.111212
UDIN: 21111212AAAAPJ8653
Mumbai, April 21, 2021

ANNEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date.

Annexure to the Auditor's Report referred to in our report of even date:

i. a) According to the information and explanations given to us, the Company does not hold any property, plant and equipment. Accordingly, the reporting under Clause 3(i)(a) of the Order is not applicable to the Company.

b) According to the information and explanations given to us, the Company does not hold any property, plant and equipment. Accordingly, the reporting under Clause 3(i)(b) of the Order is not applicable to the Company.

c) According to the information and explanations given to us, the Company has no immoveable properties registered in its name. Accordingly, the reporting under Clause 3(i)(c) of the Order is not applicable to the Company.

ii. According to the information and explanations given to us, the Company has not dealt in any inventory during the year & does not hold any inventory at the end of the year.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting under Clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.

iv. According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

vi. The Central Government has not prescribed the maintenance of cost records under sub- section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the Company.

vii. a) According to the information and explanations given to us and on the basis of our examination of records of the Company, the amounts deducted/accrued in the books of account in respect of undisputed statutory dues and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. The amounts deducted/accrued in the books of account in respect of undisputed statutory dues of Income-tax have generally been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed statutory dues payable.

According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no arrears of undisputed statutory dues in respect of Income-tax, and other material statutory dues as on the last day of the year for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no statutory dues as at March 31, 2021, which have not been deposited with the appropriate authorities on account of any dispute.

viii. According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not taken any loans or borrowings from banks, financial institutions and Government. The Company has not raised any money through debentures during the year.

ix. According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the reporting under Clause 3(ix) of the Order is not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

xi. According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

xii. According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company has not entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related parties been disclosed in the financial statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting under Clause 3(xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi) of the Order is not applicable to the Company.

For B.K. Khare & Co.
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAPJ8653
Mumbai, April 21, 2021

BALANCE SHEET AS AT MARCH 31, 2021

In Indian Rupees

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
A ASSETS			
1 Non Current assets			
Other Financial Assets	3	**10,000**	10,000
2 Current assets			
Financial Assets			
Cash and cash equivalents	4	**262,698**	356,548
Total Current Assets		**272,698**	366,548
Total Assets		**272,698**	366,548
B EQUITY AND LIABILITIES			
1 Equity			
(i) Equity Share capital	5	**500,000**	500,000
(ii) Other Equity	6	**(315,802)**	(192,452)
Equity attributable to owners of the Company		**184,198**	307,548
2 Current liabilities			
Financial Liabilities			
Trade payables	7	**–**	–
(a) total outstanding dues of micro enterprises and small enterprises; and		**–**	–
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		**84,750**	59,000
Other Current Liabilities	8		
Statutory dues (TDS payable)		**3,750**	–
Total Current Liabilities		**88,500**	59,000
Total Equity and Liabilities (1+2)		**272,698**	366,548

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : April 21, 2021

For and on behalf of the Board of Directors
Mahindra Telecom Energy Management Services Limited

Hemant Sikka
Director
DIN: 00922281

Vineet Kapur
Director
DIN: 03039473

Place: Mumbai
Date : April 21, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

In Indian Rupees

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
Continuining Operations			
I Total Revenue		–	–
II EXPENSES			
(a) Other expenses	9	**123,350**	67,370
Total Expenses		**123,350**	67,370
III Profit/(loss) before tax (I - II)		**(123,350)**	(67,370)
IV Tax Expense			
(1) Current tax		–	–
(2) Deferred tax		–	–
(3) Income Tax adjustments for earlier years		–	–
Total tax expense		–	–
V Profit/(loss) for the year (III + IV)		**(123,350)**	(67,370)
VI Other comprehensive income		–	–
VII Total comprehensive income for the year (VI + VII)		**(123,350)**	(67,370)
VIII Earnings per equity share- Continuing operations			
(1) Basic & Diluted EPS	10	**(2.47)**	(1.35)

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : April 21, 2021

For and on behalf of the Board of Directors
Mahindra Telecom Energy Management Services Limited

Hemant Sikka
Director
DIN: 00922281

Vineet Kapur
Director
DIN: 03039473

Place: Mumbai
Date : April 21, 2021

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021

STATEMENT OF CASH FLOW STATEMENT - INDIRECT METHOD

In Indian Rupees

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flows from operating activities			
Loss before tax for the year/period	PL	**(123,350)**	(67,370)
Movements in working capital:			
(Increase) in non current financial asset		**–**	–
Increase in other current liabilities		**3,750**	–
(Decrease)/Increase in trade and other payables		**25,750**	29,500
Cash used from operations		**(93,850)**	(37,870)
Income taxes paid		**–**	–
Net cash (used)/generated by operating activities		**(93,850)**	(37,870)
Cash flows from investing activities			
Net cash (used)/generated by investing activities		**–**	–
Cash flows from financing activities			
Proceeds from issue of equity instruments of the company		**–**	–
Share issue expenses		**–**	–
Net cash (used)/generated in financing activities		**–**	–
Net increase in cash and cash equivalents		**(93,850)**	(37,870)
Cash and cash equivalents at the beginning of the year		**356,548**	394,418
Cash and cash equivalents at the end of the year		**262,698**	356,548

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212
Place : Mumbai
Date : April 21, 2021

For and on behalf of the Board of Directors
Mahindra Telecom Energy Management Services Limited

Hemant Sikka
Director
DIN: 00922281

Vineet Kapur
Director
DIN: 03039473

Place: Mumbai
Date : April 21, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A - Equity Share Capital

In Indian Rupees

Particulars	As at March 31, 2021	As at March 31, 2020
Issued and subscribed		
Balance as at the beginning of the year	**500,000**	500,000
Add:		
Share issued during the year	**–**	–
Balance as at the end of the year	**500,000**	500,000

Notes :

Company has only one class of Equity Shares having par value of Rs. 10 each.

B - Other Equity

In Indian Rupees

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<u>**Retained earnings**</u>		
Balance at the beginning of the year	**(192,452)**	(125,082)
Net Profit/(Loss) for the current year	**(123,350)**	(67,370)
Other Comprehensive Income /(Loss)	**–**	–
Share issue expenses	**–**	–
Balance at the end of the year	**(315,802)**	(192,452)

The accompanying notes are an integral part of the financial statements

In terms of our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : April 21, 2021

For and on behalf of the Board of Directors
Mahindra Telecom Energy Management Services Limited

Hemant Sikka
Director
DIN: 00922281

Vineet Kapur
Director
DIN: 03039473

Place: Mumbai
Date : April 21, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1 Corporate information:

Mumbai Telecom Energy Management Services Limited is a public limited company incorporated in Mumbai, India on 25 June, 2017 under the Companies Act 2013. The company is wholly owned subsidiary of Mahindra & Mahindra Limited as on 31st March,2021. The company is engaged, inter alia in the business of energy management services of telecom towers.

2 Significant Accounting Policies followed by the Company:

2.1 Statement of compliance and basis of preparation and presentation of financial statements:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Rules 2016.

All assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the Balance Sheet date.

The financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

2.2 Financial Assets and Financial Liabilities:

Financial Instruments:

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial Assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial Liabilities and Equity Instruments:

Equity instruments issued by the Company are classified as equity in accordance with the substance of the contractual agreements and the definitions of an equity instrument.

Equity Instrument:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial Liabilities:

All the financial liabilities are subsequently measured at either amortised cost using the effective interest method or at fair value through profit and loss, depending on the classification of the financial liabilities.

2.3 Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.4 Taxes on Income:

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period:

Current and deferred tax are recognized in the Statement of Profit or Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax:

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

2.5 Cash and cash equivalents:

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.6 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.7 Earnings Per Share:

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the period.

2.8 Use of estimates and judgements:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses etc. at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Note No. 3 - Non Current Financial Asset

In Indian Rupees

Particulars	As at March 31, 2021	As at March 31, 2020
Financial Assets measured at amortised cost		
(a) Security Deposits		
– Unsecured, considered good ...	10,000	10,000
Total	**10,000**	10,000

Note No. 4 - Cash and Bank Balances

In Indian Rupees

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents		
(a) Balances with banks		
– On Current Account	**262,698**	356,548
(b) Cash on hand................................	–	–
(c) Cheques in hand	–	–
Total	**262,698**	356,548

Note No. 5 - Equity Share Capital

In Indian Rupees

Particulars	As at March 31, 2021 No. of shares	As at March 31, 2021 Amount	As at March 31, 2020 No. of shares	As at March 31, 2020 Amount
Authorised:				
Equity shares of Rs. 10 each with voting rights	**50,000**	**500,000**	50,000	500,000
Issued, subscribed and fully paid:				
Equity shares of Rs. 10 each with voting rights	**50,000**	**500,000**	50,000	500,000
Total	**50,000**	**500,000**	50,000	500,000

(i) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

In Indian Rupees

Particulars	Opening Balance	Fresh Issue	Closing Balance
Equity Shares with Voting rights			
Year ended March 31, 2021			
No. of Shares......................................	**50,000**	**–**	**50,000**
Amount..	**500,000**	**–**	**500,000**
Equity Shares with Voting rights			
Period ended March 31, 2020			
No. of Shares......................................	50,000	–	50,000
Amount..	500,000	–	500,000

(ii) Terms/Rights attached to equity shares

The company has only one class of shares referred to as equity shares having par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to the approval of the shareholders in the ensuring Annual General Meeting. In the event of liquidation of company the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amount. However no such preferential amounts exist currently. The distribution will be in proportion to number of equity shares held by shareholders.

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at March 31, 2021 Number of shares held	As at March 31, 2021 % holding in that class of shares	As at March 31, 2020 Number of shares held	As at March 31, 2020 % holding in that class of shares
Equity shares with voting rights...........				
Mahindra and Mahindra Limited..........	**50,000**	**100%**	50,000	100%

(iv) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Number of Shares As at March 31, 2021	Number of Shares As at March 31, 2020
Mahindra and Mahindra Limited , the holding company.....................................	**50,000**	50,000

(v) Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back:

The Company has neither allotted equity shares without receipt of cash or as bonus shares nor bought back any equity shares during the financial year

Note No. 6 - Other Equity

In Indian Rupees

Particulars	As at March 31, 2021	As at March 31, 2020
<u>Retained Earnings</u>		
Balance at the beginning of the year	**(192,452)**	(125,082)
Net Profit/(Loss) for the current year	**(123,350)**	(67,370)
Share issue expenses.............................	**–**	–
Balance at the end of the reporting year (A)	**(315,802)**	(192,452)
<u>Other Comprehensive Income</u>		
Addition during the year	**–**	–
Balance at the end of the reporting year (B)	**–**	–
Balance at the end of the reporting year (A+B)	**(315,802)**	(192,452)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note No. 7 - Trade Payables

In Indian Rupees

Particulars	As at March 31, 2021 Current	As at March 31, 2020 Current
Trade payables		
Due to Micro and Small Enterprises..........	**–**	–
Other than Micro and Small Enterprises ...	**84,750**	59,000
Total	**84,750**	59,000

Note No. 8 - Other Current Liabilities

In Indian Rupees

Particulars	As at March 31, 2021 Current	As at March 31, 2020 Current
Others		
Statutory dues (TDS payable)...................	**3,750**	–
Total	**3,750**	–

Note No. 9 - Other Expenses

In Indian Rupees

Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
(a)	Filing Fees	**9,700**	8,300
(b)	Auditors remuneration and out-of-pocket expenses		
	(i) As Auditors	**25,000**	25,000
	(ii) For Taxation matters	**–**	–
	(iii) For Other services...................	**5,000**	–
(c)	Professional charges.......................	**78,250**	28,980
(d)	Bank Charges..................................	**–**	590
(e)	Rates & Taxes..................................	**5,400**	4,500
(f)	Miscellaneous Expenses.................	**–**	–
Total		**123,350**	67,370

Note No. 10 - Disclosures under Ind AS 33

In Indian Rupees

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	Rs.	Rs.
Basic & Diluted Earnings per share - continuing operations.......................	**(2.47)**	(1.35)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

In Indian Rupees

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit/(loss) for the year attributable to owners of the Company...........................	**(123,350)**	(67,370)
Weighted average number of equity shares..	**50,000**	50,000
Earnings per share from continuing operations - Basic & Diluted	**(2.47)**	(1.35)

Note No. 11 - Related Party Transactions

Party with whom transactions have taken place during the period

Relationship	Name of the Company
Parent Company	Mahindra & Mahindra Limited

Details of transactions between the Company and its related party is disclosed below:

In Indian Rupees

Particulars	For the year/ period ended	Parent Company
Nature of transactions with Related Party		
Contribution of equity to the company.....	March 31, 2021	–
Contribution of equity to the company.....	March 31, 2020	–
Reimbursement of expenses....................	March 31, 2021	–
Reimbursement of expenses....................	March 31, 2020	–

In Indian Rupees

Nature of Balances with Related Party	Balance as on	Parent Company
Trade payables	March 31, 2021	–
Trade payables	March 31, 2020	–

Note No. 12 - Fair Value Measurement

Fair Value of Financial assets and financial liabilities that are not measured at fair value

In Indian Rupees

Particulars	March 31, 2021 Carrying amount	March 31, 2021 Fair value Level 2	March 31, 2020 Carrying amount	March 31, 2020 Fair value Level 2
Financial assets				
Financial assets carried at Amortised Cost				
– Cash and Cash Equivalents ...	**262,698**	**262,698**	356,548	356,548
Total......................................	**262,698**	**262,698**	356,548	356,548
Financial liabilities				
Financial liabilities held at amortised cost				
Current				
– Trade and other payables ...	**84,750**	**84,750**	59,000	59,000
Total......................................	**84,750**	**84,750**	59,000	59,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note No. 13 - Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

	March 31, 2021	March 31, 2020
Equity	**184,198**	307,548
Equity presented on the face of the financial statement	**184,198**	307,548

Categories of financial assets and financial liabilities

In Indian Rupees

As at March 31, 2021

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
– Cash and Cash Equivalents	262,698	–	–	262,698
Current Liabilities				
Other Financial Liabilities				
– Non Derivative Financial Liabilities	84,750	–	–	84,750

Categories of financial assets and financial liabilities

In Indian Rupees

As at March 31, 2020

Particulars	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
– Cash and Cash Equivalents	356,548	–	–	356,548
Current Liabilities				
Other Financial Liabilities				
– Non Derivative Financial Liabilities	59,000	–	–	59,000

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. In order to manage the aforementioned risks, the Company operates a program that performs monitoring of and responding to risk factors.

Credit Risk

(i) Credit risk management

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties.

Liquidity Risk

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

(ii) Maturities of financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

In Indian Rupees

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
March 31, 2021				
Non-interest bearing				
Trade Payables	84,750	–	–	–
Total	**84,750**	–	–	–
Non-derivative financial liabilities				
March 31, 2020				
Non-interest bearing				
Trade Payables	59,000	–	–	–
Total	**59,000**	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(iii) Maturities of financial assets

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management on net assets basis.

In Indian Rupees

Particulars	Less than 1 Year INR	1-3 Years INR	3 Years to 5 Years INR	5 years and above INR
Financial asset				
March 31, 2021				
Non-interest bearing				
Cash and cash equivalents ...	262,698	–	–	–
Total	**262,698**	–	–	–
Financial asset				
March 31, 2020				
Non-interest bearing				
Cash and cash equivalents ...	356,548	–	–	–
Total	**356,548**	–	–	–

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk such as equity price risk and commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

CURRENCY RISK

The Company has not undertaken transactions denominated in foreign currencies; consequently, no exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year is Nil

Note No. 14 - Deferred Tax Asset/ Liabilities

Deferred tax asset/liability has not been recognized during the current year

Note No. 15

Previous period's figures are regrouped/reclassified wherever necessary to confirm with those of the current year.

In terms of our report attached
For B. K. Khare & Co.
Chartered Accountants
Firm Registration No 105102W

Shirish Rahalkar
Partner
Membership No. 111212

Place : Mumbai
Date : April 21, 2021

For and on behalf of the Board of Directors
Mahindra Telecom Energy Management Services Limited

Hemant Sikka
Director
DIN: 00922281

Vineet Kapur
Director
DIN: 03039473

Place: Mumbai
Date : April 21, 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF,

MAHINDRA CONSTRUCTION COMPANY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Mahindra Construction Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss and total comprehensive loss, its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Materiality Uncertainty Related to Going Concern

We draw attention to Note 25 in the financial statements, as on 31st March 2021 date, the Company's current liabilities exceeded its total assets by Rs. 2248.08 lakhs. As stated in Note 25, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report and the related annexures, but does not include the Financial Statements and our Auditors' Report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other Legal and Regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account.

(d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2021 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to the Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to the Financial Statements.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses and

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B.K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAPP9836

Mumbai, April 23, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date.

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Mahindra Construction Company Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B.K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
UDIN: 21111212AAAAPP9836

Mumbai, April 23, 2021

ANNEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date.

Annexure to the Auditor's Report referred to in our report of even date:

i. a) According to the information and explanations given to us, the Company does not hold any property, plant and equipment. Accordingly, the reporting under Clause 3(i)(a) of the Order is not applicable to the Company.

b) According to the information and explanations given to us, the Company does not hold any property, plant and equipment. Accordingly, the reporting under Clause 3(i)(b) of the Order is not applicable to the Company.

c) According to the information and explanations given to us, the Company has no immoveable properties registered in its name. Accordingly, the reporting under Clause 3(i)(c) of the Order is not applicable to the Company.

ii. The Company is in the business of rendering services and consequently, does not hold any inventory. Accordingly, the reporting under Clause 3(ii) of the Order is not applicable to the Company.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting under Clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.

iv. According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

vi. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the Company.

vii. a) According to the information and explanations given to us and on the basis of our examination of records of the Company, the amounts deducted / accrued in the books of account in respect of undisputed statutory dues and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. The amounts deducted / accrued in the books of account in respect of undisputed statutory dues of Income-tax have generally been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed statutory dues payable.

According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no arrears of undisputed statutory dues in respect of Income-tax, and other material statutory dues as on the last day of the year for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no statutory dues as at March 31, 2021, which have not been deposited with the appropriate authorities on account of any dispute.

viii. According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not taken any loans or borrowings from banks, financial institutions and Government. The Company has not raised any money through debentures during the year.

ix. According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the reporting under Clause 3(ix) of the Order is not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

xi. According to the information and explanations given to us, the Company has not paid any remuneration to managerial personnel as defined in the Act and accordingly the provisions of para 3(xi) of the Order are not applicable to the Company.

xii. According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company has not entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related parties been disclosed in the financial statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting under Clause 3(xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi) of the Order is not applicable to the Company.

For **B.K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Shirish Rahalkar
Partner
Membership No. 111212
Mumbai, April 23, 2021 UDIN: 21111212AAAAPP9836

BALANCE SHEET AS AT 31ST MARCH, 2021

Amount in Rs. Lakhs

	Note No.	As at 31st March, 2021	As at 31st March, 2020
I ASSETS			
1 NON-CURRENT ASSETS			
(a) Loans	1	**1.05**	1.05
(b) Non current investment	2	**–**	–
(c) Other Non-current Tax Assets	3	**43.85**	42.41
SUB-TOTAL		**44.90**	43.46
2 CURRENT ASSETS			
(a) Financial Assets			
(i) Cash and Cash Equivalents	4	**0.52**	2.23
(iii) Bank balances other than (ii) above	4	**14.93**	14.10
(iv) Other financial Assets	5	**0.19**	0.25
SUB-TOTAL		**15.64**	16.58
TOTAL ASSETS		**60.54**	60.04
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	6	**240.05**	240.05
(b) Other Equity	7	**(2,488.20)**	(2,486.56)
SUB-TOTAL		**(2,248.15)**	(2,246.51)
LIABILITIES			
2 NON-CURRENT LIABILITIES			
(a) Provisions	8	**2.90**	2.90
SUB-TOTAL		**2.90**	2.90
3 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	9	**1,684.71**	1,683.88
(ii) Trade Payables	10	**586.46**	585.96
(iii) Other Financial Liabilities	11	**9.26**	9.26
(b) Provisions	12	**25.23**	24.40
(c) Other Current Liabilities	13	**0.13**	0.15
SUB-TOTAL		**2,305.79**	2,303.65
TOTAL		**60.54**	60.04

For M/s. B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

For and on behalf of the Board of Directors

Directors

Shirish Rahalkar
Partner
Member Registration No. 111212

Mumbai, 23rd April, 2021

Mumbai, 23rd April, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

Amount in Rs. Lakhs

	Particulars	**Note No.**	**For the year ended 31st March 2021**	For the year ended 31st March 2020
I	Revenue from operations		**–**	–
II	Other Income	14	**0.77**	4.44
III	**Total Revenue (I + II)**		**0.77**	4.44
IV	**EXPENSES**			
	(i) Personnel Expenses	15	**0.08**	0.09
	(ii) Finance Costs	16	**0.90**	0.68
	(iii) Other expenses	17	**1.36**	1.17
	Total Expenses (IV)		**2.34**	1.94
V	**Profit before tax (III – IV)**		**(1.57)**	2.50
VI	**Tax Expense**			
	(1) Current tax		**0.07**	0.61
	(2) Deferred tax		**–**	–
	Total tax expense		**0.07**	0.61
VII	**Profit for the period (V – VI)**		**(1.64)**	1.89
VIII	**Profit for the period attributable to:**			
	Owners of the Company		**(1.64)**	1.89
	Non controlling interests		**–**	–
IX	**Total comprehensive income for the period attributable to:**			
	Owners of the Company		**(1.64)**	1.89
	Non controlling interests		**–**	**–**
X	**Earnings per equity share**			
	(1) Basic	18	**(0.07)**	0.08
	(2) Diluted	18	**(0.07)**	0.08

For M/s. B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Member Registration No. 111212

Mumbai, 23rd April, 2021

For and on behalf of the Board of Directors

} Directors

Mumbai, 23rd April, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

(Indirect Method)

		For the year ended 31st March 2021 Rupees	For the year ended 31st March 2020 Rupees
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit before taxation	**(1.57)**	2.50
	Adjustments for:		
	Depreciation		
	Interest on bank deposits	**(0.77)**	(0.94)
		(0.77)	(0.94)
	Operating Profit/(Loss) before Working capital changes	**(2.34)**	1.56
	Changes in:		
	Trade and other receivables	**0.06**	(0.02)
	Trade and other payables	**2.08**	1.08
		2.14	1.06
	Cash generated from operations	**(0.20)**	2.62
	Income taxes paid	**(1.51)**	(1.45)
	NET CASH USED IN OPERATING ACTIVITIES	**(1.71)**	1.17
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Investment in Bank deposits (Net)	**(0.83)**	(0.86)
	Proceeds from sale of long-term investment		
	Interest received	**0.83**	0.93
	NET CASH FROM INVESTING ACTIVITIES	**–**	0.07
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from the issue of share capital (including share premium)		
	NET CASH FROM FINANCING ACTIVITIES	**–**	–
	NET INCREASE IN CASH AND CASH EQUIVALENTS	**(1.71)**	1.24
	CASH AND CASH EQUIVALENTS (see Note below)		
	Opening balance	**2.23**	0.99
	Closing balance	**0.52**	2.23

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021 (Contd.)

	For the year ended 31st March 2021 Rupees	For the year ended 31st March 2020 Rupees
Note:		
Cash and cash equivalents includes:		
Cash on hand	**–**	–
Balances with Scheduled Banks:		
(I) on Current Accounts	**0.52**	2.23
	0.52	2.23

Note:

Cash and cash equivalents as per Balance Sheet include fixed deposits having maturity of more than three months but less than 12 months amounting to Rs. 14.93 Lakhs (2020: 14.10 Lakhs)

For M/s. B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Member Registration No. 111212

Mumbai, 23rd April, 2021

For and on behalf of the Board of Directors

} Directors

Mumbai, 23rd April, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

Amount in Rs. Lakhs

A. Equity share capital

As at 31st March, 2019	240.05
Changes in equity share capital during the year	–
As at 31st March, 2020	240.05
Changes in equity share capital during the year	–
As at 31st March, 2021	240.05

B. Other Equity

	Reserves & Surplus	
	General Reserve	**Total**
As at 31st March, 2019	(2,488.45)	(2,488.45)
Profit/(Loss) for the period	1.89	1.89
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	(2,486.56)	(2,486.56)
Transfers to Reserves	–	–
As at 31st March, 2020	(2,486.56)	(2,486.56)
Profit/(Loss) for the period	(1.64)	(1.64)
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	(2,488.20)	(2,488.20)
Transfers to Reserves	–	–
As at 31st March, 2021	**(2,488.20)**	**(2,488.20)**

For M/s. B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

Shirish Rahalkar
Partner
Member Registration No. 111212

Mumbai, 23rd April, 2021

For and on behalf of the Board of Directors

Directors

Mumbai, 23rd April, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

1 Company overview

Mahindra Construction Company Limited is a Limited Company incorporated and domiciled in India. The Company's registered office is at Mumbai, Maharashra, India. These financial statements correspond to the stand alone financial statments of the Company.

2 Basis of preparation

a. Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The Company's financial statements upto and for the year ended 31 March 2016 were prepared in accordance with the Standards as per Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act which was the previous GAAP (IGAAP).

b. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency. All amounts are rounded-off to the nearest lakhs, unless otherwise indicated.

c. Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

d. Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, expenses and the disclosures of contingent assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

- useful life of property, plant and equipment and intangible assets
- estimation of define benefit obligation
- provision for warranty claims
- income taxes - current and deferred taxes
- fair value of unlisted securities
- impairment of trade receivables

Detailed information about each of these estimates and judgements that have a significant risk of resulting in material adjustment within the next financial year is included in relevant notes for the above items.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

e. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The Chief Financial Officer and persons entrusted have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values and assessments that these valuations meet the requirements of Ind AS. The methods used to determine fair value include discounted cashflow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilties.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset ot liability that are not based on observable market data (unobservable inputs).

4 Significant accounting policies

a. Revenue Recognition

- Dividend and interest income

  Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

  Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

b. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

For the impairment policy on debt instruments at FVTOCI

All other financial assets are subsequently measured at fair value

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 1 - Loans

Amount in Rs. Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
	Amounts	Amounts
	Non-Current	Non-Current
Security deposits		
Unsecured, considered good	1.05	1.05
	1.05	1.05

Note No. 2 - Non current investment

Amount in Rs. Lakhs

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Rupees	Number of shares	Rupees
Investments (At cost, unless otherwise specified):				
Unquoted shares (Non-trade and fully paid-up unless otherwise specified)				
a) Investment in others				
In New Tirupur Area Development Corporation Ltd Rs.10 per share	70,00,000	700	70,00,000	700
Less: Provision for diminution in value of investment		(700)		(700)
Total		–		–

Note No. 3 - Other Non-current Tax Assets

Amount in Rs. Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
	Amounts	Amounts
	Non-Current	Non-Current
Advance income tax (net of provision)	43.78	42.34
Fringe Benefit Tax [Net of provisions]	0.07	0.07
	43.85	42.41

Note No. 4 - Cash and Bank Balances

Amount in Rs. Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Cash and cash equivalents		
(a) Balances with banks	0.52	2.23
(b) Cash on hand	–	–
Total Cash and cash equivalent	0.52	2.23

Amount in Rs. Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
Other Bank Balances		
(a) Balances with Banks:		
(i) Fixed Deposits with maturity greater than 3 months	14.93	14.10
Total Other Bank balances	14.93	14.10

Note No. 5 - Other Financial Assets

Amount in Rs. Lakhs

Particulars	As at 31 March 2021	As at 31 March 2020
	Current	Current
a) Other Current Assets		
– Interest accrued but not due on term deposits	0.19	0.25
Total Other Financial Assets	0.19	0.25

Note No. 6 - Equity Share Capital

Amount in Rs. Lakhs

	As at 31 March 2021		As at 31 March 2020	
	Nos	Rupees	Nos	Rupees
Authorised shares:				
Equity Shares of Rs. 10 each	45,00,000	450.00	45,00,000	450.00
	45,00,000	450.00	45,00,000	450.00
Issued, subscribed and fully paid-up shares:				
Equity Shares of Rs. 10 each	24,00,520	240.05	24,00,520	240.05
	24,00,520	240.05	24,00,520	240.05
a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period Equity:				
Opening Balance	24,00,520	240.05	24,00,520	240.05
Add: Issued during the year	–	–	–	–
Closing Balance	24,00,520	240.05	24,00,520	240.05

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

(iii) Details of shares held by the parent company, the ultimate parent company, their subsidiaries and associates

Amount in Rs. Lakhs

Particulars	No. of Shares Equity Shares with Voting rights
As at 31 March 2021	
Mahindra & Mahindra Limited	**9,00,000**
Mahindra World City (Maharashtra) Limited	**10,00,380**
Deep Mangal Developers Pvt. Ltd	**3,00,000**
As at 31 March 2020	
Mahindra & Mahindra Limited	9,00,000
Mahindra World City (Maharashtra) Limited	10,00,380
Deep Mangal Developers Pvt. Ltd	3,00,000

(iv) Details of shares held by each shareholder holding more than 5% shares:

Amount in Rs. Lakhs

Class of shares/Name of shareholder	As at 31 March 2021		As at 31 March 2020	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mahindra & Mahindra Limited	**9,00,000**	**37.49%**	9,00,000	37.49%
Mahindra World City (Maharashtra) Limited *	**10,00,380**	**41.67%**	10,00,380	41.67%
Deep Mangal Developers Pvt. Ltd	**3,00,000**	**12.50%**	3,00,000	12.50%
Zeus International Trade Agency Ltd.	**2,00,000**	**8.33%**	2,00,000	8.33%

Terms/rights attached to equity shares

The Company is having only one class of equity shares having par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after the distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

* These are shares transfer to Mahindra World City (Maharashtra) Limited in repect of scheme of merger between Mahindra World City (Maharashtra) Limited, Topical Builders Pvt. Ltd., Raigad Industrial and Business Park Limited and Kismat Developers Pvt. Ltd.

Note No. 7 - Other Equity

Amount in Rs. Lakhs

	Reserves & Surplus General Reserve	Total
As at 31st March, 2019	**(2,488.45)**	**(2,488.45)**
Profit/(Loss) for the period	1.89	1.89
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	(2,486.56)	(2,486.56)
Transfers to Reserves	–	–
As at 31st March, 2020	**(2,486.56)**	**(2,486.56)**
Profit/(Loss) for the period	(1.64)	(1.64)
Other Comprehensive Income/(Loss)	–	–
Total Comprehensive Income for the year	(2,488.20)	(2,488.20)
Transfers to Reserves	–	–
As at 31st March, 2021	**(2,488.20)**	**(2,488.20)**

Note No. 8 - Provisions

Amount in Rs. Lakhs

Particulars	As at 31 March 2021 Current	As at 31 March 2020 Current
Provision for compensated absences	**2.90**	2.90
	2.90	2.90

Note No. 9 - Borrowings

Amount in Rs. Lakhs

Particulars	As at 31 March 2021 Current	As at 31 March 2020 Current
Inter corporate Deposits	**1,144.71**	1,143.88
Loan-Others: 10% Non-Cumulative Redeemable Participating Preference Shares	**540.00**	540.00
	1,684.71	1,683.88

Note No. 10 - Trade Payables

Amount in Rs. Lakhs

Particulars	As at 31 March 2021 Current	As at 31 March 2020 Current
Trade payable - Micro and small enterprises	**–**	–
Trade payable - Other than micro ans small enterprises	**586.46**	585.96
	586.46	585.96

Note No. 11 - Other Financial Liabilities

Amount in Rs. Lakhs

Particulars	As at 31 March 2021 Current	As at 31 March 2020 Current
Other Financial Liabilities	**9.26**	9.26
	9.26	9.26

Note No. 12 - Provisions

Amount in Rs. Lakhs

Particulars	As at 31 March 2021 Current	As at 31 March 2020 Current
Provisions	**25.23**	24.40
	25.23	24.40

Note No. 13 - Other Current Liabilities

Amount in Rs. Lakhs

Particulars	As at 31 March 2021 Current	As at 31 March 2020 Current
TDS payable	**0.13**	0.15
	0.13	0.15

Note No. 14 - Other Income

Amount in Rs. Lakhs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(a) Interest Income		
(1) Interest on Bank Deposits (at amortised cost)	**0.77**	0.93
(b) Other non-operating income (net)	**–**	3.51
	0.77	4.44

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Note No. 15 - Personnel Expenses

Amount in Rs. Lakhs

Particulars		**For the year ended 31 March 2021**	For the year ended 31 March 2020
(a)	Salaries, Wages and Bonus	**–**	–
(b)	Contribution to provident and other funds	**0.08**	0.08
(c)	Staff welfare	**–**	0.01
		0.08	0.09

Note No. 16 - Finance Cost

Amount in Rs. Lakhs

Particulars		**For the year ended 31 March 2021**	For the year ended 31 March 2020
(a)	Interest on Inter Corporate Deposits	**0.90**	0.68
		0.90	0.68

Note No. 17 - Other Expenses

Amount in Rs. Lakhs

Particulars			**For the year ended 31 March 2021**	For the year ended 31 March 2020
(a)	Auditors remuneration and out-of-pocket expenses			
	(i)	As Auditors (including GST)	**0.89**	0.89
	(ii)	For Taxation matters	**–**	–
(b)	Other expenses			
	(1)	Legal & Professional Fees	**0.35**	0.18
	(2)	Others	**0.12**	0.10
			1.36	1.17

Note No. 18 - Earnings per Share

Amount in Rs. Lakhs

Particulars	**For the year ended 31 March 2021**	For the year ended 31 March 2020
	Per Share	Per Share
Basic Earnings per share	**(0.07)**	**0.08**
Diluted Earnings per share	**(0.07)**	**0.08**

Basic & Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Amount in Rs. Lakhs

Particulars		**For the year ended 31 March 2021**	For the year ended 31 March 2020
A.	Net Profit after tax available for equity shareholders (Rs. in Lakhs)	**(1.64)**	1.89
B.	Nominal value per Share (Rs.)	**10.00**	10.00
C.	Weighted Average number of Equity Shares (No.)	**24,00,520.00**	24,00,520.00
D.	Basic & Diluted Earnings per share (Re.)	**(0.07)**	0.08

Note No. 19 - Financial Instruments

Capital management

The company's capital management objectives are:

– to ensure the company's ability to continue as a going concern

– to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The company monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

Amount in Rs. Lakhs

Particulars	**As at 31 March 2021**	As at 31 March 2020
Equity	**(2,248.15)**	(2,246.51)

The Company is not subject to externally enforced capital regulation.

Categories of financial assets and financial liabilities

Amount in Rs. Lakhs

As at 31 March 2021

	Amortised Costs	**FVTPL**	FVOCI	Total
Current Assets				
Other Bank Balances	**14.93**	**–**	**–**	**14.93**
Other Current Asssts	**0.19**	**–**	**–**	**0.19**
Current Liabilities				
Trade Payables	**586.46**	**–**	**–**	**586.46**

As at 31 March 2020

	Amortised Costs	FVTPL	FVOCI	Total
Current Assets				
Other Bank Balances	14.10	–	–	14.10
Other Current Asssts	0.25	–	–	0.25
Current Liabilities				
Trade Payables	585.96	–	–	585.96

Financial Risk Management Framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk. In order to manage the aforementioned risks, the Company operates a risk management policy and a program that performs close monitoring of and responding to each risk factors.

CREDIT RISK

(i) *Credit risk management*

Credit risk arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Company.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned.

LIQUIDITY RISK

(i) *Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

(ii) *Maturities of financial liabilities*

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial liabilities				
31-Mar-21				
Non-interest bearing	**586.46**	**–**	**–**	**–**
Total	**586.46**	**–**	**–**	**–**
31-Mar-20				
Non-interest bearing	585.96	–	–	–
Total	585.96	–	–	–

(iii) *Financing arrangements*

The company does not have any undrawn borrowing facility as at year end

(iv) *Maturities of financial assets*

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
	INR	INR	INR	INR
Non-derivative financial assets				
31-Mar-21				
Non-interest bearing	**0.52**	**–**	**–**	**–**
Fixed interest rate instruments	**14.93**	**–**	**–**	**–**
Total	**15.45**	**–**	**–**	**–**
31-Mar-20				
Non-interest bearing	2.23	–	–	–
Fixed interest rate instruments	14.10	–	–	–
Total	16.33	–	–	–

Note No. 20 - Fair Value Measurement

Fair Valuation Techiques and Inputs used - recurring Items

Amount in Rs. Lakhs

Financial assets/ financial liabilities measured at Fair value	Fair value as at 31-Mar-21	31-Mar-20	31-Mar-19	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets					
Investments					
1) Equity investments	–	–	–	–	–
Total financial liabilities	–	–	–	–	–

Fair value of financial assets and financial liabilities that are not measured at fair value

Amount in Rs. Lakhs

Particulars	31-03-2021 Carrying amount	31-03-2021 Fair value	31-03-2020 Carrying amount	31-03-2020 Fair value
Financial assets				
Financial assets carried at Amortised Cost				
– Other Current Assets	**0.19**	**0.19**	0.25	0.25
– fixed deposits	**14.93**	**14.93**	14.10	14.10
Total	**15.12**	**15.12**	14.35	14.35
Financial liabilities				
Financial liabilities held at amortised cost				
– trade and other payables	**586.46**	**586.46**	585.96	585.96
Total	**586.46**	**586.46**	585.96	585.96

Amount in Rs. Lakhs

	Fair value hierarchy as at 31 March 2021 Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets carried at Amortised Cost				
– Loans & Advances	**–**	**0.19**	**–**	**0.19**
– fixed deposits	**–**	**14.93**	**–**	**14.93**
Total	**–**	**15.12**	**–**	**15.12**
Financial liabilities held at amortised cost				
– trade and other payables	**–**	**586.46**	**–**	**586.46**
Total	**–**	**586.46**	**–**	**586.46**

Note No. 21- Contingent Liability

Amount in Rs. Lakhs

	For the year ended 31 March 2021	For the year ended 31 March 2020
Penalty u/s 271(1)(C) of the Income Tax Act relating to Assessment Year 2005-06	**31.88**	31.88
Income tax demands disputed from A. Y. 2015-16 for which the Company has preferred appeal before the Appellate Authorities	**4.13**	0.88
Total	**36.01**	32.76

Note No. 22 - Events after the reporting period

There are no material events occurred after the balance sheet date but before the approval of financial statements by board of directors.

Note No. 23 - Current Tax and Deferred Tax

(a) Income Tax recognised in profit or loss

Amount in Rs. Lakhs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Current Tax:		
In respect of current year	**0.07**	0.61
Deferred Tax:		
In respect of current year	**–**	–
Total income tax expense on continuing operations	**0.07**	0.61

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

(d) Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Amount in Rs. Lakhs

Particulars	**Year ended 31 March 2021**	Year ended 31 March 2020
Profit before tax from continuing operations	**(1.57)**	2.50
Income tax expense calculated at 30.90% (2016: 30.90%)	**–**	–
Effect of income that is exempt from taxation	**–**	–
Interest under section 234(B) and 234(C)	**–**	–
Income tax expense recognised In profit or loss from continuing operations	**–**	–

The tax rate used for the 31 March 2021 and 31 March 2020 reconciliations above is the corporate tax rate of 30.90% payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

Note 24: Investment in New Tirupur Development Corporation Limited

The Capital of New Tirupur Area Development Corporation Limited (NTADCL) as on 31st March 2018 has been almost fully eroded by past losses. It was exploring the option of supplying substantial volume of industrial water to a textile park proposed to be set up by the State Government which would have contributed substantially to its topline. Information forthcoming in the last few months suggest that there are likely to be delays and the possibility of NTADCL recovering its past losses does not seem very promising. In view of this, the Company has provided for its entire investment of Rs.7,00,00,000 in the equity shares of NTADCL during the year.

Note 25:

Accumulated losses of the company as on 31st March 2021 exceeds the paid up share capital of the company. Though the Company has made a provision in respect of its investment in NTADCL, there is no intention of disposing off these investments. Presently, the company is actively pursuing claims and litigations in respect of projects completed and is hopeful of recovering the claims made by it against the parties, which will be recognised as revenue in the year of receipt. The Company is exploring various business opportunities including restructuring. Supported by its Parent Company, in the opinion of the management, the company will be able to continue as going conern for the foreseeable future.

Having regard to the above factors, the accounts are prepared on going concern basis.

Note 26:

The 10% Non-Cumulative Redeemable Participating Preference Shares ("The Shares") were redeemable at par on 13th March 2015. The Company has continued to incur losses during the year and, as on 31st March 2021, its accumulated losses exceeded the paid up share capital and free reserves of the Company. The Company is not in a position to redeem The Shares.

Note 27:

The Company had taken unsecured loans of Rs.994.42 lakhs in earlier years. Based on the Letters for waiver of interest issued by the lenders from year to year, since 2005 the Company was not for interest payable on these loans. On 1st April 2014 the lenders of the aforesaid unsecured loans opted to call for repayment of the principal amount. Further, the lenders are not agreeable to renew the unsecured loans, despite the Company expressing its inability to repay the same because of its financial situation. Since the unsecured loans have not been renewed, no provision has been made in the accounts for interest of Rs.84.14 lakhs for the year payable on these loans.

For M/s. B. K. Khare & Co.
Chartered Accountants
Firm Registration No. 105102W

For and on behalf of the Board of Directors

} Directors

Shirish Rahalkar
Partner
Member Registration No. 111212

Mumbai, 23rd April, 2021

Mumbai, 23rd April, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Meru Travel Solutions Private Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of **Meru Travel Solutions Private Limited** ("the Company"), which comprise the standalone Balance Sheet as at 31st March 2021, and the standalone statement of Profit and Loss (including Other Comprehensive Income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 (the Act) (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS Financial Statements.

Emphasis of Matter

We draw attention to Note No 17 to the standalone financial statements which describes the probable / potential impact of the outbreak of COVID 19 on the business operations of the Company. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in this matter.

Information Other than the Ind AS Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report, but does not include the standalone Ind AS Financial Statements and our Auditors' Report thereon.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The standalone Balance Sheet, the standalone Statement of Profit and Loss including other comprehensive Income, the standalone Cash Flow Statement and the standalone Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The company does not have any pending litigations which will impact its financial positions.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. The Disclosures in the standalone financial Statements regarding holding as well as dealing in specified bank notes during the period from November 8, 2016 to December 30,2016 have not been made in these financial statements since they do not pertain to financial year ended March 31, 2021.

   (h) With respect to matters to be included in the Auditors' Report under section 197(16):

   In our opinion and according to the information and explanation given to us, the Company has not paid any remuneration to its directors and thus the provisions of Section 197 of the Act are not applicable to the Company. Accordingly, reporting under section 197 (16) of the Act is not applicable in case of the Company.

For **B.K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Aniruddha Joshi
Partner
Membership No.040852
UDIN: 21040852AAAABL8975

Place: Mumbai
Date: May 10, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Meru Travel Solutions Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B.K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 21040852AAAABL8975

Place: Mumbai
Date: May 10, 2021

ANEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 1 under **Report on Other Legal and Regulatory Requirements section** of our report of even date on the standalone financial statements of **Meru Travel Solutions Private Limited** for the year ended March 31, 2021

<u>Annexure to the Auditor's Report referred to in our report of even date:</u>

1) The Company did not have any property, plant and equipment. Accordingly, paragraph 3(i) of the Order is not applicable to the Company.

2) The Company operates through its subsidiaries, to undertake business of owing, operating and maintaining vehicle fleets for transportation of passengers in the form of tourist vehicle, radio taxis and to acquire and operate the similar existing business. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

3) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting under Clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.

4) According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

5) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

6) The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the Company.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Income Tax with appropriate authorities. The provisions relating to value added tax, Sales Tax Duty of customs and Duty of Excise is not applicable to the company.

   According to the Information and explanation given to us, no undisputed amount payable in respect of Income Tax, Provident Fund, Employee State's insurance and any other Material Statutory Dues were in arrears as at March 31, 2021 for a period of more than Six months from the date they became payable.

   ii) According to the information and explanation given to us, there are no dues of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and which have not been deposited with the appropriate Authorities on account of any dispute.

8) According to the information and explanation given to us, the company has not taken any loans or borrowings from the financial institution, bank, government or debenture holders. Accordingly, the reporting under Clause 3(viii) of the Order is not applicable to the Company.

9) According to the information and explanations given to us, the Company has raised Rs. 14.99 crores by way of rights issue of shares. The amount raised by the Company has been utilized by the Company for the purpose for which it same was raised.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given by the management, the Company has not paid any remuneration to directors and provisions of Section 197 of the Act are not applicable to the Company. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.

12) The Company, not being a Nidhi Company, the provisions of para 3(xii) of the Order are not applicable to the Company.

13) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

14) According to the information and explanations given to us the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting under Clause 3(xiv) of the Order is not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 21040852AAAABL8975

Place: Mumbai
Date: May 10, 2021

STANDALONE BALANCE SHEET AS AT MARCH 31, 2021

(Currency: Indian Rupees)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
Assets			
Non-current assets			
Investment in subsidiaries	3	**1,252,796,088**	1,113,099,438
Total Non-Current Assets		**1,252,796,088**	1,113,099,438
Current assets			
Financial assets:			
Cash and cash equivalents	4	**1,453,126**	188,887
Total Current Assets		**1,453,126**	188,887
Total Assets		**1,254,249,214**	1,113,288,325
Equity and liabilities			
Equity			
Equity share capital	5	**971,180,580**	870,576,960
Other equity		**281,836,421**	238,294,885
Total equity		**1,253,017,001**	1,108,871,845
Non-current liabilities:			
Financial liabilities:			
Borrowings	6	**300,000**	300,000
Current liabilities:			
Financial liabilities:			
i) Trade payables			
a) total outstanding dues to small enterprises and micro enterprises		**–**	–
b) total outstanding dues of creditors other than small enterprises and micro enterprises	7	**929,213**	4,085,836
ii) Other current liabilities	8	**3,000**	30,644
Total current liabilities		**1,232,213**	4,416,480
Total Equity and Liabilities		**1,254,249,214**	1,113,288,325
Significant accounting polices	2.1		
Notes to the standalone financial statements	3 to 19		

The notes referred to above are an integral part of the standalone financial statements.

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852

Place : Mumbai
Date : May 10, 2021

For and on behalf of the Board of Directors of
Meru Travel Solutions Private Limited
CIN: U63040MH2006PTC165956

Kannan Chakravarthy
Director
DIN: 08021737

Manaswini Goel
Director
DIN: 08142619

Pravin Shah
Chief Executive Officer

Bharat Trivedi
Chief Financial Officer

Place : Mumbai
Date : May 10, 2021

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(Currency: Indian Rupees)

Particulars	Notes	Period ended March 31, 2021	Year ended March 31, 2020
EXPENSES			
Audit fees and other expenses	9	**5,854,841**	8,715,628
Impairment of Investment in subsidiary	3	**–**	41,187,924
Interest expense on preference shares		**–**	52,970,339
Loss before tax		**(5,854,841)**	(102,873,891)
Tax expenses			
Current and Deferred Tax		**–**	–
Loss for the year		**(5,854,841)**	(102,873,891)
Other Comprehensive Income			
Items that will not be reclassified to statement of profit and loss			
Remeasurements of defined benefit plans		**–**	–
Income tax related to above		**–**	–
Net other comprehensive (income) / loss not to be reclassified to statement of profit and loss in subsequent years		**–**	–
Other comprehensive income / (loss) for the year, net of tax		**–**	–
Total Comprehensive loss for the year, net of tax		**(5,854,841)**	(102,873,891)
Earnings per share			
Basic and diluted	13	**(0.07)**	(1.58)
[Nominal Value INR 10 per share]			
Significant accounting polices	2.1		
Notes to the standalone financial statements	3 to 19		

The notes referred to above are an integral part of the standalone financial statements.

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852

Place : Mumbai
Date : May 10, 2021

For and on behalf of the Board of Directors of
Meru Travel Solutions Private Limited
CIN: U63040MH2006PTC165956

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Director
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Director
DIN: 08142619

Pravin Shah
Chief Executive Officer

Bharat Trivedi
Chief Financial Officer

Place : Mumbai
Date : May 10, 2021

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

(Currency: Indian Rupees)

Particulars	Period ended March 31, 2021	Year ended March 31, 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(5,854,841)**	(102,873,891)
Adjustments for:		
Impairment of investments in subsidiary	–	41,187,924
Interest expense on preference shares	–	52,970,339
Operating Cash flow before working capital changes	**(5,854,841)**	(8,715,628)
Working Capital Adjustments		
Trade Payables	**(3,156,623)**	1,478,015
Other liabilities	**(27,644)**	29,621
Net cash flows (used) in operating activities (A)	**(9,039,108)**	(7,207,992)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Investment in subsidiary	**(139,696,650)**	(439,995,051)
Net cash flow used in investing activities (B)	**(139,696,650)**	(439,995,051)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of equity share capital	**149,999,997**	447,100,000
Net cash flows from financing activities (C)	**149,999,997**	447,100,000
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**1,264,239**	(103,043)
Cash and cash equivalents at the beginning of the year	**188,887**	291,930
Cash and cash equivalents at the end of the year (refer note 4)	**1,453,126**	188,887

Reconciliation of the movement of liabilities to cash flows arising from financing activities

Change in Liability arising from financial activities:	**Long-term borrowings**	**Long-term borrowings**
Opening Balance as on 1 April 2019	–	839,777,481
Other Adjustments:-		
Interest Accrued	–	52,970,339
Extinguishment of liability consequent to change in terms of the instrument (refer footnote (i) and v(ii) to Statement of Changes in Equity for details)		(892,447,820)
Closing Balance as on March 31, 2020	–	300,000
Other Adjustments:-		–
Closing Balance as on March 31, 2021	–	300,000
Significant accounting polices	2.1	
Notes to the standalone financial statements	3 to 19	

The notes referred to above are an integral part of the Standalone Financial Statements.

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852

Place : Mumbai
Date : May 10, 2021

For and on behalf of the Board of Directors of
Meru Travel Solutions Private Limited
CIN: U63040MH2006PTC165956

Kannan Chakravarthy
Director
DIN: 08021737

Manaswini Goel
Director
DIN: 08142619

Pravin Shah
Chief Executive Officer

Bharat Trivedi
Chief Financial Officer

Place : Mumbai
Date : May 10, 2021

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

(Currency: Indian Rupees)

a) Equity Share Capital

	Note	
As at 1 April 2020	5	**870,576,960**
Changes in Equity share capital during the year		**100,603,620**
As at 31 March 2021	5	**971,180,580**

b) Other Equity

For the year ended March 31, 2021

Particulars	Equity component of preference shares	Share warrants	Reserves & Surplus: Securities premium	Capital Reserve	Retained earnings	Total Other equity
As at 1 April 2020	**1,188,528,133**	**–**	**2,971,158,261**	**958,967,672**	**(4,880,359,181)**	**238,294,885**
Net loss for the year	–	–	–	–	(5,854,841)	(5,854,841)
Add: Share issued during the year	–	–	49,396,377	–	–	49,396,377
Add/(Less): Adjustment of Liability and issue of shares for consideration other than cash (refer note [iv and v(i)] below)	–	–	–	–	–	–
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income	**–**	**–**	**49,396,377**	**–**	**(5,854,841)**	**43,541,536**
Transactions with owners, recorded directly in equity	–	–	–	–	–	–
Contributions by owners	–	–	–	–	–	–
Total Contributions by owners	–	–	–	–	–	–
As at 31 March 2021	**1,188,528,133**	**–**	**3,020,554,638**	**958,967,672**	**(4,886,214,022)**	**281,836,421**

a) Equity Share Capital

	Note	
As at 1 April 2019	5	**545,626,780**
Add: Share issued during the year		318,901,570
Add : Issued during the year - conversion of preference share capital (refer note [(i) and v(ii)] below)		14,890
Add/(Less): Adjustment of Liability and issue of shares for consideration other than cash (refer note [iv and v(i)] below)		6,033,720
As at 31 March 2020		**870,576,960**

b) Other Equity

For the year ended March 31, 2020

Particulars	Equity component of preference shares	Share warrants	Reserves & Surplus: Securities premium	Capital Reserve	Retained earnings	Total Other equity
As at April 1, 2019	**1,188,528,133**	**135,207,690**	**2,840,528,290**	**–**	**(4,777,485,290)**	**(613,221,177)**
Net loss for the year	–	–	–	–	(102,873,891)	(102,873,891)
Add: Share issued during the year	–	–	128,198,430	–	–	128,198,430
Add/(Less): Adjustment of Liability and issue of shares for consideration other than cash (refer note [iv and v(i)] below)	–	(135,207,690)	2,425,555	66,540,728	–	(66,241,407)
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income	**–**	**(135,207,690)**	**130,623,985**	**66,540,728**	**(102,873,891)**	**(40,916,868)**

Particulars	Equity component of preference shares	Share warrants	Reserves & Surplus Securities premium	Capital Reserve	Retained earnings	Total Other equity
Transactions with owners, recorded directly in equity						
Contributions by owners						
Equity component of preference shares issued/converted (refer note [(i) and v(ii)] below)	–	–	5,986	892,426,944	–	892,432,930
Total Contributions by owners	–	–	5,986	892,426,944	–	892,432,930
As at March 31, 2020	**1,188,528,133**	**–**	**2,971,158,261**	**958,967,672**	**(4,880,359,181)**	**238,294,885**

Note

(i) Equity component of preference shares

During the year ended March 31, 2013, the Company issued 31,489 cumulative redeemable preference shares (CRPS) of INR 10 each fully paid-up at a premium of INR 25,000 per share to True North Trusteeship Company Private Limited formerly known as 'IVF Trustee Company Private Limited') as nominee shareholder of True North Fund IIIA (formerly known as 'India Value Fund IIIA'). The preference shares carry cumulative dividend @ 0.01% p.a. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Holders of the cumulative redeemable preference shares have no voting rights with respect to any matters which may be brought for shareholders action in connection with the business and affairs of the Company, except in respect of matters which directly affect the rights of redeemable preference shareholders subject to the provisions of the Act.

The cumulative redeemable preference shares were redeemable at a premium of INR 53,414 per share on December 31, 2016, During the previous year ended March 31, 2017, the redemption period of these preference shares was extended by 1 year to December 31, 2017 at a premium of INR 61,427 per share or at such earlier date and at such value (representing fair market value prevailing at that relevant point in time) as may be decided by the Board of Directors.

During the previous year ended March 31, 2018, the 0.01% Cumulative redeemable preference shares were converted into 0.01% Optionally convertible optionally redeemable preference shares (the option being with the Board of Directors of the Company) and extended the redemption period of these preference shares by 10 years to December 31, 2027 at the same redemption price i.e. INR 61,427 per share or at such earlier date and at such value as may be decided by the Board of Directors. In case Board of Directors decides to convert the preference shares to equity, such conversion shall be based on fair market value prevailing at that relevant point in time. The 0.01% Optionally convertible optionally redeemable preference shares is classified as a financial liability subsequently measured at amortised cost. It has been recorded at fair value on initial recognition and the difference between fair value and the book value is recorded under Other equity as 'Equity component on preference shares'.

During the year ended March 31, 2020, 31,489 0.01% Optionally convertible optionally redeemable preference shares (the option being with the Board of Directors of the Company) was converted into 1,489 (one thousand four hundred eighty nine), Equity Shares of the Company of face value INR 10 (Rupees Ten only), ranking pari passu with all the then existing Equity Shares of the Company and 30,000 Redeemable Optionally Convertible Non-Cumulative Redeemable Preference Shares ("OCRPS") of the Company for a period of 6 years from Dec 5, 2019.

The redemption amount of these OCRPS will be decided based on the outcome of the ongoing proceedings during its term. If as per the decision of ongoing proceedings no amount is payable to the Company, these preference shares will be redeemed at face value subject to applicable laws or they will be converted into 1 equity share of the Company. If as per the decision of ongoing proceedings, any amount is received by the Company, the Company shall redeem these OCRPS at face value + Premium, where premium will the amount received minus any cost and taxes payable on the amount received.

(ii) Securities premium: Securities premium is credited when shares are issued at a premium. The securities premium can be utilized as per the provisions of the Companies Act, 2013 for specified purposes such as to issue bonus shares, to provide for premium on redemption of shares or debentures etc.

(iii) Retained earnings: Retained earnings represents the amount of accumulated earnings at each Balance Sheet date of the Company.

(iv) Share warrants: During the year ended March 31, 2017, the Company has entered into a Share cum Warrant Subscription Agreement ('Warrant Agreement') and Advertisement Agreement with Bennett, Coleman & Co. Ltd. ('BCCL').

Through the Advertisement Agreement, BCCL has extended a Line of Credit ('LOC') to Company and its subsidiaries/affiliates (collectively referred to as 'the Group'). As part of the said Advertisement Agreement, the Group gains access to various advertising properties owned by BCCL. The Group needs to make only part payment for advertisement expenses incurred as and when it places advertisements in BCCL owned media. The remaining unpaid amount owed to BCCL (i.e. the LOC to the extent utilised), will be settled out of the money to be received as warrant exercise price on exercise of warrants to subscribe to equity shares of Company by BCCL, only if BCCL decides to exercise the said warrants of Company. Hence, the amount of LOC to the extent utilised by the Company is added to the amount of share warrants recorded under other equity; further, since the amount of LOC as at March 31, 2019 relates to expenses incurred/LOC utilised by its subsidiary, the corresponding debit impact has been added to the investment in subsidiaries as a deemed investment.

	March 31, 2021	March 31, 2020
Partly paid-up share warrant:		
Nil share warrants (March 31, 2019 - 5) of Rs. 150,000,000 each, Rs 15,000,000 paid up	–	–
Add: Line of credit ('LOC') availed by subsidiary	–	–
	–	–

During the year ended March 31, 2017, the Company has entered into Share cum Warrant Subscription Agreement ('Warrant Agreement') and Advertisement Agreement with Bennett, Coleman & Co. Ltd. ('BCCL') as more fully described above. In accordance with these agreements, the Company has issued 5 share warrants, the terms of which are as follows:

Particulars	**Warrant agreement**
Date of Grant	August 6, 2016
No of options granted	Based on the ad utilisation over 3 to 5 years
Vesting period	Based on the ad utilisation over 5 years
Exercise period	Sep 1, 2017 onwards based on usage of Line of credit
Exercise price	Multiple of FY 2017 consumer revenue or base valuation whichever is higher

(iv) Share warrants

During the year ended March 31, 2020, the BCCL and the Company, executed share subscription and shareholders' agreement ("BCCL SSHA") and the Company agreed to issue and allot to BCCL, on a preferential basis, the 6,03,372 (Six Lakh Three Thousand Three Hundred and Seventy Two)], face value of Rs 10 each, fully paid-up equity at value of Rs 14.02 per share, in lieu of cancellation of share warrants of the Company issued to BCCL.

As a result of this transaction, the share warrant and Line of credit ('LOC') availed by subsidiary, has been extinguished against the equity shares issued. The balance amount of Rs 60,207,690 has been adjusted against the deemed investment recognised previously and Rs 66,540,728 has been transferred to capital reserve.

(v) Capital reserve:

(i) Capital reserve is created out of transaction between the Company and BCCL on account of issue of shares and cancellation of share warrants and Line of credit ('LOC') availed by subsidiary Rs. 66,540,728.

(ii) Capital reserve is created on the conversion of financial liability component of 0.01% Optionally convertible optionally redeemable preference shares to 0.01% Redeemable Optionally Convertible Non-Cumulative Preference Shares ("OCRPS") of Rs 892,426,944/-

Significant accounting polices - notes 2.1

Notes to the standalone financial statements notes 3 to 19

The Statement of changes in Equity should be read in conjunction with the notes referred to above which are an integral part of the standalone financial statements

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

For and on behalf of the Board of Directors of
Meru Travel Solutions Private Limited
CIN: U63040MH2006PTC165956

Aniruddha Joshi
Partner
Membership No. 040852

Kannan Chakravarthy
Director
DIN: 08021737

Manaswini Goel
Director
DIN: 08142619

Pravin Shah
Chief Executive Officer

Bharat Trivedi
Chief Financial Officer

Place : Mumbai
Date : May 10, 2021

Place : Mumbai
Date : May 10, 2021

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1. Company information

Meru Travel Solutions Private Limited ('the Company') is incorporated in India as a private limited company under the Companies Act, 1956 on December 4, 2006, having registered office at F-17, 4th Floor, Pinnacle Business Park, Shanti Nagar, Mahakali Caves Road, Andheri (East), Mumbai 400 093, India. These financial statements were authorized for issue in accordance with a Board resolution of May 10, 2021.

On November 19, 2014, the name of the Company was changed to Meru Travel Solutions Private Limited and on January 13, 2015 the Company was converted to a Public Limited Company and the name of the Company was changed to Meru Travel Solutions Limited. Subsequently on July 23, 2015, the Company was converted back to Private Limited Company and the name changed to Meru Travel Solutions Private Limited. The Company is a deemed public company as per definition of the Companies Act with effect from December 5, 2019

The Company operates through its three subsidiaries, to undertake business of owning, operating and maintaining vehicle fleets for transportation of passengers in form of tourist vehicles, radio taxis and to acquire and operate similar existing business.

2. Significant accounting policies

(a) Basis of preparation:

These financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

(b) Functional and presentation currency:

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency.

(c) Basis of measurement:

The financial statements have been prepared on the historical cost basis

2.1 Summary of significant accounting policies

a) Borrowing costs

Borrowing costs include interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

b) Income taxes

Tax expense comprises of current and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

d) Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

e) Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

f) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short-term deposits, if any, with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

g) Investment in subsidiaries

Investments in subsidiaries are recorded at cost as defined in Ind AS 27.

h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 8.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

i. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

The Company has accounted for its investments in subsidiaries at cost as per Ind AS 27 and accordingly, the Ind AS 109 is not applied to the investments in subsidiaries.

All other equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets:

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

b) Other financial assets such as deposits, other receivables etc.

The company follows 'simplified approach' for recognition of impairment loss allowance for Trade receivables.

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

– All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

On that basis, Company creates 100% provision for debtors outstanding for more than 360 days as at the reporting date.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

– Financial assets measured as at amortised cost - ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis and considers historical experience, credit assessments and forward looking information.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

De-recognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

i) Current versus non-current classification:

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

  Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

j) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability

Or

In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

k) Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit / (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, interest income, finance costs and tax expense. Any amount described as unusual or exceptional is classified by nature, in the same way as non-exceptional amounts. Their inclusion or exclusion in EBIDTA will depend on the nature of income/ expense described as exceptional. Impairment loss / reversal on property plant and equipment is disclosed under Depreciation, amortisation and impairment expenses, and not considered for calculation of EBIDTA.

l) Recent Indian Accounting standard (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

2.2 Significant accounting judgements, estimates and assumptions:

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Following are the significant accounting judgements, estimates and assumptions:

i) Impairment of investment in subsidiary

The Company performs impairment testing for investment in subsidiaries where there are indicators of impairment. If such an indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of value in use and fair value less costs of disposal. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Company's Statement of profit and loss. Where an impairment

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency: Indian Rupees)

loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as a credit to the Company's Statement of profit and loss.

During the year ended March 31, 2020, the Company has recorded impairment of investments in V-Link Fleet Solutions Private Limited ('VFSPL'). Refer notes 3 and 14 for further details.

Note 3: Investment in subsidiaries

	As at March 31, 2021	As at March 31, 2020
Investments in unquoted equity instruments of subsidiaries:		
Meru Mobility Tech Private Limited *[formerly known as Meru Cab Company Private Limited]* ('MMTPL')		
173,695 equity shares of INR. 10 each fully paid (March 31, 2020: 148,195)	3,145,408,244	3,005,711,594
Add: Deemed investment in subsidiary (Refer footnote (iv) "Share warrants" to the statement of changes in equity for details.)	–	–
Less: Impairment in value of Investments)	(2,162,612,156)	(2,162,612,156)
	982,796,088	843,099,438
V-Link Fleet Solutions Private Limited ('VFSPL')		
12,050 equity shares of INR. 10 each fully paid (March 31, 2020: 12,050)	41,187,924	41,187,924
Less: Impairment in value of Investments (Refer Note 14)	(41,187,924)	(41,187,924)
	–	–
V-Link Automotive Services Private Limited ('VASPL')		
13,294 equity shares of INR. 10 each fully paid (March 31, 2020: 13,294)	1,628,828,967	1,628,828,967
Less: Impairment in value of Investments	(1,358,828,967)	(1,358,828,967)
	270,000,000	270,000,000
Total	1,252,796,088	1,113,099,438
(a) Aggregate amount of unquoted investments; and	4,815,425,135	4,675,728,485
(b) Aggregate amount of impairment in value of investments.	(3,562,629,047)	(3,562,629,047)

Note 4: Cash and cash equivalents

	As at March 31, 2021	As at March 31, 2020
Cash on hand	3,154	3,154
Balances with bank in current accounts	1,449,972	185,733
Total	1,453,126	188,887

Note 5 : Equity share capital

	As at March 31, 2021	As at March 31, 2020
Authorised shares:		
125,000,000 equity shares of INR 10 each (March 31, 2020: 90,000,000)	1,250,000,000	900,000,000
Issued, subscribed and fully paid-up shares:		
97,118,058 equity shares of INR. 10/- each (March 31, 2020: 87,057,696)	971,180,580	870,576,960
	971,180,580	870,576,960

(i) Reconciliation of the shares outstanding at the beginning and at the end of the year

	As at March 31, 2021		As at March 31, 2020	
Equity shares	**No.**	**Amount**	No.	Amount
At the beginning of the year	**87,057,696**	**870,576,960**	54,562,678	545,626,780
Issued during the year - in lieu of share warrant	–	–	603,372	6,033,720
Issued during the year - conversion of preference share capital	–	–	1,489	14,890
Issued during the year	**10,060,362**	**100,603,620**	31,890,157	318,901,570
Outstanding at the end of the year	**97,118,058**	**971,180,580**	87,057,696	870,576,960

(ii) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of INR.10 per share. Each holder of equity shares is entitled to one vote per share. No dividend has been declared during the year ended March 31, 2021 (March 31, 2020 - Nil).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Shares held by holding company

	As at March 31, 2021		As at March 31, 2020	
	No.	**Amount**	No.	Amount
Mahindra and Mahindra Limited	**41,950,519**	**419,505,190**	31,890,157	318,901,570

(iv) Details of shares held by shareholders holding more than 5% of the aggregate shares

	As at March 31, 2021		As at March 31, 2020	
	No	**%**	No	%
Equity shares				
True North Trusteeship Company Private Limited				
– as nominee shareholder of True North Fund IIIA	**33,498,603**	**34.46%**	33,498,603	38.47%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency: Indian Rupees)

	As at March 31, 2021		As at March 31, 2020	
	No	**%**	No	%
– as nominee shareholder of True North Fund IV	**5,232,809**	**5.39%**	5,232,809	6.01%
Mahindra and Mahindra Limited	**41,950,519**	**43.20%**	31,890,157	36.62%
Mr. Neeraj Gupta	**8,822,956**	**9.08%**	8,822,956	10.13%
Mrs. Farhat Gupta	**3,473,455**	**3.58%**	3,473,455	3.99%

0.01% Redeemable Optionally Convertible Non-Cumulative Preference Shares ('Cumulative redeemable preference share')

	As at March 31, 2021		As at March 31, 2020	
	No	**%**	No	%
True North Trusteeship Company Private Limited				
- as nominee shareholder of True North Fund IIIA	**30,000**	**100%**	30,000	100%

(v) Aggregates number of bonus shares issued, share issued for consideration other than cash during the period of five years immediately preceding the reporting date:

During the 5 year periods ended March 31, 2021 and March 31, 2020

603,372 Equity shares of Rs. 10 each allotted as fully paid shares on account of share warrant liability during the financial year March 31, 2020 (Refer footnote (iv) "Share warrants" to the statement of changes in equity for details.)

1,489 Equity shares of Rs. 10 each allotted as fully paid shares during the financial year March 31, 2020 (Refer footnote (i) "Equity component of preference shares" to the statement of changes in equity for details.)

Note 6: Financial liabilities - Borrowings

	As at March 31, 2021	As at March 31, 2020
Liability component of preference shares*	**300,000**	300,000
Total	**300,000**	300,000
Non-current	**300,000**	300,000
Current	**–**	–

* Refer footnote (i) "Equity component of Preference shares" to the Statement of Changes in Equity for terms of the preference shares.

Note 7: Trade Payables

	As at March 31, 2021	As at March 31, 2020
Trade payables		
a) total outstanding dues to small enterprises and micro enterprises	**–**	–
b) total outstanding dues of creditors other than small enterprises and micro enterprises		
Trade payables to related parties (Refer note 11)	**–**	3,770,836
Other trade payables	**929,213**	315,000
Total	**929,213**	4,085,836

Trade payables are non-interest bearing and the credit terms generally range from 30 to 60 days.

For terms and conditions with related parties, refer to note 11.

The Company's exposure to liquidity risk is disclosed in note 12[C].

Details of dues to micro and small enterprises as per Micro, Small and Medium Enterprises Development Act, 2016

As at March 31, 2021 and March 31, 2020, there are no outstanding dues on account of principal or interest to micro and small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, no additional disclosures have been made.

The above information regarding micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Note 8: Other current liabilities

	As at March 31, 2021	As at March 31, 2020
Statutory dues	**3,000**	30,644
Total	**3,000**	30,644

Note 9: Audit fees and other expenses

	Period ended Mar 31, 2021	Year ended March 31, 2020
Auditor's remuneration (refer note below)	**118,000**	315,000
Legal & professional fees	**1,672,750**	6,213,971
Directors sitting fees	**736,200**	80,000
Share issue expenses	**3,325,000**	2,103,275
Miscellaneous expenses	**2,891**	3,382
Total	**5,854,841**	8,715,628
Auditor's Remuneration (including goods and services tax)		
Statutory audit fees (including out of pocket expenses)	**118,000**	315,000
	118,000	315,000

Note 10: Income Taxes

The major components of income tax expense for the years ended

	March 31, 2021	March 31, 2020
Current income tax:		
Current income tax charge	**–**	–
Adjustments in respect of current income tax of previous year	**–**	–
Deferred tax:		
Relating to origination and reversal of temporary differences	**–**	–
Income tax expense reported in the statement of profit or loss	**–**	–

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency: Indian Rupees)

	March 31, 2021	March 31, 2020
Net loss/(gain) on remeasurements of defined benefit plans	–	–
Income tax expense charged to OCI	–	–

Reconciliation of tax expense and the accounting profit / (loss) multiplied by India's domestic tax rate for the year ended

	March 31, 2021	March 31, 2020
Accounting loss before income tax	**(5,854,841)**	(102,873,891)
At India's statutory income tax rate of 26.00% (March 31, 2020: 26%)	**(1,522,259)**	(26,747,212)
Adjustments in respect of current income tax of previous years	–	–
Effect of current year losses for which no deferred tax asset is recognised	**1,522,259**	26,747,212
At the effective income tax rate	–	–
Income tax expense reported in the statement of profit and loss	–	–

Deferred tax working for the year ended:

	Balance Sheet	
	March 31, 2021	March 31, 2020
Tax effect of items constituting deferred tax liabilities		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	–	–
Tax effect of items constituting deferred tax assets		
Carry forward Unabsorbed business losses	**3,402,735**	3,297,938
Deferred tax expense	**3,402,735**	3,297,938
Net deferred tax assets	**3,402,735**	3,297,938
Net deferred tax assets\(liabilities) recognised	–	–

	Statement of Profit & Loss	
	March 31, 2021	March 31, 2020
Tax effect of items constituting deferred tax liabilities		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	–	–
Tax effect of items constituting deferred tax assets		
Carry forward Unabsorbed business losses	**(104,797)**	(2,223,810)
Deferred tax expense/(income)	**(104,797)**	(2,223,810)
Net deferred tax assets\(liabilities) recognised in profit and loss	–	–

The Company has a net deferred tax asset position as at March 31, 2021 and March 31, 2020. However, in terms of Ind AS 12, the Company has not recognised the net deferred tax assets as there is no reasonable certainty supported by convincing evidence that the Company will have adequate taxable profits in the future against which the carried forward tax losses may be offset.

The Company has following tax losses which arose in India that are available for offsetting against future taxable profits.

	As at March 31, 2021	As at March 31, 2020
Losses that expire - Carry forward business losses	**13,087,441**	12,684,375

* The carry forward tax losses would expire beginning from the financial year 2021-22 up to 2028-29.

Note 11: Related party transactions

Names of related parties and related party relationship:

Related parties ('RP') where control exists

Holding Company	True North Trusteeship Private Limited (as a nominee shareholder of True North Fund IIIA & True North Fund IV) (formerly known as 'IVF Trustee Company Private Limited', 'India Value Fund IIIA' & 'India value Fund IV' Respectively) till December 4, 2019 Mahindra & Mahindra Limited with effect from December 5, 2019

Related parties with whom transactions have taken place during the year

Subsidiaries including sub-subsidiaries	Meru Mobility Tech Private Limited (Formerly known as "Meru Cab Company Private Limited")
	V-Link Fleet Solutions Private Limited
	V-Link Automotive Services Private Limited
Key Management Personnel (KMP)	Neeraj Gupta (CEO) upto April 30, 2021
	Pravin Shah (CEO) with effect from May 1, 2021
	Bharat Trivedi (CFO) with effect from Dec 5, 2019
	Nikhilesh Panchal : Independent Director with effect from Dec 5, 2019
	Moin Lodha: Independent Director with effect from Dec 5, 2019 upto Nov 2, 2020
	G. Chellakrishna : Independent Director with effect from August 3, 2020

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency: Indian Rupees)

Transactions with related parties

	Holding Company		Key Management Personnel		Subsidiaries	
Particulars	**March 31, 2021**	March 31, 2020	**March 31, 2021**	March 31, 2020	**March 31, 2021**	March 31, 2020
Issue of shares						
Mahindra & Mahindra Limited	**149,999,997**	447,100,000	**–**	–	**–**	–
Investments in subsidiary companies						
Meru Mobility Tech Private Limited	**–**	–	**–**	–	**139,696,650**	439,995,051
Conversion of OCORPS to Equity shares						
True North Trusteeship Company Private Limited	**–**	20,876	**–**	–	**–**	–
Line of credit availed/(squared off) by subsidiary						
Meru Mobility Tech Private Limited	**–**	–	**–**	–	**–**	(66,540,728)
Directors sitting fees						
Nikhilesh Panchal	**–**	–	**230,000**	40,000	**–**	–
Moin Lodha	**–**	–	**150,000**	40,000	**–**	–
G. Chellakrishna	**–**	–	**130,000**	–	**–**	–
Impairment in value of Investments in subsidiary						
V-Link Fleet Solutions Private Limited	**–**	–	**–**	–	**–**	41,187,924
Interest on preference shares						
True North Trusteeship Company Private Limited	**–**	52,970,339	**–**	–	**–**	–
Expenses incurred on behalf of the Company						
Meru Mobility Tech Private Limited	**–**	–	**–**	–	**5,265,381**	8,666,186

Details of balances receivable / (payable) to related parties

	Holding Company		Key Management Personnel		Subsidiaries	
Particulars	**March 31, 2021**	March 31, 2020	**March 31, 2021**	March 31, 2020	**March 31, 2021**	March 31, 2020
Balance payable at the year end						
Meru Mobility Tech Private Limited	**–**	–	**–**	–	**–**	(3,770,836)
Closing balance of preference shares						
True North Trusteeship Company Private Limited	**300,000**	300,000	**–**	–	**–**	–

Terms and conditions of transactions with related parties

All the related party transaction during the year were in ordinary course of business. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. The loans receivable and payable are all repayable on demand.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency: Indian Rupees)

Note 12: Financial instruments

A] Accounting classification of financial instruments

The following table summarises the accounting classification and carrying amounts of financial instruments.

Particulars	Notes	Carrying value\Fair Value	
		March 31, 2021	March 31, 2020
Financial assets carried at amortised cost			
Cash and cash equivalents	4	**1,453,126**	188,887
Total		**1,453,126**	188,887
Financial liabilities carried at amortised Cost			
Liability portion of Preference shares			
Non-current portion	6	**300,000**	300,000
Trade and other Payables	7	**929,213**	4,085,836
Total		**1,229,213**	4,385,836

B] Fair Value Measurement

The management assessed that cash and cash equivalents, current liability portion of preference shares and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the Company's preference shares is determined by using DCF method using the Company's incremental borrowing rate and the fair value determined on initial recognition is categorised as Level 2 in the fair value hierarchy.

There were no transfers between level 1, 2 and 3 for recurring fair value measurements during each of the reporting period. The Company's policy is to recognise transfers into and transfer out of fair value hierarchy levels at the end of the reporting period.

C] Financial risk management objectives and policies

The Company has exposure to the following risks arising from its financial instruments:

– Liquidity risk

The Company's senior management is responsible for the management of these risks with oversight of the Company's Board of Directors.

(i) Liquidity risk

The Company's liquidity risk mainly arises from preference shares issued to the parent company and insignificant routine expenses which are paid by Company's subsidiaries on its behalf as and when required. Subsequently, on receipt of funds by Company from its Parent on issue of equity shares for onward investment in its subsidiaries, Company generally settles the inter-company payables first and invests balance amounts in its Subsidiaries when needed. With regard to its preference shares, Company re-negotiates the terms of preference shares with its Parent company depending upon its financial condition on each redemption date.

The Company did not have drawn or undrawn borrowing facilities as at each reporting date.

The table below summarises the maturity profile of the Companys' financial liabilities based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended - March 31, 2021						
0.01% Redeemable Optionally Convertible Non-Cumulative Preference Shares	–	–	–	–	300,000	**300,000**
Other trade payables	929,213	–	–	–	–	**929,213**
	929,213	**–**	**–**	**–**	**300,000**	**1,229,213**

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended - March 31, 2020						
0.01% optionally convertible optionally redeemable preference shares	–	–	–	–	300,000	**300,000**
Trade payables to related parties	3,770,836	–	–	–	–	**3,770,836**
Other trade payables	315,000	–	–	–	–	**315,000**
	4,085,836	**–**	**–**	**–**	**300,000**	**4,385,836**

D] Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, preference shares, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder's value. Since Company is non-revenue generating entity, Company monitors its capital considering requirements at Group level after including all subsidiaries' capital requirements as mentioned below.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may issue new shares. The Company manages its capital, considering the net debt position and rolling cash flows as at each period end and identify need for additional funding from the existing / new share holders to meet the outstanding commitments and future cash flow requirements to meet the business plan for 1 year to 3 years. The Company includes within net debt, interest bearing loans and borrowings (excluding redeemable preference share), less cash and cash equivalents (Including intercorporate deposits & liquid mutual fund units).

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency: Indian Rupees)

Note 13: Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

	March 31, 2021	March 31, 2020
(Loss) attributable to equity holders	**(5,854,841)**	(102,873,891)
Number of Shares outstanding at the beginning of the year	**87,057,696**	54,562,678
Add: Shares issued during the year	**10,060,362**	32,495,018
Number of Shares outstanding at the end of the year	**97,118,058**	87,057,696
Weighted average number of Equity shares for basic EPS	**88,628,766**	65,064,003
Basic and diluted EPS	**(0.07)**	(1.58)

Note 14: Impairment in value of Investment in subsidiary

During the year ended March 31, 2020, the Company has recorded an impairment charge in respect of the investment in one of its subsidiaries, VLink Fleet Solutions Private Limited ('VFSPL') basis the significant reduction in revenues and profits and considering significant curtailment in the future business plans of VFSPL. The same has been fully impaired.

During the year ended March 31, 2019, the Company has recorded an impairment charge in respect of the investment in one of its subsidiaries, Meru Mobility Tech Private Limited ('MMTPL'). The impairment charge was determined based on a valuation agreed as per a Share Subscription and Shareholder Agreement ('the Agreement') entered into with Mahindra & Mahindra Limited ('M&M') for subscribing upto 55% of Equity share capital in the Company post the balance sheet date. The recoverable amount of the investment has been determined based on value in use considering a discount rate of 18.48% p.a.

Note 15: Segment reporting

The Company operates through its subsidiaries and does not have any operational business activity. Hence the requirements of the Indian Accounting Standard 108 – "Operating Segments", are not applicable to the Company.

Note 16: Going Concern

As at March 31, 2021, the Company has accumulated losses of INR 4,886.21 million (March 31, 2020: INR 4,880.36 million) and a positive net worth of INR 1,253.02 million (March 31, 2020: positive net worth of INR 1,108.87 million). During last year, the shareholder of the Company entered into a Share subscription and Shareholder Agreement ('the Agreement') with Mahindra and Mahindra Limited ('M&M'). M&M has acquired 36.63% stake in the Company in first tranche investment and during the current year, M&M has acquired additional 6.58% stake in the Company by investing 150 mn. The Ultimate Holding Company Mahindra & Mahindra Limited has committed to provide continuing financial and/or operational support to the Group for its continued operations for the foreseeable future.

In view of the foregoing, the going concern assumption has been considered appropriate in preparing these financial statements.

Note 17: Other Matters

The outbreak of coronavirus (COVID 19) pandemic globally is causing a slowdown of economic activity. Measures are being taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered disruptions to business worldwide, resulting in an economic slowdown and uncertainties pertaining to future operations.

The Company has made a detailed assessment of its liquidity position for next one year and the recoverability and carrying value of its assets which is majorly Investment in subsidiaries as at the Balance sheet date and has concluded that no material adjustments are required in the financial statements. Management believes that it has taken into account all possible impacts of known events arising from COVID 19 pandemic in preparation of these financial statements.

The impact of coronavirus on the business will depend on future developments that cannot be reliably predicted. The impact of global health pandemic, might be different from that estimated as at the date of approval of these financial statements depending on how long the pandemic lasts and time period taken for the economic activities to return to normalcy.

Note 18: Subsequent Events

Subsequent to the year end, Mahindra & Mahindra Limited ('M&M') has announced to purchase additional 56.8% stake in the Company, thereby making the Company a wholly owned subsidiary of M&M.

Note 19: Information with the regard to other matters specified in Schedule III to the Act is either Nil or not applicable to the Company for the year ended 31 March 2021.

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852

Place : Mumbai
Date : May 10, 2021

For and on behalf of the Board of Directors of
Meru Travel Solutions Private Limited
CIN: U63040MH2006PTC165956

Kannan Chakravarthy
Director
DIN: 08021737

Manaswini Goel
Director
DIN: 08142619

Pravin Shah
Chief Executive Officer

Bharat Trivedi
Chief Financial Officer

Place : Mumbai
Date : May 10, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of
Meru Mobility Tech Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of **Meru Mobility Tech Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss and other comprehensive income, statement of changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 (the Act) (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Emphasis of Matter

We draw attention to Note No 32 to the financial statements which describes the probable / potential impact of the outbreak of COVID 19 on the business operations of the Company. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in this matter.

Information Other than the Ind AS Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report, but does not include the Ind AS Financial Statements and our Auditors' Report thereon.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

    (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

    (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

    i. The company does not have any pending litigations which will impact its financial positions.

    ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

    iv. The Disclosures in the financial Statements regarding holding as well as dealing in specified bank notes during the period from November 8, 2016 to December 30,2016 have not been made in these financial statements since they do not pertain to financial year ended March 31, 2021.

    (h) With respect to matters to be included in the Auditors' Report under section 197(16):

    In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.

For **B.K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Aniruddha Joshi
Partner
Membership No.040852
UDIN: 21040852AAAABK4503

Mumbai
May 10, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **MERU Mobility Tech Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B.K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 21040852AAAABK4503

Mumbai
May 10, 2021

ANEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 1 under **Report on Other Legal and Regulatory Requirements section** of our report of even date on the financial statements of **MERU Mobility Tech Private Limited** for the year ended March 31, 2021

<u>Annexure to the Auditor's Report referred to in our report of even date:</u>

1) i) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

ii) The Company has a regular programme for physical verification of its property, plant and equipment by which the property, plant and equipment are verified by the management according to a phased programme designed to cover all the items over a period of 3 years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment. In accordance with the programme, the Company has physically verified certain property, plant and equipment during the year and no material discrepancies were noticed on such verification.

iii) According to the information and explanations given to us, the Company has no immovable properties registered in its name. Accordingly, the reporting under Clause 3(i) (c) of the Order is not applicable to the Company.

2) According to the information and explanations given to us, the Company is primarily engaged in the business of owning, operating and maintaining vehicle fleet for transportation of passengers in form of Taxis, providing taxi aggregator services and to acquire and operate similar existing business. Accordingly, it does not hold any physical inventories hence, paragraph 3 (ii) is not applicable.

3) In our Opinion and according to the information and explanation given to us, the company has granted loan to fellow subsidiary company covered in the register maintained under section 189 of the Act.

(a) In our opinion and according to the information and explanation given to us, the terms and conditions of the loan granted are not prejudicial to the interests of the company and its members.

(b) The loan granted to fellow subsidiary is interest free and repayable on demand.

(c) There are no overdue amounts in respect of loan granted.

4) According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

5) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

6) The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the Company.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax with appropriate authorities. The provisions relating to value added tax, Sales Tax Duty of customs and Duty of Excise is not applicable to the company.

According to the Information and explanation given to us, no undisputed amount payable in respect of Income Tax, Provident Fund, Employee State's insurance and any other Material Statutory Dues were in arrears as at March 31, 2021 for a period of more than Six months from the date they became payable.

ii) According to the information and explanation given to us, there are no dues of income tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, value Added Tax and which have not been deposited with the appropriate Authorities on account of any dispute.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) According to the information and explanations given to us, the Company has raised Rs.13.97 crores by way of rights issue. The amount raised by the Company has been utilized by the Company for the purpose for which the same were raised.

10) As more fully explained in Note 37 to the financial statements, we have been informed by the management that there was one case of fraud perpetrated by an employee of the Company which tantamounted to falsification of certain records of the Company. The amount of fraud is expected to be around INR 6.18 million.

11) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12) The Company, not being a Nidhi Company, the provisions of para 3(xii) of the Order are not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the

details of the same have been disclosed in the financial statements as required by the applicable accounting standards. Further, the company is not required to constitute and Audit Committee under section 177 of the Act, and accordingly, to this extent the provision of clause 3(xiii) of the order is not applicable to the company.

14) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting under Clause 3(xiv) of the Order is not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Aniruddha Joshi
Partner
Membership Number 040852
UDIN: 21040852AAAABK4503

Mumbai
May 10, 2021

BALANCE SHEET AS AT MARCH 31, 2021

(Currency in INR millions)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
(I) ASSETS			
(1) NON-CURRENT ASSETS			
a) Property, plant and equipment	3	**218.99**	274.03
b) Capital work-in-progress	3	**1.41**	8.14
c) Intangible assets	4	**–**	0.29
d) Financial assets			
(i) Loans	5	**27.51**	30.82
(ii) Other financial assets	6	**13.78**	18.78
(e) Non-current tax assets	7	**9.36**	16.22
(f) Other non-current assets	8	**51.06**	64.91
Total non-current assets		**322.11**	413.19
(2) CURRENT ASSETS			
(a) Financial assets			
(i) Investments	9	**115.37**	357.48
(ii) Trade receivables	10	**84.28**	133.51
(iii) Cash and cash equivalents	11	**20.24**	10.80
(iv) Other bank balance	12	**4.38**	4.22
(v) Loans	5	**168.69**	196.68
(vi) Other financial assets	6	**10.53**	12.98
(b) Other current assets	13	**15.21**	35.41
Total current assets		**418.70**	751.08
Total Assets		**740.81**	1,164.27
(II) EQUITY AND LIABILITIES			
1) Equity			
(a) Equity share capital	14	**1.74**	1.48
(b) Other equity		**102.12**	247.05
Total Equity		**103.86**	248.53
2) Liabilities:			
Non Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	15	**20.75**	179.34
(b) Provisions	16	**141.77**	125.49
Total non-current liabilities		**162.52**	304.83
Current liabilities:			
(a) Financial liabilities			
(i) Borrowings	15	**293.76**	302.12
(ii) Trade Payables	17		
(a) total outstanding dues to small enterises and micro enterprises		**–**	–
(b) total outstanding dues of creditors other than small enterises and micro enterprises		**48.92**	72.69
(iii) Other financial liabilities	18	**110.41**	215.46
(b) Other current liabilities	19	**9.45**	10.08
(c) Provisions	16	**11.89**	10.56
Total current liabilities		**474.43**	610.91
Total Liabilities		**636.95**	915.74
Total Equity and Liabilities		**740.81**	1,164.27
Significant accounting policies	2.1		
Notes to the financial statements	3 to 40		

The notes referred to above are an integral part of the financial statements.

As per our report of even date attached
For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852

Place : Mumbai
Date : May 10, 2021

For and on behalf of the Board of Directors of
Meru Mobility Tech Private Limited
CIN: U63040MH2006PTC165959

Kannan Chakravarthy
Director
DIN: 08021737

Manaswini Goel
Director
DIN: 08142619

Pravin Shah
Chief financial officer

Place : Mumbai
Date : May 10, 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR millions)

Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Revenue			
Revenue from operations	20	**414.94**	1,123.52
Other income	21	**13.87**	10.21
TOTAL INCOME (I)		**428.81**	1,133.73
EXPENSES			
Fleet operating expenditure	22	**326.78**	838.68
Employee benefits expense	23	**182.15**	185.29
Operating and other administrative expenses	24	**99.66**	156.03
TOTAL EXPENSES (II)		**608.59**	1,180.00
Earnings before interest, tax, depreciation and amortisation (EBITDA) [(I) – (II)]		**(179.78)**	(46.27)
Depreciation and amortisation expenses	3,4	**90.98**	63.71
Finance costs	25	**20.15**	22.36
Finance income	26	**6.25**	25.90
(Loss) before tax		**(284.66)**	(106.44)
Tax expenses		**–**	–
(Loss) after tax		**(284.66)**	(106.44)
Other Comprehensive Income			
Items that will not be reclassified to statement of profit and loss			
Remeasurements of defined benefit plans		**(0.29)**	0.35
Income tax related Items that will not be reclassified to statement of profit and loss		**–**	–
Total Other Comprehensive loss/(Income) for the year		**(0.29)**	0.35
Total Comprehensive (loss) for the year, net of tax		**(284.37)**	(106.79)
Earnings per equity share			
Basic and diluted earnings per share	34	**(1,911.86)**	(1,011.51)
[Nominal value per share: INR 10]			
Significant accounting policies	2.1		
Notes to the financial statements	3 to 40		

The notes referred to above are an integral part of the financial statements.

As per our report of even date attached
For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852

Place : Mumbai
Date : May 10, 2021

For and on behalf of the Board of Directors of
Meru Mobility Tech Private Limited
CIN: U63040MH2006PTC165959

Kannan Chakravarthy
Director
DIN: 08021737

Manaswini Goel
Director
DIN: 08142619

Pravin Shah
Chief financial officer

Place : Mumbai
Date : May 10, 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR millions)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before tax	**(284.66)**	(106.44)
Adjustments to reconcile loss before tax to net cash flows		
Depreciation, amortisation and impairment expenses	**90.98**	63.71
Interest expenses	**20.15**	22.36
Provision for compensated absences, gratuity and other contingencies	**23.96**	44.16
Finance income	**(5.57)**	(25.89)
Gain on mutual fund	**(7.16)**	(7.58)
Bad Debts written off and provision for doubtful debts and advances	**11.75**	7.01
Sundry balance and provision no longer required written back	**(2.48)**	–
Loss/ (Profit) on sale of fixed asset & asset held for sale	**(4.06)**	1.24
Remeasurements of defined benefit plans	**0.29**	(0.35)
Operating (loss) before working capital changes	**(156.80)**	(1.78)
Movement in working capital		
Changes in Trade Receivables	**41.20**	(60.32)
Changes in loans, Other financial assets and other assets	**49.50**	(117.50)
Changes in trade payable, other payables and other liabilities	**(72.80)**	(67.73)
Cash (used in) operating activities	**(138.90)**	(247.34)
Direct taxes paid (net of refunds)	**6.86**	(4.54)
Net cash flows (used in) operating activities	**(132.04)**	(251.87)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment (including Capital work-in-progress)	**(36.46)**	(192.72)
Proceeds from disposal of property, plant & equipment	**8.18**	10.66
Purchase of current investments	**(581.97)**	(777.91)
Proceeds from sale of current investments	**831.25**	412.85
Interest income on fixed deposits & intercorporate deposits	**1.12**	1.80
Loans given to fellow subsidiaries	**(25.16)**	177.09
Loans repaid by fellow subsidiaries	**52.05**	(93.55)
Deposits with bank as margin money	**(0.06)**	0.09
Proceeds from maturity of deposits with bank as margin money/other fixed deposits	**–**	12.09
Net cash flows generated from / (used in) investing activities	**248.95**	(449.60)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(21.15)**	(22.76)
Proceeds from shares issued	**139.70**	439.99
Loans received from fellow subsidiaries	**0.20**	199.95
Loans repaid to fellow subsidiaries	**(8.11)**	(78.71)
Proceeds from long term borrowings	**37.87**	193.55
Repayment of long term borrowings	**(253.94)**	(32.20)
Repayment of lease liabilities	**(2.04)**	(2.41)
Net cash flows generated from / (used in) financing activities	**(107.47)**	697.41
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**9.44**	(4.06)
Cash and cash equivalents at the beginning of the year	**10.80**	14.86
Cash and cash equivalents at the end of the year (refer note 11)	**20.24**	10.80

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021 (CONTD...)

Reconciliation of the movements of liabilities to cash flows arising from financing activities

Particulars	Long-term borrowings	Short-term borrowings	Total
Opening Balance as on 1, April 2019	91.51	180.88	272.39
Changes from financing cash flows:			
Loans taken during the current year	193.55	199.95	393.50
Repayment of loans during the current year	(32.20)	(78.71)	(110.91)
Other Adjustments:			
Deferred loan charges paid	(1.26)	–	(1.26)
Amortisation of deferred loan charges as part of effective interest method	0.45	–	0.45
Closing Balance as on March 31, 2020	**252.05**	**302.12**	**554.17**
Changes from financing cash flows:			
Loans taken during the current year	**37.87**	**0.20**	**38.07**
Repayment of loans during the current year	**(253.94)**	**(8.56)**	**(262.50)**
Closing Balance as on March 31, 2021	**35.98**	**293.76**	**329.74**

Significant accounting policies 2.1

Notes to the financial statements 3 to 40

The Cash Flow Statement should be read in conjunction with the notes referred to above which are an integral part of the financial statements.

As per our report of even date attached
For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852

Place : Mumbai
Date : May 10, 2021

For and on behalf of the Board of Directors of
Meru Mobility Tech Private Limited
CIN: U63040MH2006PTC165959

Kannan Chakravarthy
Director
DIN: 08021737

Manaswini Goel
Director
DIN: 08142619

Pravin Shah
Chief financial officer

Place : Mumbai
Date : May 10, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR millions)

Particulars	Equity share capital	Other Equity					Total
		Securities premium	General reserve	Retained earnings	Capital Reserve	Total Other Equity	
As at April 1, 2019 (I)	0.85	2,564.87	4.84	(2,639.51)	60.21	(9.59)	(8.74)
Net (loss) for the year (II)	–	–	–	(106.44)	–	(106.44)	(106.44)
Other comprehensive income for the year (III)	–	–	–	(0.35)	–	(0.35)	(0.35)
Total comprehensive income IV= (II) + (III)	**–**	**–**	**–**	**(106.79)**	**–**	**(106.79)**	**(106.78)**
Add: shares issued during The Year (V)	0.63	439.36	–	–	–	439.36	439.99
Non-cash advertisement expense (refer note d. below) (VI)	–	–	–	(15.72)	(60.21)	(75.93)	(75.93)
As at March 31, 2020 (I+IV+V+VI)	**1.48**	**3,004.23**	**4.84**	**(2,762.02)**	**–**	**247.05**	**248.53**

Particulars	Equity share capital	Other Equity					Total
		Securities premium	General reserve	Retained earnings	Capital Reserve	Total Other Equity	
As at April 1, 2020 (I)	1.48	3,004.23	4.84	(2,762.02)	–	247.05	248.53
Net (loss) for the year (II)	–	–	–	(284.66)	–	(284.66)	(284.66)
Other comprehensive income for the year (III)	–	–	–	0.29	–	0.29	0.29
Total comprehensive income IV= (II) + (III)	–	–	–	(284.37)	–	(284.37)	(284.37)
Add: shares issued during The Year (V)	0.26	139.44	–	–	–	139.44	139.70
Non-cash advertisement expense (refer note d. below) (VI)	–	–	–	–	–	–	–
As at March 31, 2021 (I+IV+V+VI)	1.74	3,143.67	4.84	(3,046.39)	–	102.12	103.86

a. **Securities premium:** The amount received in excess of face value of the equity shares is recognised in Securities premium. The securities premium can be utilized as per the provisions of the Companies Act, 2013.

b. **Retained earnings:** Retained earnings represents the amount of accumulated earnings at each Balance Sheet date of the Company.

c. **General reserve:** General reserve is in the nature of a free reserve and can be utilised inter-alia for distribution of dividends subject to compliance of the provisions of the Companies Act, 2013.

d. **Capital reserve:** During the year ended March 31, 2017, the parent entity of the Company i.e. Meru Travel Solutions Private Limited ('MTSPL') has entered into a Share cum Warrant Subscription Agreement ('Warrant Agreement') and Advertisement Agreement with Bennett, Coleman & Co. Ltd. ('BCCL').

Through the Advertisement Agreement, BCCL has extended a Line of Credit ('LOC') to MTSPL and its subsidiaries/affiliates (collectively referred to as 'the Group'). As part of the said Advertisement Agreement, the Group gains access to various advertising properties owned by BCCL. The Group needs to make only part payment for advertisement expenses incurred as and when it places advertisements in BCCL owned media. The remaining unpaid amount owed to BCCL (i.e. the LOC to the extent utilised), will be settled out of the money to be received as warrant exercise price on exercise of warrants to subscribe to equity shares of MTSPL by BCCL, only if BCCL decides to exercise the said warrants of MTSPL. Hence, the amount of LOC to the extent utilised by the Company is disclosed as capital reserve.

During the year ended March 31, 2020, the Company has cancelled the Advertisement agreement with BCCL and basis the same as per the terms of the cancellation agreement the Deposit paid to BCCL along with taxes payable is debited to Capital reserve and retained earnings.

Significant accounting policies	2.1
Notes to the financial statements	3 to 40

The Statement of Changes in Equity should be read in conjunction with the notes referred to above which are an integral part of the financial statements.

As per our report of even date attached
For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852

Place : Mumbai
Date : May 10, 2021

For and on behalf of the Board of Directors of
Meru Mobility Tech Private Limited
CIN: U63040MH2006PTC165959

Kannan Chakravarthy
Director
DIN: 08021737

Manaswini Goel
Director
DIN: 08142619

Pravin Shah
Chief financial officer

Place : Mumbai
Date : May 10, 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1. Company information

Meru Mobility Tech Private Limited ('the Company') is registered as a private limited company domiciled in India having its registered office at F-17, 4th Floor, Pinnacle Business Park, Shanti Nagar, Mahakali Caves Road, Andheri (East), Mumbai 400 093, India. The Company is a deemed public company as per definition of the Companies Act with effect from 5 December 2019. The Company is mainly engaged in the business of owning, operating and maintaining vehicle fleet for transportation of passengers in form of taxis, providing taxi aggregator services and to acquire and operate similar existing businesses.

On May 29, 2018, the name of the Company was changed from Meru Cab Company Private Limited to Meru Mobility Tech Private Limited.

These financial statements were authorized for issue in accordance with a Board resolution of May 10, 2021.

2. Significant accounting policies

(a) Basis of preparation:

These financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

(b) Functional and presentation currency:

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded off to nearest 1,000,000 (million) (Abbreviated as "mn") for the purpose of reporting in these financial statements, unless otherwise stated.

(c) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for following assets and liabilities and measured at fair value:

- certain financial instruments which are measured at fair value (refer accounting policy 2(n))
- Defined benefit plans. (Note 28)

2.1 Summary of significant accounting policies

a) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses arising from de-recognition of assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is de-recognised.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part have a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. Such cost includes the cost of replacing parts of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Subsequent expenditure is capitalized if an only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress"

Depreciation on Property, plant and equipment

Depreciation is calculated on a Straight-Line basis using the rates arrived at based on the useful life of the assets estimated by the management. The estimated useful life considered for depreciation of property, plant and equipment is as follows:

Asset description	Useful lives estimated by management (in years)
Computers and peripherals	3
Motor vehicles - fleet	3 – 5
Electric Chargers	7
Furniture and fittings	3 – 5
Office equipment	1 – 3
Leasehold Improvements	Over the period of lease or useful life of the asset, whichever is lower

Except Computers and peripherals, useful lives of above property, plant and equipment are different from those prescribed under schedule II. These lives are based on estimates supported by internal technical evaluation.

b) Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Taxi permits (Leased):

Taxi permits are amortised using the straight-line method over a period of 8 years or contractual life whichever is lower.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Software:

ERP software is amortised using the straight-line method over a period of 5 years and other software are amortised using the straight-line method over a period of 3 years or contractual life, whichever is lower.

The residual values, useful lives and methods of amortisation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

c) **Impairment of Property, plant and equipment and intangible assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available.

If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

d) **Leases**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the Company is lessee:

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised

Where the Company is Lessor:

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognizes lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation

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and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has applied Ind AS 116 initially on April 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 is being recognized as an adjustment to the opening balance of retained earnings at April 1, 2019, with no restatement of comparative information. The Company has applied Ind AS 116 to all contracts entered into before April 1, 2019 and identified as leases in accordance with Ind AS 17.

e) Borrowing costs

Borrowing costs include interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes as substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

f) Revenue recognition

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. The effect on adoption of Ind AS 115 was insignificant.

The Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time requires judgement.

Revenue includes only the gross inflows of economic benefits. It is measured based on the consideration specified in the contracts with customers. Amounts collected on behalf of third parties such as goods and services taxes and value added taxes are not economic benefits which flow to the entity and do not result in increases in equity. Therefore, they are excluded from revenue.

The Company assesses its revenue arrangements to determine if it is acting as principal or agent. The Company has concluded that it is acting as an agent in case of its revenue from taxi aggregator services arrangements.

The following specific recognition criteria must also be met before revenue is recognized.

<u>**Income from services:**</u>

i. Revenue from taxi services, convenience fees, airport charges, services

Revenue from taxi services represents revenue earned from transportation of passengers as part of metered tax operations. Revenue from taxi services is measured as per the contractual terms and is recognised on completion of each trip. Convenience fees are charged to customer for facilitating booking of taxi services through the Company. Convenience fees are recognised as revenue at completion of trip. Airport charges are recovered from customers towards the airport charges incurred at airports as per the contractual terms. Airport charges are recognised as revenue at completion of trip.

ii. Revenue from taxi aggregator services

Revenue from taxi aggregator services is recognised net off the share of revenue paid to drivers, as and when the services are rendered as per the terms of the contract. Taxi aggregator services involve the Company providing a platform to facilitate booking of taxi services by passengers with third party independent taxi service providers.

iii. Revenue from employee transportation

Revenue from employee transportation represents revenue earned from providing taxi services to corporates for employee transportation. Revenue is measured as per the contractual terms and recognised as and when the service is rendered as per contract terms.

iv. Revenue from car rental services

Revenue from car rental services represents revenue earned from letting cars on hire to customers for specific period of time (generally short periods of time ranging from a few hours to a day). Revenue is measured as per the contractual terms and is recognized on completion of each trip.

v. Advertisement revenue

Revenue from advertisement contracts are recognised pro-rata over the period of contract as and when services are rendered. Revenue is measured as per the contractual terms

The Company generally does not offer a credit period in respect of its billing to drivers. In respect of corporate customers, the Company credit period offered generally ranged from 30 days to 90 days.

Interest income:

For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit and loss.

g) Foreign currencies

i. Transactions - Initial recognition

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rate at the date the transaction first qualifies for recognition.

ii. Balances

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

Non-monetary items which are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of initial transaction. Non-monetary items, which are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

h) Retirement and other employee benefits

i. Provident fund and ESIC

Retirement benefit in the form of provident fund and ESIC are defined contribution schemes. The Company has no obligation, other than the contribution payable to these schemes. The Company recognises contribution paid / payable during the year to these schemes in the statement of profit and loss.

ii. Gratuity

The Company operates a defined benefit gratuity plan for its employees. This benefit is unfunded. The cost of providing benefits under the defined benefit plans is determined by independent actuaries using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur and are not reclassified to profit or loss in subsequent periods.

iii. Compensated Absences

The liability towards Long term compensated absences is determined by independent actuaries using the projected

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unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to Statement of profit and loss in the period in which they occur.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond 12 months, as long term employee benefit for measurement purposes. Such long term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end.

i) Income taxes

Tax expense comprises of current and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

j) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

k) Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

l) Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non- occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

m) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

n) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

<u>Initial recognition and measurement</u>

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

<u>Subsequent measurement</u>

For purposes of subsequent measurement, financial assets are classified as measured at:

- Amortised cost
- Fair value through other comprehensive income (FVTOCI) – debt investment
- Fair value through other comprehensive income (FVTOCI) – equity investment
- Fair value through profit or loss (FVTPL)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Financial assets at amortised cost

A financial asset is measured at amortised cost if both the following conditions are met:

i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A debt instrument is classified as at the FVTOCI if both of the following criteria are met:

i. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in profit or loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Equity investments at FVTOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVTOCI – equity investment). This election is made on an investment by investment basis.

Fair value through profit or loss (FVTPL)

FVTPL is a residual category for financial assets. All financial assets not classified as measured at amortised cost of FVTOCI, as described above are classified as at FVTPL. This includes all derivative financial assets. In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in profit or loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets:

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

b) Other financial assets such as deposits, other receivables etc.

The company follows 'simplified approach' for recognition of impairment loss allowance for Trade receivables. The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared

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credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis and considers historical experience, credit assessments and forward looking information.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or FVTPL.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not at FVTPL, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on financial liabilities at FVTLP including interest expense are recognised in the profit or loss.

Other financial liabilities

Financial liabilities other that FVTPL instruments are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchanges gains or losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

De-recognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

o) Current versus non-current classification:

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

p) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability

Or

In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

q) Segment reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by Chief Operating

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance. Operating EBITDA is the Management's measure of the segment results.

r) Recent Indian Accounting standard (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

s) Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit / (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, interest income, finance costs and tax expense. Any amount described as unusual or exceptional is classified by nature, in the same way as non-exceptional amounts. Their inclusion or exclusion in EBIDTA will depend on the nature of income/ expense described as exceptional. Impairment loss / reversal on property plant and equipment is disclosed under Depreciation, amortisation and impairment expenses, and not considered for calculation of EBIDTA.

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Following are the significant accounting judgements, estimates and assumptions:

2.2 Significant accounting judgements, estimates and assumptions

I. Revenue:

The Company assesses in accordance with Ind AS 115 as to whether it is acting as principal or agent in respect of the revenue arrangements entered. The Company has assessed that it is acting as an agent in case of revenue from taxi aggregator services arrangements and dealing on principal to principal basis for revenue from other services in terms of the principles of Ind AS 115.

II. Contracts with Driver - Whether the arrangement with drivers contains a lease:

Significant judgement is required to apply lease accounting rules under Appendix C of Ind AS 17 - Determining whether an arrangement contains a lease. In assessing the applicability to arrangements entered into by the Company, management has exercised judgement to evaluate the right to use the underlying assets, substance of the transaction including legally enforceable arrangements and other significant terms and conditions of the arrangements to conclude whether the arrangements meet the criteria under Appendix C.

III. Useful lives of intangibles and property, plant and equipment:

The Company reviews the useful life and residual value of property, plant and equipment and intangible assets at the end of each reporting period. This re-assessment may result in change in depreciation and amortisation in future periods.

IV. Defined benefit plans

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

V. Impairment of non-financial assets

The Company performs impairment testing for intangible assets and property, plant and equipment where there are indicators of impairment. If such an indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of value in use and fair value less costs of disposal. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Company's Statement of profit and loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as a credit to the Company's Statement of profit and loss.

Note 3: Property, plant and equipment (PPE)

(Currency in INR millions)

	Office Equipments	Computers and Peripherals	Furniture and Fittings	* Motor Vehicles - Fleet	Electric Chargers	** ROU-Building	Total	Capital Work In Progress
Gross Block								
Balance at March 31, 2019	4.04	18.61	1.08	411.70	–	–	435.43	–
Additions	1.30	3.20	0.40	204.33	1.40	4.08	214.71	214.81
Disposals	–	–	–	(111.74)	–	–	(111.74)	(206.67)
Balance at March 31, 2020	**5.34**	**21.81**	**1.48**	**504.29**	**1.40**	**4.08**	**538.40**	**8.14**
Additions	1.09	0.39	0.10	40.36	0.42		42.36	21.83
Disposals	–	–	–	(53.61)	–	–	(53.61)	(28.56)
Balance at March 31, 2021	**6.43**	**22.20**	**1.58**	**491.04**	**1.82**	**4.08**	**527.15**	**1.41**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR millions)

	Office Equipments	Computers and Peripherals	Furniture and Fittings	* Motor Vehicles - Fleet	Electric Chargers	** ROU-Building	Total	Capital Work In Progress
Accumulated depreciation and impairment								
Balance at March 31, 2019	3.48	17.93	0.55	256.72	–	–	278.68	–
Depreciation charge for the year	1.43	0.65	0.28	58.46	0.01	2.21	63.04	–
Disposals	–	–	–	(77.35)	–	–	(77.35)	–
Balance at March 31, 2020	**4.91**	**18.58**	**0.83**	**237.83**	**0.01**	**2.21**	**264.37**	**–**
Additions	1.09	1.61	0.46	84.60	0.23	1.87	89.86	–
Disposals				(46.07)			(46.07)	–
Balance at March 31, 2021	**6.00**	**20.19**	**1.29**	**276.36**	**0.24**	**4.08**	**308.16**	**–**
Net block								
Balance at March 31, 2021	**0.43**	**2.01**	**0.29**	**214.68**	**1.58**	**–**	**218.99**	**1.41**
Balance at March 31, 2020	**0.43**	**3.23**	**0.65**	**266.46**	**1.39**	**1.87**	**274.03**	**8.14**

Notes:

* Motor Vehicles - Fleet having net carrying value of INR 23.41 million as at March 31, 2021 are given as security against secured loans from Banks and NBFCs (March 31, 2020 : INR 246.40 million).

** (Refer note 29 (A) for details)

Note 4: Intangible assets

	Taxi Permits (Leased)	Computer software	Total
Gross Block			
Balance at March 31, 2019	38.33	7.62	45.95
Additions	–	–	–
Disposals	–	–	–
Balance at March 31, 2020	**38.33**	**7.62**	**45.95**
Additions	–	0.83	0.83
Disposals	–	–	–
Balance at March 31, 2021	**38.33**	**8.45**	**46.78**
Accumulated Amortization and impairment			
Balance at March 31, 2019	**38.33**	**6.66**	**44.99**
Amortisation	–	0.67	0.67
Disposals	–	–	–
Balance at March 31, 2020	**38.33**	**7.33**	**45.66**
Additions	–	1.12	1.12
Disposals	–	–	–
Balance at March 31, 2021	**38.33**	**8.45**	**46.78**
Net Block			
Balance at March 31, 2021	**–**	**–**	**–**
Balance at March 31, 2020	**–**	**0.29**	**0.29**

Note 5 : Loans

(Measured at amortised cost)

	As at March 31, 2021	As at March 31, 2020
Non Current		
Security Deposits		
Unsecured, considered good	**27.51**	24.82
Unsecured, considered credit impaired	**4.26**	3.63
Less: Impairment allowance for doubtful security deposits	**(4.26)**	(3.63)
	27.51	24.82
Unsecured, considered good;		
Loans to related parties (*Refer note 31*):		
Loans to Key managerial personnel**	**–**	6.00
Total Non current	**27.51**	30.82
Current		
Unsecured, considered good;		
Loans to related parties (*Refer note 31*):		
Inter-corporate deposit to fellow subsidiaries *	**144.50**	168.86
Loans to Key managerial personnel**	**–**	3.00
Other loans:		
Security deposits		
Unsecured, considered good	**23.97**	23.97
Loans to employees		
Unsecured, considered good	**0.22**	0.85
Loan to employees which have significant increase in credit risk	**–**	–
Loans to Employee- credit impaired	**–**	–
Less: Impairment allowance for doubtful loans	**–**	–
Total Current	**168.69**	196.68

* Loan (Intercorporate deposit) to fellow subsidiary is interest free repayable on demand.

** The loan shall be on repayable quarterly reducing instalment. The rate of interest is 12% p.a. or equivalent to the prevailing yield of 1 year/3 year/ 5 year/10 year government securities closest to the tenor of the loan as prevailing on the date of disbursement of the loan, which ever is higher and the same has been approved by shareholders. During the year, the Loan to KMP has been fully repaid.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR millions)

Note 6 : Other financial assets

(Measured at amortised cost)

	As at March 31, 2021	As at March 31, 2020
Non Current		
Balances with banks held as margin money *	**3.60**	3.70
Receivables towards assets given on finance lease	**10.18**	15.08
Total Non current	**13.78**	18.78
Current		
Advance recoverable in cash		
Unsecured, considered good	**5.19**	6.35
Unsecured, considered credit impaired	**1.54**	1.54
Less: Impairment allowance for doubtful advance recoverable in cash	**(1.54)**	(1.54)
	5.19	6.35
Unsecured, considered good		
Interest accrued on bank fixed deposits	**0.23**	0.15
Receivables towards assets given on finance lease	**5.11**	6.48
Total current	**10.53**	12.98

* These balances are given as margin money against the bank guarantees issued by the banks for Airport contracts / to Transport authorities for issuance of licenses in respective cities. The remaining maturity of more than 12 months from the Balance Sheet date.

Note 7 : Non-current tax assets

	As at March 31, 2021	As at March 31, 2020
Income-tax assets	**9.36**	16.22
	9.36	16.22

Note 8 : Other non-current assets

	As at March 31, 2021	As at March 31, 2020
Balance with government and statutory authorities		
Unsecured, considered good	**51.06**	64.91
Unsecured, considered credit impaired	**12.23**	12.23
Less: Impairment allowance for doubtful balance	**(12.23)**	(12.23)
	51.06	64.91

Note 9 : Investment

	As at March 31, 2021	As at March 31, 2020
Current		
Quoted mutual funds (Classified at Fair value through Profit or Loss)		
Nil (March 31, 2020 - 46.74) units HDFC Liquid Fund	**–**	0.18
544.18 (March 31, 2020 - Nil) units HDFC Low Duration Fund	**0.01**	–
1,658.15 (March 31, 2020 - Nil) units HDFC Overnight Fund	**5.07**	–
Nil (March 31, 2020- 292,375.27) units Aditya Birla Sunlife Liquid fund	**–**	93.43
24,773.09 (March 31, 2020 - Nil) units Aditya Birla Sunlife Overnight fund	**27.57**	–
Nil (March 31, 2020 - 222,525.60) units Aditya Birla Sunlife money manager fund	**–**	60.29
Nil (March 31, 2020 - 7,920,304.14) units IDFC Ultra Short term fund	**–**	90.34
20624.08 (March 31, 2020 - NIL) units Mahindra Manulife Liquid fund	**27.58**	–
Nil (March 31, 2020 - 38,941.54) units Mahindra Liquid fund	**–**	50.18
8225.63 (March 31, 2020 - NIL) units SBI Overnight fund	**27.57**	–
Nil (March 31, 2020 - 16,142.41) units SBI Liquid fund	**–**	50.19
248,423.33 (March 31, 2020 - Nil) units ICICI Prudential Overnight Fund	**27.57**	–
Nil (March 31, 2020 - 43,806.72) units ICICI Prudential Liquid Fund	**–**	12.87
	115.37	357.48

Refer Note 27 for information about fair value measurement

Note 10 :Trade receivables

(Measured at amortised cost)

	As at March 31, 2021	As at March 31, 2020
Secured, considered good	**36.22**	36.00
Unsecured, considered good	**48.06**	97.51
Unsecured, considered credit impairment	**54.99**	52.10
Less: Impairment allowance doubtful trade receivables	**(54.99)**	(52.10)
	84.28	133.51

Trade receivables from drivers are due immediately. The Company also holds security deposit from a number of the drivers as collateral. Trade receivables from corporate customers are generally on credit terms of 30 to 60 days.

Refer Note 27 for information about credit risk. Refer note 31 for details of trade receivables from related parties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR millions)

Note 11 : Cash and cash equivalents

	As at March 31, 2021	As at March 31, 2020
Cash on hand	**0.28**	2.50
Balances with bank in current accounts	**19.96**	8.30
	20.24	10.80

Note 12 :Other bank balance

	As at March 31, 2021	As at March 31, 2020
Balances with banks held as margin money*	**4.38**	4.22
	4.38	4.22

* These balances are given as margin money against the bank guarantees issued by the banks for Airport contracts / to Transport authorities for issuance of licenses in respective cities. The balances have original maturity of more than 3 months and remaining maturity of less than 12 months from the balance sheet date).

Note 13 : Other current assets

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
Advance to suppliers		
Considered good	**2.20**	19.13
Considered credit impaired	**6.08**	–
Less: Impairment allowance for doubtful advances	**(6.08)**	–
	2.20	19.13
Prepaid Expenses	**13.01**	16.28
	15.21	35.41

Note 14 : Equity share capital

	As at March 31, 2021	As at March 31, 2020
Authorised share capital:		
250,000 equity shares of INR.10 each (March 31, 2020: 2,50,000)	**2.50**	2.50
Issued, subscribed and fully paid-up shares:		
1,73,695 equity shares of INR. 10 each fully paid up (March 31, 2020: 1,48,195)	**1.74**	1.48

(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the year

	As at March 31, 2021	As at March 31, 2020
Outstanding at the beginning of the year		
No. of shares	**148,195**	84,786
Amount	**1.48**	0.85
Issued during the year for cash consideration		
No. of shares	**25,500**	63,409
Amount	**0.26**	0.63
Outstanding at the end of the year		
No. of shares	**173,695**	148,195
Amount	**1.74**	1.48

(b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. All equity shares rank equally with regard to dividends and share in the residual assets of the Company. Each holder of equity shares is entitled to one vote per share. No dividend has been declared during the year ended March 31, 2021 (March 31, 2020: Nil). No dividend has been proposed for the year ended 31 March 2021.

(c) Shares held by holding company

	As at March 31, 2021	As at March 31, 2020
Meru Travel Solutions Private Limited, the holding company (including nominees)		
No. of shares	**173,695**	148,195
Amount	**1.74**	1.48

(d) Details of shares held by shareholders holding more than 5% of the aggregate shares

	As at March 31, 2021	As at March 31, 2020
Meru Travel Solutions Private Limited, the holding company (including nominees)		
No. of shares	**173,695**	148,195
Percentage(%)	**100%**	100%

Note 15 : Borrowings

	As at March 31, 2021	As at March 31, 2020
Non-current		
Term Loans- Secured		
(i) Vehicle loan from Banks	**–**	143.11
(ii) Vehicle loan from NBFC	**20.75**	36.23
Total Non-current Borrowings	**20.75**	179.34

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR millions)

	As at March 31, 2021	As at March 31, 2020
Current		
Term Loan- Secured:		
(i) Vehicle loan from Banks*	**–**	58.93
(ii) Vehicle loan from NBFC*	**15.23**	13.78
(b) Unsecured:		
Interest free loan from fellow subsidiary repayable on demand **	**293.76**	302.12
Total Current Borrowings	**308.99**	374.83
* Current maturities of long term borrowings disclosed under the head "Other financial liabilities" - *Refer note 18.*	**15.23**	72.71
** Short-term borrowings	**293.76**	302.12

(i) Vehicle loan from Banks

The loans was secured against hypothecation of vehicles as a first charge and corporate guarantee given by the fellow subsidiary. The rate of interest on these loans ranges from 8.20% p.a. to 9.45% p.a. The loans was repayable in 48 equal monthly instalments. Refer note 27[C](iii) 'Liquidity risk' for maturity profile of future instalments. These loans are fully repaid during the year ended March 31, 2021.

(ii) Vehicle loan from NBFCs

The loans are secured against hypothecation of vehicles as a first charge and corporate guarantee given by the fellow subsidiary. The rate of interest on these loans ranges from 9.30% p.a. to 11.50 % p.a. The loans are repayable in 36 to 48 equal monthly instalments. Refer note 27[C](iii) 'Liquidity risk' for maturity profile of future instalments. These loans will be fully repaid by December 15, 2023.

Note 16 : Provisions

	As at March 31, 2021	As at March 31, 2020
Non Current		
Provision for employee benefits		
Provision for gratuity *(Refer note 28)*	**9.37**	9.26
Other provisions		
Provision for contingencies*	**132.40**	116.23
Total Non current	**141.77**	125.49
Current		
Provision for employee benefits		
Provision for gratuity *(Refer note 28)*	**2.88**	3.75
Provision for leave encashment	**9.01**	6.81
Total current	**11.89**	10.56

*The Company has created provision towards various disputed legal matters that arise in the ordinary course of business on a best estimate basis. These provisions have not been discounted as it is not practicable for the Company to estimate the timing of the provision utilization and cash out flows, if any, pending resolution.

Particulars	As at March 31, 2021	As at March 31, 2020
At the beginning of the year	**116.23**	76.50
Arising during the year	**17.68**	39.98
Reversed during the year	**(1.51)**	(0.25)
At the end of the year	**132.40**	116.23
Current portion	**–**	–
Non-current portion	**132.40**	116.23

Note 17 : Trade Payables

	As at March 31, 2021	As at March 31, 2020
Trade payables		
a) total outstanding dues to small enterprise and micro enterprises	**–**	–
b) total outstanding dues of creditors other than small enterprise and micro enterprises	**48.92**	72.69
	48.92	72.69

Trade payables are non-interest bearing and the credit terms generally range from 30 to 90 days.

For terms and conditions with related parties, *Refer to note 31*.

The Company's exposure to liquidity risk is disclosed in note 27[C](iii).

Details of dues to micro and small enterprises as per Micro, Small and Medium Enterprises Development Act, 2016

As at March 31, 2021 and March 31, 2020, there are no outstanding dues on account of principal or interest to micro and small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, no additional disclosures have been made.

The above information regarding micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Note 18 : Other financials liabilities

	As at March 31, 2021	As at March 31, 2020
Current maturities of long term borrowings (*Refer note 15*)	**15.23**	72.71
Deposits from subscribers and customers	**88.88**	99.42
Creditor for capital expenditure	**–**	26.05
Employee benefits payable	**6.10**	14.05
Interest accrued but not due on borrowings	**0.20**	1.28
Lease liabilities	**–**	1.95
	110.41	215.46

Note 19 : Other current liabilities

	As at March 31, 2021	As at March 31, 2020
Contract liabilities	**6.32**	3.74
Statutory dues	**3.13**	6.34
	9.45	10.08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR millions)

Note 20: Revenue from operations

	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operation:		
Revenue from Metered taxi operations	**116.98**	549.55
Revenue from taxi aggregator services	**18.06**	174.70
Revenue from employee transportation services	**107.35**	261.18
Revenue from Car rentals	**125.18**	22.24
Advertisement revenue	**17.58**	9.68
Convenience fee	**0.82**	6.49
Airport charges	**28.87**	95.68
	414.84	1,119.52
Other operating revenue:		
Enrolment fees	**0.05**	0.43
Infrastructure Support Services	**0.05**	3.57
	0.10	4.00
	414.94	1,123.52

Note 21: Other income

	Year ended March 31, 2021	Year ended March 31, 2020
Liabilities no longer required written back	**2.48**	–
Profit on sale/write off of property, plant and equipment (net)	**4.06**	–
Gain on mutual funds	**7.16**	7.58
Other miscellaneous income	**0.17**	2.63
	13.87	10.21

Note 22: Fleet operating expenditure

	Year ended March 31, 2021	Year ended March 31, 2020
Service provider service charges	**66.82**	318.80
Car Hire Charges	**174.55**	279.03
Accreditation fee	**45.30**	206.73
Insurance	**8.80**	11.49
Vehicle repairs and maintenance	**27.78**	15.19
Registration charges and taxes	**2.72**	6.03
Drivers recruitment, uniform and training expenses	**0.81**	1.41
	326.78	838.68

Note 23: Employee benefits expenses

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	**164.13**	167.60
Outsourced staff cost	**–**	0.42
Contribution to provident and other funds	**7.36**	7.80
Gratuity expenses (Refer note 28)	**2.30**	2.57
Compensated absence expenses	**3.83**	1.52
Staff welfare expenses	**4.53**	5.38
	182.15	185.29

Note 24: Operating and other administrative expenses

	Year ended March 31, 2021	Year ended March 31, 2020
Legal and professional fees	**5.99**	20.96
Advertisement and sales promotion	**13.14**	21.49
Rent	**21.46**	28.23
Repairs and maintenance - other than vehicles	**12.65**	14.73
Communication expenses	**2.50**	3.76
Impairment allowance doubtful trade receivables	**2.89**	2.29
Bad debts written off	**2.16**	4.72
Security charges	**3.63**	6.22
Travelling and conveyance	**1.52**	6.01
Rates and taxes	**18.89**	30.62
Loss on sale of property, plant and equipment	**–**	1.24
Electricity charges	**1.48**	3.56
Printing and stationery	**0.54**	1.80
Auditor's remuneration (refer note below)	**0.71**	1.37
Bank charges	**4.04**	6.49
Provision for doubtful advances	**6.70**	–
Miscellaneous expenses	**1.36**	2.54
	99.66	156.03
Auditor's Remuneration (including GST)		
Statutory audit fees	0.71	1.33
Out of pocket expenses	–	0.04
	0.71	1.37

Note 25: Finance costs

	Year ended March 31, 2021	Year ended March 31, 2020
Interest on borrowings	**19.91**	9.29
Interest on delayed payment of statutory dues	**0.15**	12.78
Interest expense on Lease Liability (refer note 29(A))	**0.09**	0.29
	20.15	22.36

Note 26: Finance income

	Year ended March 31, 2021	Year ended March 31, 2020
Interest income on:		
– Fixed deposits / bank balances	**0.52**	0.89
– KMP loan	**0.69**	–
– Income tax / CESTAT refund	**0.61**	0.32
– Security Deposit	**4.37**	24.04
– Finance Lease	**0.06**	0.65
	6.25	25.90

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR millions)

Note 27: Financial instruments

A] Accounting classification of financial instruments

The following table summarises the accounting classification and carrying amounts (net off any provision for impairment) of financial instruments.

Particulars	Notes	Carrying value/ Fair Value	
		March 31, 2021	March 31, 2020
Financial assets carried at amortised cost			
Security deposits	5	**51.48**	54.79
Loans to related parties - Inter-corporate deposits	5	**144.50**	168.86
Loans to Key managerial personnel	5	**–**	9.00
Loans to employees	6	**0.22**	0.85
Balances with banks held as margin money (non-current)	6	**3.60**	3.70
Advances recoverable in cash	6	**5.19**	6.35
Accrued interest	6	**0.23**	0.15
Receivables towards assets given on finance lease	6	**15.29**	21.56
Trade Receivables	10	**84.28**	133.51
Cash and cash equivalents and other bank balances	11, 12	**24.61**	15.02
Financial assets classified at FVTPL			
Investments	9	**115.37**	357.48
Total		**444.77**	771.27
Financial liabilities carried at amortised cost			
Borrowings	15	**314.51**	481.46
Current Maturities of long term Borrowings	18	**15.23**	72.71
Other financial liabilities	18	**95.18**	142.75
Trade payables	17	**48.92**	72.67
Total		**473.84**	769.59

B] Fair Value Measurement

The management assessed that cash and cash equivalents, trade receivables, loans, other financial assets trade payables, borrowings and other financial liability approximate their carrying amounts largely due to the short-term maturities of these instruments.

Investments in mutual funds are recorded at fair value. The fair value is determined at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value of investments in mutual fund units is based on Net Asset Value (NAV) on the balance sheet date as published by the mutual fund. The fair value is categorised as Level 2 in the fair value measurement hierarchy.

There were no transfers between level 1, 2 and 3 for recurring fair value measurements during each of the reporting period. The Company's policy is to recognise transfers into and transfer out of fair value hierarchy levels at the end of the reporting period.

C] Financial risk management objectives and policies

The Company has exposure to the following risks arising from its financial instruments:

– Market risk - interest rate risk

– Credit risk

– Liquidity risk

The Company's senior management is responsible for the management of these risks with oversight of the Company's Board of Directors.

i] Market risk - interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any exposure to interest rate risks since its borrowings are all in fixed rate instruments and there is no investments that is exposed to interest rates.

ii] Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables), liquid mutual fund units, inter corporate deposits, cash deposits and other financial instruments.

Trade receivables

The Company's Management divides its customers primarily into following two categories for purposes of monitoring credit risk:

Trade receivables from subscribers

Credit risk relating to subscribers is managed in accordance with the Company's established policy, procedures and controls relating to driver credit risk management. Trade receivables are non-interest bearing. Outstanding receivables are regularly monitored. The Company recognises impairment of trade receivables from drivers based on outstanding receivable, its historical experience and its expectation of credit losses in the future except to the extent the trade receivables are secured by way of deposits received from customers.

	March 31, 2021	March 31, 2020
Gross Trade receivables from subscribers	**67.78**	70.98
Less: Impairment allowance doubtful trade receivables	**(13.17)**	(30.34)
Net Trade receivables from subscribers	**54.61**	40.64
Security deposits received from above subscribers held as at the respective reporting dates	**36.22**	36.00

Trade receivables from other customers

Credit risk relating to other customers is managed in accordance with the Company's established policy, procedures and controls relating to other customer credit risk management. Trade receivables are non-interest bearing. Outstanding customer receivables are regularly monitored. For the purpose of measuring impairment allowance for trade receivables from other customers, the Company estimates irrecoverable amounts based on the ageing of the outstanding receivables, its historical experience and its expectation of credit losses in the future.

	March 31, 2021	March 31, 2020
Gross Trade receivables from other customers	**71.49**	114.63
Less: Impairment allowance doubtful trade receivables	**(41.82)**	(21.76)
Net Trade receivables from other customers	**29.67**	92.87
Ageing of gross trade receivables relating to other customers:		
Less than 6 months	**29.67**	92.87
More than 6 months	**41.82**	21.76
	71.49	114.63

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR millions)

Other financial assets

Financial assets other than trade receivables are neither past due nor impaired. Management believes that the amounts are collectible in full, based on its assessment including considering the historical payment behaviour.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 27A. The Company has assessed the concentration risk with respect to trade receivables as low for its business.

iii] Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's principal sources of liquidity are cash flows generated from its operations including deposits received from drivers.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

		Undiscounted amount				
Year ended - March 31, 2021	**Carrying Value**	**Payable within 1 year**	**Payable within 1 to 2 years**	**Payable within 2 to 3 years**	**Payable within 3 to 4 years**	**Total**
Borrowings*						
(i) Vehicle loan from Banks	–	–	–	–	–	–
(ii) Vehicle loan from NBFC	**35.98**	**18.14**	**15.25**	**6.88**	**–**	**40.28**
Interest free loan from fellow subsidiary repayable on demand	**293.76**	**293.76**	**–**	**–**	**–**	**293.76**
Deposits from Subscribers and customers	**88.88**	**88.88**	**–**	**–**	**–**	**88.88**
Interest accrued but not due on borrowings	**0.20**	**0.20**	**–**	**–**	**–**	**0.20**
Employee benefits payable	**6.10**	**6.10**	**–**	**–**	**–**	**6.10**
Trade Payable	**48.92**	**48.92**	**–**	**–**	**–**	**48.92**
	473.84	**456.00**	**15.25**	**6.88**	**–**	**478.14**

		Undiscounted amount				
Year ended - March 31, 2020	Carrying Value	Payable within 1 year	Payable within 1 to 2 years	Payable within 2 to 3 years	Payable within 3 to 4 years	Total
Borrowings*						
(i) Vehicle loan from Banks	202.04	75.28	69.79	53.12	40.60	238.80
(ii) Vehicle loan from NBFCs	50.01	18.14	18.14	15.25	6.88	58.41
Interest free loan from fellow subsidiary repayable on demand	302.12	302.12	–	–	–	302.12
Deposits from Subscribers and customers	99.42	99.42	–	–	–	99.42
Employee benefits payable	14.05	14.05	–	–	–	14.05
Interest accrued but not due on borrowings	1.28	1.28	–	–	–	1.28
Lease liabilities	1.95	1.95	–	–	–	1.95
Payable for capital expenditure	26.05	26.05	–	–	–	26.05
Trade Payables	72.67	72.67	–	–	–	72.67
	769.59	610.96	87.93	68.37	47.49	814.75

* The carrying amount of borrowings is net of transaction costs including bank fees.

D] Capital management

For the purpose of capital management, the Company considers capital to include issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the shareholder's value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the loan covenants. To maintain or adjust the capital structure, the Company may issue new shares. The Company manages its capital, considering the net debt position and rolling cash flows as forecasts at each period end and identifies need for additional funding from the share holders to meet the outstanding commitments and future cash flow requirements to meet the business plans. The Company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents and liquid mutual fund units.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR millions)

Particulars	March 31, 2021	March 31, 2020
Borrowings	**40.28**	297.21
Less: Cash and Cash Equivalent and liquid mutual fund units	**139.98**	372.50
Net Debt/(Surplus funds)	**(99.70)**	(75.29)

Note 28: Employee benefits

a. Defined contribution plans

The Company makes contributions determined as a specified percentage of employees' salary in respect of qualifying employees towards Provident Fund and Employees' State Insurance (ESI) which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to statement of profit and loss as they accrue. The Company has recognised the following amount as an expense and included in the Note 23 under "Contribution to provident and other funds":

Particulars	March 31, 2021	March 31, 2020
Contribution to employees provident fund	**6.89**	7.11
Contribution to ESI	**0.47**	0.69
Total	**7.36**	7.80

b. Defined benefit plans

The Company operates one post-employment defined benefit plan (unfunded plan) that provides gratuity. The gratuity plan is governed by the Payment of Gratuity Act, 1972. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement.

Liability recognised in the Balance Sheet in respect of Gratuity

	March 31, 2021	March 31, 2020
Present value of the defined benefit obligation at the end of the year	**12.25**	13.01
	12.25	13.01

Changes in the present value of the defined benefit obligation are as follows :

	March 31, 2021	March 31, 2020
Defined benefit obligation at beginning of the year	**13.01**	11.00
Current service cost	**1.63**	1.81
Interest cost	**0.67**	0.76
Past Service cost	**–**	–
Sub-total included in statement of profit and loss	**2.30**	2.57
Remeasurement (gains)/losses recorded in OCI		
Actuarial changes arising from changes in demographic assumptions	**–**	–
Actuarial changes arising from changes in financial assumptions	**0.31**	(0.32)
Experience adjustments	**(0.60)**	0.67
Sub-total included in OCI	**(0.29)**	0.35
Acquisition Adjustment	**0.31**	1.75
Benefits paid	**(3.07)**	(2.66)
Defined benefit obligation at the end of the year	**12.25**	13.01

Following table summarises the principal assumptions used for actuarial valuation of gratuity obligation for each reporting period:

	March 31, 2021	March 31, 2020
Discount rate	**4.60%**	5.15%
Future salary increases	**8.00%**	8.00%
Attrition rate (% p.a.)	**refer note below**	refer note below

Note : Call center – 60%, Non Call center – 35%, Management committee –10%

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Demographic Assumptions :

Mortality in Service: Indian Assured Lives Mortality 2012-18 (March 31, 2020: Mortality in Service: Indian Assured Lives Mortality 2006-08)

Mortality in Retirement : 58 Years

A quantitative sensitivity analysis for significant assumptions as at each reporting date is as shown below:

	Discount rate assumption	
	March 31, 2021	March 31, 2020
Gratuity plan:		
Impact of increase of 1% p.a. on defined benefit obligation	**(0.56)**	(0.48)
Impact of decrease of 1 % p.a. on defined benefit obligation	**0.61**	0.51

	Future salary increase assumption	
	March 31, 2021	March 31, 2020
Gratuity plan:		
Impact of increase of 1% p.a. on defined benefit obligation	**0.44**	0.39
Impact of decrease of 1 % p.a. on defined benefit obligation	**(0.43)**	(0.40)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The average duration of the defined benefit plan obligation at the end of the reporting period is 5 years (March 31, 2020: 3 years).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR millions)

The following are expected contributions over the future years (valued on undiscounted basis):

	March 31, 2021	March 31, 2020
Within the next 1 year (next annual reporting period)	**2.88**	3.75
Between 2 to 5 years	**6.30**	7.49
Between 6 to 10 years	**3.87**	2.81
Beyond 10 years	**2.66**	2.11
Total expected payments	**15.71**	16.16

C. Other employee benefits

Compensated absences are payable to employees at the rate of basic salary for each day of accumulated leave on death or resignation or upon retirement. The charge towards compensated absences for the year ended March 31, 2021 INR 3.83 Millions (March 31, 2020: INR 1.52 Millions).

Note 29: Commitments and contingencies

A. Leases

a. Lease commitments

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company’s incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our financial statement for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of ‘Right of Use’ asset and lease liability of INR 2.93 million. The effect of this adoption is insignificant on the loss before tax and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is in the range of 12.45% -11.65% p.a.%

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2021

Particulars	**ROU Assets Building**	**Total**
Balance as at April 1, 2019	**2.93**	2.93
Additions	**1.15**	1.15
Deletions	**–**	–
Balance as at March 31, 2020	**4.08**	4.08
Additions	**–**	–
Deletions	**–**	–
Balance as at March 31, 2021	**4.08**	4.08

The following is the movement in lease liabilities for the year ended March 31, 2021

Particulars	**March 31, 2021**	March 31, 2020
Balance at the beginning	**1.96**	2.93
Additions	**–**	1.15
Finance cost accrued during the period	**0.09**	0.29
Deletions	**–**	–
Payment of lease liabilities	**(2.05)**	(2.41)
Balance at the end	**–**	1.96

Depreciation on right-of-use assets is as follow

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation		
Building	**1.87**	2.21
Total	**1.87**	2.21

During the year ended March 31, 2021, the Company has paid INR 21.46 million (March 31, 2020 : INR 28.23 million) towards short-term lease payments. This has been recorded under Rent expense in the statement of profit and loss.

b. Finance lease - where the Company is lessor

The Company has taken taxi permits on finance lease by paying the consideration upfront as a onetime payment.

The Company has leased out 36 vehicles (March 31, 2020 : 51) on finance lease. The lease term is for 3 - 4 years and is non-renewable, after which the legal title is passed to the lessee. There is no escalation clause in the lease agreement.

Gross investments	**March 31, 2021**	March 31, 2020
Within one year	**6.32**	8.29
After one year but not more than five years	**13.14**	16.79
More than five years	**–**	–
	19.46	25.08
Less: Unearned finance income	**(4.17)**	(3.52)
Present value of minimum lease payments	**15.29**	21.56
Present value of future rentals		
Within one year	**5.11**	6.47
After one year but not more than five years	**10.18**	15.09
More than five years	**–**	–
Present value of minimum lease payments	**15.29**	21.56

During the year ended March 31, 2021, the Company has earned INR 0.06 Million (March 31, 2020: INR 0.65 Million) as interest income. This has been recorded under finance income in the statement of profit and loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR millions)

Movement for the receivables towards assets given on finance lease	Amount
Opening balance as at 1 April 2019	–
Add: Additions made during the tear	**23.46**
Less: amount recovered during the year	**(1.90)**
Closing balance as at March 31, 2020	**21.56**
Add: Additions made during the tear	**3.44**
Less: Adjustment on account of lease term modification	**(0.25)**
Less: Deletion made during the tear	**(8.69)**
Less: amount recovered during the year	**(0.77)**
Closing balance as at March 31, 2021	**15.29**

B. Commitments

[I] Capital commitments

	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for, (net of advances)		
– towards leasehold improvement	**–**	6.80
– towards purchase of vehicles	**–**	29.75
	–	36.55

[II] Other commitments

The Company has entered into License Agreements/Contracts with Airport authorities at some locations. These agreements are for periods of 3 to 4 years and include non-cancellable period of 1 to 2 years. Under the contracts, the Company guarantees a certain minimum payment to the airports each month. Management believes that it would perform its obligations for the entire period of these contracts taking into account the past experience and management's intent and future business plans. Management has disclosed contractual commitments under these contracts below based on the total contractual period.

	As at March 31, 2021	As at March 31, 2020
<u>Minimum commitment to Airports</u>		
Delhi Airport Terminal 1	**–**	3.45
Delhi Airport Terminal 2	**–**	1.12
Delhi Airport Terminal 3	**–**	24.98
Bangalore Airport	**–**	51.92
Hyderabad Airport	**112.15**	200.28
	112.15	281.74

C] Contingent liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Claims against the Company not acknowledged as debts (Refer note a below)	**14.23**	18.78
Advertisement tax	**5.54**	5.54
Guarantees and counter guarantees given by the Company (disclosed to the extent of outstanding loan balance) (Refer note b below)	**–**	0.29
	19.77	24.61

Note:

a) Claims against the Company pertain to various legal claims filed against the Company by customers/ third parties. The Company has contested these claims and the same are pending adjudication at various judicial forums. The timing of any possible cash outflows with regard to the aforesaid matters depends upon the final outcome of the respective litigations and exhaustion of remedies available to the Company under the law and hence the Company is not able to reasonably ascertain the timing of the possible outflow, if any.

b) The guarantees given have been used for acquisition of property, plant and equipment by a fellow subsidiary. Total loan amount drawn for which guarantee is given was INR Nil million (March 31, 2020: INR 2.45 million), of which outstanding loan balance is disclosed above.

Note 30: Income Taxes

The major components of income tax expense for the years ended

	March 31, 2021	March 31, 2020
Current income tax:		
Current income tax charge	**–**	–
Deferred tax:		
Relating to origination and reversal of temporary differences	**–**	–
Income tax expense reported in the statement of profit or loss	**–**	–

Statement of OCI

	March 31, 2021	March 31, 2020
Net loss/(gain) on remeasurements of defined benefit plans	**–**	–
Income tax expense charged to OCI	**–**	–

Reconciliation of tax expense and the accounting profit/(loss) multiplied by India's domestic tax rate for the years ended

	March 31, 2021	March 31, 2020
Accounting profit/(loss) before income tax	**(284.66)**	(106.44)
At India's statutory income tax rate of 26% [March 31, 2019: 26%]	**(74.01)**	(27.67)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR millions)

	March 31, 2021	March 31, 2020
Effect of set off of carried forward tax losses for which no deferred tax asset was recognised previously	**74.01**	27.67
Effect of current year losses for which no deferred tax asset is recognised	**–**	–
At the effective income tax rate for the Company	**–**	–
Income tax expense reported in the statement of profit and loss	**–**	–

Deferred tax working for the year ended:

	March 31, 2021	March 31, 2020
Tax effect of items constituting deferred tax liabilities		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	**–**	–
	–	–
Tax effect of items constituting deferred tax assets		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	**21.88**	34.12
Provisions (Doubtful debts/Impairment/Advances)	**20.56**	18.07
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	**5.53**	5.15
Carry forward Tax Loss (Unabsorbed depreciation)		
Unabsorbed depreciation	**606.23**	582.37
Unabsorbed business losses	**57.65**	–
Provision for contingencies	**34.42**	30.22
	746.27	669.94
Net deferred tax assets/(liabilities)	**746.27**	669.94
Net deferred tax assets/(liabilities) recognised	**–**	–

	Statement of Profit and Loss	
Tax effect of items constituting deferred tax liabilities	**March 31, 2021**	March 31, 2020
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	**–**	–
Tax effect of items constituting deferred tax assets		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	**(12.25)**	(10.20)
Provisions (Doubtful debts/Impairment/ Advances)	**2.49**	0.60
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	**0.37**	0.95
Carry forward Tax Loss	**–**	
Unabsorbed depreciation	**23.85**	30.22
Unabsorbed business losses	**57.65**	–
Provision for contingencies	**4.20**	10.33
Deferred tax expense/(income)	**76.33**	31.90
Deferred tax expense/(income) recognised in profit and loss	**–**	–

The Company has a net deferred tax asset position as at March 31, 2021, However, in terms of Ind AS 12, the Company has not recognised the net deferred tax assets as there is no reasonable certainty supported by convincing evidence that the Company will have adequate taxable profits in the future against which the carried forward tax losses/unabsorbed depreciation may be offset.

The Company has following tax losses/unabsorbed depreciation which arose in India that are available for offsetting against future taxable profits.

	March 31, 2021	March 31, 2020
Losses that expire - Carry forward business losses*	**221.74**	–
Losses that never expire - Unabsorbed depreciation	**2,331.65**	2,239.90

*These carry forward losses would expire in FY 2028-2029.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR millions)

Note 31: Related party transactions

Names of related parties and related party relationship:

Related parties ('RP') where control exists

Ultimate holding Company	Mahindra & Mahindra Ltd. (w.e.f. Dec 5, 2019)
	True North Trusteeship Private Limited (as a nominee shareholder of True North Fund IIIA & True North Fund IV) (upto Dec 4, 2019)
Holding Company	Meru Travel Solutions Private Limited

Related parties with whom transactions have taken place during the year

Fellow Subsidiaries	V-Link Fleet Solutions Private Limited
	V-Link Automotive Services Private Limited
	Mahindra Electric Mobility Limited (w.e.f. Dec 5, 2019)
	Mahindra Integrated Business Solutions Pvt. Ltd. (w.e.f. Dec 5, 2019)
	Mahindra Logistics Limited (w.e.f. Dec 5, 2019)
	NBS International Limited (w.e.f. Dec 5, 2019)
Companies under same management	True North Fund V LLP (upto Dec 4, 2019)
	True North Corporate Private Limited (upto Dec 4, 2019)
	True North Fund IV (upto Dec 4, 2019)
	True North Managers LLP (upto Dec 4, 2019)
Key Management Personnel (KMP)	Neeraj Gupta (w.e.f. December 5, 2019)
	Nilesh Sangoi (upto November 29, 2019)
	Bharat Trivedi (w.e.f. December 5, 2019)

Details of transactions during the year with related parties

Particulars	**Holding companies**		**Fellow subsidiaries**		**Key management personnel**	
	March, 31 2021	March, 31 2020	**March, 31 2021**	March, 31 2020	**March, 31 2021**	March, 31 2020
Line of credit availed/(Squared off) #						
Meru Travel Solutions Private Limited	**–**	(60.21)	**–**	–	**–**	–
Sale of services (includes unbilled portion and excluding GST):						
V-Link Automotive Services Private Limited	**–**	–	**0.05**	7.29	**–**	–
V-Link Fleet Solutions Private Limited	**–**	–	**2.42**	0.36	**–**	–
Mahindra & Mahindra Ltd.	**29.82**	10.72				
Mahindra Logistics Limited	**–**	–	**0.18**	–	**–**	–
Purchase of vehicle:						
NBS International Limited	**–**	–	**–**	73.16	**–**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR millions)

Particulars	Holding companies		Fellow subsidiaries		Key management personnel	
	March, 31 2021	March, 31 2020	**March, 31 2021**	March, 31 2020	**March, 31 2021**	March, 31 2020
Sale of vehicle:						
Mahindra First Choice Wheels Limited	**–**	–	**0.28**	–	**–**	–
Services received (includes accrual and excludes GST):						
V-Link Automotive Services Private Limited	**–**	–	**–**	22.16	**–**	–
V-Link Fleet Solutions Private Limited	**–**	–	**–**	14.66	**–**	–
Mahindra First Choice Wheels Limited	**–**	–	**0.01**	–	**–**	–
Mahindra Electric Mobility Limited	**–**	–	**–**	0.17	**–**	–
NBS International Limited	**–**	–	**0.28**	0.02	**–**	–
Mahindra eMarket Limited			**0.34**			
Mahindra Integrated Business Solutions Pvt. Ltd.	**–**	–	**0.08**	–	**–**	–
Expense incurred on behalf of :						
Meru Travel Solutions Private Limited	**5.27**	8.67	**–**	–	**–**	–
Interest income on loan given:						
Neeraj Gupta	**–**	–	**–**	–	**0.69**	0.65
Loans given:						
V-Link Fleet Solutions Private Limited	**–**	–	**25.16**	193.72	**–**	–
Neeraj Gupta	**–**	–	**–**	–	**–**	9.00
Loans repayment received :						
Meru Travel Solutions Private Limited	**9.04**	7.20	**–**	–	**–**	–
V-Link Fleet Solutions Private Limited	**–**	–	**52.05**	93.55	**–**	–
Neeraj Gupta	**–**	–	**–**	–	**9.00**	–
Loans taken:						
V-Link Automotive Services Private Limited	**–**	–	**0.20**	183.32	**–**	–
Loans repayment made:						
V-Link Automotive Services Private Limited	**–**	–	**8.11**	78.71	**–**	–
Equity Share issued:						
Meru Travel Solutions Private Limited	**139.70**	440.00	**–**	–	**–**	–
Remuneration to key management personnel @						
Neeraj Gupta	**–**	–	**–**	–	**26.62**	13.05
Nilesh Sangoi**	**–**	–	**–**	–	**–**	15.69
Bharat Trivedi	**–**	–	**–**	–	**2.35**	0.60

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR millions)

Details of Balances receivable from/payable to related parties

Particulars	Holding companies		Fellow subsidiaries		Key management personnel	
	March, 31 2021	March, 31 2020	**March, 31 2021**	March, 31 2020	**March, 31 2021**	March, 31 2020
Guarantees obtained (Disclosed to the extent of closing balance of borrowings drawn by the Company):						
V-Link Automotive Services Private Limited	**–**	–	**–**	123.16	**–**	–
Guarantees given (Disclosed to the extent of closing balance of borrowings drawn by the fellow subsidiary):						
V-Link Fleet Solutions Private Limited			**–**	0.29		
Balance receivable/(payable) as at year end :						
Mahindra & Mahindra Ltd.	**1.16**	2.77	**–**	–	**–**	–
Meru Travel Solutions Private Limited	**–**	3.77	**–**	–	**–**	–
V-Link Fleet Solutions Private Limited	**–**	–	**144.50**	168.86	**–**	–
V-Link Automotive Services Private Limited	**–**	–	**(293.76)**	(302.12)	**–**	–
Mahindra Electric Mobility Limited	**–**	–	**0.01**	0.01	**–**	–
NBS International Limited *	**–**	–	**0.00**	(0.22)	**–**	–
Mahindra Integrated Business Solutions Pvt. Ltd.	**–**	–	**(0.03)**	–	**–**	–
Mahindra Logistics Limited	**–**	–	**0.13**	–	**–**	–
Neeraj Gupta	**–**	–	**–**	–	**–**	9.00

@ The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

** The Last year remuneration includes leave encashment & gratuity paid at the time of resignation.

Refer footnote d. to the Statement of Changes in Equity for details.

* less than Rs. 5,000

Terms and conditions of transactions with related parties

All the related party transaction during the year were in ordinary course of business. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. The loans receivable and payable are all repayable on demand.

Note 32:

The outbreak of coronavirus (COVID 19) pandemic globally is causing a slowdown of economic activity. Measures are being taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered disruptions to business worldwide, resulting in an economic slowdown and uncertainties pertaining to future operations.

The Company has made a detailed assessment of its liquidity position for next one year and the recoverability and carrying value of its assets including Property, Plant and Equipment, Trade receivables and Investment as at the Balance sheet date and has concluded that no material adjustments are required in the financial statements. Management believes that it has taken into account all possible impacts of known events arising from COVID 19 pandemic in preparation of these financial statements.

The impact of coronavirus on the business will depend on future developments that cannot be reliably predicted. The impact of global health pandemic, might be different from that estimated as at the date of approval of these financial statements depending on how long the pandemic lasts and time period taken for the economic activities to return to normalcy.

Note 33: Operating Segments Reporting

A. Basis for segmentation

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance. Operating EBITDA is the Management's measure of the segment results.

The Group has two reportable segments, as described below, which are the Group's strategic business units. These business units offer different services and are managed separately because they require different technologies and marketing strategies. For each of the business units the CODM reviews internal management reports on monthly basis.

The following summary describes the operations in each of the company reportable segments:

a. **Taxi services (includes taxi aggregator services):** Provide taxi services to retail passengers (which includes taxi aggregator services).

b. **Employee transport service:** Provides employee transportation and rent a cab services to corporate customers.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR millions)

B. Information about reportable segments

Information regarding the results of each reportable segments is included below.

Particulars	Taxi Services		Employee Transport		Unallocated Transaction		Total	
	March 31, 2021	March 31, 2020	**March 31, 2021**	March 31, 2020	**March 31, 2021**	March 31, 2020	**March 31, 2021**	March 31, 2020
Revenue from Operations								
Total Revenue	**182.42**	840.10	**232.52**	283.42	**–**	–	**414.94**	1,123.52
External Revenue	**182.42**	840.10	**232.52**	283.42	**–**	–	**414.94**	1,123.52
Expenditure								
Fleet operating expenditure	**152.23**	567.21	**174.55**	271.47			**326.78**	838.68
Employee benefits expense					**182.15**	185.29	**182.15**	185.29
Other expenses			**–**	–	**99.66**	156.03	**99.66**	156.03
Other Income	**(13.87)**	(10.21)					**(13.87)**	(10.21)
Total Expenditure	**138.35**	556.99	**174.55**	271.47	**281.81**	341.32	**594.72**	1,169.79
Segment Results (Operating EBITDA)	**44.07**	283.11	**57.98**	11.95	**(281.81)**	(341.32)	**(179.78)**	(46.27)
Depreciation and amortisation expense	**90.98**	63.71	**–**	–	**–**	–	**90.98**	63.71
Finance costs	**–**	–	**–**	–	**20.15**	22.36	**20.15**	22.36
Finance income	**–**	–	**–**	–	**6.25**	25.90	**6.25**	25.90
Profit/(Loss) before taxes	**(46.91)**	219.40	**57.98**	11.95	**(295.71)**	(337.78)	**(284.66)**	(106.44)
Tax Expense	**–**	–	**–**		**–**	–	**–**	–
Profit/(Loss) after taxes	**(46.91)**	219.40	**57.98**	11.95	**(295.71)**	(337.78)	**(284.66)**	(106.44)
Additions to property, plant and equipment	**42.36**	214.71	**–**	–	**–**	–	**42.36**	214.71
Deletion to property, plant and equipment (Gross block - deemed cost)	**(53.61)**	(111.74)	**–**	–	**–**	–	**(53.61)**	(111.74)
<u>Material Non- Cash Expenses:</u>								
Bad debts written off net of provision	**2.16**	4.72	**–**	–	**–**	–	**2.16**	4.72
Loss on sale property, plant and equipment	**–**	1.24	**–**	–	**–**	–	**–**	1.24

Note 34: Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

	March 31, 2021	March 31, 2020
Profit/(Loss) attributable to equity holders	**(284.66)**	(106.44)
Number of Shares outstanding at the beginning of the year	**148,195**	84,786
Add: Shares issued during the year	**25,500**	63,409
Number of Shares outstanding at the end of the year	**173,695**	148,195

	March 31, 2021	March 31, 2020
Weighted average number of Equity shares for basic EPS and diluted	**148,894**	105,229
Basic and diluted EPS calculations	**(1,911.86)**	(1,011.51)
Weighted average number of Equity shares adjusted for the effect of dilution	**–**	–

Note 35: As at March 31, 2021, the Company has accumulated losses of INR 3,046.39 million (March 31, 2020: INR 2,762.02 million) and a positive net worth of INR 103.86 million (March 31, 2020 : INR 248.53 million). The ultimate holding Company Mahindra & Mahindra Limited has committed to provide continuing financial and/or operational support to the Company for its continued operations for the foreseeable future.

In view of the foregoing, the going concern assumption has been considered appropriate in preparing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR millions)

Note 36: Based on the contracts with taxi operators under the taxi aggregator services, the Company's revenue is determined as a share of the total passenger revenue of INR 94.40 million (March 31, 2020: INR 457.02 million) generated by these taxi operators.

Note 37: During the year, the Company has identified that one of its ex-employee handling paperwork for owned Motor Vehicles of the Company, was involved in fraudulent activity, and was submitting fake documents with the Company, the same has resulted into loss to the Company of INR 6.18 Mn. The Company is in the process of filling FIR against him and recorded provision for expenses for correcting the above paperwork.

Note 38: Subsequent to the year end, Mahindra & Mahindra Limited ('M&M', the Ultimate Holding Company) has announced to purchase additional stake in the Meru Travel Solutions Private Limited (the Holding Company), thereby making the Group, wholly owned Group of M&M.

Note 39: Information with the regard to other matters specified in Schedule III to the Act is either Nil or not applicable to the Company for the year ended 31 March 2021.

Note 40: All amounts disclosed in the financial statements and notes has been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

As per our report of even date attached
For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852

Place : Mumbai
Date : May 10, 2021

For and on behalf of the Board of Directors of
Meru Mobility Tech Private Limited
CIN: U63040MH2006PTC165959

Kannan Chakravarthy
Director
DIN: 08021737

Manaswini Goel
Director
DIN: 08142619

Pravin Shah
Chief financial officer

Place : Mumbai
Date : May 10, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of
V-Link Automotive Services Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of **V-Link Automotive Services Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss and other comprehensive income, statement of changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 (the Act) (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Emphasis of Matter

We draw attention to Note No 31 to the financial statements which describes the probable/potential impact of the outbreak of COVID 19 on the business operations of the Company. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in this matter.

Information Other than the Ind AS Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report, but does not include the Ind AS Financial Statements and our Auditors' Report thereon.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a wholeare free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that aresufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in

our opinion and to the best of our information and according to the explanations given to us:

i. The company does not have any pending litigations which will impact its financial positions.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Disclosures in the financial Statements regarding holding as well as dealing in specified bank notes during the period from November 8, 2016 to December 30,2016 have not been made in these financial statements since they do not pertain to financial year ended March 31, 2021.

(h) With respect to matters to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the current year and hence the provisions of Section 197 of the Act are not applicable to the Company.

For **B.K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852
UDIN:21040852AAAABI5181

Place: Mumbai
Date: 10th May, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **V-Link Automotive Services Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B.K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 21040852AAAABI5181

Place: Mumbai
Date: 10th May, 2021

ANEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 1 under **Report on Other Legal and Regulatory Requirements section** of our report of even date on the financial statements of **V-Link Automotive Services Private Limited** for the year ended March 31, 2021

Annexure to the Auditor's Report referred to in our report of even date:

1) i) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

ii) The Company has a regular programme for physical verification of its property, plant and equipment by which the property, plant and equipment are verified by the management according to a phased programme designed to cover all the items over a period of 3 years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment. In accordance with the programme, the Company has physically verified certain property, plant and equipment and investment properties during the year and no material discrepancies were noticed on such verification.

iii) According to the information and explanations given to us, the Company has no immovable properties registered in its name. Accordingly, the reporting under Clause 3(i)(c) of the Order is not applicable to the Company.

2) According to the information and explanations given to us, the Company is primarily engaged in the business of providing taxi and taxi aggregator services. Accordingly, it does not hold any physical inventories. Accordingly, paragraph 3 (ii) is not applicable.

3) In our Opinion and according to the information and explanation given to us, the company has granted loan to a fellow subsidiary company covered in the register maintained under section 189 of the Act.

(a) In our opinion and according to the information and explanation given to us, the terms and conditions of the loan granted to the fellow subsidiary company are not prejudicial to the interests of the company and its members.

(b) The loan granted to fellow subsidiary is interest free and repayable on demand.

(c) There are no overdue amounts in respect of loan granted to Fellow Subsidiary Company.

4) According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

5) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

6) The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the Company.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax with appropriate authorities. The provisions relating to value added tax, Sales Tax Duty of customs and Duty of Excise is not applicable to the company.

According to the Information and explanation given to us, no undisputed amount payable in respect of Income Tax, Provident Fund, Employee State's insurance and any other Material Statutory Dues were in arrears as at March 31, 2021 for a period of more than Six months from the date they became payable.

ii) According to the information and explanation given to us, there are no dues of income tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, value Added Tax and which have not been deposited with the appropriate Authorities on account of any dispute.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the reporting under Clause 3(ix) of the Order is not applicable to the Company.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given by the management, no managerial remuneration has been paid, and accordingly, the provision of clause 3 (xi) of the Order is not applicable to the Company.

12) The Company, not being a Nidhi Company, the provisions of para 3(xii) of the Order are not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards. Further, the company is not required to constitute and Audit Committee under section 177 of the Act, and accordingly, to this extent the provision of clause 3(xiii) of the order is not applicable to the company.

14) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting under Clause 3(xiv) of the Order is not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B.K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 21040852AAAABI5181

Place: Mumbai
Date: 10th May, 2021

BALANCE SHEET AS AT MARCH 31, 2021

(Currency in INR)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
(I) Assets			
(1) Non-current assets			
a) Property, plant and equipment	3	**–**	803,664
b) Intangible assets	3	**–**	–
c) Financial assets			
i) Loans	4	**97,500**	1,132,662
ii) Other financial assets	5	**284,508**	269,258
d) Non current tax assets	6	**1,046,327**	3,305,087
e) Other non-current assets	9	**12,286,782**	3,830,815
Total Non-Current assets		**13,715,117**	9,341,486
(2) Current assets			
a) Financial assets			
i) Trade receivables	7	**4,068,302**	6,183,930
ii) Cash and cash equivalents	8	**1,548,830**	806,367
iii) Loans	4	**293,762,983**	302,136,514
iv) Others financial assets	5	**–**	5,078
b) Other current assets	9	**–**	496,536
Total Current Assets		**299,380,115**	309,628,425
Total Assets		**313,095,232**	318,969,911
(II) Equity and Liabilities			
1) Equity			
a) Equity share capital	10	**132,940**	132,940
b) Other equity		**289,521,307**	290,162,926
Total Equity		**289,654,247**	290,295,866
2) Liabilities			
Non-current liabilities			
Provisions	11	**–**	2,143,537
Total non-current liabilities		**–**	2,143,537
Current liabilities			
a) Financial liabilities			
i) Trade Payables	12		
a) total outstanding dues to small and micro enterprises		**–**	–
b) total outstanding dues of creditors other than small and micro enterprises		**1,979,183**	3,354,275
ii) Other financials liabilities	13	**9,729,564**	10,796,081

BALANCE SHEET AS AT MARCH 31, 2021 (continued)

(Currency in INR)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
b) Provisions	11	–	253,941
c) Other current liabilities	14	**11,732,238**	12,126,211
Total current liabilities		**23,440,985**	26,530,508
Total liabilities		**23,440,985**	28,674,045
Total equity and liabilities		**313,095,232**	318,969,911
Significant accounting polices	2		
Notes to the financial statements	3 to 32		

The notes referred to above are an integral part of the financial statements.

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

For and on behalf of the Board of Directors of

V-link Automotive Services Private Limited
CIN:U50500MH2010PTC198987

Aniruddha Joshi
Partner
Membership No. 040852

Place: Mumbai
Date: 10th May, 2021

Kannan Chakravarthy
Director
DIN: 08021737

Place: Mumbai
Date: 10th May, 2021

Manaswini Goel
Director
DIN: 08142619

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR)

Particulars	Notes	Year Ended March 31, 2021	Year Ended March 31, 2020
Revenue from operations	15	**2,347,566**	39,294,055
Other income	16	**2,507,662**	21,341,164
TOTAL INCOME (I)		**4,855,228**	60,635,219
EXPENSES			
Fleet operating expenditure	17	**31,068**	15,915,052
Employee benefits expense	18	**1,284,209**	4,678,685
Operating and other administrative expenses	19	**3,570,710**	34,528,573
TOTAL EXPENSES (II)		**4,885,987**	55,122,310
Earnings before interest, tax, depreciation, amortization and Impairment (EBITDA) [(I) – (II)]		**(30,759)**	5,512,909
Finance costs	20	**58,234**	761,300
Finance income	21	**251,038**	6,173,611
Depreciation and amortisation expense	3	**803,664**	1,917,242
Profit/(loss) before tax		**(641,619)**	9,007,978
Tax expenses		**–**	–
Adjustment of tax relating to earlier years		**–**	538,745
Profit/(loss) after tax		**(641,619)**	8,469,233
Other Comprehensive Income			
Items that will not be reclassified to statement of profit and loss			
Remeasurements of defined benefit plan		**–**	15,693
Other comprehensive loss/(income) for the year, net of tax		**–**	15,693
Total Comprehensive income/(loss) for the year, net of tax		**(641,619)**	**8,453,540**
Earnings per equity share			
Basic and diluted [Nominal value per share INR 10]	28	**(48.26)**	637.07
Diluted, computed on the basis of profit for the year			
Significant accounting polices	2		
Notes to the financial statements	3 to 32		

The notes referred to above are an integral part of the financial statements.

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

For and on behalf of the Board of Directors of

V-link Automotive Services Private Limited
CIN:U50500MH2010PTC198987

Aniruddha Joshi
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Place: Mumbai
Date: 10th May, 2021

Kannan Chakravarthy
Director
DIN: 08021737

Place: Mumbai
Date: 10th May, 2021

Manaswini Goel
Director
DIN: 08142619

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	**(641,619)**	9,007,978
Adjustments to reconcile profit before tax to net cash flows		
Depreciation, amortisation and impairment expenses	**803,664**	1,917,242
Finance costs	**58,234**	761,300
Provision for legal cases, compensated absences and gratuity	**3,303**	165,023
Gain on mutual fund	**–**	(224,511)
Finance income	**(15,250)**	(6,173,611)
Bad Debts written off and provision thereof	**106,497**	21,461,316
Provision no longer required written back	**(2,507,662)**	(20,829,200)
Loss on assets held for sale	**492,491**	492,491
Operating profit before working capital changes	**(1,700,342)**	6,578,028
Movement in working capital		
Changes in Trade Receivables	**2,009,134**	(105,148)
Changes in loans, Other financial assets, other assets	**(7,583,607)**	(1,808,088)
Changes in trade payables, other payables and other liabilities	**(1,850,412)**	(763,194)
Cash generated from/(used in) operating activities	**(9,125,227)**	3,901,598
Direct taxes paid (net of refunds)	**2,258,760**	(278,697)
Net cash flows generated from/(used in) operating activities	**(6,866,467)**	3,622,901
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of current investments	**–**	(50,000,000)
Proceeds from sale of current investments	**–**	50,224,511
Interest income on fixed deposits & intercorporate deposits	**15,250**	6,128,790
Intercorporate deposit refund received	**–**	110,000,000
Loans given to fellow subsidiaries	**(197,704)**	(199,958,777)
Loans repaid by fellow subsidiaries	**8,727,911**	78,706,237
Net cash flows generated from/(used in) investing activities	**8,545,457**	(4,899,239)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021 (continued)

(Currency in INR)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**–**	(524,859)
Repayment of lease liabilities	**(936,523)**	(2,079,059)
Net cash flows (used in) financing activities	**(936,523)**	(2,603,918)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**742,466**	(3,880,256)
Cash and cash equivalents at the beginning of the year	**806,367**	4,686,623
Cash and cash equivalents at the end of the year (refer note 8)	**1,548,833**	806,367

As per our report of even date attached

For and on behalf of the Board of Directors of

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

V-link Automotive Services Private Limited
CIN:U50500MH2010PTC198987

Aniruddha Joshi
Partner
Membership No. 040852

Kannan Chakravarthy
Director
DIN: 08021737

Manaswini Goel
Director
DIN: 08142619

Place: Mumbai
Date: 10th May, 2021

Place: Mumbai
Date: 10th May, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR)

For the year ended March 31, 2021

Particulars	Equity Share Capital	Other Equity				Total
		Securities Premium	Retained Earning	Capital Reserve	Total Other Equity	
As at April 1, 2020	132,940	1,628,696,032	(1,342,283,106)	3,750,000	290,162,926	290,295,866
Net profit for the year	–	–	(641,619)	–	(641,619)	(641,619)
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income	–	–	**(641,619)**	–	**(641,619)**	**(641,619)**
Received on shares issued during the year	–	–	–	–	–	–
As at March 31, 2021	**132,940**	**1,628,696,032**	**(1,342,924,725)**	**3,750,000**	**289,521,307**	**289,654,247**

For the year ended March 31, 2020

Particulars	Equity Share Capital	Other Equity				Total
		Securities Premium	Retained Earning	Capital Reserve	Total Other Equity	
As at April 1, 2019	132,940	1,628,696,032	(1,350,736,646)	3,750,000	281,709,386	281,842,326
Net profit for the year	–	–	8,469,233	–	8,469,233	8,469,233
Other comprehensive income for the year	–	–	(15,693)	–	(15,693)	(15,693)
Total comprehensive income	–	–	**8,453,540**	–	**8,453,540**	**8,453,540**
Received on shares issued during the year	–	–	–	–	–	–
As at March 31, 2020	**132,940**	**1,628,696,032**	**(1,342,283,106)**	**3,750,000**	**290,162,926**	**290,295,866**

Notes:

Securities premium: Securities premium is credited when shares are issued at a premium. The securities premium can be utilized as per the provisions of the Companies Act, 2013 for specified purposes such as to issue bonus shares, to provide for premium on redemption of shares or debentures etc.

Retained earnings: Retained earnings represents the amount of accumulated earnings at each Balance Sheet date of the Company.

Capital Reserve: Capital Reserve represents the fair value in respect of financial guarantee provided by the holding company in favour of the Company recognised on transition to Ind AS as at April 1, 2016 amounting to INR 3,750,000 with a corresponding debit to financial guarantee assets recorded under Other Assets. These financial guarantee assets have been amortised as expenses in the Statement of Profit and Loss over the period of the guarantee and the unamortised portion as at March 31, 2021 amounts to INR Nil.

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

For and on behalf of the Board of Directors of

V-link Automotive Services Private Limited
CIN:U50500MH2010PTC198987

Aniruddha Joshi
Partner
Membership No. 040852

Place: Mumbai
Date: 10th May, 2021

Kannan Chakravarthy
Director
DIN: 08021737

Place: Mumbai
Date: 10th May, 2021

Manaswini Goel
Director
DIN: 08142619

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

1. Company information

V-Link Automotive Services Private Limited ('the Company') is registered as a private limited company domiciled in India having its registered office at F-17, 4th Floor, Pinnacle Business Park, Shanti Nagar, Mahakali Caves Road, Andheri (East), Mumbai 400 093, India. The Company is a deemed public company as per definition of the Companies Act with effect from 5 December 2019. The Company is mainly engaged in the business of owning, operating and maintaining vehicle fleet for transportation of passengers in form of taxis, providing taxi aggregator services and to acquire and operate similar existing businesses.

These financial statements were authorized for issue in accordance with a Board resolution of May 10, 2021.

2. Significant accounting policies

(a) Basis of preparation:

These financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

(b) Functional and presentation currency:

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency.

(c) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for following assets and liabilities and measured at fair value:

- certain financial instruments which are measured at fair value (refer accounting policy 2(n))
- Defined benefit plans. (Note 23)

2.1 Summary of significant accounting policies

a) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses arising from de-recognition of assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is de-recognised.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part have a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. Such cost includes the cost of replacing parts of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Subsequent expenditure is capitalized if an only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress"

Depreciation on Property, plant and equipment

Depreciation is calculated on a Straight-Line basis using the rates arrived at based on the useful life of the assets estimated by the management. The estimated useful life considered for depreciation of property, plant and equipment is as follows:

Asset description	Useful lives estimated by management (in years)
Computers and peripherals	3
Motor vehicles - fleet	3 – 6
Furniture and fittings	3 – 6
Office equipment	3

Except Computers and peripherals, useful lives of above property, plant and equipment are different from those prescribed under schedule II. These lives are based on estimates supported by internal technical evaluation.

b) Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Software:

ERP software is amortised using the straight-line method over a period of 5 years and other software are amortised using the straight-line method over a period of 3 years or contractual life, whichever is lower.

The residual values, useful lives and methods of amortisation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

c) Impairment of Property, plant and equipment and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available.

If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

d) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the Company is Lessee:

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised

Where the Company is Lessor:

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognizes lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and nonlease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has applied Ind AS 116 initially on April 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 is being recognized as an adjustment to the opening balance of retained earnings at April 1, 2019, with no restatement of comparative information. The Company has applied Ind AS 116 to all contracts entered into before April 1, 2019 and identified as leases in accordance with Ind AS 17.

e) Borrowing costs

Borrowing costs include interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes as substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

f) Revenue recognition

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. The effect on adoption of Ind AS 115 was insignificant.

The Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time requires judgement.

Revenue includes only the gross inflows of economic benefits. It is measured based on the consideration specified in the contracts with customers. Amounts collected on behalf of third parties such as goods and services taxes and value added taxes are not economic benefits which flow to the entity and do not result in increases in equity. Therefore, they are excluded from revenue.

The Company assesses its revenue arrangements to determine if it is acting as principal or agent. The Company has concluded that it is acting as an agent in case of its revenue from taxi aggregator services arrangements.

The following specific recognition criteria must also be met before revenue is recognized.

<u>**Income from services:**</u>

i. Revenue from taxi aggregator services, convenience fees and airport charges

Revenue from taxi aggregator services is recognised net off the share of revenue paid to drivers, as and when the services are rendered as per the terms of the contract. Taxi aggregator services involve the Company providing a platform to facilitate booking of taxi services by passengers with third party independent taxi service providers. Convenience fees are charged to customer for facilitating booking of taxi services through the Company. Convenience fees are recognised as revenue at completion of trip. Airport charges are recovered from customers towards the facilitating booking of taxi services at airport counter. Airport charges are recognised as revenue at completion of trip.

ii. Revenue from car rental services

Revenue from car rental services represents revenue earned from letting cars on hire to customers for specific period of time (generally short periods of time ranging from a few hours to a day). Revenue is measured as per the contractual terms and is recognized on completion of each trip.

iii. Advertisement revenue

Revenue from advertisement contracts are recognised pro-rata over the period of contract as and when services are rendered. Revenue is measured as per the contractual terms

The Company generally does not offer a credit period in respect of its billing to drivers. In respect of corporate customers, the Company credit period offered generally ranged from 30 days to 90 days.

Interest income:

For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit and loss.

g) Foreign currencies

i. Transactions - Initial recognition

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rate at the date the transaction first qualifies for recognition.

ii. Balances

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

Non-monetary items which are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of initial transaction. Non-monetary items, which are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

h) Retirement and other employee benefits

i. Provident fund and ESIC

Retirement benefit in the form of provident fund and ESIC are defined contribution schemes. The Company has no obligation, other than the contribution payable to these schemes. The Company recognises contribution paid / payable during the year to these schemes in the statement of profit and loss.

ii. Gratuity

The Company operates a defined benefit gratuity plan for its employees. This benefit is unfunded. The cost of providing benefits under the defined benefit plans is determined by independent actuaries using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur and are not reclassified to profit or loss in subsequent periods.

iii. Compensated Absences

The liability towards Long term compensated absences is determined by independent actuaries using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to Statement of profit and loss in the period in which they occur.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond 12 months, as long term employee benefit for measurement purposes. Such long term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end.

i) Income taxes

Tax expense comprises of current and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

j) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

k) Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

l) Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non- occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

m) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and shortterm deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

n) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

<u>Initial recognition and measurement</u>

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as measured at:

- Amortised cost
- Fair value through other comprehensive income (FVTOCI) – debt investment
- Fair value through other comprehensive income (FVTOCI) – equity investment
- Fair value through profit or loss (FVTPL)

Financial assets at amortised cost

A financial asset is measured at amortised cost if both the following conditions are met:

i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A debt instrument is classified as at the FVTOCI if both of the following criteria are met:

i. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in profit or loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Equity investments at FVTOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVTOCI – equity investment). This election is made on an investment by investment basis.

Fair value through profit or loss (FVTPL)

FVTPL is a residual category for financial assets. All financial assets not classified as measured at amortised cost of FVTOCI, as described above are classified as at FVTPL. This includes all derivative financial assets. In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in profit or loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets:

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

b) Other financial assets such as deposits, other receivables etc.

The company follows 'simplified approach' for recognition of impairment loss allowance for Trade receivables. The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis and considers historical experience, credit assessments and forward looking information.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or FVTPL.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not at FVTPL, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on financial liabilities at FVTLP including interest expense are recognised in the profit or loss.

Other financial liabilities

Financial liabilities other that FVTPL instruments are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchanges gains or losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

De-recognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

o) Current versus non-current classification:

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

p) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability

Or

In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

q) Segment reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance. Operating EBITDA is the Management's measure of the segment results.

r) Recent Indian Accounting standard (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

s) Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit / (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, interest income, finance costs and tax expense. Any amount described as unusual or exceptional is classified by nature, in the same way as non-exceptional amounts. Their inclusion or exclusion in EBIDTA will depend on the nature of income/ expense described as exceptional. Impairment loss / reversal on property plant and equipment is disclosed under Depreciation, amortisation and impairment expenses, and not considered for calculation of EBIDTA.

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Following are the significant accounting judgements, estimates and assumptions:

2.2 Significant accounting judgements, estimates and assumptions

I. Revenue:

The Company assesses in accordance with Ind AS 115 as to whether it is acting as principal or agent in respect of the revenue arrangements entered. The Company has assessed that it is acting as an agent in case of revenue from taxi aggregator services arrangements and dealing on principal to principal basis for revenue from other services in terms of the principles of Ind AS 115.

II. Contracts with Driver - Whether the arrangement with drivers contains a lease:

Significant judgement is required to apply lease accounting rules under Appendix C of Ind AS 17 - Determining whether an arrangement contains a lease. In assessing the applicability to arrangements entered into by the Company, management has exercised judgement to evaluate the right to use the underlying assets, substance of the transaction including legally enforceable arrangements and other significant terms and conditions of the arrangements to conclude whether the arrangements meet the criteria under Appendix C.

III. Useful lives of intangibles and property, plant and equipment:

The Company reviews the useful life and residual value of property, plant and equipment and intangible assets at the end of each reporting period. This re-assessment may result in change in depreciation and amortisation in future periods.

IV. Defined benefit plans

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

V. Impairment of non-financial assets

The Company performs impairment testing for intangible assets and property, plant and equipment where there are indicators of impairment. If such an indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of value in use and fair value less costs of disposal. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Company's Statement of profit and loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as a credit to the Company's Statement of profit and loss

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR)

Note 3: Property, plant and equipment and intangible assets

Property, plant and equipment	Computers and Peripherals	* ROU-Building	Total
Gross Block			
Balance at March 31, 2019	3,741,933	–	3,741,933
Additions	–	2,720,907	2,720,907
Disposals	–	–	–
Balance at March 31, 2020	3,741,933	2,720,907	6,462,840
Additions	–	–	–
Disposals	–	(2,720,907)	(2,720,907)
Balance at March 31, 2021	**3,741,933**	**–**	**3,741,933**
Accumulated depreciation			
Balance at March 31, 2019	3,741,933	–	3,741,933
Depreciation charge for the year	–	1,917,243	1,917,243
Disposals	–	–	–
Balance at March 31, 2020	3,741,933	1,917,243	5,659,176
Depreciation charge for the year	–	803,664	803,664
Disposals	–	(2,720,907)	(2,720,907)
Balance at March 31, 2021	**3,741,933**	**–**	**3,741,933**
Net Book Value			
Balance at March 31, 2021	**–**	**–**	**–**
Balance at March 31, 2020	–	803,664	803,664

* (Refer note 24 (A) for details)

Intangible assets

	Computer software
Gross Block	
Balance at March 31, 2019	315,196
Additions	–
Disposals	–
Balance at March 31, 2020	315,196
Additions	–
Disposals	–
Balance at March 31, 2021	**315,196**

	Computer Software
Accumulated Amortization	
Balance at March 31, 2019	315,196
Amortisation	–
Disposals	–
Balance at March 31, 2020	315,196
Amortisation	–
Disposals	–
Balance at March 31, 2021	**315,196**
Net Book Value	
Balance at March 31, 2021	**–**
Balance at March 31, 2020	–

Note 4: Loans

(Measured at amortised cost)	**As at March 31, 2021**	As at March 31, 2020
Non Current		
Security Deposits		
Unsecured, considered good	**97,500**	1,132,662
Non current Total	**97,500**	1,132,662
Current		
Unsecured, considered good		
Loans to related parties:		
Inter-corporate deposit to fellow subsidiary *	**293,762,983**	302,136,514
Current Total	**293,762,983**	302,136,514
Total	**293,860,483**	303,269,176

* Loan (Intercorporate deposit) to fellow subsidiary is interest free and repayable on demand.

Refer Note 22 for information about Financial instruments.

Note 5: Other financial assets

(Measured at amortised cost)	**As at March 31, 2021**	As at March 31, 2020
Non Current		
Term deposit with bank	**210,000**	210,000
Interest accrued on bank fixed deposits	**74,508**	59,258
Total non current	**284,508**	269,258
Current		
Unsecured considered good		
Advance recoverable in cash	**–**	5,078
Total current	**–**	5,078
Total	**284,508**	274,336

Note 6: Non current tax assets

	As at March 31, 2021	As at March 31, 2020
Advance income-tax	**1,046,327**	3,305,087
Total	**1,046,327**	3,305,087

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR)

Note 7: Trade Receivables

(Measured at amortised cost)	**As at March 31, 2021**	As at March 31, 2020
Secured, considered good	**3,457,641**	3,461,121
Unsecured, considered good (Refer note 26)	**610,661**	2,722,809
Unsecured, considered credit impaired	**6,697,393**	6,626,506
Less: Impairment allowance for doubtful trade receivables	**(6,697,393)**	(6,626,506)
Total	**4,068,302**	6,183,930

Trade receivables from drivers are due immediately. The Company also holds security deposit from a number of the drivers as collateral. Trade receivables from corporate customers are generally on credit terms of 30 to 60 days.

Refer Note 22 for information about credit risk. Refer note 26 for details of trade receivables from related parties.

Trade receivables includes debts due amounting to Rs. NIL (March 31, 2020: 620,506) from a private company having a Director in common with the Company.

Note 8: Cash and cash equivalents

	As at March 31, 2021	As at March 31, 2020
Balances with bank in current accounts	**1,548,830**	806,367
Total	**1,548,830**	806,367

Note 9: Other assets

	As at March 31, 2021	As at March 31, 2020
Non current		
Balance with statutory and government authorities		
Unsecured, considered good	**12,286,782**	3,830,815
Total Non Current	**12,286,782**	3,830,815
Current		
Advance to suppliers	**–**	4,044
Others	**–**	492,492
Total Current	**–**	496,536
Total	**12,286,782**	4,327,351

Note 10: Equity Share Capital

	As at March 31, 2021	As at March 31, 2020
Authorised shares:		
100,000 equity shares of Rs.10 each (March 31, 2020: 100,000)	**1,000,000**	1,000,000
Issued, subscribed and fully paid-up shares:		
13,294 equity shares of Rs. 10 each fully paid up (March 31,2020: 13,294)	**132,940**	**132,940**

(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the year

	As at March 31, 2021	As at March 31, 2020
Outstanding at the beginning of the year		
No. of shares	**13,294**	13,294
Amount	**132,940**	132,940
Issued during the year for cash consideration		
No. of shares	**–**	–
Amount	**–**	–
Outstanding at the end of the year		
No. of shares	**13,294**	13,294
Amount	**132,940**	132,940

(b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. No dividend has been declared during the year ended March 31, 2021 (March 31, 2020: Nil). No dividend has been proposed for the year ended 31 March 2021.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding company

	As at March 31, 2021	As at March 31, 2020
Meru Travel Solutions Private Limited, the holding company (including nominees)		
No of shares	**13,294**	13,294
Amount	**132,940**	132,940

(d) Details of shares held by shareholders holding more than 5% of the aggregate shares

	As at March 31, 2021	As at March 31, 2020
Meru Travel Solutions Private Limited, the holding company (including nominees)		
No of shares	**13,294**	13,294
Percentage of holding	**100%**	100%

Note 11: Provisions

	As at March 31, 2021	As at March 31, 2020
Non current		
Provision for employee benefit		
Provision for gratuity (Refer Note 23)	**–**	228,537
Other provision		
Provision for contingencies*	**–**	1,915,000
Total Non current	**–**	2,143,537
Current		
Provision for employee benefit		
Provision for gratuity (Refer Note 23)	**–**	109,791
Provision for leave encashment	**–**	144,150
Total current	**–**	253,941
Total Provisions	**–**	2,397,478

*The Company had created provision towards various disputed legal matters that arise in the ordinary course of business on a best estimate basis. During the year ended 31st March, 2021, provisions has been reversed due to favourable outcome of legal matters.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR)

Particulars	As at March 31, 2021	As at March 31, 2020
At the beginning of the year	**1,915,000**	1,915,000
Arising during the year	**–**	–
Reversed during the year	**1,915,000**	–
At the end of the year	**–**	1,915,000

Note 12: Trade Payables

	As at March 31, 2021	As at March 31, 2020
Trade Payables		
a) total outstanding dues to small and micro enterprises	**–**	–
b) total outstanding dues of creditors other than small and micro enterprises	**1,979,183**	3,354,275
Total	**1,979,183**	3,354,275

Trade payables are non-interest bearing and the credit terms generally range from 30 to 90 days.

For terms and conditions with related parties, refer to note 26.

The Company's exposure to liquidity risk is disclosed in note 22[C].

Details of dues to micro and small enterprises as per Micro, Small and Medium Enterprises Development Act, 2016

As at March 31, 2021 and March 31, 2020, there are no outstanding dues on account of principal or interest to micro and small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, no additional disclosures have been made.

The above information regarding micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Note 13: Other financial liabilities

	As at March 31, 2021	As at March 31, 2020
Deposits from Subscriber & Customer*	**9,729,564**	9,431,485
Employee benefits payable	**–**	486,307
Lease liabilities **	**–**	878,289
Total	**9,729,564**	10,796,081

* Subscriber deposit are repayable on demand

** (Refer note 24 (A) for details)

Note 14: Other current liabilities

	As at March 31, 2021	As at March 31, 2020
Advances from drivers and customers	**11,731,332**	12,097,163
Statutory dues	**906**	29,048
Total	**11,732,238**	12,126,211

Note 15: Revenue from operations

	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operation:		
Revenue from taxi aggregator services	**219,987**	19,747,909
Revenue from car rentals	**–**	12,375,093
	219,987	32,123,002
Other operating revenue		
Advertisement revenue	**2,114,839**	4,592,000
Convenience fee	**1,475**	568,460
Airport charges	**11,265**	2,010,593
	2,127,579	7,171,053
Total	**2,347,566**	39,294,055

Note 16: Other income

	Year ended March 31, 2021	Year ended March 31, 2020
Provision / Liabilities no longer required written back	**2,507,662**	20,829,200
Gain on mutual fund	**–**	224,511
Other miscellaneous income	**–**	287,453
Total	**2,507,662**	21,341,164

Note 17: Fleet operating expenditure

	Year ended March 31, 2021	Year ended March 31, 2020
Service provider service charges and incentives	**31,068**	15,445,661
Accreditation fee	**–**	126,587
Vehicle repairs and maintenance	**–**	342,804
Total	**31,068**	15,915,052

Note 18: Employee benefits expenses

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	**1,214,051**	4,236,346
Outsourced staff cost	**–**	11,200
Contribution to provident and other funds	**66,855**	258,299
Gratuity expenses (Refer note 23)	**2,459**	76,465
Compensated absence expenses	**844**	72,865
Workmen and staff welfare expenses	**–**	23,510
Total	**1,284,209**	4,678,685

Note 19: Operating and other administrative expenses

	Year ended March 31, 2021	Year ended March 31, 2020
Infrastructure Support Services Expenses	**47,640**	3,566,310
Legal and professional fees	**1,375,023**	4,814,000
Bad debts written off	**35,610**	21,461,316
Auditor's remuneration (refer note below)	**50,000**	643,750
Rent	**283,752**	96,873
Communication expenses	**134,594**	199,547
Travelling and conveyance	**1,176**	115,800
Repairs and maintenance - other than vehicles	**271,000**	605,382
Electricity charges	**34,330**	423,114
Security charges	**45,078**	1,474,398

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	Year ended March 31, 2021	Year ended March 31, 2020
Rate and Taxes	**674,803**	207,969
Loss on assets held for sale	**492,491**	492,491
Printing and stationery	**–**	45,738
Provision for doubtful debts and advances	**70,887**	–
Miscellaneous expenses	**54,326**	381,885
Total	**3,570,710**	34,528,573
Auditor's Remuneration (including GST)		
Statutory audit fees	**50,000**	625,000
Out of pocket expenses	**–**	18,750
	50,000	643,750

Note 20: Finance costs

	Year ended March 31, 2021	Year ended March 31, 2020
Interest on delayed payment of statutory dues	**–**	524,859
Interest expense on Lease Liability (refer note 24(A))	**58,234**	236,441
Total	**58,234**	761,300

Note 21: Finance income

	Year ended March 31, 2021	Year ended March 31, 2020
Interest income on:		
Intercorporate deposits	**–**	6,128,790
Fixed deposits / bank balances	**15,250**	14,961
Income tax refund	**235,788**	29,860
Total	**251,038**	6,173,611

Note 22: Financial Instruments

A] Accounting classification of financial instruments

The following table summarises the accounting classification and carrying amounts (net off any impairment provisions) of financial instruments

Particulars	**Notes**	**Carrying value** March 31, 2021	Carrying value March 31, 2020
Financial assets carried at amortized cost			
Security Deposits	4	**97,500**	1,132,662
Loans to related parties - Inter-corporate deposit	4	**293,762,983**	302,136,514
Trade receivables	7	**4,068,302**	6,183,930
Term deposit with bank	5	**210,000**	210,000
Cash and cash equivalents	8	**1,548,830**	806,367
Advance recoverable in cash	5	**–**	5,078
Accrued Interest	5	**74,508**	59,258
Total		**299,762,123**	310,533,810
Financial liabilities carried at amortized cost			
Other financial liabilities	13	**9,729,564**	10,796,081
Trade payables	12	**1,979,183**	3,354,275
Total		**11,708,747**	14,150,356

B] Fair Value Measurement

The management assessed that cash and cash equivalents, trade receivables, trade payables, security deposits and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

There were no transfers between level 1, 2 and 3 for recurring fair value measurements during each of the reporting period. The Company's policy is to recognise transfers into and transfer out of fair value hierarchy levels at the end of the reporting period.

C] Financial risk management objectives and policies

The Company has exposure to the following risks arising from its financial instruments:

- Market risk - interest rate risk
- Credit risk
- Liquidity risk

The Company's senior management is responsible for the management of these risks with oversight of the Company's Board of Directors.

i] Market risk - interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has given interest free inter corporate deposits to fellow subsidiaries. Further The Company does not have any exposure to interest rate risks since there is no borrowings and investments that is exposed to interest rates.

ii] Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables), liquid mutual fund units, inter corporate deposits, cash deposits and other financial instruments.

Trade receivables

The Company's Management divides its customers primarily into following two categories for purposes of monitoring credit risk:

Trade receivables from Subscribers

Trade receivables from subscriber credit risk is managed in accordance with the company established policy, procedures and controls relating to driver credit risk management. Trade receivables are non-interest bearing. Outstanding customer receivables are regularly monitored. The Company recognises impairment of trade receivable from drivers based on outstanding receivable net of corresponding deposit.

	March 31, 2021	March 31, 2020
Gross trade receivables from subscribers	**9,789,435**	9,799,398
Less: Impairment allowance for doubtful trade receivables	**(6,335,971)**	(6,346,322)
Net trade receivables from subscribers	**3,453,464**	3,453,076
Security deposits received from above subscribers held as at the respective reporting dates	**3,457,641**	3,461,121

Trade receivables from other customers

Credit risk relating to other customers is managed in accordance with the Company's established policy, procedures and controls relating to corporate customer credit risk management. Trade receivables are non-interest bearing. Outstanding customer receivables are regularly monitored. For the purpose of measuring impairment allowance for trade receivables from other customers, the Company estimates irrecoverable amounts based on the ageing of the outstanding receivables, its historical experience and its expectation of credit losses in the future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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	March 31, 2021	March 31, 2020
Gross Trade receivables from other customers	**976,260**	3,011,038
Less: Impairment allowance for doubtful trade receivables	**(361,422)**	(280,184)
Net Trade receivables from other customers	**614,838**	2,730,854
Ageing of gross trade receivables relating to other customers:		
Within 6 months	**614,838**	2,730,854
More than 6 months	**361,422**	280,184
	976,260	3,011,038

Other financial assets

Financial assets other than trade receivables are neither past due nor impaired. Management believes that the amounts are collectible in full, based on its assessment including considering the historical payment behaviour.

iii] Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's principal sources of liquidity are cash flows generated from its operations including deposits received from drivers.

The table below summarises the maturity profile of the company financial liabilities based on contractual undiscounted payments.

		Undiscounted amount				
Year ended - March 31, 2021	**Carrying Value**	**Payable within 1 year**	**Payable within 1 to 2 years**	**Payable within 2 to 3 years**	**Payable within 3 to 4 years**	**Total**
Deposits from Subscriber	**9,729,564**	**9,729,564**	**–**	**–**	**–**	**9,729,564**
Trade Payables	**1,979,183**	**1,979,183**	**–**	**–**	**–**	**1,979,183**
	11,708,747	**11,708,747**	**–**	**–**	**–**	**11,708,747**

		Undiscounted amount				
Year ended - March 31, 2020	Carrying Value	Payable within 1 year	Payable within 1 to 2 years	Payable within 2 to 3 years	Payable within 3 to 4 years	Total
Deposits from Subscriber	9,431,485	9,431,485	–	–	–	9,431,485
Employee benefits payable	486,312	486,312	–	–	–	486,312
Lease liabilities	878,289	878,289	–	–	–	878,289
Trade Payables	3,354,275	3,354,275	–	–	–	3,354,275
	14,150,361	14,150,361	–	–	–	14,150,361

D] Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company capital management is to maximize the shareholder's value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may issue new shares. The company manages its capital, considering the net debt position and rolling cash flows as at each period end and identify need for additional funding from the shareholders to meet the outstanding commitments and future cash flow requirements to meet the future business plans. The company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents (Including intercorporate deposits), excluding discontinued operations.

Particulars	**March 31, 2021**	March 31, 2020
Borrowings	**–**	–
Less: Cash and Cash Equivalent (Including intercorporate deposits)	**295,521,813**	303,152,881
Net Debt/(Surplus funds)	**(295,521,813)**	(303,152,881)

Note 23: Employee benefits

a. Defined contribution plans

The Company makes contributions determined as a specified percentage of employees' salary in respect of qualifying employees towards Provident Fund and Employees' State Insurance (ESI) which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to statement of profit and loss as they accrue. The Company has recognised the following amount as an expense and included in the Note 18 under "Contribution to provident and other funds":

Particulars	**March 31, 2021**	March 31, 2020
Contribution to employees provident fund	**60,163**	216,628
Contribution to ESI	**6,692**	41,671
Total	**66,855**	258,299

b. Defined benefit plans

The Company operates one post-employment defined benefit plan (unfunded plan) that provides gratuity. The gratuity plan is governed by the Payment of Gratuity Act, 1972. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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Liability recognised in the Balance Sheet in respect of Gratuity

Particulars	**March 31, 2021**	March 31, 2020
Present value of the defined benefit obligation at the end of the year	–	338,328
Total	–	338,328

Changes in the present value of the defined benefit obligation are, as follows :

	March 31, 2021	March 31, 2020
Defined benefit obligation at beginning of the year	**338,328**	246,170
Current service cost	**2,459**	60,184
Interest cost	–	16,281
Sub-total included in statement of profit and loss	**2,459**	76,465
<u>**Remeasurement losses recorded in OCI**</u>		
Actuarial (gains)/losses arising from changes in demographic assumptions	–	1
Actuarial (gains)/losses arising from changes in financial assumptions	–	13,593
Experience adjustments	–	2,099
Sub-total included in OCI	–	15,693
Transfer of liability to fellow subsidiary	**(340,787)**	–
Benefits paid	–	–
Defined benefit obligation at the end of the year	–	338,328

Following table summarises the key assumptions used for actuarial valuation of gratuity obligations for each reporting period:

Actuarial assumptions	**March 31, 2021**	March 31, 2020
Discount rate	**0.00%**	5.15%
Future salary increases	**0.00%**	8.00%
Attrition	**0%**	35%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Demographic Assumptions :

Mortality in Service: Not applicable (March 31, 2020: Mortality in Service: Indian Assured Lives Mortality 2012-18)

Mortality in Retirement : Not applicable (March 31, 2020: 58 Years)

As there are no employees as at March 31, 2021, actuarial valuation has not been performed for the year ended March 31, 2021.

A quantitative sensitivity analysis for significant assumption as at each reporting date is as shown below:

	Discount rate assumption	
Gratuity plan:	**March 31, 2021**	March 31, 2020
Impact of increase of 1% p.a. on defined benefit obligation	–	10,044
Impact of decrease of 1 % p.a. on defined benefit obligation	–	(9,492)

	Future salary increase assumption	
Gratuity plan:	**March 31, 2021**	March 31, 2020
Impact of increase of 1% p.a. on defined benefit obligation	–	9,680
Impact of decrease of 1 % p.a. on defined benefit obligation	–	(9,332)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The average duration of the defined benefit plan obligation at the end of March 31, 2020: 3 years.

The following are expected payments over the future years (valued on undiscounted basis):

	March 31, 2021	March 31, 2020
Within the next 1 year (next annual reporting period)	–	109,791
Between 2 to 5 years	–	221,538
Between 6 to 10 years	–	54,942
Beyond 10 years	–	10,864
Total expected payments	–	397,135

C. Other employee benefits

Compensated absences are payable to employees at the rate of basic salary for each day of accumulated leave on death or resignation or upon retirement. The charge towards compensated absences for the year ended March 31, 2021: INR 844 (March 31, 2020: INR 72,865)

Note 24: Commitments and contingencies

A] Lease commitments

Effective April 1, 2019, the adoption of the new standard resulted in recognition of ‘Right of Use’ asset of and lease liability of Rs 2,720,907. The effect of this adoption is insignificant on profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The weighted average incremental borrowing rate applied to lease liabilities as at 12.45% p.a.

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2021

Particulars	**ROU Assets Building**	**Total**
Balance as at April 1, 2019	–	–
Additions	**2,720,907**	**2,720,907**
Deletions	–	–
Balance as at March 31, 2020	**2,720,907**	2,720,907
Balance as at April 1, 2019	–	–
Additions	**2,720,907**	**2,720,907**
Deletions	–	–
Balance as at March 31, 2020	**2,720,907**	2,720,907

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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The following is the movement in lease liabilities for the year ended March 31, 2021

	March 31, 2021	March 31, 2020
Balance at the beginning	**878,289**	–
Additions	**–**	2,720,907
Finance cost accrued during the period	**58,234**	236,441
Deletions	**–**	–
Payment of lease liabilities	**(936,523)**	(2,079,059)
Balance at the end	**–**	878,289

Depreciation on right-of-use assets is as follow

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation		
Building	**803,664**	1,917,243
Total	**803,664**	1,917,243

During the year ended March 31, 2021, the Company has paid INR 283,752 (March 31, 2020: INR 96,873) towards short term lease payments. This has been recorded under Rent expense in the statement of profit and loss.

B] Contingent liabilities

	March 31, 2021	March 31, 2020
Claims against the Company not acknowledged as debts	**–**	1,915,000
Guarantees and counter guarantees given by the Company (disclosed to the extent of outstanding loan balance)	**–**	91,876,061
	–	93,791,061

Note:

Claims against the Company pertains to various legal claims filed against the Company by customers/third parties. The Company had contested these claims and the same were pending adjudication at various judicial forums. During the year, the Company has received favourable outcome of these legal matters, hence the contingent liability is Nil as at March 31, 2021.

Note 25: Income Taxes

The major components of income tax expense for the years ended

	March 31, 2021	March 31, 2020
Current income tax:		
Current income tax charge	**–**	–
Adjustments in respect of current income tax of previous year	**–**	538,745
Deferred tax:		
Relating to origination and reversal of temporary differences	**–**	**–**
Income tax expense reported in the statement of profit or loss	**–**	**538,745**

	March 31, 2021	March 31, 2020
Net loss/(gain) on remeasurements of defined benefit plans	**–**	**–**
Income tax expense charged to OCI	**–**	**–**

Reconciliation of tax expense and the accounting profit/(loss) multiplied by India's domestic tax rate for the year ended

	March 31, 2021	March 31, 2020
Accounting profit/(loss) before income tax	**(641,619)**	**9,007,978**
At India's statutory income tax rate of 26% (March 31, 2020: 26%)	**(166,821)**	**2,342,074**
Effect of current year losses for which no deffered tax assets is recognised/effect of set off of carried forward tax losses for which no deferred tax asset was recognised previously	**166,821**	**(2,342,074)**
At the effective income tax rate for the Company	**–**	**–**
Income tax expense reported in the statement of profit and loss	**–**	**–**

Deferred tax working for the year ended:

	March 31, 2021	March 31, 2020
Tax effect of items constituting deferred tax liabilities		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	**–**	–
	–	–
Tax effect of items constituting deferred tax assets		
Provisions (Doubtful debts/Impairment/ Advances)	**1,741,322**	1,722,892
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	**–**	125,444
Carry forward Tax Loss		
Short-term capital loss	**7,067,881**	7,067,881
Unabsorbed depreciation	**1,071,717**	632,133
Unabsorbed business losses	**282,007,658**	281,613,367
'Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	**1,011,148**	1,241,779
Provision for contingencies	**–**	497,900
	292,899,726	292,901,396
Net deferred tax assets/(liabilities)	**292,899,726**	292,901,396
Net deferred tax assets/(liabilities) recognised	**–**	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency in INR)

	Statement of Profit and Loss	
	March 31, 2021	March 31, 2020
Tax effect of items constituting deferred tax liabilities		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	**–**	–
Tax effect of items constituting deferred tax assets		
Provisions (Doubtful debts/Impairment/Advances)	**18,431**	5,415,592
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	**(125,444)**	(27,344)
Carry forward Tax Loss		
Short-term capital loss	**–**	7,067,881
Unabsorbed depreciation	**439,584**	35,757,900
Unabsorbed business losses	**394,291**	22,911,538
Difference in WDV of Fixed assets	**(230,631)**	841,086
Provision for contingencies	**(497,900)**	–
Deferred tax (income)/expense	**(1,670)**	71,966,653

The Company has a net deferred tax asset position as at March 31, 2021 and March 31, 2020. However, in terms of Ind AS 12, the Company has not recognised the net deferred tax assets as there is no reasonable certainty supported by convincing evidence that the Company will have adequate taxable profits in the future against which the carried forward tax losses/unabsorbed depreciation may be offset.

The Company has following carried forward tax losses/unabsorbed depreciation which arose in India that are available for offsetting against future taxable profits.

	March 31, 2021	March 31, 2020
Losses that expire - Carry forward short-term capital losses*	**27,184,158**	27,184,158
Losses that expire - Carry forward business losses*	**1,084,644,840**	1,083,128,336
Losses that never expire - Unabsorbed depreciation	**4,121,987**	2,431,281

*These carry forward losses would expire beginning from the financial year FY 2021-2022 upto FY 2028-2029.

Note 26: Related party transactions

Names of related parties and related party relationship:

Related parties ('RP') where control exists

Ultimate holding Company	Mahindra & Mahindra Ltd. (w.e.f. Dec 5, 2019)
	True North Trusteeship Private Limited (as a nominee shareholder of True North Fund IIIA & True North Fund IV) (upto Dec 4, 2019)
Holding Company	Meru Travel Solution Private Limited

Related parties with whom transactions have taken place during the year

Fellow Subsidiaries	V-Link Fleet Solutions Private Limited
	Meru Mobility Tech Private Limiteda

Details of transactions during the year with related parties

	Holding companies		Fellow subsidiaries	
Particulars	**March 31, 2021**	March 31, 2020	**March 31, 2021**	March 31, 2020
Services rendered (includes unbilled):				
Meru Mobility Tech Private Limited	**–**	–	**–**	22,155,766
Services received (includes accrual):				
Meru Mobility Tech Private Limited	**–**	–	**47,640**	7,290,144
Loans given:				
Meru Mobility Tech Private Limited	**–**	–	**197,704**	183,319,026
Loans repayment received:				
Meru Mobility Tech Private Limited	**–**	–	**8,107,405**	78,706,237
V-Link Fleet Solutions Private Limited	**–**	–	**620,506**	–

Details of Balances receivable from/payable to related parties

	Holding companies		Fellow subsidiaries	
Particulars	**March 31, 2021**	March 31, 2020	**March 31, 2021**	March 31, 2020
Guarantees given (Disclosed to the extent of closing balance of borrowings drawn by the fellow subsidiary):				
Meru Mobility Tech Private Limited	**–**	–	**–**	123,159,793
Balance receivable/(payable) as at year end:				
Meru Mobility Tech Private Limited	**–**	–	**293,762,983**	302,136,514
V-Link Fleet Solutions Private Limited	**–**	–	**–**	620,506

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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Terms and conditions of transactions with related parties:

All the related party transaction during the year were in ordinary course of business. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. The loans receivable and payable are all repayable on demand.

Note 27: Operating Segments Reporting

A. Basis for segmentation

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance. Operating EBITDA is the Management's measure of the segment results.

The Company has two reportable segments, as described below, which are the Company's strategic business units. These business units offer different services and are managed separately because they require different technologies and marketing strategies. For each of the business units the CODM reviews internal management reports on monthly basis.

The following summary describes the operations in each of the company reportable segments:

a. **Taxi services (includes taxi aggregator services): Provide taxi services to retail passengers (which includes taxi aggregator services).**

b. **Rent a cab services: Provides employee transportation and rent a cab services to corporate customers.**

B. Information about reportable segments

Information regarding the results of each reportable segments is included below.

	Taxi Services		**Rent a cab services**		**Unallocated Transaction**		**Total**	
Particulars	**Mar 2021**	Mar 2020	**Mar 2021**	Mar 2020	**Mar 2021**	Mar 2020	**Mar 2021**	Mar 2020
Revenue from Operations								
Total Revenue	**2,347,566**	26,918,962	**–**	12,375,093	**–**	–	**2,347,566**	39,294,056
External Revenue	**2,347,566**	26,918,962	**–**	12,375,093	**–**	–	**2,347,566**	39,294,056
Segment Results (Operating EBITDA)	**4,824,160**	42,704,364	**–**	2,015,803	**(4,854,919)**	(39,207,258)	**(30,759)**	5,512,909
Depreciation and amortisation expense	**803,664**	1,917,242	**–**	–	**–**	–	**803,664**	1,917,242
Finance costs	**–**	–	**–**	–	**58,234**	761,300	**58,234**	761,300
Finance income	**–**	–	**–**	–	**251,038**	6,173,611	**251,038**	6,173,611
Profit/(Loss) before taxes	**4,020,496**	40,787,122	**–**	2,015,803	**(4,662,115)**	(33,794,947)	**(641,619)**	9,007,978
Tax Expense	**–**	–	**–**		**–**	538,745	**–**	538,745
Profit/(Loss) after taxes	**4,020,496**	40,787,122	**–**	2,015,803	**(4,662,115)**	(34,333,692)	**(641,619)**	8,469,233
Net Capital Employed								
Depreciation and Amortisation Expense	**803,664**	1,917,242	**–**	–	**–**	–	**803,664**	1,917,242
Additions to property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	–
Deletion to property, plant and equipment (gross block - deemed cost)	**–**	–	**–**	–	**–**	–	**–**	–
Material Non- Cash Expenses:								
Bad debts written off net of provision	**106,497**	**848,809**	**–**	**–**	**–**	**–**	**106,497**	**848,809**

Note 28: Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

	March 31, 2021	March 31, 2020
Profit attributable to equity holders	**(641,619)**	8,469,233
Number of Shares outstanding at the beginning of the year	**13,294**	13,294
Add: Shares issued during the year	**–**	–
Number of Shares outstanding at the end of the year	**13,294**	**13,294**
Weighted average number of Equity shares for basic and diluted EPS	**13,294**	**13,294**
Basic and diluted EPS	**(48.26)**	**637.07**

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Note 29: Based on the contracts with taxi operators under the taxi aggregator services, the Company's revenue is determined as a share of the total passenger revenue of INR 1,034,277 (March 31, 2020 INR 79,369,665) generated by these taxi operators.

Note 30: Subsequent Events

Subsequent to the year end, Mahindra & Mahindra Limited ('M&M', the Ultimate Holding Company) has announced to purchase additional stake in the Meru Travel Solutions Private Limited (the Holding Company), thereby making the Group, wholly owned Group of M&M.

Note 31: Other Matters

The outbreak of coronavirus (COVID 19) pandemic globally is causing a slowdown of economic activity. Measures are being taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered disruptions to business worldwide, resulting in an economic slowdown and uncertainties pertaining to future operations.

The Company has made a detailed assessment of its liquidity position for next one year and the recoverability and carrying value of its assets including Property, Plant and Equipment, Trade receivables as at the Balance sheet date and has concluded that no material adjustments are required in the financial statements. Management believes that it has taken into account all possible impacts of known events arising from COVID 19 pandemic in preparation of these financial statements.

The impact of coronavirus on the business will depend on future developments that cannot be reliably predicted. The impact of global health pandemic, might be different from that estimated as at the date of approval of these financial statements depending on how long the pandemic lasts and time period taken for the economic activities to return to normalcy.

Note 32: Information with the regard to other matters specified in Schedule III to the Act is either Nil or not applicable to the Company for the year ended 31 March 2021.

As per our report of even date attached

For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

For and on behalf of the Board of Directors of

V-link Automotive Services Private Limited
CIN:U50500MH2010PTC198987

Aniruddha Joshi
Partner
Membership No. 040852

Place: Mumbai
Date: May 10, 2021

Kannan Chakravarthy
Director
DIN: 08021737

Place: Mumbai
Date: May 10, 2021

Manaswini Goel
Director
DIN: 08142619

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
V-LINK FLEET SOLUTIONS PRIVATE LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of **V-Link Fleet Solutions Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss and other comprehensive income, statement of changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 (the Act) (SAs). Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Emphasis of Matter

We draw attention to Note No 30 to the financial statements which describes the probable/potential impact of the outbreak of COVID 19 on the business operations of the Company. In view of the highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in this matter.

Information Other than the Ind AS Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report, but does not include the Ind AS Financial Statements and our Auditors' Report thereon.

Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standard on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these Ind AS financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that are sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Ind AS Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The company does not have any pending litigations which will impact its financial positions.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The Disclosures in the financial Statements regarding holding as well as dealing in specified bank notes during the period from November 8, 2016 to December 30,2016 have not been made in these financial statements since they do not pertain to financial year ended March 31, 2021.

(h) With respect to matters to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the current year and hence the provisions of Section 197 of the Act are not applicable to the Company.

For **B.K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Aniruddha Joshi
Partner
Membership No.040852
UDIN: 21040852AAAABJ4868

Place: Mumbai
Date: 10 May 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **V-Link Fleet Solutions Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B.K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 21040852AAAABJ4868

Place: Mumbai
Date: 10 May 2021

ANNEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 1 under **Report on Other Legal and Regulatory Requirements section** of our report of even date on the financial statements of **V-Link Fleet Solutions Private Limited** for the year ended March 31, 2021

<u>Annexure to the Auditor's Report referred to in our report of even date:</u>

1) i) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

ii) The Company has a regular programme for physical verification of its property, plant and equipment by which the property, plant and equipment are verified by the management according to a phased programme designed to cover all the items over a period of 3 years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment. In accordance with the programme, the Company has physically verified certain property, plant and equipment and investment properties during the year and no material discrepancies were noticed on such verification.

iii) According to the information and explanations given to us, the Company has no immovable properties registered in its name. Accordingly, the reporting under Clause 3(i)(c) of the Order is not applicable to the Company.

2) According to the information and explanations given to us, the Company is engaged in the business of employee transportation and operates a fleet of vehicles which are aggregated from third parties and it does not hold any physical inventories. Accordingly, paragraph 3 (ii) of the Order is not applicable to the Company.

3) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the reporting under Clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.

4) According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

5) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

6) The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the Company.

7) i) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax with appropriate authorities. The provisions relating to value added tax, Sales Tax Duty of customs and Duty of Excise is not applicable to the company.

According to the Information and explanation given to us, no undisputed amount payable in respect of Income Tax, Provident Fund, Employee State's insurance and any other Material Statutory Dues were in arrears as at March 31, 2021 for a period of more than Six months from the date they became payable.

ii) According to the information and explanation given to us, there are no dues of income tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, value Added Tax and which have not been deposited with the appropriate Authorities on account of any dispute.

8) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company has not raised any money through debentures.

9) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the reporting under Clause 3(ix) of the Order is not applicable to the Company.

10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing principles in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

11) According to the information and explanations given by the management, no managerial remuneration has been paid, and accordingly, the provision of clause 3 (xi) of the Order is not applicable to the Company.

12) The Company, not being a Nidhi Company, the provisions of para 3(xii) of the Order are not applicable to the Company.

13) According to the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 and the details of the same have been disclosed in the financial statements as required by the applicable accounting standards. Further, the company is not required to constitute and Audit Committee under section 177 of the Act, and accordingly, to this extent the provision of clause 3(xiii) of the order is not applicable to the company.

14) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting under Clause 3(xiv) of the Order is not applicable to the Company.

15) According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Hence, the provisions of para 3(xv) are not applicable to the Company.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the provisions of para 3(xvi) of the Order are not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Aniruddha Joshi
Partner
Membership Number 040852
UDIN: 21040852AAAABJ4868

Place: Mumbai
Date: May 10, 2021

BALANCE SHEET AS AT 31 MARCH, 2021

(Currency in INR)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
(I) Assets			
(1) Non-current assets			
(a) Property, plant and equipment	3	**41,741**	394,862
(b) Intangible assets	4	**–**	201,768
(c) Financial assets			
i) Other financial assets	6	**433,211**	868,221
(d) Non-current tax assets	7	**2,503,555**	10,477,869
(e) Other non-current assets	8	**12,683,213**	11,799,950
Total non-current assets		**15,661,720**	23,742,670
2 Current assets			
(a) Financial Assets			
i) Trade receivables	9	**2,415,872**	35,763,438
ii) Cash and cash equivalents	10	**1,187,916**	12,835,091
iii) Loans	5	**125,502**	548,740
iv) Other financial assets	6	**872,204**	903,104
(b) Other current assets	11	**729,934**	5,341,736
Total current assets		**5,331,428**	55,392,109
Total Assets		**20,993,148**	79,134,779
(II) EQUITY AND LIABILITIES			
1) Equity			
(a) Equity share capital	12	**120,500**	120,500
(b) Other equity		**(133,895,803)**	(120,932,436)
Total Equity		**(133,775,303)**	(120,811,936)
2) Liability			
Non-current liabilities:			
(a) Financial liabilities			
(i) Borrowings	13	**–**	305,921
(b) Provisions	14	**5,106,019**	5,110,601
Total Non-Current Liabilities		**5,106,019**	5,416,522
Current liabilities			
(a) Financial liabilities			
i) Short term borrowings	15	**144,504,058**	168,859,871
ii) Trade payables			
a) total outstanding dues to small enterprises and micro enterprises	16	**–**	–
b) total outstanding dues of creditors other than small enterprises and micro enterprises	16	**4,295,146**	22,600,271
iii) Other financial liabilities	17	**86,469**	1,857,905
(b) Provisions	14	**690,944**	945,989
(c) Other current liabilities	18	**85,815**	266,157
Total Current Liabilities		**149,662,432**	194,530,193
Total Liabilities		**154,768,451**	199,946,715
Total Equity and Liabilities		**20,993,148**	79,134,779
Significant accounting policies	2.1		
Notes to the financial statements	3 to 35		

The notes referred to above are an integral part of the financial statements.

As per our report of even date attached
For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852

Place: Mumbai
Date: 10 May 2021

For and on behalf of the Board of Directors of
V-link Fleet Solutions Private Limited
CIN: U63040MH2006PTC165955

Kannan Chakravarthy
Director
DIN: 08021737

Manaswini Goel
Director
DIN: 08142619

Place: Mumbai
Date: 10 May 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency in INR)

Particulars	Notes	Year ended 31 March, 2021	Year ended 31 March, 2020
Revenue			
Revenue from operations	19	**27,766,816**	213,371,523
Other income	20	**501,114**	3,321,454
Total Income (I)		**28,267,930**	216,692,977
Expenses			
Fleet operating expenses		**24,082,637**	187,821,009
Employee benefits expense	21	**10,253,313**	31,670,936
Other expenses	22	**6,747,685**	23,768,014
Total Expenses [II]		**41,083,635**	243,259,959
Earnings before interest, tax, depreciation and amortization and impairment (EBITDA) [(I) – (II)]		**(12,815,705)**	(26,566,982)
Depreciation and amortization expense	3,4	**554,889**	1,411,524
Finance costs	23	**170,510**	3,688,787
Finance Income	24	**341,836**	3,571,410
(Loss) before tax		**(13,199,268)**	(28,095,883)
Tax expense		**–**	–
Loss for the year		**(13,199,268)**	(28,095,883)
Other comprehensive income			
Items that will not be reclassified to statement of profit and loss			
Remeasurements of defined benefit plan		**235,901**	537,804
Income tax related Items that will not be reclassified to statement of profit and loss		**–**	–
Total Other comprehensive income for the year		**235,901**	537,804
Total comprehensive loss for the year, net of tax		**(12,963,367)**	(27,558,079)
Earnings per Equity share			
Basic and Diluted	32	**(1,095.37)**	(2,331.61)
[Nominal value per share INR 10]			
Significant accounting policies	2.1		
Notes to the financial statements	3 to 35		

The notes referred to above are an integral part of the financial statements.

As per our report of even date attached
For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852

Place: Mumbai
Date: 10 May 2021

For and on behalf of the Board of Directors of
V-link Fleet Solutions Private Limited
CIN: U63040MH2006PTC165955

Kannan Chakravarthy
Director
DIN: 08021737

Manaswini Goel
Director
DIN: 01783151

Place: Mumbai
Date: 10 May 2021

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2021

(Currency in INR)

Particulars		Year ended 31 March, 2021	Year ended 31 March, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) before tax		**(12,963,367)**	(27,558,079)
Adjustments to reconcile loss before tax to net cash flows			
Depreciation expense		**353,121**	1,077,482
Amortisation expense		**201,768**	334,042
Sundry balance written back		**(255,418)**	(3,297,761)
Provision for debts, advances and deposits		**2,601,459**	–
Finance costs		**170,510**	3,688,787
Interest income on loan to related party		**–**	(650,000)
Interest income on finance lease		**–**	(590,246)
Operating (loss) before working capital changes		**(9,891,927)**	(26,995,775)
Movement in working capital			
Changes in trade payables, other payables and other liabilities		**(15,434,530)**	(33,764,206)
Change in trade receivables		**30,746,107**	41,351,865
Changes in loans, Other financial assets, other assets		**4,427,706**	(6,170,282)
Cash from/(used in) operations		**9,847,356**	(25,578,398)
Direct taxes paid (net of refunds)		**7,974,314**	14,791,809
Net cash flow from/(used in) operating activities	**(A)**	**17,821,670**	(10,786,589)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**–**	(89,794)
Proceeds from finance lease		**–**	5,664,691
Interest income on finance lease		**–**	590,246
Proceeds from repayment of related party loan		**–**	5,000,000
Interest income on loan to related party		**–**	4,091,979
Net cash flow generated from investing activities	**(B)**	**–**	15,257,122
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs		**9,747**	(3,710,468)
Repayment of long term borrowings		**(1,962,230)**	(3,644,685)
Proceeds of short term borrowings from fellow subsidiaries		**(27,516,362)**	83,971,031
Proceeds/(repayments) for short term borrowings from bank		**–**	(68,335,041)
Net cash flow generated from/(used in) financing activities	**(C)**	**(29,468,845)**	8,280,837
Net Increase/(Decrease) in cash and cash equivalents	**(A + B + C)**	**(11,647,175)**	12,751,369
Cash and cash equivalents at the beginning of the year		**12,835,091**	83,721
Cash and cash equivalents at the end of the year (refer note 10)		**1,187,916**	12,835,091

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2021 (CONTD...)

Reconciliation of the movements of liabilities to cash flows arising from financial activities:

(Currency in INR)

Particulars	Long–term borrowings*	Short–term Borrowings	Total
Opening Balance as on April 1, 2019	5,606,915	153,223,881	**158,830,796**
Changes from financing cash flows:			
Loan taken during the current year	–	83,971,031	**83,971,031**
Repayment during the current year	(3,644,685)	(68,335,041)	**(71,979,726)**
Opening Balance as on April 1, 2020	1,962,230	168,859,871	**170,822,101**
Changes from financing cash flows:			
Loan taken during the current year	–	27,697,411	**27,697,411**
Repayment during the current year	(1,962,230)	(52,053,224)	**(54,015,454)**
Closing Balance as on March 31, 2021	**–**	**144,504,058**	**144,504,058**

* includes current maturities of long-term borrowings

The notes referred to above are an integral part of the financial statements.

As per our report of even date attached
For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852

Place: Mumbai
Date: 10 May 2021

For and on behalf of the Board of Directors of
V-link Fleet Solutions Private Limited
CIN: U63040MH2006PTC165955

Kannan Chakravarthy
Director
DIN: 08021737

Manaswini Goel
Director
DIN: 08142619

Place: Mumbai
Date: 10 May 2021

STATEMENT OF CHANGES IN EQUITY

(Currency in INR)

For the year ended March 31, 2021

Particulars	Equity Share capital	Other Equity: Securities premium	Other Equity: Retained earnings	Other Equity: Total Other Equity	Total
As at April 1, 2020 (I)	**120,500**	**41,067,424**	**(161,999,860)**	**(120,932,436)**	**(120,811,936)**
Net loss for the year **(II)**	–	–	(13,199,268)	(13,199,268)	**(13,199,268)**
Other comprehensive income for the year **(III)**	–	–	235,901	235,901	**235,901**
Total comprehensive income IV=(II)+(III)	**–**	**–**	**(12,963,367)**	**(12,963,367)**	**(12,963,367)**
As at March 31, 2021 (I+IV)	**120,500**	**41,067,424**	**(174,963,227)**	**(133,895,803)**	**(133,775,303)**

For the year ended March 31, 2020

Particulars	Equity Share capital	Other Equity: Securities premium	Other Equity: Retained earnings	Other Equity: Total Other Equity	Total
As at April 1, 2019 (I)	120,500	41,067,424	(134,441,781)	(93,374,357)	(93,253,857)
Net loss for the year **(II)**	–	–	(28,095,883)	(28,095,883)	(28,095,883)
Other comprehensive income for the year **(III)**	–	–	537,804	537,804	537,804
Total comprehensive income IV= (II)+(III)	–	–	(27,558,079)	(27,558,079)	(27,558,079)
As at March 31, 2020 (I+IV)	120,500	41,067,424	(161,999,860)	(120,932,436)	(120,811,936)

Note:

a. Securities premium: The amount received in excess of face value of the equity shares is recognised in Securities premium. The securities premium can be utilized as per the provisions of the Companies Act, 2013.

b. Retained earnings: Retained earnings represents the amount of accumulated earnings at each Balance Sheet date of the Company.

As per our report of even date
For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852

Place: Mumbai
Date: 10 May 2021

For and on behalf of the Board of Directors of
V-link Fleet Solutions Private Limited
CIN: U63040MH2006PTC165955

Kannan Chakravarthy
Director
DIN: 08021737

Manaswini Goel
Director
DIN: 08142619

Place: Mumbai
Date: 10 May 2021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

1. Company information

V-Link Fleet Solutions Private Limited ('the Company') is registered as a private limited company domiciled in India having its registered office at F-17, 4th Floor, Pinnacle Business Park, Shanti Nagar, Mahakali Caves Road, Andheri (East), Mumbai 400 093, India. The Company is a deemed public company as per definition of the Companies Act with effect from 5 December 2019. The Company is mainly engaged in the business of employee transportation and operates a fleet of vehicles which are aggregated from third parties.

These financial statements were authorized for issue in accordance with a Board resolution of May 10, 2021.

2. Significant accounting policies

(a) Basis of preparation:

These financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements.

(b) Functional and presentation currency:

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency.

(c) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for following assets and liabilities and measured at fair value:

- certain financial instruments which are measured at fair value (refer accounting policy 2(n))
- Defined benefit plans. (Note 26)

2.1 Summary of significant accounting policies

a) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses arising from de-recognition of assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is de-recognised.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part have a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. Such cost includes the cost of replacing parts of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Subsequent expenditure is capitalized if an only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work-in-progress"

Depreciation on Property, plant and equipment

Depreciation is calculated on a Straight-Line basis using the rates arrived at based on the useful life of the assets estimated by the management. The estimated useful life considered for depreciation of property, plant and equipment is as follows:

Asset description	Useful lives estimated by management (in years)
Computers and peripherals	3
Vehicles	4 – 5
Furniture and fittings	5
Office equipment	3
Leasehold Improvements	Over the period of lease or useful life of the asset, whichever is lower

Except Computers and peripherals, useful lives of above property, plant and equipment are different from those prescribed under schedule II. These lives are based on estimates supported by internal technical evaluation.

b) Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Software:

ERP software is amortised using the straight-line method over a period of 5 years and other software are amortised using the straight-line method over a period of 3 years or contractual life, whichever is lower.

The residual values, useful lives and methods of amortisation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

c) Impairment of Property, plant and equipment and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available.

If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

d) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the Company is lessee:

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

Where the Company is Lessor:

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognizes lease payments received under operating leases as income on a straight- line basis over the lease term. In case of a finance lease, finance income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has applied Ind AS 116 initially on April 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 is being recognized as an adjustment to the opening balance of retained earnings at April 1, 2019, with no restatement of comparative information. The Company has applied Ind AS 116 to all contracts entered into before April 1, 2019 and identified as leases in accordance with Ind AS 17.

e) Borrowing costs

Borrowing costs include interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes as substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

f) Revenue recognition

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. The effect on adoption of Ind AS 115 was insignificant.

The Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time requires judgement.

Revenue includes only the gross inflows of economic benefits. It is measured based on the consideration specified in the contracts with customers. Amounts collected on behalf of third parties such as goods and services taxes and value added taxes are not economic benefits which flow to the entity and do not result in increases in equity. Therefore, they are excluded from revenue.

The Company assesses its revenue arrangements to determine if it is acting as principal or agent. The Company has concluded that it is acting as an agent in case of its revenue from taxi aggregator services arrangements.

The following specific recognition criteria must also be met before revenue is recognized.

Income from services:

Revenue from employee transportation

Revenue from employee transportation represents revenue earned from providing taxi services to corporates for employee transportation. Revenue is measured as per the contractual terms and recognised as and when the service is rendered as per contract terms.

In respect of corporate customers, the Company credit period offered generally ranged from 30 days to 90 days.

Interest income:

For all financial assets measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit and loss.

g) Foreign currencies

i. Transactions - Initial recognition

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rate at the date the transaction first qualifies for recognition.

ii. Balances

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Non-monetary items which are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of initial transaction. Non-monetary items, which are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

h) Retirement and other employee benefits

i. Provident fund and ESIC

Retirement benefit in the form of provident fund and ESIC are defined contribution schemes. The Company has no obligation, other than the contribution payable to these schemes. The Company recognises contribution paid / payable during the year to these schemes in the statement of profit and loss.

ii. Gratuity

The Company operates a defined benefit gratuity plan for its employees. This benefit is unfunded. The cost of providing benefits under the defined benefit plans is determined by independent actuaries using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur and are not reclassified to profit or loss in subsequent periods.

iii. Compensated Absences

The liability towards Long term compensated absences is determined by independent actuaries using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to Statement of profit and loss in the period in which they occur.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond 12 months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year end.

i) Income taxes

Tax expense comprises of current and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

j) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

k) Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event; it is

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

l) Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non- occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

m) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

n) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as measured at:

- Amortised cost
- Fair value through other comprehensive income (FVTOCI) – debt investment
- Fair value through other comprehensive income (FVTOCI) – equity investment
- Fair value through profit or loss (FVTPL)

Financial assets at amortised cost

A financial asset is measured at amortised cost if both the following conditions are met:

i. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A debt instrument is classified as at the FVTOCI if both of the following criteria are met:

i. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii. The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in profit or loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Equity investments at FVTOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVTOCI – equity investment). This election is made on an investment by investment basis.

Fair value through profit or loss (FVTPL)

FVTPL is a residual category for financial assets. All financial assets not classified as measured at amortised cost of FVTOCI, as described above are classified as at FVTPL. This includes all derivative financial assets. In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in profit or loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets:

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

b) Other financial assets such as deposits, other receivables etc.

The company follows 'simplified approach' for recognition of impairment loss allowance for Trade receivables. The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis and considers historical experience, credit assessments and forward looking information.

Financial liabilities

<u>Initial recognition and measurement</u>

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or FVTPL.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities not at FVTPL, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on financial liabilities at FVTLP including interest expense are recognised in the profit or loss.

Other financial liabilities

Financial liabilities other that FVTPL instruments are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchanges gains or losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

De-recognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

o) Current versus non-current classification:

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

p) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability

Or

In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

q) Recent Indian Accounting standard (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

r) Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit / (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, interest income, finance costs and tax expense. Any amount described as unusual or exceptional is classified by nature, in the same way as non-exceptional amounts. Their inclusion or exclusion in EBIDTA will depend on the nature of income/ expense described as exceptional. Impairment loss / reversal on property plant and equipment is disclosed under Depreciation, amortisation and impairment expenses, and not considered for calculation of EBIDTA.

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Following are the significant accounting judgements, estimates and assumptions:

2.2 Significant accounting judgements, estimates and assumptions

I. Useful lives of intangibles and property, plant and equipment:

The Company reviews the useful life and residual value of property, plant and equipment and intangible assets at the end of each reporting period. This re-assessment may result in change in depreciation and amortisation in future periods.

II. Defined benefit plans

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

III. Impairment of non-financial assets

The Company performs impairment testing for intangible assets and property, plant and equipment where there are indicators of impairment. If such an indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of value in use and fair value less costs of disposal. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Company's Statement of profit and loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as a credit to the Company's Statement of profit and loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency in INR)

Note 3 : Property, plant and equipment

	Computers	Office Equipments	Vehicles	Furniture and Fixtures	Leasehold Improvements	Total
Gross Block						
Balance at March 31, 2019	1,088,012	2,679,580	5,048,573	153,740	1,279,541	10,249,446
Additions	–	89,794	–	–	–	89,794
Disposals	–	–	(2,000,308)	–	–	(2,000,308)
Balance at March 31, 2020	1,088,012	2,769,374	3,048,265	153,740	1,279,541	8,338,932
Additions	–	–	–	–	–	–
Disposals	–	–	–	–	–	–
Balance at March 31, 2021	**1,088,012**	**2,769,374**	**3,048,265**	**153,740**	**1,279,541**	**8,338,932**
Accumulated depreciation						
Balance at March 31, 2019	1,058,196	2,639,346	2,890,430	118,567	803,524	7,510,063
Depreciation charge for the year	25,460	86,606	571,101	329	393,986	1,077,482
Disposals	–	–	(643,475)	–	–	(643,475)
Balance at March 31, 2020	1,083,656	2,725,952	2,818,056	118,896	1,197,510	7,944,070
Depreciation charge for the year	3,582	34,040	230,209	3,259	82,031	353,121
Disposals	–	–	–	–	–	–
Balance at March 31, 2021	**1,087,238**	**2,759,992**	**3,048,265**	**122,155**	**1,279,541**	**8,297,191**
Net Block						
Balance at March 31, 2020	4,356	43,422	230,209	34,844	82,031	394,862
Balance at March 31, 2021	**774**	**9,382**	–	**31,585**	–	**41,741**

Note 4: Intangible Assets

	Computer software
Gross Block	
Balance at March 31, 2019	2,283,651
Additions	–
Disposals	–
Balance at March 31, 2020	2,283,651
Additions	–
Disposals	–
Balance at March 31, 2021	2,283,651

	Computer software
Accumulated amortisation	
Balance at March 31, 2019	1,747,841
Charge for the year	334,042
Disposals	–
Balance at March 31, 2020	2,081,883
Charge for the year	201,768
Disposals	–
Balance at March 31, 2021	2,283,651
Net block	
Balance at March 31, 2020	201,768
Balance at March 31, 2021	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency in INR)

Note 5: Loans

(Measured at amortised cost)	As at March 31, 2021	As at March 31, 2020
Current		
Loans to employees		
Unsecured, considered good	**50,002**	122,940
Unsecured, considered credit impaired	**62,500**	12,500
Less : Impairment allowance for doubtful loan	**(62,500)**	(12,500)
	50,002	122,940
Security deposits		
Unsecured, considered good	**75,000**	1,057,600
Unsecured, considered credit impaired	**2,169,688**	1,218,388
Less: Impairment allowance for doubtful deposits	**(2,169,188)**	(1,850,188)
	75,500	425,800
Total current	**125,502**	548,740

Note 6: Other financial assets

	As at March 31, 2021	As at March 31, 2020
Non-current		
Unsecured, considered good		
Receivables towards assets given on finance lease	**433,211**	868,221
Total Non current	**433,211**	868,221
Current		
Unsecured, considered good		
Receivables towards assets given on finance lease	849,026	603,998
Recoverable from employees		
Unsecured, considered good	23,178	299,106
Unsecured, considered credit impaired	799,964	799,964
	823,142	1,099,070
Less: Impairment allowance for doubtful advances	(799,964)	(799,964)
	23,178	299,106
Total Current	872,204	903,104

Note 7: Non-current tax assets

	As at March 31, 2021	As at March 31, 2020
Advance income-tax	**2,503,555**	10,477,869
	2,503,555	10,477,869

Note 8 : Other non-current assets

	As at March 31, 2021	As at March 31, 2020
Balance with government and statutory authorities		
Unsecured, considered good	**12,683,213**	11,799,950
	12,683,213	11,799,950

Note 9 : Trade receivables

(Measured at amortised cost)	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good	**2,415,872**	35,763,438
Unsecured, considered credit impaired	**15,033,371**	13,882,440
Less: Impairment allowance for doubtful trade receivables	**(15,033,371)**	(13,882,440)
	2,415,872	35,763,438

Note 10: Cash and cash equivalents

	As at March 31, 2021	As at March 31, 2020
Balances with banks on current accounts	**1,187,916**	12,835,091
	1,187,916	12,835,091

Note 11: Other current assets

	As at March 31, 2021	As at March 31, 2020
Advance to vendors		
Unsecured, considered good	**670,431**	5,063,848
Unsecured, considered credit impaired	**11,687,233**	10,605,705
Less: Impairment allowance for doubtful advances	**(11,687,233)**	(10,605,705)
	670,431	5,063,848
(Unsecured, considered good)		
Prepaid expense	–	266,569
Other recoverable	**59,503**	11,319
	729,934	5,341,736

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency in INR)

Note 12: Equity Share Capital

	As at March 31, 2021	As at March 31, 2020
Authorised shares capital		
100,000 equity shares of INR.10 each (March 31, 2020 : 100,000)	**1,000,000**	1,000,000
Issued, subscribed and fully paid-up shares		
12,050 equity shares of INR.10 each fully paid up (March 31, 2020: 12,050)	**120,500**	120,500
	120,500	120,500

a) Reconciliation of the equity shares outstanding at the beginning and at the end of the year

	As at March 31, 2021		As at March 31, 2020	
	No.	Rs.	No.	Rs.
At the beginning of the year	**12,050**	**120,500**	**12,050**	120,500
Issued during the year	–	–	–	–
Outstanding at the end of the year	**12,050**	**120,500**	**12,050**	120,500

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. No dividend has been declared during the year ended March 31, 2021 (March 31, 2020: Nil). No dividend has been proposed for the year ended 31 March 2021.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Shares held by holding company

Out of the equity shares issued by the Company, shares held by its holding company are as below:

	As at March 31, 2021	As at March 31, 2020
Meru Travel Solutions Private Limited, the holding company (including nominees)		
No of shares	**12,050**	12,050
Amount	**120,500**	120,500

d) Details of shareholders holding more than 5% shares in the company

	As at March 31, 2021		As at March 31, 2020	
	No.	% holding	No.	% holding
Equity shares of Rs. 10 each fully paid				
Meru Travel Solutions Private Limited, the holding company (including nominees)	**12,050**	**100%**	12,050	100%

As per records of the Company, including its register of shareholders / members, the above shareholding represents legal and beneficial ownership of shares.

Note 13: Borrowings

	As at March 31, 2021	As at March 31, 2020
Non-current		
(a) Term Loans-Secured		
(i) Vehicle loans from bank	–	244,904
(ii) Vehicle loan from NBFC	–	61,017
Total Non-Current borrowings	–	305,921
Current maturities of long-term borrowings		
(a) Term Loans-Secured:		
(i) Vehicle loan from bank *	–	1,426,755
(ii) Vehicle loan from NBFC *	–	229,554
Total current maturities of long-term borrowings	–	1,656,309
Total Borrowings	–	1,962,230
* Current maturities of long term borrowings disclosed under the head "Other financial liabilities" - refer note 17	–	1,656,309

(i) Vehicle loans from bank

Vehicle loans from bank were secured against hypothecation of vehicles. The rate of interest on these loans range from 8.20% p.a. to 10.30% p.a. The loans were repayable in 36 to 48 equal monthly instalments of INR. 9,607 to INR. 22,882 for each vehicle from the date of loan. Refer note 25[C](iii) 'Liquidity risk' for maturity profile of future instalments. These loans are fully repaid during the year ended March 31, 2021.

(ii) Vehicle loans from NBFC

Vehicle loans from NBFC were secured against hypothecation of vehicles. The rate of interest on these loans is 9.95% p.a. The loans were repayable in 48 equal monthly instalments of INR 20,682 for each vehicle. Refer note 25[C](iii) 'Liquidity risk' for maturity profile of future instalments. These loans are fully repaid during the year ended March 31, 2021.

Note 14: Provisions

	As at March 31, 2021	As at March 31, 2020
Non-current portion		
Provision for gratuity (Refer note 26)	**501,030**	685,612
Other provisions		
Provision for contingencies *	**4,604,989**	4,424,989
	5,110,601	5,110,601
Current portion		
Provision for compensated absences	**513,650**	681,124
Provision for gratuity (Refer note 26)	**177,294**	264,865
	690,944	945,989

* The Company has created provision towards disputed legal matter pertains to Goods and Service tax that arise in the ordinary course of business on a best estimate basis. These provisions have not been discounted as it is not practicable for the Company to estimate the timing of the provision utilization and cash out flows, if any, pending resolution.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency in INR)

Particulars	As at March 31, 2021	As at March 31, 2020
At the beginning of the year	**4,424,989**	–
Arising during the year	**180,000**	4,424,989
Reversed during the year	–	–
At the end of the year	**4,604,989**	4,424,989
Current portion	–	–
Non-current portion	**4,604,989**	4,424,989

Note : 15 Short term borrowings

	As at March 31, 2021	As at March 31, 2020
From Fellow Subsidiary		
Meru Mobility Tech Private Limited (formerly known as Meru Cab Company Private Limited)*	**144,504,058**	168,859,871
	144,504,058	168,859,871

* The Company has taken interest free short term loan from fellow subsidiary company and is repayable on demand (refer note 29)

Note 16: Trade payables

	As at March 31, 2021	As at March 31, 2020
Trade payables		
a) total outstanding dues to small enterprises and micro enterprises	–	–
b) total outstanding dues of creditors other than small enterprises and micro enterprises	**4,295,146**	22,600,271
	4,295,146	22,600,271

Trade payables are non-interest bearing and the credit terms generally range from 30 to 90 days.

The Company's exposure to liquidity risk is disclosed in note 25[C](iii).

Details of dues to micro and small enterprises as per Micro, Small and Medium Enterprises Development Act, 2016

As at March 31 2021, March 31 2020, there are no outstanding dues on account of principal or interest to micro and small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, no additional disclosures have been made.

The above information regarding micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Note 17: Other financial liabilities

	As at March 31, 2021	As at March 31, 2020
Current maturities of long term borrowings (Refer note 13)	–	1,656,309
Interest accrued but not due on borrowings	–	9,723
Employee benefits payable	**86,469**	191,873
	86,469	1,857,905

Note 18: Other current liabilities

	As at March 31, 2021	As at March 31, 2020
Statutory dues	**85,815**	266,157
	85,815	266,157

Note 19: Revenue from Operations

	Year ended March 31, 2021	Year ended March 31, 2020
Sales of services		
Revenue from transportation services	**27,766,816**	213,371,523
	27,766,816	213,371,523

Note 20: Other income

	Year ended March 31, 2021	Year ended March 31, 2020
Provisions and liabilities written back (net)	**255,418**	3,297,761
Miscellaneous income	**245,696**	23,693
	501,114	3,321,454

Note 21: Employee benefits expense

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	**9,424,372**	28,025,750
Contributions to provident fund	**646,828**	1,387,576
Compensated absences	**23,255**	765,229
Gratuity expense (Refer note 26)	**169,644**	491,135
Staff welfare expenses	**(10,786)**	1,001,246
	10,253,313	31,670,936

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency in INR)

Note : 22 Other expenses

	Year ended March 31, 2021	Year ended March 31, 2020
Legal and professional fees	**909,904**	11,576,260
Rent, rates and taxes	**2,255,370**	6,334,370
Bank charges	**581,643**	3,673,761
Conveyance, travelling and accommodation	**52,703**	507,735
Audit fees (Refer details below)	**59,000**	607,700
Repairs and maintenance (others)	**63,095**	268,116
Communication costs	**37,387**	250,743
Business promotion expenses and entertainment	–	26,133
Provision for debts, advances and deposits	**2,601,459**	–
Miscellaneous expenses	**187,124**	523,196
Total of Other expenses	**6,747,685**	23,768,014

Auditor's remuneration (including GST)	**Year ended March 31, 2021**	Year ended March 31, 2020
As auditor		
Audit fees	**59,000**	590,000
Out of pocket expenses	–	17,700
Total	**59,000**	607,700

Note : 23 Finance costs

	Year ended March 31, 2021	Year ended March 31, 2020
Interest on borrowings	**67,576**	3,675,319
Interest Others	**102,934**	13,468
	170,510	3,688,787

Note : 24 Finance Income

	Year ended March 31, 2021	Year ended March 31, 2020
Interest Income on		
Loan to related party (Refer note 29)	–	650,000
Income tax refund	**341,836**	2,331,164
Finance Lease	–	590,246
	341,836	3,571,410

Note 25: Financial instruments

A] Accounting classification of financial instruments

The following table summarises the accounting classification and carrying amounts (net off any provision for impairment) of financial instruments.

		Carrying value	
Particulars	**Notes**	**March 31, 2021**	March 31, 2020
Financial assets measured at amortized cost			
Security Deposits	5	**75,500**	425,800
Receivables towards assets given on finance lease	6	**1,282,237**	1,472,219
Loans to employees	5	**50,002**	122,940
Recoverable from employees	6	**23,178**	299,106
Trade receivables	9	**2,415,872**	35,763,438
Cash and cash equivalents	10	**1,187,916**	12,835,091
Total Financial Asset measured at amortized cost		**5,034,705**	50,918,594
Financial liabilities measured at amortized cost			
Borrowings	12, 14, 16	**144,504,058**	170,822,101
Employee benefits payable	17	**86,469**	191,873
Trade payables	16	**4,295,146**	22,600,271
Interest accrued but not due on borrowings	17	–	9,723
Total Financial liability measured at amortized cost		**148,885,673**	193,623,968

B] Fair Value Measurement

The management assessed that cash and cash equivalents, trade receivables, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

There were no transfers between level 1, 2 and 3 for recurring fair value measurements during each of the reporting period. The company's policy is to recognise transfers into and transfer out of fair value hierarchy levels at the end of the reporting period.

C] Financial risk management objectives and policies

The Company has exposure to the following risks arising from its financial instruments:

– Market risk - interest rate risk

– Credit risk

– Liquidity risk

The Company's senior management is responsible for the management of these risks with oversight of the Company's Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency in INR)

i] Market risk - interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any exposure to interest rate risks since its borrowings are all in fixed rate instruments and there is no investments that is exposed to interest rates.

ii] Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables), inter corporate deposits, cash deposits and other financial instruments.

Trade receivables from customers

Credit risk relating to customers is managed in accordance with the Company's established policy, procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing. Outstanding customer receivables are regularly monitored. For the purpose of measuring impairment allowance for trade receivables from customers, the Company estimates irrecoverable amounts based on the ageing of the outstanding receivables, its historical experience and its expectation of credit losses in the future.

	March 31, 2021	March 31, 2020
Gross Trade receivables from customers	**17,449,243**	49,645,878
Less: Provision for doubtful receivables	**(15,033,371)**	(13,882,440)
Net Trade receivables from customers	**2,415,872**	35,763,438

	March 31, 2021	March 31, 2020
Ageing of gross trade receivables relating to customers:		
Within 6 months	**2,415,872**	35,763,438
More than 6 months	**15,033,371**	13,882,440
	17,449,243	49,645,878

Other financial assets

Financial assets other than trade receivables are neither past due nor impaired. Management believes that the amounts are collectible in full, based on its assessment including considering the historical payment behaviour and future expectations.

iii] Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's principal sources of liquidity are cash flows generated from its operations.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

		Undiscounted amount				
Year ended - March 31, 2021	**Carrying Value**	**Payable within 1 year**	**Payable within 1 to 2 years**	**Payable within 2 to 3 years**	**Payable within 3 to 4 years**	**Total**
Borrowings						
Loan from fellow subsidiary	**144,504,058**	**144,504,058**	–	–	–	**144,504,058**
Employee benefits payable	**86,469**	**86,469**	–	–	–	**86,469**
Trade payables	**4,295,146**	**4,295,146**	–	–	–	**4,295,146**
	148,885,673	**148,885,673**	–	–	–	**148,885,673**

		Undiscounted amount				
Year ended - March 31, 2020	**Carrying Value**	**Payable within 1 year**	**Payable within 1 to 2 years**	**Payable within 2 to 3 years**	**Payable within 3 to 4 years**	**Total**
Borrowings						
Vehicle loan from bank	1,671,660	1,488,257	183,403	–	–	1,671,660
Vehicle loan from NBFC	290,571	248,184	42,387	–	–	290,571
Loan from fellow subsidiary	168,859,871	168,859,871	–	–	–	168,859,871
Employee benefits payable	191,873	191,873	–	–	–	191,873
Trade payables	22,600,271	22,600,271	–	–	–	22,600,271
Interest accrued but not due on borrowings	9,723	9,723	–	–	–	9,723
	193,623,969	193,398,179	225,790	–	–	193,623,969

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency in INR)

D] Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company capital management is to maximize the shareholder's value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may issue new shares. The Company manages its capital, considering the net debt position and rolling cash flow forecasts as at each period end and identifies need for additional funding from the share holders / fellow subsidiary to meet the outstanding commitments and future cash flow requirements to meet the future business plans. The Company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents, trade receivables and unbilled revenue.

Particulars	March 31, 2021	March 31, 2020
Borrowings	**144,504,058**	170,822,101
Less: Cash and Cash Equivalent (Including Trade receivables less Trade payable)	**(691,358)**	25,998,258
Net Debt	**145,195,416**	144,823,843

Note 26: Employee benefits

A. Defined contribution plans

The Company makes contributions determined as a specified percentage of employees' salary in respect of qualifying employees towards Provident Fund and Employees' State Insurance (ESI) which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to statement of profit and loss as they accrue. The Company has recognised the following amount as an expense and included in the Note 21 under the head "Contribution to provident fund".

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Contribution to employees provident fund	**571,900**	1,211,777
Contribution to ESI	**74,928**	175,799
Total	**646,828**	1,387,576

B. Defined benefit plans

The Company operates one post-employment defined benefit plan (unfunded plan) that provides gratuity. The gratuity plan is governed by the Payment of Gratuity Act, 1972. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement.

i) Liability recognised in the Balance Sheet in respect of Gratuity

	As at March 31, 2021	As at March 31, 2020
Present value of the defined benefit obligation at the end of the year	**678,324**	950,477
Total	**678,324**	950,477

ii) Changes in the present value of the defined benefit obligation are as follows :

	Year ended March 31, 2021	Year ended March 31, 2020
Defined benefit obligation at beginning of the year	**950,477**	2,790,908
Current service cost	**120,729**	220,447
Interest cost	**48,915**	270,688
Sub-total included in statement of profit and loss	**169,644**	491,135
Remeasurement losses \ (gains) recorded in OCI		
Actuarial changes arising from changes in demographic assumptions	–	(7)
Actuarial changes arising from changes in financial assumptions	**10,669**	42,235
Experience adjustments	**(246,570)**	(580,032)
Sub-total included in OCI	**(235,901)**	(537,804)
Transfer of liability to fellow subsidiary	–	(1,746,505)
Benefits paid	**(205,896)**	(47,257)
Defined benefit obligation at the end of the year	**678,324**	950,477

iii) Following table summarises the principal assumptions used for actuarial valuation of gratuity obligations for each reporting period:

Actuarial assumptions	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	**4.65%**	5.15%
Future salary increases	**8.00%**	8.00%
Attrition	**35.00%**	35.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Demographic Assumptions :

Mortality in Service: Indian Assured Lives Mortality 2012-14 [March 31, 2020: Indian Assured Lives Mortality 2012-14]

Mortality in Retirement : 58 Years

A quantitative sensitivity analysis for significant assumption as at each reporting date is as shown below:

	Discount rate assumption	
Gratuity plan:	**Year ended March 31, 2021**	Year ended March 31, 2020
Impact of increase of 1% p.a. on defined benefit obligation	**(21,029)**	(29,523)
Impact of decrease of 1 % p.a. on defined benefit obligation	**22,322**	31,348

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency in INR)

	Future salary increase assumption	
Gratuity plan:	**Year ended March 31, 2021**	Year ended March 31, 2020
Impact of increase of 1% p.a. on defined benefit obligation	**21,405**	30,208
Impact of decrease of 1 % p.a. on defined benefit obligation	**(20,580)**	(29,027)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The average duration of the defined benefit plan obligation at the end of the reporting period is 3 years (March 31, 2020: 3 years).

The following are expected contributions over the future years (valued on undiscounted basis):

	Year ended March 31, 2021	Year ended March 31, 2020
Within the next 1 year (next annual reporting period)	**177,294**	264,865
Between 2 to 5 years	**462,489**	637,157
Between 6 to 10 years	**129,794**	194,761
Beyond 10 years	**25,581**	38,699
Total expected payments	**795,158**	1,135,482

C. Other employee benefits

Compensated absences are payable to employees at the rate of basic salary for each day of accumulated leave on death or resignation or upon retirement. The charge towards compensated absences for the year ended 31 March 2021 Rs 23,255 (March 31, 2020: Rs 765,229)

Note 27: Income Taxes

The major components of income tax expense for the years ended

	Year ended March 31, 2021	Year ended March 31, 2020
Current income tax:		
Current income tax charge	–	–
Adjustments in respect of current income tax of previous year	–	–
Deferred tax:		
Relating to origination and reversal of temporary differences	–	–
Income tax expense reported in the statement of profit or loss	–	–

Consolidated statement of OCI

	Year ended March 31, 2021	Year ended March 31, 2020
Net loss/(gain) on remeasurements of defined benefit plans	–	–
Income tax expense charged to OCI	–	–

Reconciliation of tax expense and the accounting profit / (loss) multiplied by India's domestic tax rate for the year ended

	Year ended March 31, 2021	Year ended March 31, 2020
Accounting (loss) before income tax	**(13,199,268)**	(28,095,883)
At India's statutory income tax rate of 26% (March 31, 2020: 26%)	**(3,431,810)**	(7,304,930)
Effect of current year losses for which no deferred tax asset is recognised	**3,431,810**	7,304,930
At the effective income tax rate for the Company	–	–
Income tax expense reported in the statement of profit and loss	–	–

Movement of Deferred tax asset/ (liabilities)

	As at March 31, 2021	As at March 31, 2020
Tax effect of items constituting deferred tax liabilities		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	–	–
Tax effect of items constituting deferred tax assets		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	**2,734,481**	3,400,155
Provisions (Doubtful debts/Impairment/ Advances)	**7,735,587**	6,894,939
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	**309,913**	424,216
Carryforward Tax Loss		
Unabsorbed depreciation	**7,871,169**	7,113,683
Unabsorbed business losses	**29,613,575**	23,162,619
	48,264,725	40,995,612
Net deferred tax assets	**48,264,725**	40,995,612
Net deferred tax assets/(liabilities) recognised	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency in INR)

	Statement of Profit and Loss	
	Year ended March 31, 2021	Year ended March 31, 2020
Tax effect of items constituting deferred tax liabilities		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	–	–
Tax effect of items constituting deferred tax assets		
Difference in property, plant and equipment and intangibles as compared to tax base of respective assets	**(665,674)**	(395,870)
Provisions (Doubtful debts/Impairment/ Advances)	**840,648**	(890,479)
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	**(114,303)**	(742,734)
Carryforward Tax loss		
Unabsorbed depreciation	**757,486**	1,197,792
Unabsorbed business losses	**6,450,956**	3,974,683
Deferred tax expense	**7,269,113**	3,143,392

The Company has a net deferred tax asset position as at March 31, 2021 and March 31, 2020. However, in terms of Ind AS 12, the Company has not recognised the net deferred tax assets as there is no reasonable certainty supported by convincing evidence that the Company will have adequate taxable profits in the future against which the carried forward tax losses/unabsorbed depreciation may be offset.

The Company has following tax losses/unabsorbed depreciation which arose in India that are available for offsetting against future taxable profits.

	Year ended March 31, 2021	Year ended March 31, 2020
Losses that expire - Carry forward business losses *	**113,898,364**	89,086,994
Losses that never expire - Unabsorbed depreciation	**30,273,725**	27,360,320

* The carry forward tax losses would expire beginning from the financial year 2021-22 up to 2028-29.

Note 28: Leases

a] Finance lease - where the Company is lessor

The Company has leased out 8 vehicles (March 31, 2020 : 8) on finance lease. The lease term is for 3 - 4 years and is non-renewable, after which the legal title is passed to the lessee. There is no escalation clause in the lease agreement.

	March 31, 2021	March 31, 2020
Gross investments		
Within one year	**965,902**	748,869
After one year but not more than five years	**459,166**	944,733
More than five years	–	–
	1,425,068	1,693,602
Less: Unearned finance income	**(142,900)**	(221,382)
Present value of minimum lease payments	**1,282,168**	1,472,220
Present value of future rentals		
Within one year	**849,025**	603,999
After one year but not more than five years	**433,143**	868,221
More than five years	–	–
Present value of minimum lease payments	**1,282,168**	1,472,220

During the year ended March 31, 2021, the Company has earned Interest income of INR Nil (March 31, 2020: INR 590,246) towards minimum lease payment. This has been recorded under finance income in the statement of profit and loss.

Movement for the receivables towards assets given on finance lease	**Amount**
Opening balance as at March 31, 2019	5,780,077
Add: Additions made during the year	1,410,361
Less: amount recovered during the year	(5,718,218)
Closing balance as at March 31, 2020	**1,472,220**
Add: Additions made during the year	–
Less: Adjustment on account of lease term modification	(190,052)
Less: amount recovered during the year	–
Closing balance as at March 31, 2021	**1,282,168**

Note 29: Related party transactions

Names of related parties and related party relationship:

Related parties ('RP') where control exists

Ultimate holding Company	Mahindra & Mahindra Ltd. (w.e.f. Dec 5, 2019)
	True North Trusteeship Private Limited (as a nominee shareholder of True North Fund IIIA & True North Fund IV) (up to Dec 4, 2019)
Holding Company	Meru Travel Solution Private Limited

Related parties with whom transactions have taken place during the year

Fellow Subsidiaries	Meru Mobility Tech Private Limited
	V-Link Automotive Services Private Limited
Key Management Personnel (KMP)	Neeraj Gupta (Director of holding company) (Upton Dec 4, 2019)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency in INR)

Transactions with related parties

	Holding companies		Fellow subsidiaries		Key management personnel	
Particulars	**March 31, 2021**	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**
Revenue from operations:						
Meru Mobility Tech Private Limited	–	–	–	14,664,224	–	–
Services received (includes accrual):						
Mahindra Integrated Business Solution Pvt. Ltd.	–	–	**8,778**	–	–	–
Meru Mobility Tech Private Limited	–	–	**2,419,545**	364,884	–	–
Loans taken:						
Meru Mobility Tech Private Limited	–	–	**25,157,366**	193,723,394	–	–
Loans repayment made:						
Meru Mobility Tech Private Limited	–	–	**52,053,224**	93,552,333	–	–
V-Link Automotive Solutions Pvt. Ltd.	–	–	**620,506**	–	–	–
Loans repayment received: (incl. interest)						
Neeraj Gupta	–	–	–	–	–	9,091,975
Interest income on loan given						
Neeraj Gupta	–	–	–	–	–	650,000
Remuneration to key management personnel*						
Neeraj Gupta	–	–	–	–	–	9,022,991

Details of Balance receivable/payable to related parties

	Holding companies		Fellow subsidiaries		Key management personnel	
Particulars	**March 31, 2021**	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**
Guarantee obtained (Disclosed to the extent of closing balance of borrowings drawn by the Company)						
Meru Mobility Tech Private Limited	–	–	–	290,570	–	–
Balance receivable / (payable) as at year end :						
Meru Mobility Tech Private Limited	–	–	**(144,504,058)**	(168,859,871)	–	–
Mahindra Integrated Business Solution Pvt. Ltd.	–	–	**(3,050)**	–	–	–
V-Link Automotive Services Private Limited	–	–	–	(620,506)	–	–

* The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(Currency in INR)

Terms and conditions of transactions with related parties

All the related party transaction during the year were in ordinary course of business. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. The outstanding loans payable are repayable on demand. The Group has not recorded any impairment of receivables relating to amounts owed by related parties as at each reporting period. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note 30:

The outbreak of coronavirus (COVID 19) pandemic globally is causing a slowdown of economic activity. Measures are being taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered disruptions to business worldwide, resulting in an economic slowdown and uncertainties pertaining to future operations.

The Company has made a detailed assessment of its liquidity position for next one year and the recoverability and carrying value of its assets including Property, Plant and Equipment, Trade receivables as at Balance sheet date and has concluded that no material adjustments are required in the financial statements. Management believes that it has taken into account all possible impacts of known events arising from COVID 19 pandemic in preparation of these financial statements.

The impact of coronavirus on the business will depend on future developments that cannot be reliably predicted. The impact of global health pandemic, might be different from that estimated as at the date of approval of these financial statements depending on how long the pandemic lasts and time period taken for the economic activities to return to normalcy.

Note 31: Segment reporting

In accordance with the requirements of Indian Accounting Standard 108 – "Operating Segments", the Company has determined that it operates only in one operating segment i.e. provision of transportation services. Thus, the financial statements reflect the results of only one operating segment. The Company's operations are based only in India.

Note 32: Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

	March 31, 2021	March 31, 2020
Loss attributable to equity holders	**(13,199,268)**	(28,095,883)
Number of Shares outstanding at the beginning of the year	**12,050**	12,050
Add: Shares issued during the year	–	–
Number of Shares outstanding at the end of the year	**12,050**	12,050
Weighted average number of Equity shares for basic EPS	**12,050**	12,050
Basic and diluted EPS calculations	**(1,095.37)**	(2,331.61)

Note 33: As at March 31, 2021, the Company has accumulated losses of INR 174,963,227 (March 31, 2020: INR 161,999,860) and a negative net worth of INR 133,775,303 (March 31, 2020 INR 120,811,936). The shareholder of the Company, Meru Travel Solutions Private Limited ('MTSPL') and a fellow subsidiary, Meru Mobility Tech Private Limited, have committed to provide continuing financial and/or operational support to the Company for its continued operations for the foreseeable future.

In view of the foregoing, the going concern assumption has been considered appropriate in preparing these financial statements.

Note 34: Subsequent to the year end, Mahindra & Mahindra Limited ('M&M', the Ultimate Holding Company) has announced to purchase additional stake in the Meru Travel Solutions Private Limited (the Holding Company), thereby making the Group, wholly owned Group of M&M.

Note 35: Information with the regard to other matters specified in Schedule III to the Act is either Nil or not applicable to the Company for the year ended 31 March 2021.

As per our report of even date
For B. K. Khare & Co.
Chartered Accountants
ICAI Firm Registration
ICAI Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852

Place: Mumbai
Date: 10/05/2021

For and on behalf of the Board of Directors
of V-Link Fleet Solutions Private Limited
CIN:U63040MH2006PTC165955

Kannan Chakravarthy
Director
DIN: 08021737

Manaswini Goel
Director
DIN: 08142619

Place: Mumbai
Date: 10/05/2021

Mahindra
Rise.

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vakils